



**Minutes of the Meeting of the Agri-Food and Biosciences Institute
(AFBI) Board held at Silverbirch Hotel, Omagh on
Wednesday 26 August 2009 at 10.30 am**

Present – Board Members

Mr Sean Hogan, Chairperson
Prof David McDowell, Deputy Chair
Dr Michael Hollywood
Dr Christine Kennedy
Prof Grace Mulcahy
Mr John McKinley
Prof Stewart McNulty
Mr James Noble
Mr John Rankin
Mr Michael Walker

In Attendance – AFBI Executive

Dr George McIlroy, CEO
Dr Michael Camlin, DCEO
Dr Seamus Kennedy, DCEO
Dr Robin Boyd, DCEO

Mr Stephen Cousins, AFBI Secretariat

1. Welcome and Introduction

ACTION

The Chair opened the meeting with a word of welcome and stated that he was very much looking forward to visiting the laboratory at AFBI Omagh following the conclusion of today's meeting.

2. Apologies

Apologies were received on behalf of Mr Kieran Campbell and Mr Nicholas Mack, AFBI Board Members. The CEO also offered apologies on behalf of Dr Arthur Gilmour, DCEO (Acting) and Mr Joel Ferguson, Head of AFBI Innovations both of whom were currently in China fulfilling commitments that had been given by AFBI during the signing of the Memorandum of Understanding with the Chinese Academy of Agricultural Sciences (CAAS).

The Board were pleased to learn of this visit and it was agreed that the Executive would provide the Board with a report at the next Board meeting in September 2009.

Exec

3. Minutes of the Previous Meeting – 24 June 2009

On a proposal from Mr Walker, seconded by Dr Christine Kennedy the Board accepted the minutes of the previous Board meeting without amendment.

4. Matters Arising from the Minutes of the Previous Meeting – 24 June 2009

4.1 Item 4.5 – AFBI Business Plan 2009/10

The Executive informed the Board that notification of DFP approval of the AFBI Business Plan for 2009/10 had only been received. The Executive advised that as well as circulating a copy of the approved Plan electronically to Board members, the Plan will also be published on the AFBI website and a number of printed copies will also be made available.

Exec

4.2 Item 5.5 – AFBI Innovations

The Board acknowledged having received the short paper from AFBI Innovations highlighting some of the advances that have been made to date and the ongoing work of the Branch.

4.3 Item 5.6 – AFBI Policies

The Executive confirmed that a review of paragraphs 4.4 and 4.5 of the AFBI Research Misconduct Policy had been completed and the policy had now been implemented and published on the AFBI internet.

4.4 Item 12.1 – Rolling Database of Issues Raised at Board Meetings

The Secretary confirmed that the Rolling Database had been updated to reflect the position following the previous meeting.

5. Report from Corporate Services Division

5.1 AFBI Risk Management

The Executive informed the Board that they were pleased to report that AFBI had received a “*satisfactory*” level of assurance following an AFBI Internal Audit review on “*Risk Management*” and the issues which had been highlighted were mainly presentational issues that should be easily addressed. The Board congratulated the Executive on its achievement and indicated that the report may be worth further consideration at the next meeting of the Audit Committee.

RB

5.1.1 *AFBI Corporate Risk Register – updated 31 May 2009*

A copy of the AFBI Corporate Risk Register was circulated to the Board and in the discussion that followed the Executive informed the Board that there had been no major risks added to the AFBI Corporate Risk Register since the previous Board meeting.

A number of comments and suggestions were noted –

1. Risk No 10 – “*Failure to maintain adequate standards for site security,*

bio-security, disease control and environmental protection”

The Board suggested that if there was no progress on the issue of a SAPO4 facility then the risk rating associated with this risk should be increased. The Executive accepted the suggestion and indicated that it was willing to consider an increase in the risk rating.

2. Risk No 2 – *“Insufficient resource allocation for AFBI from DARD”*

The Board expressed the opinion that it would be surprised if there was no reduction in AFBI’s Grant-in-Aid given the down turn in the current financial and economic climate and suggested that the Executive may wish to consider some form of contingency arrangement in order to make up for any shortfall.

The Executive advised that an AFBI financial team was currently examining this issue but there are some steps to be completed before details could be finalised for example the completion of the AFBI / DARD Service Level Agreement (SLA) which would quantify the work programme.

