



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI Newforge
on Wednesday 27 November 2013 at 10.00am**

Present – Board Members

Prof W McKelvey, Deputy
Chair (acting as Chair for the
meeting)
Mr T Hinds
Mr B McCann
Mrs H McCartan
Prof P Murphy
Dr C McMurray
Mr D Lindsay
Mr K Millar
Mr S McCaffrey
Mrs S Havlin

In Attendance - AFBI Executive

Prof S Kennedy, Chief Executive Officer (Items 1-8, 10, 17, 19)
Mrs L Hogg, Director of Finance and Corporate Affairs Division
Dr S Mayne, Director of Sustainable Agri-Food Sciences Division
(Items 1-8, 10, 17, 19)
Dr S McDowell, Director of Veterinary Sciences Division (Presentation)
Mr C Berry, Head of AFBI Finance Branch (Item 9, 19)
Mr D Griffiths, Financial Improvement Project Leader (Item 9, 19)
Mr J Ferguson, Head of AFBI Innovations (Presentation)
Dr D McCleery, Horizon 2020 Northern Ireland Contact Point
for Agri-Food (Presentation)
Mr J Adams, AFBI Secretariat

Visitor - Mr Tony O'Neill, Chair of the Agri-Food Strategy Board
(Presentation)

1. Welcome and Introduction

ACTION

The Deputy Chair welcomed all present especially Mr Tony O'Neill, Chair of the Agri-Food Strategy Board and Dr David McCleery, Horizon 2020 Northern Ireland Contact Point for Agri-Food.

2. Apologies

Apologies were received on behalf of the Chair, Mr S Hogan and Mrs H Stewart, AFBI Board member.

3. Conflict of Interests / Register of Interests Declaration

There were no conflicts of interest declared and there were no changes to Board members' Register of Interests.

4. Presentation

Prof McKelvey introduced Mr Tony O'Neill, Chair of the Agri-Food Strategy Board (AFSB) and congratulated the AFSB on the production of an excellent report "*Going for Growth – A Strategic Action Plan in Support of the Northern Ireland Agri-Food Industry*".

During his presentation Mr O'Neill emphasised the need to increase

investment in infrastructure, to increase research and development expenditure by a factor of two, to focus investment in areas to maximise return and the need to develop a vertically integrated supply chain model within the Northern Ireland agri-food sector by ensuring greater co-ordination between the farming and food manufacturing sectors. He also highlighted the need to adopt a single point of contact for information on innovation and knowledge transfer and the need to work alongside industry to help it avail of government support. If successful it is likely that the industry would reap a number of benefits such as greater drawdown of EU funding, investment in farming and research infrastructure, and the creation of jobs.

ACTION

The AFSB believes that 60% growth of the industry is achievable by the year 2020. Mr O'Neill asked the Board to note the critical importance of realising the opportunity now, while the conditions within the sector and the wider environment are favourable.

The Board acknowledged the importance of further dialogue between AFBI staff and the AFSB and, following a question and answer session thanked Mr O'Neill for his very informative and thought provoking presentation.

**EMT to
continue
dialogue
with AFSB**

(Mr O'Neill, Dr McDowell, Mr Ferguson and Dr McCleery left the meeting.)

5. Draft Minutes of the Previous AFBI Board Meeting held on 29 October 2013

On a proposal from Mr McCaffrey, seconded by Dr McMurray, the draft minutes from the previous AFBI Board meeting held on 29 October 2013 were approved subject to recording that Dr S Mayne had not been present.

SEC

6. Action Sheet from Previous AFBI Board Meeting held on 29 October 2013

Progress against actions was noted as per the Action Sheet.

7. Chairman's Remarks

Prof McKelvey noted that the Chair had advised him that he had no major issues on which to report. Any relevant matters would be considered as part of the agenda.

8. Executive Report

The Executive Report was noted and a number of areas were highlighted:

The Executive is keen to maintain the contact base developed by Mr Ray Atkinson, AFBI Business Development Executive for North America and a business case is being developed to consider how this can be taken forward, potentially on a full-time basis.

Exec

The CEO was also pleased to report that the recent "Fall Forum", hosted by AFBI in Washington DC, had proved very successful with a number of potential funding opportunities identified.

ACTION

Given Dr Wu's experience in liaising with various Chinese organisations the Executive was requested to ask Dr Wu to give a presentation to the Board on developing links with China.

Exec

The Chair commented on the paper "*The Potential Impact of Greenhouse Gases Mitigation Policy*" produced by Agricultural and Food Economics Branch, and noted how influential it has been in providing direction on the subject. The Executive informed the Board that the paper has been published on the AFBI website and agreed to send the web link to members.

Exec**9. Finance****9.1 AFBI Budget Monitor Report – Position at 31 October 2013**

In presenting the Budget Monitor Report Mr Berry asked the Board to note that it incorporated the financial savings plans totalling £1.21m to address the "*upper planning scenario*" deficit as instructed by DARD.

