



Minutes of the meeting of the Agri-Food and Biosciences Institute (AFBI) Board
held at
AFBI Loughgall, Manor House, Loughgall, Armagh
on Wednesday 22 October 2008 at 10.00 am

Present:

Board members

Mr Sean Hogan, Chairperson
Professor David McDowell, Deputy Chairperson
Mr Kieran Campbell
Dr Michael Hollywood
Mr Nicholas Mack
Professor Grace Mulcahy
Mr John McKinley
Professor Stewart McNulty
Mr Jim 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 Venkat Deshpande, Head of Finance
Mr Paul Brennan, Head of Human Resources
Dr Jim McAdam, AFBI Loughgall
Mr Joel Ferguson, AFBI Business Manager (Secretary)

Apologies: Dr Christine Kennedy

Welcome and Introduction

Dr McAdam welcomed the Chair and members of the AFBI Board to AFBI Loughgall. In his opening comments Dr McAdam stated that such visits helped raise the profile of AFBI outlying sites and the work carried out at these locations. In response Mr Hogan thanked Dr McAdam for his welcome and voiced the Board's appreciation for the innovative work carried out by the staff at Loughgall.

1. Minutes of the previous meeting held on 11 September 2008

It was proposed by Mr Walker and seconded by Prof Mulcahy that the minutes of the previous meeting be accepted without amendment.

2. Matters Arising/Action Points from Minutes of 11 September 2008

The Chair agreed to take any matters arising or action points from the previous meeting that would not be covered during the course of the meeting.

2.1 Item 4.5 – Official Opening of the Environment and Renewable Energy Centre (EREC) at AFBI Hillsborough

The Board were informed that the date for the official opening of the EREC was set for Wednesday 14 January 2009. In keeping with normal protocol a draft Ministerial submission will be forwarded to the DARD Sponsoring Branch inviting the Minister for Agriculture and Rural Development, Michelle Gildernew MP MLA to attend. The Minister had already been made aware of the event having discussed it with the Chair and the CEO during the recent National Ploughing Championships. The Chair also informed the Board that during the course of the meeting with the Minister she had once again expressed her support for the forthcoming International Renewable Energy Conference being hosted by AFBI and was still on schedule to deliver the key note address along with her colleague Junior Minister G Kelly MLA. Minister M Gildernew would also be attending the pre-conference dinner.

With regard to AFBI's attendance at the National Ploughing Championships, the Chair advised that this had been a successful event with a good level of visitors and the staff feedback had been very positive. This year, AFBI had a promotional trailer on site along with representation in the DARD marquee. In supporting the views of the Chair, the CEO added that the event also provided a contact point with counterparts in the Republic of Ireland and also an opportunity to promote the International Renewable Energy Conference 2008 (IREC08). Given the positives it is very likely that AFBI will continue to attend future Ploughing Championships.

2.2 Item 4.6 – National Reference Laboratory Award

Executive confirmed that congratulations of the Board had been passed on to those involved in attaining the award as requested.

2.3 Item 4.7 – Royalties Issue – Update on Legal Case

The Executive advised the Board that there had been no major developments other than the list of "*Documents to be Disclosed*" had been agreed. Dr Boyd advised the legal case is not likely to be heard until sometime in December 2008. In response the Chair and Deputy Chair reflected on the great deal of work being undertaken by the Executive in relation to this matter and passed on the Board's appreciation.

2.4 Item 5 – Presentation of the Business Case for a SAPO4 Facility

The Board were informed that the meeting and presentation to DARD had been very positive and the Board wished to record its thanks to Mrs Gaw (AFBI Sponsor Branch) for assisting AFBI in the preparation of the Business Case.

The Chair advised the Board that he had met with DARD officials as part of his appraisal and the feedback that he had received regarding the presentation had been very positive. The Chair advised that there are now indications within DARD that DARD needed to be more specific in terms of what is required in respect of AFBI's emergency response capabilities. The Chair acknowledged that this would be most helpful for AFBI in terms of future planning.

In the general discussion that followed, the Board were pleased to learn that the presentation had gone well and had been positively received by DARD.

The Board were also pleased to learn that reference to the SAPO4 facility had been included in the AFBI Corporate Plan and the decision to pursue a SAPO4 facility now rests with DARD. The Board remained convinced that reference to a SAPO4 facility in the AFBI Corporate Plan had succeeded in maintaining a focus on the issue. The AFBI Board and Executive are now awaiting a response from DARD as a follow-up to the presentation but in the meantime the CEO suggested that the Board retain the issue as a standing item on the monthly agenda of the Board.