5.1.2 *Succession Planning – AFBI Senior Management*

The Board also took the opportunity to raise the issue of *“succession planning”* at senior levels within AFBI and suggested that this was an issue that could be considered by the Audit Committee or a small Sub-Committee reporting directly to the Board. The Chair informed the Board that he was aware that the Executive have been examining this issue via the Board Effectiveness Review and it also forms part of the Business Continuity Management Project.

It was therefore agreed that the Executive would produce a short paper for the Board and this paper will also outline the role of the Board and identify the areas that the Board could become directly involved with and then a decision could be taken on whether or not this would be best served by the Audit Committee or a Sub-Committee.

Exec

5.1.3. *Succession Planning – AFBI Board*

With regard to Board succession, the Chair reported that both he and the Deputy Chair had met with DARD and had identified a range of skills that would be required for the Board as well as obtaining agreement on the job plans. As soon as the paperwork has been completed DARD will advertise the posts in early September with interviews planned for October/November. When this part of the process has been finalised and recommendations have been made to the DARD Minister, the Chair will seek agreement to make appointments to the Audit Committee and arrange for training to be undertaken in advance of the successful applicants taking up their posts.

5.2 Whistleblowing and Fraud

The Executive informed the Board that there were no reports of any new cases of whistleblowing or fraud in the organisation.

With regard to the current investigation which had been reported at previous Board meetings, the Executive confirmed that a report has now been completed but the findings had shown that there was nothing substantive in terms of actual fraud.

A copy of the report has been sent to the DARD Permanent Secretary, Dr McKibben and to the Northern Ireland Audit Office with a request for guidance on how to bring the issue to a final conclusion. The Executive is currently waiting on a response and will provide the Board with a further update at a future meeting.

Exec

5.3 Health and Safety

The Executive confirmed that there were no Health and Safety incidents to report and at the next Board meeting the Executive will provide Board members with some statistical data on Health and Safety issues in the organisation.

RB

In the discussion that followed the Board made reference to a report of an incident that had occurred in England when a person had contracted tuberculosis (TB) through work that they had been carrying out on badgers and sought an assurance from the Executive that all AFBI staff have access to personal protective equipment (PPE). The Executive provided the Board with the assurance that all AFBI staff have access to appropriate PPE and this applies in all areas of the organisation.

The Executive also advised the Board that it was currently examining ways of undertaking an independent audit of the AFBI Farm Base. The advice received from the Ulster Farmers Union (UFU) would indicate that the Northern Ireland Health and Safety Executive (NIHSE) could provide this service as well as performing its other role of policing the legislation therefore it is likely that AFBI will engage with the NIHSE possibly through some form of Service Level Agreement (SLA). This would be one way of ensuring that an audit of the farm base is undertaken on an annual basis.

The Board also took the opportunity under this item to ask the Executive about preparation in the event of Swine Flu. The Executive advised that the contingency plans reflect the unavailability of staff at both 20% and 50% and the Executive will be aiming to test this plan within the next few weeks. The Executive also informed the Board that the new Deputy Permanent Secretary has written to all areas of the Department including Non-Departmental Public Bodies (NDPBs) seeking an assurance that

contingency plans are in place and the Executive will be responding with the assurance required.

5.4 Personnel – Agency Staff and Spin-Out Companies

The Executive reported that agency staff currently make up 3% of the AFBI workforce but the aim is to reduce this to 1.5% inside the next three months. However, the Executive realise that there will be a continuing need to employ agency staff but assured the Board that this would be carefully managed and subject to certain criteria being applied.

In commenting on the report, the Board acknowledged that agency staff offer a degree of flexibility but in the current financial and economic climate it may not be appropriate to use this resource given the high level of costs involved.

In relation to short term contracts the Executive advised the Board that this was not a feasible alternative due to current employment legislation. However, an alternative to this is the establishment of “*spin-out companies*” and this option is being explored at present by the AFBI Innovations team who are in the process of seeking legal advice. A paper has already been produced and the Executive agreed to circulate this to the Board.

Exec

In supporting the comments, the Chair mentioned that this issue had been raised during the recent Performance Review Meeting and had met with a limited response but AFBI had decided to pursue the matter on the basis that it could save money and as Chair he was content for the Executive to explore the legalities and outline the options.

5.5 Finance

The Executive provided the Board with the latest finance report and confirmed that there had been no change to the budget since the last date of meeting.

