



Minutes of the meeting of the Agri-Food and Biosciences Institute (AFBI) Board
held at
Clandeboyne Lodge Hotel, Bangor
on Wednesday 27 June 2007 at 9.00 am

Present:

Board Members

Mr Sean Hogan, Chairperson
Professor David McDowell, Deputy Chairperson
Mr Kieran Campbell
Dr Michael Hollywood
Dr Christine Kennedy
Mr John McKinley
Professor Stewart McNulty
Mr James Noble
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)

Apologies: Mr Nicholas Mack
Professor Grace Mulcahy
Mr John Rankin

1. Minutes of the meeting held on 15 May 2007

The minutes of the meeting held on 15 May 2007 were agreed subject to the following changes:

- In 2.1, second line, the word "*been*" should be entered before "*issued*".
- In 3.1.1, last line, the phrase "*has been fully implemented*" should be changed to "*is being fully implemented*".
- In 3.2.2, the last sentence should be revised to read "*The Board recognised that this had been a protracted and difficult issue which remained unresolved despite the sustained efforts of AFBI management to effect a resolution.*"

- In 3.4.1, the third sentence should read "Within this, the outturns on other resource and vision projects masked a *“technical”* issue where some costs have to be adjusted by journal transfers."
- In 4.1, last sentence, the phrase *“were content”* should be replaced with *“were not unduly concerned”*.

2. Matters Arising

2.1 Health and Safety Arrangements (3.1.2)

Mr Dolan advised that the Business Support Unit has been considering the arrangements for Health and Safety (H&S) in AFBI and recent guidance in relation to the role of the Board in this area. The current arrangements are enshrined in H&S committees at Divisional level. Following discussions with the H&S Executive and Internal Audit it has been decided to establish an overarching, centralised H&S Advisory Group. Divisional H&S advisers will sit on this Group which will report to SMT. H&S will be a standing item in SMT meetings and reports to the AFBI Board will be made through SMT. Further details will be provided to the next Board meeting.

2.2 AFBI Accounts 2006-07 (4.4)

2.2.1 Mr Dolan reported that the ARINI accounts for 2005-06 had now been signed by ARINI officials and were being sent to Sponsor Branch for DARD signature. The ARINI Independent Auditors had put a disclaimer on the accounts on the grounds that adequate documentary evidence regarding a potential pension liability of £3m arising from the transfer of former ARINI employees from NILGOSC to PCSPS(NI) was not available, contrary to FRS17 accounting requirements. The potential liability had been assessed by the NILGOSC actuary as at March 2006 but they were unable to provide a breakdown to show the element relating to previous years. There might be implications for the AFBI accounts because the ARINI closing balance had to be consolidated into the AFBI opening balance. NIAO had indicated at the Audit Committee the previous day that they would be examining the AFBI accounts for FReM compliance and that a disclaimer in the ARINI accounts would not automatically carry over to the AFBI accounts.

2.2.2 Dr Hollywood said that this issue of a potential qualification of the AFBI accounts needed to be brought to the Board's attention. His understanding of NIAO comments the previous day was that this situation could lead to a comment in the AFBI accounts, but that they would be examining the position from a broader perspective and would not necessarily take the same line as the ARINI Auditors. There was a view that the ARINI Auditors were being over-cautious in their approach to what could be seen as a reasonable estimate of the liability.

2.2.3 Dr McIlroy expressed his view that this was a potentially serious development which may need to be brought to the Minister. He referred to the protracted nature of the ARINI pensions issue which had been forced on AFBI by DARD. He saw the need for provision of the liability as a pragmatic technical issue. As Accounting Officer he could not accept qualification of the AFBI accounts in its first year on this basis and he would ensure that AFBI engaged with NIAO in their examination of the issue.

2.2.4 In a full discussion on the issue, the Board welcomed the comments from the Accounting Officer and Chair of the Audit Committee and set out its position as being prepared to robustly defend any qualification of the AFBI accounts because of this issue.

