



**Minutes of the Meeting of the Agri-Food and Biosciences Institute (AFBI) Board
held at
AFBI Hillsborough
on Wednesday 28 October 2009 at 10.00 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 John Rankin
Mr Nicholas Mack
Mr James Noble
Mr Michael Walker

In Attendance - AFBI Executive

Dr George McIlroy, CEO
Dr Seamus Kennedy, DCEO
Dr Michael Camlin, DCEO
Dr Robin Boyd, DCEO
Dr Arthur Gilmour, (Acting) DCEO
Mr Joel Ferguson, Head of AFBI Innovations
Mr Stephen Cousins, AFBI Secretariat

1. Welcome and Introduction

ACTION

The Chair issued a welcome to everyone present and thanked the staff at Hillsborough for making the necessary arrangements to facilitate the Board meeting including the tour of the newly refurbished accommodation in the courtyard, the energy metabolism chambers and the dairy research facilities.

2. Apologies

An apology was recorded on behalf of Mr Kieran Campbell.

3. Draft Minutes of the previous Board Meeting held on 24 September 2009

It was proposed by Mr McKinley, seconded by Dr C Kennedy and agreed by the Board that the draft minutes of the previous Board meeting held on 24 September 2009 be accepted without amendment.

4. Matters Arising from the Minutes of 24 September 2009

The Chair proceeded on the basis that any matters arising or action points from the previous meeting had been resolved or would be addressed during the course of the meeting except for the following –

4.1 Succession Planning (Item 5.1) – AFBI Senior Management

The Executive advised that this paper was still a matter of work in progress.

However, the Executive asked the Board to note that the issue of succession planning could not be considered in isolation of an overall strategy that will need to be devised to overcome the shortfall in funding to AFBI from DARD.

4.2 Finance (Item 5.2) – Breakdown of Project Information Relating to Business Areas

The Board clarified that the reason for requesting additional information relating to the report on derived income, was to assist it in its aim of providing strategic direction for the organisation by identifying the potential for business growth within each of the key business areas.

In response, the Executive accepted the Board's request and would note this for a future meeting when it could be combined with a further report on derived income.

Exec

In the interim, the Executive agreed that it would provide a brief note at the next Board meeting (25 November 2009) of the work that AFBI is currently undertaking.

Exec

4.3 AFBI Annual Performance Review Meeting (Item 5.3) – Minutes

Based on advice received from DARD, it was noted that the minutes from the AFBI Performance Review Meeting should be available for circulation within the next ten days.

The Secretariat agreed to liaise with DARD and arrange circulation as soon as the minutes are made available.

Sec

4.4 Pandemic Flu in Pigs (Item 11.6)

Since the previous Board meeting another pig herd has tested positive for flu and AFBI has now been asked to carry out follow-up tests which are currently underway.

The Board were pleased to note the increasing recognition that AFBI was gaining in this particular area and the fact that it underlines the important role that AFBI has in the field of disease surveillance and diagnostic testing.

5. Report from Corporate Services Division

5.1 AFBI Risk Management

5.1.1 *AFBI Corporate Risk Register (CRR) – updated October 2009*

The Board noted the changes to the CRR following the recent meetings of the AFBI Risk Management Co-ordination Group, the AFBI Audit Committee and the AFBI Senior Management Team.

In particular the Board were asked to note the following change to Risk No 2 “*Insufficient resource allocation for AFBI from DARD*”, as this has been increased from 3:3 to 3:4 due to the reduction in the AFBI grant-in-aid from 1 April 2010.

In the discussion that followed relating to this risk, reference was made to the completion of a Memorandum of Understanding (MoU) between AFBI and DARD which is listed as one of the additional actions required to fully manage the risk. The Board indicated that it would be beneficial if it could have sight of this document given recent developments relating to funding as it may provide an outline of DARD’s expectations and what services it requires AFBI to deliver.

The Executive agreed that it would pursue the matter on the Board’s behalf and press DARD for a copy of the MoU even if it is only a draft at this stage.

Exec

Further discussion also took place in relation to a number of other risks namely -

Risk No 4 – “*Failure to generate sufficient income to deliver AFBI services*”

The Board queried if the risk rating for Risk No 4 - “*Failure to generate sufficient income to deliver AFBI services*” should be increased from the current rating of 1:1 in view of the decrease in the AFBI grant-in – aid.

However, in response the Executive informed the Board that it regarded Risk No 2 - “*Insufficient resource allocation for AFBI from DARD*” and Risk No4 -“*Failure to generate sufficient income to deliver AFBI services*” as two separate income streams and as such, the Executive was content to leave the risk rating for Risk No 4 at 1:1 given that AFBI is still on course to secure the income target that was set at the start of this current financial year (2009/10).