The Executive highlighted a number of areas for the Board to note, namely –

1. *Salaries and wages* – there was a slight increase in the predicted figures but this was due to industrial staff receiving their back pay. While the Executive recognised that some management will be required in order to prevent the predicted overspend in this area it was confident that this could be achieved.
2. *Capital/Scientific Equipment* – progress is being made to ensure that the allocated budget is spent by the end of the current financial year.

In response to a query, the Executive confirmed that the income figures are a reflection of expected income based on the current work

programme. However, this could not be guaranteed in the current financial and economic climate. The Executive also assured the Board that strenuous efforts are being made to ensure that this income is realised by issuing invoices promptly, billing quarterly and seeking payments up front.

The Executive also confirmed that there was no noticeable or substantial change to the number of debtors or the pattern of payments. However, with the implementation of Account NI there was an onus on AFBI to pay for goods and services within 10 working days but these conditions did not apply to debtors outside the public sector. This in turn may lead to an issue with the cash flow but the Executive agreed to monitor the situation.

The Board gave recognition and appreciation to the work of the Executive and in particular the role of AFBI Innovations in addressing the need to raise income.

In terms of in-year cuts to the Grant-in-Aid budget from DARD, the Executive reported that there was nothing substantive at present but the Executive realise that this is a real possibility as indicated during the earlier discussions on the Corporate Risk Register (see item 5.1) and accepted that this would be difficult to manage if it occurred. The Board were sympathetic to the position of the Executive and will await further developments.

In response to a further query from the Board, the Executive confirmed that contingency arrangements had been put in place pending the outcome of the forthcoming court case relating to the payment of royalties.

The Executive took note that the Board were awaiting details of the areas from which the 2008/09 income had been derived and agreed to provide a report hopefully in time for the next meeting.

Exec

5.5.1 *Remuneration of AFBI Sub-Committees*

The Board were also asked to note that the Department of Finance and Personnel had approved the increase in the cap for AFBI Board remuneration for attendance on sub-committees. The total now available has risen from £5k to £10k and the daily payment to Board members which is currently £313.

5.6 Annual Report & Review of 2008/09 Accounts

Work is continuing on the Annual Report and the Northern Ireland Audit Office review of the 2008/09 AFBI Accounts and the Executive have not been made aware of any major issues. Pending the conclusion of the Pensions Issue, a figure in respect of the pensions deficit has been provided and accepted and the Executive remains on target to have the

Accounts approved and signed on 24 September 2009.

5.7 AFBI Innovations

In the absence of Mr Ferguson, Head of AFBI Innovations, the Executive agreed to circulate a paper to the Board for information and comment via e-mail.

Exec

6. **HR Connect**

The Executive reported that a further meeting had been held recently with HR Connect but it is clear that difficulties and problems with the system continue to hinder the work of the organisation.

To underline this point the Executive highlighted a number of issues, in particular:

1. that HR Connect continue to be incapable of dealing with change and this is having a major impact on staff pay;
2. certain assurances were given in relation to the industrial payroll but the Executive remains extremely doubtful HR Connect will deliver.
3. AFBI is continuing to pay for a service that it is not receiving and furthermore has had to allocate two members of AFBI HR Branch to work full time on assisting staff with the problems that they are encountering.

In the discussion that followed a number of Board members also mentioned that they had not been paid in recent months but acknowledged that the AFBI Secretariat and AFBI HR Branch were dealing with the matter.

The Executive confirmed they had received notification that the 2% uplift in Board members remuneration for the period 1 April 2008 to 31 March 2009 should be paid in August 2009 and requested sight of Board members payslips in order to check and ensure that the correct amounts had been paid.

The Chair acknowledged that the single most important asset to the organisation (AFBI) is the staff and noted with grave concern the adverse impact these issues are having on staff morale. With this in mind, the Chair reminded the Executive that the offer to issue an invite to the Chair of HR Connect to meet with the AFBI Board is still open. In response the Executive thanked the Board for their continuing support and agreed to report back at next month's meeting (September 2009) with a suggested course of action.

Exec

7. Account NI

The Executive reported that the Account NI system continues to be embedded within the organisation and overall AFBI Senior Management are content with the system.

The Executive stated that the noticeable difference between Account NI and HR Connect is the fact that Account NI are willing to listen and work with AFBI staff to overcome any problems that arise whereas HR Connect do not.