Mr Berry also explained that the majority of the increase in non-GiA income of £234k was offset by an increase in the forecast of agency costs. Mr Berry assured the Board that procedures for monitoring and accruing agency staff invoices had been strengthened and that a number of invoices being queried were now included in the forecast.

The Executive also informed the Board that the final version of the September 2013 Budget Monitor is in the process of being circulated to members for information. The Board was also asked to note that the only change to the document presented to the Board in September 2013 is the allocation of the programme expenditure cuts between SAFSD and VSD.

Exec

During the discussions that followed the Board, whilst congratulating the Executive on having responded rapidly to the Board's request for a robust financial plan which could deal with the current budgetary pressures, expressed concern at the time taken to communicate to DARD the detailed breakdown of the consequent impacts of the AFBI Financial Savings Plan for 2013-14 on the DARD work programme. The Board reiterated the necessity of rapid implementation of the cost savings.

Exec

The Board indicated that an assurance should urgently be sought from DARD to ensure that it accepts the plan, and suggested that the matter be discussed at the forthcoming meeting of the DARD Departmental Board. The Executive also agreed to forward a final detailed version of the AFBI Financial Savings Plan 2013-14 to the Board.

Exec**9.2 Finance Improvement Plan (Phase 2) – Progress Update**

Mr Berry presented a paper on the progress of the Financial Improvement Plan (Phase 2) and highlighted a number of elements within the plan. The Board was content to note, in particular, the ongoing work to delegate staff budgets to branches. This should be progressed as soon as possible.

Exec

9.3 Medium Term Financial Plan

ACTION

Mr Griffiths presented a paper summarising the baseline Medium Term Financial Plan (MTFP) for AFBI, including key underpinning assumptions, descriptions of options to mitigate the deficits and proposals for the next steps in the development of the MTFP.

Following a lengthy discussion on the MTFP the Board provided some comments for incorporation and indicated that it was content for the plan to be submitted to DARD, subject to a number of amendments. The Board also requested that some sensitivity analysis of the assumptions be provided at the next meeting.

Exec

9.4 AFBI Strategic Cost Model

Mr Griffiths gave a presentation on the Strategic Cost Model (SCM), outlining progress and achievements to date.

Mr Griffiths also highlighted that, although the initial costing of the Assigned Work Programme 2014-15 has been completed, the figures supplied should be noted as indicative and considered as work in progress at this stage. The Board also noted that support from AFBI Biometrics will be required to successfully automate the SCM.

The Board was supportive of the work that had been completed to date and thanked Mr Griffiths for his presentation.

The Deputy Chair also noted the significant support of the Finance Committee in taking this work forward and thanked Mrs McCartan on behalf of the Board.

10. **AFBI Business Plan 2013/14 – Second Quarter Report on Key Performance Indicators for Period Ending 30 September 2013**

In noting the progress of Key Performance Indicators (KPIs) for the second quarter ended 30 September 2013 the Board raised concern that the divisional KPI “95% of end of year reviews for 2012/13 completed by 30 June 2013” had not been achieved and was below the 95% target at the six-month stage.

The Executive assured the Board of the importance that it places on the performance management process and that it continues to focus on the issue with weekly reports issued to divisions and monthly reports to the Executive Management Team. In response Mr McCann highlighted the importance of providing staff with timely feedback on their performance and achieving the implementation date of 30 June 2013. The Executive was asked to ensure that it is self critical of performance and, at year end, the target is noted as “*not achieved*” rather than “*partially achieved*”.

11. **AFBI Board Workshop Action Plan – Progress Update**

The Board was content to note the progress to date in implementing the

AFBI Board Workshop Action Plan and that, of the twenty one actions, seventeen are complete; and that the four in progress should be closed at the December Board meeting.

12. Sponsorship Risk Assessment Action Plan – Second Quarter Report for Period Ending 30 September 2013

The Executive presented the Sponsorship Risk Assessment Action Plan Report and the Board was content to note the status of the plan. It was noted that the completion of some actions had been delayed due to preparations for the Public Accounts Committee hearing.

13. KPMG Implementation Plan – update

The Board was content to note the progress of the KPMG Implementation Plan and that thirteen of the seventeen actions have been closed, a further two are on hold and four are in progress.

14. Governance Issues

14.1 Risk Management

The Executive confirmed that there were no new or emerging risks to the organisation.

14.2 Whistleblowing and Fraud

The Executive asked the Board to note the status of the current Whistleblowing and Fraud investigations as outlined in the briefing paper. In addition, the Board was informed that one investigation has led to the dismissal of an employee although the employee will have a right of appeal.

15. AFBI Equality Scheme – Progress Update on Second Quarter Ending 30 September 2013

The Board was content to note that the Equality Scheme Action Plan is on schedule and all relevant actions have been completed for the second quarter, other than one which had been deferred to quarter three in agreement with the Equality Commission NI.

16. Draft Minutes from Finance Sub-Committee Meeting held on 24 October 2013

The Board noted the draft minutes from the Finance Sub-Committee meeting held 24 October 2013 and that the Chair, Mrs McCartan, previously provided a verbal update at the October meeting of the Board.

