



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI (HQ) Newforge
on Tuesday 23 October 2012 at 10.00am**

Present – Board Members

Mrs Hilda Stewart
Mrs Sarah Havlin
Mr Trevor Hinds
Mr David Lindsay
Prof Patrick Murphy
Mr Seamus McCaffrey
Mr Bob McCann
Mrs Hilary McCartan
Dr Cecil McMurray
Mr Alan McKeown

In Attendance - AFBI Executive

Prof Seamus Kennedy, CEO
Dr Michael Camlin, DCEO APSBD
Dr Glenn Kennedy, DCEO VSD (Acting)
Dr Alistair Carson, DCEO AFESD (Acting)
Mr Joel Ferguson, Head of Corporate Services Division (Acting)
Mr Darren Griffiths, Interim Director of Finance

Mr Stephen Cousins, AFBI Secretariat
Mrs Carol Moore, DARD

1. Welcome and Introduction

ACTION

In the absence of Mr Hogan (Chair) and Prof McKelvey (Deputy Chair), Mrs Hilda Stewart occupied the Chair and opened the meeting with a welcome to all in attendance.

2. Apologies

Apologies were received on behalf of Mr Hogan (Chair), Prof McKelvey (Deputy Chair), Mr Ken Millar (AFBI Board member) and Mr Paul Brennan (Head of AFBI HR).

3. Conflict of Interests Declaration

There were no conflicts of interest declared in respect of any of the items on the agenda.

4. Draft Minutes of the Previous AFBI Board Meeting held on 25 September 2012

On a proposal from Mr Hinds, seconded by Mr McCann the Board approved the draft minutes from the previous AFBI Board meeting held on 25 September 2012 without amendment.

		ACTION
5.	Matters Arising/Action Points from Previous AFBI Board Meeting held on 25 September 2012	
5.1	<u>Invitation to Lough Neagh Eel Fishery – Item 2</u>	
	Mrs Stewart recommended that the Board accept the invitation from the Lough Neagh Eel Fishery to visit its premises at Toomebridge.	Board
5.2	<u>Proposed Presentation by the Institute of Grocery and Distribution – Item 6.3</u>	
	The Board were informed that the presentation offered by the Institute of Grocery and Distribution is now scheduled to take place in January 2013. The Board were content for Mr Hinds to take the matter forward in consultation with the Chair of the AFBI Board, the CEO and the Secretary.	TH
5.3	<u>Freedom of Information Request – Item 6.4</u>	
	The Executive confirmed that all Board members, past and present, who have completed a personal performance appraisal had given permission for the information to be forwarded to the Information Commissioner for consideration. The information was issued on the basis that it was not for further circulation or dissemination. The Board recognise that the decision taken by the Information Commissioner may have repercussions for those serving on the various Boards of public service organisations.	
5.4	<u>AFBI Board Strategy Session – Item 6.5</u>	
	The Board noted that, following further consideration, a decision was taken to hold the second AFBI Board Strategy Session on a separate day from the usual monthly Board meeting. This would enable more time for in-depth discussion on the key topics and issues.	
5.4.1	<u>Response to the Minister’s Letter to AFBI Board Members – Item 6.5</u>	
	The CEO confirmed that Mr Hogan had responded to the recent letter from the Minister and had also provided the Minister with a copy of the AFBI Financial Improvement Plan. Mrs Stewart thanked Board members for their input into the Chair’s response.	
5.4.2	<u>Meeting with the DARD Minister – Item 6.5</u>	
	A meeting between the DARD Minister, the Chair and Deputy Chair of the AFBI Board originally scheduled for October 2012, was now due to take place on 5 November 2012. The Board will receive an update at the November Board meeting.	Chair
5.4.3	<u>End of Year Flexibility – Item 6.5</u>	
	This issue was highlighted in Mr Hogan’s response to the DARD Minister and most likely will be discussed during the forthcoming Minister’s meeting with	

the Chair and Deputy Chair on 5 November 2012.

ACTION

The CEO also informed the Board that Mrs Stewart and he had taken the opportunity to discuss this matter with the DARD Minister during the recent visit to the National Ploughing Championships and on the foot of these discussions, the CEO is now drafting a letter to the Minister on this subject.

5.5 Review of Board Members' Register of Interests – Item 6.8

AFBI Board members are currently in the process of updating their Register of Interests and when completed the Secretariat will forward to the Chair and CEO for them to review.