Action: Secretariat to keep item on the agenda for future meetings.

3. **Report from Chief Executive's Office**

3.1 Draft Corporate Plan 2008 to 2011

The draft Corporate Plan for 2008 to 2011 and draft Business Plan for 2008/09 have now been accepted by the DARD Departmental Board with a slight amendment in the Corporate Plan regarding the requirement for a SAPO4 facility. The Executive are now planning a formal publication of the Corporate Plan. .

At the suggestion of the CEO, the Board agreed that both Plans could be circulated electronically as soon as the signed copies had been received with any changes highlighted for ease of reference.

Action: On receipt of signed copies the AFBI Executive are to issue final versions electronically to Board members of both Plans for information.

3.2 International Renewable Energy Conference 2008 (IREC08)

The Board were informed that work on the Conference was progressing and all of the major issues had been addressed or were being finalised. The number of delegates registering their attendance had also increased in recent days.

A submission to the Minister requesting her support has also been made. If the Minister is unavailable the indications are that either Mr Conor Murphy MP MLA, Minister for Regional Development or Mr Gerry Kelly MLA, Junior Minister, Office of the First Minister and Deputy First Minister would attend in her absence. It was noted that Minister Kelly is also planning to attend the Pre-Conference Dinner and the Executive were asked to confirm.

The CEO advised the Board that there were no specific roles for Board members to perform but would encourage Board members to use the event as a significant networking opportunity and a chance to promote the organisation.

In supporting the CEO's comments, the Chair reflected on the diverse nature of skills and experience of Board members and the Conference presented an occasion when Board members could put these skills to good use outside the AFBI Boardroom.

At the request of the Board, the Executive agreed to provide Board members with a "briefing note".

- Action: 1. Executive to confirm Minister Kelly's attendance.**
2. Executive to provide Board members with a conference "briefing note".

3.3 Business Opportunities

The Board were advised that the Executive were in the process of establishing a Memorandum of Understanding (MoU) with University College Dublin (UCD). Prof Mulcahy advised that the solicitors were in the process of finalising the document and this should be completed shortly. Following final agreement being reached both parties would consider ways to maximise any public relations opportunities and this was welcomed by the Board.

Mr Ferguson provided an update with regard to activity in business development. Mr Ferguson stated that at present the International Renewable Energy Conference was a major focus of activity and that plans were progressing well. Mr Ferguson also gave an overview of several areas of activity under three headings; the development of strategy, systems and procedures for the exploitation of AFBI IP and

commercial opportunities, the targeting of strategic funding for AFBI and the development of specific commercial opportunities.

The Board expressed their appreciation and support for the work undertaken to date. In particular the board were supportive of efforts to bring a commercial focus to AFBI's technology commercialisation.

4. Report from Business Support Unit

4.1 Risk Management

The CEO informed the Board that there were no reports of any new Corporate Risks to the organisation.

4.1.1 *Corporate Risk Register (CRR)*

The Board were asked to note that there were some minor changes to the AFBI Corporate Risk Register. This had resulted from a recent internal AFBI review however, the impact to the overall risk rating would be minimal. A further meeting of the AFBI Risk Management Co-ordination Group is scheduled for 4 November 2008 during which the updated CRR for 2008/09 would be signed-off. The updated CRR will then be issued to the Chair and members of the Audit Committee and the aim is to have this signed-off via correspondence rather than a meeting of the Audit Committee.

Any further changes to the CRR for the remainder of the year will then be processed through the existing channels of Division, SMT and Board and the Executive advised that this arrangement is working well.

Action: Executive to issue updated CRR to the Chair and members of the Audit Committee.

4.2 Fraud

The CEO informed the Board that the fraud investigation is drawing to a close but early findings would indicate that there had been no material fraud. The CEO acknowledged the support of the Board during this investigation.

4.3 Health and Safety

The CEO reported that there were no reports of any Health and Safety issues within the organisation.

The Executive are presently considering the creation of a co-ordinating role to cover Health and Safety issues affecting the organisation and gave an undertaking to keep the Board informed on how this idea progresses.

The Executive also reiterated its commitment to keep Health and Safety as a key agenda item at all levels throughout the organisation.

4.4 AFBI Accounts 2007/08

Before asking Mr Deshpande to give the Board an update on the AFBI Accounts for 2007/08 the CEO took the opportunity to acknowledge that the current workload of both the Head of Finance and the Head of Personnel was quite excessive due to the current lack of staff resources. However the Executive are currently considering ways of relieving this pressure.