Risk No 10 – *“Failure to maintain adequate standards for site security, biosecurity, disease control and environmental protection”*

The Board noted that one of the features associated with this risk was AFBI’s request for a SAPO4 facility and asked the Executive for an update on current progress.

In reply, the Executive advised that due to DARD concerns surrounding the cost of acquiring Central Procurement Directorate (CPD) to complete the financial aspects of the SAPO4 Business Case, DARD have now asked AFBI to provide a Strategic Business Review instead.

The Executive confirmed that this document should be ready for submission to DARD by this Friday (30 October 2009) and again expressed their appreciation for the Board’s support in this matter.

5.2 Whistleblowing and Fraud

The Executive advised that there was an ongoing issue relating to Intellectual Property Rights and Royalty payments and confirmed that the matter had been mentioned during the recent AFBI Audit Committee meeting.

The Executive confirmed that procedures had been followed in accordance with the *“AFBI Whistleblowing Policy and Procedure”* and the *“AFBI Counter Fraud Policy and Fraud Response Plan”* and the Board signified that it was content with the manner in which the Executive is dealing with the matter.

On a separate note totally unrelated to whistleblowing or fraud, the Executive advised the Board that a member of AFBI staff had to be dismissed on the grounds of gross misconduct following a long running disciplinary process.

The Executive confirmed that it was content that all processes had been followed correctly and the Board accepted the assurances that were given by the Executive.

5.3 Health and Safety

The Executive advised the Board that it would give a demonstration of the online electronic health and safety training modules at the next Board meeting being held in AFBI HQ Newforge.

Exec

In response to another action point arising from the previous meeting, the Executive provided some statistics for comparison with other organisations which had a scientific or farming base for example DARD

Veterinary Service; Northern Ireland Forensic Science Laboratory and Greenmount College.

The Executive acknowledged that while it is difficult to draw comparisons due to the exact nature of the work it was content that AFBI's record was comparable with all of those organisations listed.

The Board signified that they were also content with the information provided and agreed that AFBI's record was indeed comparable.

5.4 Finance

The Executive presented the Board with the monthly finance report and highlighted a number of issues most notably the increase in the salaries and wages budget. However, the Executive were satisfied that this increase in the budget line would be met and expressed confidence that AFBI would remain within its overall budget figure.

The Executive also expressed confidence that it would realise the amount of income still due between October 2009 and March 2010 as stated in the finance report and assured the Board that the lack of income to date was due mainly to work not being invoiced until the latter part of the year. The AFBI Senior Management Team is currently examining ways to improve matters and at the same time change the culture of the organisation but admitted that progress was slow in some areas.

The Executive assured the Board that there was no threat to AFBI's reputation as all invoices submitted for payment are paid by Account NI within the Government's target of 10 working days. However, this target does not extend to AFBI's customers and lack of income in a timely manner may create cash flow problems.

In light of the discussion the Executive agreed that a further reminder would be issued to Heads of Division underlining the need for invoices to be issued as soon as work has been completed.

Exec

In the further discussion that followed reference was made to a recent request from the Board seeking information in relation to a number of issues. The Board stated that this had been prompted by concerns over the long term sustainability of the organisation and a possible need to examine staff numbers.

The Executive advised that AFBI had only employed people on the basis of business needs and that all recruitment whether it is external or internal, was managed closely by the AFBI Senior Management Team.

The Executive also advised the Board that since receiving notification of the increase in the salaries and wages budget, all recruitment competitions had been halted and future recruitment would only be

approved on the basis of business needs and fully supported by a robust business case.

The Executive confirmed that it had also retained a small number of agency staff which in the current financial climate afforded a degree of flexibility in the workforce but assured the Board that this is being carefully managed in line with the views that had been expressed during the Board meeting in August 2009 i.e. 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 costs involved.

The Executive also accepted a suggestion from the Board that it would re-negotiate the current charges levied by the recruitment agencies in respect of agency staff.

Exec

Overall, the Executive signified that it was content that there is a strategy in place to deal with the current position and welcomed the challenge from the Board as a way of ensuring that AFBI remains on track.

In response the Board inquired about the feasibility for the redeployment of staff within the various AFBI divisions and asked for details on manpower numbers and manpower planning that would enable the Board to assess any future impact on the organisation.

The Executive confirmed that there was no restriction on the redeployment of staff within the organisation and this would certainly be a key factor in securing the long term sustainability of the organisation.

The Executive also stated that it would support the request for information on manpower numbers and manpower planning as well as a distinction between agency staff and permanent AFBI employees and would arrange for this information to be provided to Board members.

Exec

5.5 Annual Report and Review of 2008/09 Accounts

The Executive announced that the review of the AFBI Accounts for 2008/09 has now been completed and AFBI had once again received an unqualified set of accounts.