Sec

5.6 Draft AFBI HR Strategy – Item 6.9

The AFBI Board Appointments and Remuneration Sub-committee is due to meet on 26 November 2012 and the draft AFBI HR Strategy will be on the agenda for further consideration and comment.

5.7 DARD Sponsorship Manual / Request for Sight of Draft Minutes of AFBI Board Meetings – Item 12.1 (2)

The Executive confirmed that it had conveyed the Board's decision to reject the clause in the DARD Sponsorship Manual relating to the submission of draft minutes of AFBI Board meetings to DARD.

6. Chair's Business

In the absence of Mr Hogan there was no report to consider.

7. CEO's Report

In presenting his report to the Board the CEO highlighted a number of key issues –

7.1 2012/13 AFBI Business Plan

The 2012/13 AFBI Business Plan has been approved by the Minister.

7.2 Revaluation of Rates at AFBI Hillsborough

AFBI is assisting Land and Property Services (LPS) in its revaluation of the rates at AFBI Hillsborough but the quantum is not expected to become known until November 2012. The Board were advised that the maximum retrospective time span that can be considered by LPS is six years.

7.3 Northern Ireland Audit Office Review of 2011/12 AFBI Accounts **ACTION**

The Comptroller and Auditor General has indicated his willingness to sign the 2011/12 AFBI Statement of Accounts subject to AFBI Board approval. In terms of the Business Plan targets the Executive believes that these were too numerous, detailed and insufficiently “SMART” in some cases. The Executive will use the advice and guidance provided by AFBI’s internal auditors when considering targets for the 2013/14 Business Plan.

7.4 Meeting with the Minister

During the recent visit to the National Ploughing Championships the CEO reported Mrs Stewart and he had taken the opportunity to discuss with the Minister AFBI’s finances including the problems consequent to the absence of end-of-year flexibility. The CEO informed the Board that the Minister had requested a letter outlining the issues. The CEO agreed to share the letter with the Board.

CEO

7.5 Equal Pay Issue

The business case seeking approval to make payments under the Equal Pay Deal was forwarded by DARD to DFP on 12 October 2012 but it may be four to six weeks before the outcome is known.

7.6 Pensions

The Board were made aware that AFBI’s non-grant-in-aid income is now approaching one third of AFBI’s total income. Should this figure increase beyond half of AFBI’s total income, the Executive believes that there would be a risk that the Northern Ireland Principal Civil Service Pension Scheme could be withdrawn from staff. The Board accepted that this is an important point and should be taken into consideration when discussing the future strategic direction of AFBI.

The Board asked the Executive to provide sight of the relevant regulations.

Exec

7.7 Update on the Implementation of Recommendations Arising from the Organisational Review of AFBI

A pre-appointment letter has been issued in respect of the post of Director of Finance and Corporate Affairs. A “SIFT” for the two Director of Science posts has been completed and the successful applicants are now being called for interview. The CEO informed the Board that he has also approved a business case in respect of a two-year appointment for a Head of Finance post at Grade 6 level.

A meeting had taken place with Trade Union Side which now completes the formal consultation process in respect of the KPMG Organisational Review of AFBI.

The Executive confirmed that it would now move forward with the

implementation of the recommendations except for that relating to Gov-Co status. **ACTION**

A group comprising members of AFBI, DARD and the Strategic Investment Board will be established to identify potential solutions to the problems caused by lack of end of year flexibility and matters relating to the establishment of a commercial arm for AFBI. The Board suggested that the Executive examine this area very carefully when considering its future plans.

The CEO confirmed that there is no plan to proceed with the proposed Grade 6 Business Development and Customer Relations post as the grade evaluation carried out by DARD on AFBI's behalf, had indicated that grade 7 would be the appropriate grade. However, the matter will be revisited in the context of developments in relation to establishing a commercial arm. The Board asked the Executive to provide a paper for presentation at the forthcoming Strategy Day on how business development would be taken forward. **Exec**

On the KPMG Implementation Plan, the Board queried the timeframe for implementing revised Terms and Conditions for new staff which is given as 31 March 2015. The Executive stated that it was mindful of the considerable work that will be involved in the implementation of this recommendation and it was an issue that the newly formed group from AFBI, DARD and SIB will examine in the context of developing a commercial arm.

On a proposal from Prof Patrick Murphy, seconded by Mrs Hilary McCartan, the Board formally accepted the KPMG report.

