



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI Crossnacreevy
on Tuesday 25 June 2013 at 10.00am**

Present – Board Members

Mr Sean Hogan, Chair
Prof William McKelvey, Deputy Chair
Mr Trevor Hinds
Mr Bob McCann
Mrs Hilary McCartan
Prof Patrick Murphy
Mr Ken Millar
Dr Cecil McMurray
Mr David Lindsay
Mrs Sarah Havlin
Mrs Hilda Stewart

In Attendance - AFBI Executive

Prof Seamus Kennedy, Chief Executive Officer
Mrs Lesley Hogg, Director of Finance and Corporate Affairs
Mr Darren Griffiths, AFBI Financial Improvement Project Leader

Mr Stephen Cousins, AFBI Secretariat

1. Welcome and Introduction

ACTION

The Chair opened the meeting by welcoming all present to AFBI Crossnacreevy.

2. Apologies

Apologies were received on behalf of Board members Mr Alan McKeown and Mr Seamus McCaffrey.

3. Conflict of Interests / Register of Interests Declaration

There were no conflict of interests declared and no note of any changes to Board members' Register of Interests.

4. Draft Minutes of the Previous AFBI Board Meeting held on 28 May 2013

On a proposal from Mr Trevor Hinds, seconded by Dr Cecil McMurray, the draft minutes from the previous AFBI Board meeting held on 28 May 2013 were approved subject to recording Mrs Hilda Stewart as present.

5. Action Sheet from Previous AFBI Board Meeting held on 28 May 2013

Progress against actions was noted as per the Action Sheet subject to the following –

5.1 Item 7.9 – Biometrics and Information Systems

ACTION

The Board was pleased to note the progress being made in relation to the vulnerabilities that were identified by way of independent security tests of AFBI's IT Systems. Seven of the ten identified have been addressed and the remaining three are at various stages of progress.

(Mrs Havlin entered the meeting)

5.2 Item 9 - AFBI 2013/14 Business Plan – Final Key Performance Indicators

The Key Performance Indicators have now been agreed with AFBI Sponsor Branch and are now subject to final approval by the DARD Board. All DARD dependencies have been removed.

5.3 Item 11.4.1 – Entry to Republic of Ireland Waters

Consultation has taken place in connection with the RV Corystes operating within Republic of Ireland territorial waters and the Executive are hopeful that a substantive agreement will be in place shortly. In the meantime permission has been granted for one research cruise to take place which is currently underway.

5.4 Item 20.1 - Agri-Food Strategy Board (AFSB)

The CEO has invited the Chair of the AFSB to make a presentation to the AFBI Board and is presently waiting on a response. The Secretary was asked to circulate a copy of the CEO's letter of invitation to Board members for their information.

SEC

6. Chair's Business

The Chair advised that he had no major issues to report on.

7. Executive Report

The Executive highlighted a number of items for the benefit of the Board -

7.1 Head of Finance

AFBI is in discussion with DARD regarding the post-interview recruitment process for the Head of Finance Branch which has not yet been completed. The current position again raises questions over AFBI's status as a Non Departmental Public Body (NDPB) and its restricted scope to negotiate on starting salaries. The Board noted that the Organisational Development and Human Resources (OD&HR) Sub-Committee had requested the Executive to undertake a review of the existing governance structures with the aim of identifying what freedoms AFBI has as an NDPB in relation to these matters.

(Mrs McCartan entered the meeting)

- 7.2** Corporation Tax **ACTION**
- The Executive reported that a payment on account had been made to Her Majesty's Revenue and Customs for the outstanding tax liability up to 2011/12 and that AFBI had sought approval from DARD and DFP to make a payment on account in respect of interest and penalties.
- 7.3** Newforge Catering
- With current catering services ending on 30 June 2013, AFBI is continuing to consider alternative arrangements and is exploring a number of options including legal advice on the Transfer of Undertakings (Protection of Employment) (TUPE) regulations.
- 7.4** Contract and Legal Issues
- Having noted the comments in the Executive Report relating to indemnities, the Board stated that it would be disappointed if AFBI were to lose contracts because it could not provide the necessary cover. The Executive advised that DARD has been asked to provide clarity on the issue and the Board will be kept informed of progress. **EXEC**
- 7.5** Kurdistan Business Development
- Work and co-operation with InvestNI and the Kurdistan Regional Government in Iraq on this project is ongoing and, following a recent visit to the region, AFBI is hopeful of winning further contracts.
- 7.6** DARD Evidence and Innovation (E&I) Strategy
- The latest DARD E&I call was made to AFBI on Friday 21 June 2013 with a closing date of 30 September 2013.
- 7.7** KPMG Review Progress Update
- The Board welcomed news that the Strategic Investment Board (SIB) has offered AFBI support for the development of a business case for entering into a joint venture and that SIB has also received a very positive response from the Department of Finance and Personnel in relation to this matter.
- 7.8** Visit to Institute of Biological, Environmental and Rural Sciences (IBERS)
- Having noted that the CEO and the Director of AFBI's Sustainable Agri-Food Sciences Division had visited IBERS, the Board agreed that a strategic alliance with IBERS would provide an excellent opportunity for AFBI.