In presenting the report, Mr Deshpande informed the Board that there were two issues outstanding in relation to the Accounts for 2007/08.

- AFBI's liability for Stamp Duty Land Tax (SDLT).
- The Pensions liability.

With regard to the liability for SDLT, this issue had been investigated by AFBI's legal representatives and they had come to the clear conclusion that AFBI has no liability. A submission to this effect had now been made to the Northern Ireland Audit Office (NIAO) with the aim of having this removed from the Accounts.

In relation to the Pensions issue, the NIAO had raised a query concerning the figure entered in respect of the Pensions liability as this had risen substantially from the figure recorded in the Accounts for 2006/07. AFBI is now awaiting information from the NIAO in order that this issue can be resolved. When the figure is agreed, the Accounts can then be signed-off. The Chair congratulated the Executive on the excellent work carried out to date and expressed the Board's delight at the prospect of the Accounts being signed-off in October or November 2008.

In the general discussion that followed concerning the Pensions issue the Board were advised that a meeting was due to take place on Friday 24 October 2008 involving representatives from AFBI, DARD and DFP to discuss the Pensions liability and related issues.

The CEO reminded the Board that there were records to show that DARD would accept liability for the Pensions provision and informed the Board that he would expect DARD to have made allocation for this and he would be seeking confirmation at Friday's meeting.

The Board queried the impact this issue was having on staff particularly those who have received no pension since retiring. In response the CEO informed the Board that any staff who had retired since the creation of AFBI were in receipt of interim payments and this is likely to be the case until March 2009. With regard to lump sum payments the CEO confirmed that the Executive had made representation to DARD

and the forthcoming meeting would hopefully clarify the situation. The CEO advised that as Accounting Officer he was constrained by the authorisation limits that prevented him from making lump sum payments above the threshold of £1,000.

4.5 Finance – AFBI Budget 2008/09

Mr Deshpande presented the financial report on behalf of the Executive and gave the Board an assurance that all areas were currently on target.

In response, the Board queried AFBI's income from commercial sources given the current economic climate and asked if any companies were finding it difficult to make payments. The Board were advised that there were no increased defaults but it was a point worth noting given AFBI's aim to increase its commercial base especially during a recession. It was also noted that any downturn in income would also impact on the current budget.

The Executive gave a commitment to monitor the situation and inform the Board of any negative impact.

The Board were also notified of AFBI's Contingency Plans in respect of back-pay for lower paid staff in the Northern Ireland Civil Service (NICS). Undoubtedly, funding required to compensate the staff affected by this is going to place a large burden on all NICS Departments and AFBI will be asked to make a contribution. However, this will be on the understanding that any cut in the budget will be restored next year and the offer made by AFBI will be made based on this condition otherwise there will be a risk to the current DARD work programme.

The Board also took the opportunity to seek information on the VAT issue. The Executive reported that a number of meetings are due to be held soon to discuss this matter. At present £1.6m has been allocated for VAT but if any of this can be clawed back it would certainly ease the pressure on existing budgets.

5. Report from the Audit Committee

Dr Hollywood presented two papers to the Board on behalf of the Audit Committee.

The first paper was a report to the Board on the latest meeting of the Audit Committee held on 30 September 2008. Three main issues highlighted by Dr Hollywood were –

- The preparation of the Statement of Accounts 2007/08
- AFBI Internal Audit Activity
- Monitoring of Risk Management

In addressing the three issues Dr Hollywood informed the Board that the NIAO had been complimentary on their audit activity in relation to the 2007/08 Accounts and the Audit Committee gave credit to AFBI Finance Branch for their good work in preparing the Accounts for inspection.

In relation to internal audit activity, Dr Hollywood reported that DARD Internal Audit will undertake some audit work on three areas, namely the AFBI Management Statement and Financial Memorandum, Equipment and Buildings and AFBI Emergency Response.

The Audit Committee stated that the monitoring of risk was one key area of responsibility in a new staff job description and acknowledged that the new job would help the Audit Committee to discharge its responsibilities.

The second paper presented to the Board was the Audit Committee Annual Report for 2007/08 which the Audit Committee are obliged to report.

The Chair, on behalf of the Board, complimented Dr Hollywood and the members of the Audit Committee on both reports and stated that the Board take great comfort in the due diligence of the Audit Committee in the delivery of their responsibilities.

6. Pensions Issue

The Board acknowledged that this issue had already been discussed in some detail during the course of the meeting and indicated that they were content that the Executive were progressing matters with the urgency that it deserved.