7.8 AFBI Estate

The Executive has indicated that the top priority is the replacement/refurbishment of the Main Building at AFBI Stormont. The Board asked that options for the wider AFBI estate be brought back to the AFBI Board for consideration in advance of any decision being taken. **Exec**

The Board also expressed the view that it is essential that AFBI appoint its own construction project sponsor who would ensure that the client perspective was fully and properly represented and championed throughout the project.

7.9 Northern Ireland Audit Office Value for Money (VFM) Review

AFBI are still receiving and dealing with queries from the NIAO in respect of the VFM review and work is ongoing.

7.10 Business Development Executive in the USA

The CEO advised that a management programme is in place and contact is maintained through weekly conference calls during which the Executive receive updates on the business targets that have been established.

7.11 WiFi Installation in the AFBI Boardroom **ACTION**

WiFi is currently being installed and should be fully operational by the date of the next Board meeting.

8. Reports from Divisions

8.1 Report from Veterinary Sciences Division

The Board noted the very successful annual UKAS 17025 inspection and acknowledged the excellent report from VSD.

8.2 Report from Applied Plant Science and Biometrics Division

The Board referred to the division's Key Performance Indicators (KPIs) and paid particular attention to the KPI on income that is not on target. In the discussion that followed the Board were made aware, that unless additional resources were secured, income for the division would plateau at £2m. However, it was noted that this is still a significant increase on previous years.

8.3 Report from Agriculture, Food and Environmental Science Division

The report from AFESD highlighted the substantial work taking place within the division and the Board were asked to note the increased income. However, the report indicated that this upward trend may not be sustainable due to the lack of project leaders which is hindering future bids.

Commenting on the report the Board acknowledged a number of successes including the Dairyman project but also noted that this was the second report from the divisions that highlighted lack of resources as an issue. The Board suggested that this matter should be kept under review as it could pose a risk to the organisation.

**Board /
Exec**

The Board also asked the Executive to provide details of the funding bids in progress.

Exec

8.4 Report from Corporate Services Division

The review of the Management Statement and Financial Memorandum (MSFM) is currently on hold pending the outcome of the DARD Risk Assessment of AFBI and the AFBI staff Morale and Motivation Survey will be launched in November 2012. The Executive also informed the Board that it would aim to incorporate KPIs into future CSD reports.

In response to the CSD report, the Board asked the Executive to make a presentation on the Sponsorship Manual and the Executive advised that it would make arrangements for this to be held in December 2012, possibly as a joint venture with DARD.

Exec

The Board was pleased to note that the Executive would be carrying out a

Morale and Motivation survey of staff during November and expressed a keen desire to see the results. **ACTION**

9. AFBI Internal Audit Report on Annual Validation of Business Plan Objectives 2011/12 Financial Year

In presenting the report the Executive confirmed that it had agreed the final outturn position with internal audit and a summary of the outturn against business plan targets for 2011/12 is contained within the performance section of the AFBI Annual Report and Statement of Accounts for 2011/12.

The Board congratulated the Executive on exceeding income targets and also on producing many more scientific papers than targeted in the 2011/12 Business Plan. The Board were also pleased to note the positive reference to the management of DARD projects to agreed milestones but concerns were expressed that full budget devolution to AFBI divisions is yet to be achieved.

In response the Executive acknowledged the comments of the Board and outlined that its approach in respect of the 2013/14 Business Plan will focus on Key Performance Indicators that reflect the broader aspects of organisational performance and can be monitored and challenged on a monthly basis.

Overall the Board welcomed the report and were content to note.

10. AFBI Board Audit Committee

10.1 Draft Minutes from Meeting held on 20 September 2012

Mr McCann, Chair of the AFBI Board Audit Committee reminded the Board that he had already provided a verbal report on the Audit Committee meeting held on 20 September 2012 and that the draft minutes were now being circulated to members for noting.

Mr McCann informed the Board that since the previous Audit Committee meeting, he had accepted an invitation to attend a future meeting of the DARD Audit and Risk Committee.

11. Presentation of Draft 2011/12 AFBI Annual Report and Statement of Accounts

The Executive presented a copy of the draft 2011/12 AFBI Annual Report and Statement of Accounts to the Board for noting and approval. The Executive confirmed that the Northern Ireland Audit Office was content with the report and the Comptroller and Auditor General was prepared to sign-off if the Board were willing to approve.

The Board congratulated the authors of the various reports on production of such a comprehensive document and Mr McCann, Chair of the Audit

Committee confirmed that the Audit Committee having reviewed the Statement of Accounts at its meeting on the 20 September 2012, would recommend that the Board approve.