7.9 Disease Surveillance and Investigation Branch

ACTION

The Board noted that laboratory submissions have highlighted increasing problems with liver fluke due to the unusually wet weather conditions over the past few summers which have been exacerbated by increasing resistance to the main line of drug defence. DARD have requested a report on weather-related animal disease.

8. Finance

8.1 Finance Final Outturn for 2012/13

A paper detailing the final 2012/13 outturn position was presented to the Board for noting and discussion.

After taking account of end year adjustments, AFBI's 2012/13 year-end, financial position is a surplus of £51k or 0.13% of the resource allocation which is consistent with the forecasted outturn.

Although AFBI has been able to meet its budget targets for 2012/13 the Executive highlighted the significant financial pressures facing the Institute in 2013/14.

The Board asked that its thanks for achieving a balanced budget be conveyed to the budget managers, Finance Business Partners and all in AFBI Finance Branch.

EXEC

8.2 AFBI Budget Monitor Report – Position at 31 May 2013

In presenting the Budget Monitor Report for the period ending 31 May 2013, the Executive reported that individual Branch and Divisional programme budgets are in the process of being finalised. The Report highlights a potential deficit of £665k for 2013/14. However, it is anticipated that this deficit will reduce as Divisions identify new funding / income opportunities during the course of the current financial year.

The Executive also made reference to other financial pressures facing AFBI such as pay progression, provisions and Corporation Tax and drew the Board's attention to a paper being tabled under Item 8.3 on the agenda which provides more detail on these issues.

In response the Board queried the proposed income and expenditure costs in respect of Branches / Divisions and also requested that a further column be added to the Budget Monitor Report to show how Branches / Divisions are performing in comparison to the previous financial year (2012/13).

EXEC

8.3 Financial Pressures

The Executive tabled a paper, previously presented to DARD, documenting the potentially significant financial pressures that AFBI is likely to face during 2013/14 and identifying (where possible) the potential impact on the organisation.

ACTION

During a lengthy discussion the Board acknowledged that the AFBI Strategic Cost Model (SCM) will provide increased detail on the cost of the delivery of the DARD Assigned Work Programme.

The Executive also informed the Board that once the SCM has been implemented, AFBI will then be in a better position to examine ways of reducing the “*platform costs*”.

The Board confirmed that AFBI should continue to be proactive in ensuring its financial sustainability. It was agreed that the Science Directors would be invited to attend a Board meeting to present a plan for their Divisions and to highlight the scientific areas they would wish to develop.

EXEC

The Executive also indicated that the forthcoming joint AFBI / DARD Board meeting would provide an opportunity for the Board to voice its concerns in relation to the financial pressures that have been highlighted.

8.4 Finance Improvement Plan (FIP)

The majority of actions detailed in the Finance Improvement Plan (FIP) have now been completed and, with the agreement of the Board, the Executive advised that it will now address a number of longer term actions in a second phase of the FIP.

EXEC

(Mr Griffiths left the meeting)

9. **AFBI Morale and Motivation Survey Action Plan**

The Board reviewed the draft AFBI Morale and Motivation Survey Action Plan that had previously been presented to the Board in April and discussed the proposed actions to address the issues found in the survey. The Board also suggested some presentational changes.

The Executive advised the Board that its main aim currently is to define the staffing requirements for 2013/14 and it was hopeful that this exercise would be completed before the end of July 2013. Following completion, the next stage will be a review of Branch structures as recommended in the KPMG Organisational Review of AFBI.

The Board acknowledged that the implementation of the Action Plan is linked to an overarching change programme within AFBI and the Executive reported that it would take forward the findings of the survey and convey them to AFBI staff through a series of roadshows to be held during August 2013. The Executive will also provide the Board with periodic progress reports.

EXEC

10. **Stress in the Workplace Action Plan**

In considering the Stress in the Workplace Action Plan, the Executive advised that as the issues and actions were inextricably linked to the outcome of the Morale and Motivation Survey, the OD&HR Sub-Committee had requested that the action logs be combined.

11. Northern Ireland Audit Office - Value for Money (VfM) Report

A copy of the final draft of the NIAO VfM Report which was received by AFBI on 13 June 2013 was presented to the Board for noting. While the Board acknowledged that areas of disagreement still remain, it also accepted that there are a number of positives contained in the report and these are to be welcomed.