2.3 AFBI Role in Press Material (5.2.3)

On the issue of lack of recognition of AFBI in DARD press articles Dr Boyd said that his Corporate Communications Unit had taken this on board and would try to ensure that this does not happen in future.

3. Report from the Chief Executive's Office

Dr Boyd gave a slide presentation on his recent visit to Argentina which was arranged by AL-INVEST an EC Body which aims to promote business and economic co-operation, investment and international trade between Latin American and European countries. This provided details of the Dairy Industry in Argentina covering aspects such as statistics on primary production of dairy cows and milk, destination of milk produce, exports and imports, technology and machinery and cheese production. Dr Boyd said that his next presentation would focus on the business aspects of the trip. A copy of the slides will be sent to members.

4. Report from the Business Support Unit

4.1 AFBI Risk Management

4.1.1 Mr Dolan said that there were no new risks or significant movement in risks to report to the Board. He explained that there had been extensive discussions on the new Corporate Risk Register in the Audit Committee the previous day. The new Register consisted of the 10 top risks to AFBI business of which 4 were in the high rating category. A risk map provided a clear focus on the key risks. A report on the Audit Committee discussions will be made to the next Board meeting and the risk map will be circulated to members. One of the high risks relates to failure to generate sufficient income to deliver AFBI services. This is relevant to a meeting with Heads of Divisions to allocate budgets the following week.

4.1.2 In a brief discussion the point was made that, in light of recent developments on disposal of land used by the Institute, AFBI Assets should feature as a corporate risk.

4.2 Pension Matters

4.2.1 Mr Dolan reported that he had discussions with the DARD Economist on the ARINI Pensions Business Case which had been submitted to DARD in May. The feedback was that this was a very complicated issue which had not arisen previously. The DARD economist indicated that they would be seeking amendments and revisions to the business case in compliance with the Green Book guidance. These recommendations are awaited.

4.2.2 The Board, while recognising that this issue now rested with DARD, agreed that it should be raised with the Minister at the earliest opportunity. It is one of a number of significant difficulties which AFBI is trying to manage and an example of where the DARD priority is not the same as AFBI's. Mr Hogan said that he would get a list of the issues for his meeting with the Minister the following week. It can be explained to the Minister that there had not been the opportunity to discuss the pensions issue with the new DARD Permanent Secretary.

4.2.3 Mr Dolan advised the Board that following meetings with the Trade Union Side and legal advisers a negotiated package had been agreed for the employee in Hillsborough who had a welfare problem because of this situation.

4.3 Finance

Mr Dolan said that the provisional outturn figures provided to the May meeting were unchanged. Intensive work on preparing the first AFBI accounts is ongoing but there are still some difficulties in downloading data from the DARD system. Divisional budget allocations for 2007-08 have been set at the same level as last year. There are strict limits within which Divisions have been asked to manage their expenditure.

5. Draft Business Plan

A draft Business Plan for 2007-08 had been circulated to members prior to the meeting. Members were asked to consider the plan for discussion at the next meeting.

6. Any Other Business

Board members had had an opportunity to discuss the Crossnacreevy issue at the pre meeting of the Away Day. The Chair and CEO had further explained the background to the timing of the Minister's surprise announcement and the steps that had been taken since to manage the situation. The Chair confirmed the assurances that had been given to

him by the Minister that the staff relocation and land disposal would be implemented in such a way so as not to disrupt nor reduce the AFBI experimental, arable and grasslands programmes, nor impact upon the staffing levels associated with them. The Board confirmed the need for AFBI to develop an assets strategy and this would undoubtedly figure in the corporate planning work that was going to start in the context of the Away Day.

7. Date of the Next Meeting

It was decided that due to the holiday period and the profile of business at this time the Board meeting scheduled for 18 July 2007 would not be held. The next meeting of the Board will be held on Wednesday 15 August 2007.

Signed: _____
(Chairperson)

Date: _____