In commenting further, the Executive informed the Board that while migration from the Oracle based accounting system had not been seamless nevertheless it had been better than was first anticipated.

The Board were appreciative of the positive nature of this report and glad to hear that good progress was being made on this issue.

8. Pensions Issue

The Executive informed the Board that the Business Case in respect of the bulk pensions transfer was submitted to DARD in June 09 for consideration. During the week commencing Monday 10 August 09 DARD contacted AFBI to advise that on the basis of legal advice received from the Departmental Solicitors Office (DSO), DARD has no liability to pay NILGOSC any deficit arising from the transfer of pensions. The Executive advised that the CEO had questioned this advice and had asked for sight of the legal opinion but had been refused.

In light of this development AFBI had also sought a fresh legal opinion from its legal advisors – Arthur Cox. The Executive also confirmed that a bid for the additional funding to support the bulk pension transfer had been submitted during the September monitoring round and this latest turn of events had come totally unannounced.

In response the Board expressed deep concern and extreme disappointment at this latest development especially in light of recent monthly reports to the Board that had indicated this matter may in fact be drawing to a satisfactory conclusion. Amongst the points highlighted in the discussion the Board stated that although it was DARD who had initiated this latest turn of events it would undoubtedly be AFBI who would be criticised and there could also be a detrimental effect on the AFBI accounts.

The Executive advised that at this point in time they were content that the AFBI accounts are correct and agreed to keep the Board updated on further developments.

Exec

9. Annual AFBI Performance Review Meeting

The Chair provided the Board with a brief report on the Annual Performance Review Meeting that he had attended on 3 August 2009 with the DARD Minister, Michelle Gildnernew MP MLA; the DARD Permanent Secretary, Dr M McKibben; the DARD Deputy Permanent Secretary, Dr M Brown and members of the AFBI Executive.

The Chair was delighted to report that DARD were both pleased and impressed with the AFBI performance during 2008/09 and the only issue of concern related to the non-establishment of an AFBI Equal Opportunities Unit. However, DARD were content to accept that this was more to do with technical issues and AFBI is operating fully to the standards set out in the Equal Opportunities legislation.

Overall, there were fewer issues than last year and DARD were very complimentary especially for the support that AFBI had provided during the dioxin emergency.

It was agreed that the minutes of the meeting would be circulated to members of the Board as soon as they become available and following their issue the Executive would make arrangements for the DARD Minister and the DARD Permanent Secretary to visit the staff involved in the dioxin emergency and acknowledge the work that they had carried out.

Exec

10. Audit Committee

10.1 Report from Audit Committee Meeting held on 26 June 2009

Dr Hollywood, Chair of the AFBI Audit Committee presented a note for the AFBI Board on the 13th Audit Committee meeting held on the 26 June 09. The report was accompanied by a copy of the draft minutes from the same meeting.

The report provided comments from the Chair on a number of issues that had arisen during the course of the meeting namely –

1. the draft accounts for 2008/09
2. risk management
3. the AFBI Internal Auditors Annual Statement of Assurance

The Chair thanked Dr Hollywood and the other members of the sub-committee for their report and was pleased to note the progress that had been made and the “*satisfactory*” level of assurance provided by the AFBI Internal Auditors.

In the discussion that followed the Board questioned some of the *limited* assurance levels that had been awarded in certain business areas. Dr Hollywood assured the Board that since these assurance levels had

been awarded the Executive had made considerable progress and this had been reflected in the overall “*satisfactory*” level of assurance awarded by the Internal Auditors.

10.2 Audit Committee Annual Report 2008-09

As Chair of the Audit Committee, Dr Hollywood presented the Audit Committee’s Annual Report for 2008/09 and took the opportunity to highlight some of the work that had been carried out during this period.

In conclusion, the report provided the Board with an assurance that the Audit Committee is of the opinion that, for the year 2008/09, it had discharged its responsibilities in accordance with its remit. The Committee also signified in the report that based on the assurances that it received from the AFBI and DARD Internal Auditors and by comments made by the external auditors, it is of the opinion that these assurances are sufficient to recommend that the Accounting Officer, Dr McIlroy signs the Statement of Internal Control.

In response the Board thanked Dr Hollywood and the Committee for their comprehensive report and congratulated the Committee on the work that they had carried out on the Board’s behalf.