While not wishing to prolong any further discussion on the issue, the CEO reminded the Board that he had written to both the Government Actuary's Department and Hymans in September 2008 and was confident that there is now a more transparent system in place with a reduced risk for any further slippages to occur.

Following the forthcoming meeting this Friday, the Executive will revise the current "roadmap" to show the next steps until such times as this matter is completed.

7. Report from the Remuneration Committee

Prof McDowell provided a report to the Board on the current position of the Rewards and Recognition to Staff Scheme.

Prof McDowell informed the Board that having responded to DARD, AFBI Sponsor Branch (ASB) had issued a further series of requests for

clarification and the comments were rather more extensive than had been anticipated by the Committee.

In light of this correspondence from ASB, the Remuneration Committee had met on 16 October 2008 and agreed a response and the papers are now being redrafted.

However, there was now a strong suggestion from the Executive that the Remuneration Committee should meet with Mrs Averil Gaw (ASB) to discuss the Scheme and to clarify what the Board is trying to achieve through the Scheme.

The Chair indicated that he was very supportive of the Remuneration Committee meeting with ASB and that he was confident that the Remuneration Committee have an understanding of the Board's position. The Board agreed that the meeting with ASB should proceed.

It was also noted that this issue could be one of the items included on the agenda for a joint AFBI/DARD Departmental Board meeting. No date for this meeting has yet been arranged but indications are that it is likely to be scheduled early in the New Year. AFBI Executive agreed to push for a meeting and will inform the Board in due course.

**Action: 1. AFBI Remuneration Committee to meet with ASB.
2. AFBI Executive to push for a meeting with the DARD Departmental Management Board and inform the AFBI Board of the arrangements.**

8. AFBI Open Board Meeting

The Board discussed the various aspects and issues associated with an Open Board Meeting and in the course of discussion the following points were noted –

- The launch of the Annual Report provides a good opportunity to hold an Open Meeting.
- It would not be appropriate to combine an Open Board Meeting with say the opening of the Environmental and Renewable Energy Centre at Hillsborough or a Ministerial visit.
- There was a need to differentiate clearly between an Open Board Meeting and an Open Meeting.
- If there is a need to target stakeholders then an “Open Day” rather than an “Open Board Meeting” may be more effective.
- There was a need to define the target audience in respect of an Open Board Meeting.
- The Board acknowledged that last year's Open Board Meeting had fulfilled the Board's obligation under its Terms of Reference.

In concluding the discussion the Chair asked Board members to forward any further ideas relating to this issue to him or the CEO together with any suggestions on which stakeholders should be invited.

Action: 1. Board members to forward any further ideas to the Chair or CEO.

2. Board members to consider and advise which stakeholders could be invited to an Open Board Meeting.

9. Any Other Business

9.1 Rolling Database

The Board noted the changes to the Rolling Database and requested that the Secretariat continue to keep this up-to-date following each Board meeting.

9.2 Illness

The Board sought an update on Dr Neill following his recent illness. The CEO provided the Board with an update and all present joined together to wish Dr Neill a speedy recovery.

10. Date of the Next Meeting.

The next meeting of the Board will be held on Wednesday 26 November 2008 at AFBI Hillsborough.

Signed: _____
(Chairperson)

Date: _____

Matters arising and action points from meeting on 22 October 2008

1.	Item 2.4	<u>Item 5 – Presentation of the Business Case for a SAPO4 Facility</u> Secretariat to keep item on the agenda for future meetings. [Actioned]	Sec
2.	Item 3.1	<u>Draft Corporate Plan 2008 to 2011</u> On receipt of signed copies the AFBI Executive are to issue final versions electronically to Board members of both Plans for information.	Exec
3.	Item 3.2	<u>International Renewable Energy Conference 2008 (IREC08)</u> <ul style="list-style-type: none"> Executive to confirm Minister Kelly's attendance.[Actioned] Executive to provide Board members with a conference "briefing note".[Actioned] 	Exec Exec
4.	Item 4.1.1	<u>Corporate Risk Register (CRR)</u> Executive to issue updated CRR to the Chair and members of the Audit Committee.	Exec
5.	Item 7	<u>Report from the Remuneration Committee</u> <ul style="list-style-type: none"> AFBI Remuneration Committee to meet with ASB. AFBI Executive to push for a meeting with the DARD Departmental Management Board and inform the AFBI Board of the arrangements. 	Chair of RC Exec
6.	Item 8	<u>AFBI Open Board Meeting</u> <ul style="list-style-type: none"> Board members to forward any further ideas to the Chair or CEO. Board members to consider and advise which stakeholders could be invited to an Open Board Meeting. 	Board Members Board Members