Members of the Board were presented with a published copy of the 2008/09 Annual Report and also received confirmation that a copy had been laid before the Library of the Northern Ireland Assembly in accordance with legislation. Further copies can also be downloaded from the AFBI website.

In commenting, the Board congratulated the Executive on its achievement in receiving another set of unqualified accounts and stated that the 2008/09 Annual Report was a useful document that helps raise the profile of AFBI as well as being a document of which AFBI could be

proud.

In light of the Executive's announcement, the Chair advised that arrangements for the Open Meeting which will be held in February 2010, could now proceed and he would discuss the format with the Executive.

Chair

The Chair also stated that he would envisage invites being issued during the month of November to enable those wishing to attend to note their diaries accordingly.

Exec

5.6 AFBI Innovations

5.6.1 *AFBI Innovations Update*

The Board were pleased to note the latest update from AFBI Innovations.

In particular, the Board were delighted to learn that two patents have been filed by AFBI since April 2009 and *PiGIS* was the winner in the Digital Media and ICT category of the £25K Awards hosted by the Northern Ireland Science Park (NISP) Connect and sponsored by a number of local organisations among them being Bank of Ireland and Invest NI.

5.6.2 *Note on Potential for Spin-out Companies*

The Executive presented a paper to the Board on the "*Overview of the Potential for Spin-outs within AFBI*" for noting and discussion.

In the discussion that followed the Board approved in principle the establishment of a "*holding company*" and asked the Executive to investigate the various models that are in operation.

Exec

Following this investigation the Executive would present a paper outlining its findings and this in turn would enable the Board to make an informed decision on how the matter could be progressed.

Exec

During the course of the discussion the Board was also advised that a copy of the "*Overview of the Potential for Spin-outs within AFBI*" had been forwarded to DARD and that the subject of spin-outs had also been mentioned during the DARD/AFBI Performance Review Meeting held in August 2009.

6. Strategy to Meet Funding Shortfall

The Executive confirmed that AFBI had received notification from DARD of significant cuts to the AFBI grant-in-aid budget that will result in a £1.35m reduction in the Resource Budget and a £700k reduction in the Capital Budget from 1 April 2010.

The Executive acknowledged that these cuts would have a major impact

on the organisation and as such have already advised DARD that AFBI will be unable to meet its current work programme. The Executive advised that it is now examining, along with DARD, the current work programme in an attempt to identify areas that can be reduced.

The Executive outlined the medium to long term aim is to get staff numbers stabilised, focus on areas that are economically viable and examine, in conjunction with DARD and DFP, the possibility of establishing spin-out/holding companies. In doing this the Executive acknowledged that the support of the Board is crucial and would value its input.

In response, the Board accepted the assurance that the Executive was being proactive in planning for the funding shortfall and gave an indication that they would be willing to provide the necessary support but advised the Executive that it would need to see a paper outlining its plan.

The Board also indicated that it would need to have sight of the DARD/AFBI Service Level Agreement along with details of the current work programme and information on the areas that may no longer be considered feasible.

The Executive also advised that while it recognised the importance of Research and Development (R&D) it may also have to give serious consideration on reducing the number of projects in this area but such a decision would not be taken lightly. While the Board appreciated the difficulties it suggested that AFBI should not rely solely on the statutory or regulatory work that it carries out as this may have a negative impact on the long term sustainability of the organisation.

The Board accepted that it was going to take a team effort to overcome the difficulties that lie ahead but the challenge for the Board and the Executive will lie in the ability of AFBI to increase the business while making the necessary cuts and if this is to be achieved then the Executive need to keep the Board fully informed.

The Executive welcomed the comments from the Board and gave an undertaking that it will provide the Board with regular reports and updates that will enable the Board to make strategic decisions.

The Executive also gave a commitment that it would make a presentation to the Board at a future meeting following which all of the relevant details would be circulated to Board members for their information.

Exec

7. Shared Services – HR Connect/Account NI/IT Assist

The Executive announced that there are still a number of ongoing issues but slow progress is being made in bringing these to a satisfactory conclusion but overall AFBI is still not experiencing the efficiencies that the system promised to deliver.

In relation to Account NI, the Executive acknowledged that the system can provide the necessary service but the issue of hard charging will need to be addressed as the cost is excessive and does not offer value for money.

In a further development, the Executive informed the Board that a meeting had taken place with Mr Paul Wickens who has recently been appointed Director of the Shared Services Organisation, Department of Finance and Personnel. The Executive advised that during the course of the meeting it had highlighted a number of issues and were now waiting on a response.

8. Pensions Issue

A meeting involving representatives from DARD, AFBI and NILGOSC took place on Monday 26 October 2009 during which NILGOSC indicated that they were confident that they could provide DARD with whatever details are necessary to enable the bulk transfer to proceed.

The Board were pleased to note that in light of this development matters were now back on track and hopefully all outstanding issues can be resolved during this current financial year.