The Board noted that DARD and AFBI have commenced preparations for the Public Accounts Committee hearing which is scheduled to take place on 23 October 2013.

12. Governance Issues

12.1 Draft Annual Governance Statement

The Executive presented its draft Annual Governance Statement. The Board made a number of suggestions for changes to the Governance Statement which includes a number of items relevant to the Board. The Executive informed the Board that there would still be scope to make further changes prior to the draft accounts being finalised.

12.2 AFBI Risk Management

In presenting the latest version of the AFBI Corporate Risk Register (CRR) the Executive reported that one risk had been removed and a new risk added relating to HR issues.

Following consideration of the revised CRR, the Board made a number of comments/suggestions –

Risk No 2 – reliance on other organisations creates a potential vulnerability for AFBI but there is no specific reference to this in the risk. The Executive agreed to check the references to other organisations in the individual contingency plans. **EXEC**

Risk No 5 – the title of the risk to be amended to underline the fact that delivery to customers should come before an adverse impact on AFBI's reputation. **EXEC**

Risk No 6 – in the event of a systems failure the Board received an assurance that AFBI could recover networked information that has been fully backed-up and a recovery plan has been tried and tested as proof. However, as previously mentioned, a number of vulnerabilities still exist in relation to legacy systems and an exercise is currently underway to identify solutions / implications.

Overall the Board was content to note the work that had been carried out on the CRR and the Executive agreed to Risk No 8 forming the basis of a more detailed discussion during the next Board meeting in August 2013. **EXEC**

12.3 Whistle Blowing and Fraud

There were no reports of any new whistleblowing or fraud cases.

13. Highlights from Finance Sub-committee meeting held on 24 June 2013

The Board was content to note that all of the matters from the Finance Sub-committee meeting held on 24 June 2013 had been covered during the course of the Board meeting.

14. Draft Minutes and Highlights from the Organisational Development and Human Resources (OD&HR) Sub-Committee meeting held on 6 June 2013

The draft minutes from the previous meeting of the OD&HR Sub-Committee meeting held on 6 June 2013 were presented for noting.

The issue of protective marking of papers was highlighted and the Executive advised that the OD&HR Sub-Committee had asked AFBI to produce a policy paper on the issue.

15. KPMG AFBI Operating Model Working Group - Findings

The Executive tabled a paper summarising the findings and work of the KPMG AFBI Operating Model Working Group. As recommended, the Board were content to note the Group's intention to focus on supporting the development of a business case in relation to an equity option.

16. Joint DARD / AFBI Board Meeting – 23 September 2013

A joint DARD / AFBI Board meeting has been confirmed for Monday 23 September 2013 and there is a need to agree attendees and possible agenda items. The Executive will table a draft agenda for consideration at the August Board meeting.

EXEC

17. Note for Diary – UK Bribery Act

The Board was advised that a presentation on the UK Bribery Act and its implications for AFBI would be given at the next AFBI Board meeting in August.

18. Note for Diary – EMT Roadshows

The Executive informed the Board that it would be holding a series of Roadshows during the month of August and would be keen for Board members to attend. The Executive agreed that it would forward relevant details to Board members.

EXEC

19. Rolling Database of Issues Raised at AFBI Board Meetings

The Board was content to note the changes made to the Rolling Database.

20. Any Other Business

20.1 Remuneration for Board Members Serving on AFBI Board Sub-Committees

The Executive informed the Board that a business case relating to remuneration for Board members serving on AFBI Board Sub-Committees is currently with DARD for consideration.

20.2 Business Development in the USA

The Board inquired about the work being carried out by AFBI's Business Development Manager in the USA. The CEO stated that he was content with the work being carried out by Mr Atkinson with substantial ground work having been completed or in progress. It was also noted that Mr Atkinson is in the process of setting-up an event which will be held in Autumn 2013.

21. Review of Board Meeting Effectiveness

On reviewing the effectiveness of the Board meeting, members expressed the view that it had been a good meeting but questioned the length of the agenda. The Chair suggested that the Board needed to exercise a degree of discipline and ensure that papers are dealt with in accordance with the indicative time schedule.

The Board was informed that both Science Directors would be in attendance at the Board meeting in August 2013 when they would provide a report on the first quarter performance of their respective Divisional Key Performance Indicators.

22. Date and Venue for Next AFBI Board Meeting

The next AFBI Board meeting will be held in the AFBI Boardroom, AFBI HQ, Newforge Lane at 10.00am on Tuesday 27 August 2013.

Signed: _____
(Chairperson)

Date: _____