17. Report from AFBI Audit Committee Extraordinary Meeting held on 26 November 2013

Mr McCann, Chair of the AFBI Audit Committee, confirmed that all relevant papers in respect of AFBI's Statement of Accounts 2012-13 had been fully

considered at the extraordinary meeting of the AFBI Audit Committee held on 26 November 2013. On this basis the Audit Committee was content to recommend the AFBI Statement of Accounts 2012-13 to the AFBI Board for approval.

In respect of the Annual Report 2012-13 Mr McCann asked the Board to note the following:

- The Committee had a limited opportunity to consider the narrative sections (Management Commentary & AFBI Science) of the Annual Report due to its late receipt from the Executive.
- Internal Audit has confirmed that the published outturns against the Business Plan Targets 2012-13 are in accordance with their validation report findings.
- AFBI Sponsor Branch has not had time to consider the report as per the Management Statement & Financial Memorandum.

Mr McCann advised the Board that the Audit Committee was unable to recommend the approval of the Annual Report 2012-13 to the Board; but only because of its limited opportunity to consider the report.

18. Rolling Database of Issues Raised at Board Meetings

The Board was content to note the updated Rolling Database of Issues.

19. Presentation of AFBI Annual Report and Statement of Accounts 2012/13

In presenting the Annual Report and Statement of Accounts 2012-13 the Executive informed the Board that the document has been reviewed by the NIAO and that they have indicated recommending to the Comptroller & Auditor General to certify the AFBI Financial Statements for 2012-13 with an unqualified opinion. The Board was also asked to note that, as a result of ASM's validation of AFBI's business plan targets 2012-13, the status of two outturns, previously reported to the Board in May, have been amended from "*achieved*" to "*partially achieved*".

In accepting the Executive's comments and taking into account the Audit Committee's report of its extraordinary meeting, the Board was content to approve the Statement of Accounts 2012-13 but requested further time to consider the Annual Report 2012-13. The Board agreed to review the document and provide any comments and subject to any further comments it would approve that Annual Report by 4 December 2013.

Board

There was a short discussion on the potential format of annual reports and the intended audience. The Executive proposed facilitating discussion on the style and purpose of future Annual Reports early in 2014. This proposal was accepted by the Board.

Exec

19.1 Audit Committee Annual Report for Year Ending 31 March 2013

Mr McCann presented his Annual Report and assured the Board that any

issues identified within the year have been addressed and fully discussed with Internal Audit. Mr McCann also highlighted that the Report to those Charged with Governance for year ended 31 March 2013, remains in draft subject to the receipt and agreement of management comments, but indicated that it is a significant improvement on previous years with a single priority one recommendation identified, compared to seven in the previous year.

ACTION

The Board was content to note the Annual Report from the Audit Committee in respect of the year ended 31 March 2013, and thanked Mr McCann

20. Any Other Business

20.1 Draft Report to those Charged with Governance for year ended 31 March 2013 – Recommendation 8. Risk Management – Reporting to the Board

The Board was made aware of a recommendation in the draft Report to those Charged with Governance for year ended 31 March 2013 which highlights a failure of the Board to regularly focus on a single corporate risk on a bi-monthly basis.

The Board was in agreement that this had not been a regimented system and that there was always an understanding that the focus on individual risks, on approximately a bi-monthly basis, was in addition to the periodical reviews of the entire Corporate Risk Register and subject to the needs of the Board agenda at the time. The Board was content for the Executive to respond to the NIAO's draft recommendation on that basis.

Exec

20.2 AFBI Board Meetings 2013-14

It was proposed by the Chair of the Audit Committee, and agreed by the Board, that an AFBI Board meeting should be held on Thursday 3 July 2014 rather than the proposed date of 7 August 2014. Other dates for meetings in 2013/14, that had been circulated by the Secretariat, were accepted.

20.3 Draft Northern Ireland Innovation Strategy 2013-2025

Dr McMurray informed the Board that the Department of Enterprise Trade and Investment's draft "*Northern Ireland Innovation Strategy 2013-2025*" is currently at the public consultation stage should they wish to make a contribution. The Executive also informed the Board that AFBI will be providing a formal response to the consultation.

20.4 AFBI Science Strategy

The Board was asked to note that the AFBI Science Strategy Sub-Committee meeting has been re-scheduled and will take place on Friday 13 December 2013. Mr Lindsay, Chair of the Committee, expressed reservation that the draft strategy may not be completed by year end.

21. Review of Board Effectiveness

ACTION

The Board signified that it had been a very effective meeting, but noted a continuing desire of members to devote a greater proportion of the Board's time to the discussion of the medium to long-term Strategy for the organisation.

22. Next AFBI Board Meeting

The next AFBI Board meeting will be held in AFBI Newforge on Tuesday 17 December 2013 commencing at 10.00am.

Signed: _____
(Chairperson)

Date: _____