The Board also noted that a meeting with former ARINI staff is due to be held on 26 November 2009 to provide them with an update on the current position.

9. Report from Audit Committee – meeting held on 29 September 2009

The Chair of the AFBI Audit Committee, Dr Hollywood presented a report on the most recent meeting of the AFBI Audit Committee that had been held on 29 September 2009.

In presenting the report, specific reference was made to the following issues -

- The AFBI Corporate Risk Register (October 2009) – this had been presented to the Audit Committee following a further review by the AFBI Risk Management Co-ordination Group and the Audit Committee had taken the opportunity to discuss some specific risks including-
 1. Insufficient resource allocation for AFBI from DARD.
 2. Failure to resolve the former ARINI pensions issue.
- The Internal Audit “*Review of Risk Management Processes*” and in particular, the need for AFBI to identify its own risk appetite.
- Completion of the AFBI Accounts within the agreed timeframe.
- The introduction of new financial reporting standards that require a second set of shadow accounts to be prepared during this transition year.

In the discussion that followed, the Chair of the Audit Committee stated that he was pleased to hear that the obligations in the pensions issue were real and that matters were now back on track.

In relation to the Internal Audit “*Review of Risk Management Processes*”, particular reference was made to the issue of risk appetite. The Executive agreed that it would take this issue forward for inclusion in the Risk Management Strategy document but in so doing welcomed the suggestion that the Board would provide guidance and advice on what it considered to be the risk appetite of the organisation.

Exec

Reference was also made on another Internal Audit review relating to “*Site Security*” where the assurance level was “*limited*”. The Executive informed the Board that this report had highlighted a number of specific recommendations that management have accepted and these will now be implemented.

The Board were pleased to note the report from the Audit Committee and thanked the members once again for the assurance that it provides to the Board.

10. Rewards and Recognition to Staff Scheme

The Business Case submitted by AFBI is currently with DFP for consideration and while early signs would indicate that DFP are broadly in agreement with what is being proposed a number of queries, have been raised, some of which will require a response from DEFRA.

In the meantime, the Executive agreed that it would commence work on the operational guidelines and keep the Board updated on progress.

Exec

11. The AFBI Property Asset Management Plan (draft)

The Executive presented the Board with the draft “*AFBI Property Asset Management Plan*” for noting and discussion and advised that a copy of the document had also been sent to DARD.

In the discussion that followed the Executive outlined that the plan had been devised as part of an overall central government strategy and AFBI would be examining the rationalisation of assets across all AFBI sites. The Executive also emphasised the point that the valuation of the sites remain within DARD’s gift given that DARD is the landlord.

The Executive advised that they would envisage an early meeting with DARD but will take no further action meantime other than examine AFBI’s carbon footprint.

In response the Board accepted that there will be no change to the AFBI Estate in the short to medium term. The Board also accepted that this was an exercise that AFBI would have undertaken without input from

central government as it would have been required in terms of identifying possible efficiency savings. The Board also reflected on the fact that they had supported this review as far back as 2006/07.

The Board also inquired if AFBI had considered sub-letting areas to external clients and asked if it would be feasible to do so. The Executive confirmed that they had explored the option for sub-letting and found that there were restrictions imposed by the lease. However, matters have since changed and DARD will now sub-let areas that are not being used.

Further to the issue of sub-letting the Executive advised the Board that following contact from a member of the Board, a meeting had taken place with the Chief Executive Officer of the Northern Ireland Forensic Science Laboratory and the consensus of opinion would suggest that strategic alliances are the way forward with co-operation based on the use of the same skills base and the same scientific equipment.

12. Implementation of AFBI Strategies

The Executive confirmed that this was still very much a matter of work in progress but agreed to give the Board a presentation at the next Board meeting (25 November 2009).

Exec

It was also noted that the timing of the presentation should coincide with the Board Effectiveness Review report from Mr Simon Parker.

13. Any Other Business

13.1 Costs Associated with the International Renewable Energy Conference (IREC)

The Executive accepted a request from the Board that it would circulate the final costs associated with the IREC prior to the next Board meeting.

Exec

The Executive acknowledged that when Board members receive the information they will note that there had been no monetary reward from the Conference.

However, in terms of raising the AFBI profile on the international stage and achieving value for money, both objectives having been fully endorsed and supported by the Board, the event had been a huge success.

13.2 Rolling Database of Issues Raised at Board Meetings

The Board noted the changes made to the Rolling Database following the previous Board meeting and Board members indicated that they were content.

The Board asked the Secretariat to ensure that when the Rolling

Sec

Database is being updated following today's meeting, it is to include reference to the reduced funding allocation from DARD.

14. Date of Next Meeting

The next meeting of the Board will be held on Wednesday 25 November 2009.

Signed: _____
(Chairperson)

Date: _____