ACTION

On a proposal from Mr Hinds, seconded by Mrs McCartan, the Board approved the 2011/12 AFBI Annual Report and Statement of Accounts.

12. Finance

12.1 AFBI Budget Monitor Report – Mid Year Review 2012/13

The Board considered the details contained in the Budget Monitor report and noted the financial position following the mid-year review, particularly the forecasted underspend. Following consideration the Board accepted a recommendation from the Executive that it refrain from taking any action at this time until the outcome of the rates revaluation exercise at AFBI Hillsborough becomes known.

The Executive reported that the Finance Sub-committee had considered the latest balance sheet and had noted that the list of AFBI debtors had much improved.

In relation to the income targets, the Executive reported that it was confident of attaining these and assured the Board that any savings would not compromise the current work programme.

12.2 Format of Budget Monitor

The Executive presented a report relating to the format of budget monitor reports, the purpose of which was to propose amendments to the existing format.

The Executive took the opportunity to outline the key proposed changes to the Budget Monitor and confirmed that the format of the revised Budget Monitor had already been considered by the Finance Sub-committee at its meeting on 18 October 2012.

In the discussion that followed the Executive advised that it would continue to provide a narrative to the tables that make up the Budget Monitor as this is essential in helping members gain an understanding of the financial position.

Following consideration of the revised format and receiving satisfactory responses to a number of queries, the Board signified that it was content to accept the changes.

12.3 Finance Improvement Project (FIP)

The Executive presented the Board with a copy of the Financial Improvement Plan and highlighted key aspects such as the progress made to date, summarising the initial areas of focus and identifying recent additions to the plan.

In the discussion that followed the Board were informed of the result of the recent tender competition for the provision of internal audit services and received confirmation that a letter of offer has been issued to ASM.

Discussion also focused on the current financial management system and the Executive indicated that, while not a feature of the current FIP, a review of options for the next generation of business systems should be explored during 2013/14. The Board sought an assurance that this review of options would not be overlooked in the event of any staff changes and the CEO confirmed that this would be the case.

The Board commended the Executive on the development of the FIP and on a proposal from Mr Seamus McCaffrey, seconded by Mr Trevor Hinds, approved the implementation of the plan.

13. AFBI Board Finance Sub-Committee

Mrs McCartan, Chair of the AFBI Board Finance Sub-Committee provided the Board with a verbal report on the Finance Sub-Committee meeting held on 18 October 2012.

As well as considering all of the various issues covered in the previous item, Mrs McCartan informed the Board that members of the Finance Sub-Committee had also reviewed a balance sheet and the position of AFBI debtors which, it was pleased to report, had improved.

The priorities identified by the Finance Sub-Committee are –

1. Financial Improvement Plan (FIP) - the Executive to produce a detailed action plan which identifies key dates and milestones by which progress on the implementation of the FIP can be measured;
2. Budgets – the Executive to correctly profile the budgets for 2013/14 as this is required in order to make the financial reports more meaningful particularly in terms of a variance analysis.

The Finance Sub-Committee took the opportunity to acknowledge the work carried out in respect of the mid-year review and thanked staff from the science divisions for their input. The Finance Sub-Committee also thanked the Interim Director of Finance for the work that he has undertaken since taking up post.

Following discussion the Executive assured the Board that it would present full details of the proposed IT project that would link the current external research contracts system with existing financial systems.

14. Organisational Review of AFBI

ACTION

Mrs Moore advised that she had nothing further to add in relation to this item as all of the issues had been covered by the CEO in his report to the Board.

15. Arms Length Bodies (ALBs) Sponsorship Risk Assessment

The Executive presented the Board with a paper outlining the background to the current risk assessment being carried out by DARD on AFBI. The Executive advised that DARD is in the process of conducting a formal risk assessment on all its ALBs and the Board were asked to note the information that had been supplied to DARD and provide any comments.

After receiving an indication of the timeframe for completion and the various stages in the process, the Board was content to note.

16. Governance Issues

16.1 AFBI Risk Management – Presentation of AFBI Corporate Risk Register (dated 19 September 2012)

A copy of the current AFBI Corporate Risk Register updated in September 2012 was presented to the Board for noting and discussion.