The CEO also took the opportunity on behalf of the Executive to acknowledge the favourable comments contained in the report and coupled this with the recognition that the Executive could not have achieved what it has without the support of a professional Board and professional Audit Committee and thanked Dr Hollywood and the Committee for the work that they had carried out during 2008/09.

11. Rewards and Recognition to Staff Scheme

The Board were advised that the Business Case relating to the Rewards and Recognition to Staff Scheme has been returned to AFBI and the document is now with the AFBI Remuneration Committee for consideration.

Prof McDowell, Chair of the AFBI Remuneration Committee acknowledged receipt of the document but as this document had only arrived with the Committee recently it had not been possible to consider its content in any great detail prior to today’s meeting.

It was therefore agreed that the Remuneration Committee would meet as soon as possible following today’s meeting and if the substantial content of the Scheme has remained unchanged then the Committee will proceed, under the previously agreed remit from the Board, and forward the document to DARD for onward transmission to DFP. However, if there have been substantial changes then the document will be resubmitted to the Board for further consideration.

RC

The Chair congratulated both the Executive and the Remuneration Committee for their perseverance and the work that they have carried out on this matter.

12. Implementation of AFBI Strategies

The Executive informed the Board that AFBI Senior Management Team had met with Mr Simon Parker on 31 July 2009 and are now in the process of providing Mr Parker with a list of the key targets as defined by the AFBI Strategy Project Implementation Team.

This information will then be presented to the AFBI Board which will in turn enable the Board to track the progress of the three main strategy groups.

Exec

13. Board Effectiveness Review

The Chair informed the Board that the DARD Minister had raised this matter during the Annual Performance Review Meeting and had expressed a keen interest in the outcomes of the review.

The Chair advised that the process is in its final stages and his aim for the September Board meeting would be to spend time discussing what had taken place during the review. Following this initial summarising, time would then be allocated at the October meeting for the Board to consider and decide how to implement the recommendations from the review.

The Secretary was asked to note the Chair's intentions and record this item on the agenda for the September Board meeting.

Sec

14. Any Other Business

14.1 AFBI Crossnacreevy

The Executive informed the Board that correspondence had been received recently from Mr Gerry Lavery, DARD Senior Finance Director, advising AFBI that based on the recent Crossnacreevy Relocation Business Case and the prevailing economic climate the Department had decided not to proceed with the disposal of the land at Crossnacreevy and the relocation of the work programme being carried out by AFBI, at this time.

In welcoming the news the Board commented on the need for DARD to issue some form of notification while accepting the fact that AFBI would also need to notify its stakeholders. The Executive advised that it would await further developments from DARD before deciding what further action is required.

Exec

14.2 AFBI Emergency Response to Dioxins in Animal Feed

The Executive reported that the Northern Ireland Executive Agricultural and Rural Development Committee are holding an inquiry into this emergency and that AFBI have made a contribution and will continue to assist.

In terms of Business Continuity Planning, the Executive acknowledged that there are lessons to be learnt and these will be incorporated into the AFBI Business Continuity Plan being developed at present.

In thanking the Executive for the update, the Chair reflected on AFBI's role in the emergency and the fact that this had been recognised at such a high level within local government, the local farming community and further afield.

In commenting further the Board were confident that the result from an inquiry would exonerate AFBI from any blame but would highlight the need that AFBI requires to do dioxin testing locally.

In response the Executive stated that it was aware of the need to have this capability and would consider putting a proposal forward in the context of Northern Ireland requiring this facility.

Exec

14.3 Rolling Database of Issues Raised at Board Meetings

The Board signified that they were content with the changes made to the Rolling Database of issues following the previous Board meeting held on 24 June 2009 and the Secretary would update this again following today's meeting.

Sec

14.4 Open Meeting

The Board agreed that this item should be included on the agenda for the September Board meeting in order to allow for some preliminary discussion on the format and arrangements for the next Open Meeting.

Sec

15. Date of Next Meeting

The Board were asked to note that the next meeting of the AFBI Board coincides with the National Ploughing Championships in Athy, Co Kildare when both the Chair and the CEO will be in attendance. However, in order to facilitate their visit it was agreed that the next meeting of the AFBI Board would be held on Thursday 24 September 2009 in the AFBI Boardroom, AFBI (HQ) Newforge.

Signed: _____
(Chairperson)

Date: _____