16.1.1 Focus on Corporate Risk No1 -

In keeping with the Board's decision to focus on a specific risk at each monthly meeting, the Executive chose Corporate Risk No1 – *If AFBI fails to deliver DARD's assigned work programme this will negatively impact the Northern Ireland agri-food and rural economy and AFBI's financial and reputational standing.*

Following consideration of the risk scores, the controls that are in place to manage the risk and the additional actions required, Mrs Moore highlighted the lack of reference to succession planning and suggested that there was a need for the Executive to be explicit on this subject. In response the Executive acknowledged that succession planning was an issue and outlined the actions that it was taking to address it including the business critical vacancy approval process, agreeing the establishment, and identifying single points of failure. It also indicated that posts could only be filled as budgets allowed.

The Board also suggested that another aspect of this risk was the lack of funds within DARD to pay for the assigned work programme. While the Board accepted that this was a risk worth noting it accepted that it is one that rests outside AFBI's control.

16.2 Whistleblowing and Fraud

There are a number of cases currently in progress and the Executive provided the Board with an update in respect of each –

ACTION

- *Misuse of AFBI Vehicles* – this case has been ongoing for some time but a report from HR Connect is now imminent.
- *Misuse of Fuel* – the investigation by DARD's Central Investigation Service is currently ongoing.
- *Theft of apples* – a half ton of apples has been stolen from AFBI Loughgall. The matter has been reported to the Police Service of Northern Ireland and the CEO has informed all relevant parties.
- Dr McMurray raised an issue of potential fraud. The Board agreed to hold a closed session which Dr McMurray attended for the initial stages. He then retired from the meeting while the Board discussed the matter in closed session.

(At this point in the meeting Dr Cecil McMurray, the CEO and Executive, with the exception of Mr Ferguson, left the meeting and the Board entered into a closed session.)

On resumption of the full meeting there was a break for lunch and at this stage Mr McCann, Mrs Havlin, Mr Lindsay and Dr Camlin left the meeting due to other business commitments.

16.3 Health and Safety

The Board were made aware of an accident involving an external contractor. An investigation is currently underway and the Executive agreed to provide the Board with an update in the event of any major issues arising.

Exec

17. **AFBI Board Scheme of Delegation and Other Regulatory Documents**

The Executive presented a report seeking the Board's endorsement to the Executive's proposed approach to producing a revised suite of regulatory documents including a Scheme of Delegation, an Officer Scheme of Delegated Powers and a complementary Financial Scheme of Delegation.

The report also highlighted the proposal to establish a working group the aim of which will be to ensure the strategic fit of all the regulatory documents such as the Financial Procedures Manual and the Management Statement and Financial Memorandum etc.

The Board approved the Executive's approach and Board members were encouraged to forward any comments or suggestions they may have on the proposed approach to the Executive.

Board

18. Proposals for AFBI Board Strategy Session **ACTION**

18.1 Format for the Event and Consideration of the Draft Agenda

Mrs Carol Moore presented Board members with a draft outline and her vision for the AFBI Board Strategic Away Day to be held on Thursday 6 December 2012 in AFBI Newforge.

The Board suggested the inclusion of an item on risk appetite on the agenda. Mrs Stewart asked Board members to forward any other comments or suggestions to Mrs Moore.

Board

19. Any Other Business

19.1 Rolling Database of Issues Raised at Board Meetings

The Board accepted the changes made to the Rolling Database since the date of the previous meeting. However, the Board suggested that the purpose, meaning and relevancy of the Rolling Database be considered in detail at a future meeting of the AFBI Board.

Board

19.2 Proposed Dates for AFBI Board and Sub-Committee Meetings during 2013/14

The Board were presented with a list of proposed dates for Board meetings and sub-committee meetings to be held during 2013 and the first quarter of 2014. Mrs Stewart asked members to note their diaries.

Board

19.3 AFBI Library Contract

The CEO informed the Board that following a recent procurement competition organised by Central Procurement Directorate, Queen's University Belfast have been awarded the contract for the provision of library services to AFBI for a five-year period.

19.4 Health and Safety Event

The CEO informed the Board that AFBI Hillsborough would be hosting a health and safety event being conducted by the Northern Ireland Health and Safety Executive with the primary focus being on farm safety. Approximately three hundred delegates are expected including Mrs Arlene Foster, Minister for the Department of Enterprise, Trade and Investment in the Northern Ireland Executive.

20. Date of Next Meeting

The next meeting of the AFBI Board will be held in the AFBI Boardroom, AFBI (HQ), Newforge on Tuesday 27 November 2012 commencing at 10.00am.

Sec

For ease of reference the Board asked that the date of the next meeting be noted on the agenda of future AFBI Board meetings.

Signed: _____
(Chairperson)

Date: _____