



**Minutes of the Meeting of the Agri-Food and Biosciences Institute
(AFBI) Board
held at
AFBI (HQ) Newforge
on Wednesday 29 September 2010 at 10.00 am**

Present – Board Members

Mr Sean Hogan, Chairperson
Prof David McDowell, Deputy
Chairperson
Dr Michael Hollywood
Mr Kieran Campbell
Mr James Noble
Prof Stewart McNulty
Mr Alan McKeown
Mr Seamus McCaffrey
Mrs Hilda Stewart
Mr John Rankin
Mr Trevor Hinds
Prof Grace Mulcahy

In Attendance - AFBI Executive

Dr Seamus Kennedy, CEO (Acting)
Dr Michael Camlin, DCEO
Dr Arthur Gilmour, DCEO (Acting)
Dr David Bryson, DCEO (Acting)
Mr Joel Ferguson, Head of Corporate Services Division (Acting)
Mr Venkat Deshpande, Head of Finance
Mr Paul Brennan, Head of Human Resources
Mr Stephen Cousins, AFBI Secretariat

1. Welcome and Introduction

Action

The Chair opened the meeting with a word of welcome to all present.

2. Apologies

An apology was received on behalf of Mr Michael Walker.

3. Conflict of Interests Declaration

There were no "*Conflict of Interests*" declared.

4. Draft Minutes of the Previous Board Meeting held on 25 August 2010

On a proposal from Mr Hinds, seconded by Mrs Stewart, the Board approved the draft minutes from the previous Board meeting held on 25 August 2010 subject to the following amendments:

4.1 Item 5.5 – Rolling Database of Issues Raised at Board Meetings

Second paragraph, second sentence, insert the words "*to DARD*" after the

word “*cause*” and delete the words “*in particular*”.

Action

4.2 Item 7.2 – Update on Strategic Actions to meet savings in DARD Grant-in-Aid

Fourth paragraph, after “AFBI” insert the following – “...*while continuing to support DARD strategy*...”.

4.3 Item 12.1.2 – New Risks

Second paragraph, delete second sentence and replace with the following – “*The Executive expressed its confidence to the Board that all of AFBI’s testing activities are fit for purpose and carried out to the same high standard underpinned by its ISO/IEC 17025 accredited quality value for money.*”

5. Matters Arising/Action Points from previous Board Meeting held on 2010

The Chair proceeded on the basis that any Action Points or Matters Arising from the previous Board meeting held on 25 August 2010 have been resolved or would be addressed during the course of the meeting except for:

5.1 Draft Management Statement and Financial Memorandum (MSFM) – (Item 5.1 Mins 26 05 10; Item 5.1 Mins 23 06 10; Item 5.1 Mins 25 08 10)

The Executive confirmed that it had advised AFBI Sponsor Branch (ASB) that it will be working under the terms and conditions of the current version of the MSFM until such times as a revised MSFM is agreed. However, the Executive acknowledged that it is aware that the publication of a revised version of the document “*Managing Public Money NI*” is imminent and the outworkings of this document may have an impact on a revised MSFM, and it may be sometime yet before matters are finalised.

5.2 Rolling Database of Issues Raised at Board Meetings – ref SAPO4 Facility - (Item 5.5 – Mins 25 08 10)

The Board noted that the DARD Minister Michelle Gildernew MP MLA, had expressed her support for such a facility during the recent visit to AFBI by the Deputy Premier of Alberta, Canada, Mr Doug Horner.

5.3 Update on Strategic Actions to Meet Savings in the DARD Grant-in-Aid – (Item 7.2 – Mins 25 08 10)

The Chair confirmed that the three members of the AFBI Board who have agreed to represent the Board on the AFBI Strategy Sub-Group are –

Prof Stewart McNulty
Mr Michael Walker

The first meeting of the AFBI Strategy Sub-Group should take place shortly and the Board will be kept informed of developments.

5.4 Report from Remuneration Committee – Meeting held on 6 August 2010 – (Item 8 – Mins 25 08 10)

The Chair of the Remuneration Committee, Prof McDowell advised the Board that the Remuneration Committee would await proposals from the AFBI Strategy Team dealing with “*Talent, Performance and Recognition*” on a rewards to staff scheme for innovation not related to intellectual property.

The Executive reported that the AFBI Strategy Team would present proposals in due course.

5.5 AFBI People Strategy – Report from Team 2.1 Staff Engagement and Communications – (Item 11 – Mins 25 08 10)

The Chair reminded Board members that if they had any comments to make in relation to the contents of the report from the Team 2.1 submitted by the Executive at last month’s meeting (25 August 2010) they should submit them to the Acting CEO as soon as possible.

**Board
Members**

6. Governance Issues

6.1 AFBI Risk Management

6.1.1 *AFBI Corporate Risk Register*

The Executive informed the Board that the AFBI Risk Management Co-ordination Group had met on 20 September 2010 and agreed on an updated version of the Corporate Risk Register which had in turn been presented to the Audit Committee at its meeting held on 28 September 2010.

Currently the Executive are finalising details relating to the latest risk on accreditation and confirmed that a plan had been presented to DARD.

The Board were also informed that the matter had been discussed during a recent meeting of the Chair and acting CEO with the DARD Minister.

The Board were pleased to note the progress being made in respect of this matter.

6.1.2 *AFBI Internal Audit Review of AFBI’s Risk Management Processes*

The Executive are currently working with AFBI Internal Audit on a Review of AFBI’s Risk Management Processes with the purpose of refreshing

AFBI's risk management processes and existing Corporate Risk Register. **Action**

The Executive are also working with the AFBI Branch Heads on a Business Planning Project and arrangements have been made to hold a workshop for the senior management team and Heads of Branches on this subject. AFBI's internal auditors will make a presentation on risk management at this event to help ensure that risk management is fully integrated into the business planning process.

6.2 Whistleblowing and Fraud

The Executive advised that there are no new cases to report.

6.3 Health and Safety

The Executive advised that there were no incidents or near misses to report.

7. Chairman's Business

The Chair provided the Board with a brief overview of the business matters that he has been involved with since the date of the previous meeting.

7.1 Appointment of a New CEO

The closing date for applications has now passed and a number of applications have been received. The 6 and 7 October 2010 have now been set aside for interviews.

7.2 International Visit to AFBI

The Chair reported that he had hosted a delegation from the Canadian Province of Alberta including the Deputy Premier, Mr Doug Horner. Also in attendance was the DARD Minister. In commenting on the visit, the Chair stated that it had been a very interesting meeting and was pleased to note that the Canadians had expressed a very keen interest to work collaboratively with AFBI in new markets. The Chair was also pleased to announce that an invite had been issued to AFBI to visit Alberta in 2011 and all the signs would indicate that this could be a very beneficial partnership for both parties. Following the meeting in the AFBI Boardroom the delegation spent time at the Renewable Energy Centre at AFBI Hillsborough.

7.3 National Ploughing Championships (NPC)

The Chair reported that this had been another successful year at the NPC with an estimated 200,000 visitors attending over the three day period. Highlights for AFBI were the signing of a Memorandum of Understanding with Animal Health Ireland and the launch of joint AFBI-Teagasc advisory

guidance booklets on the growing of willows and miscanthus. As well as the DARD Minister being in attendance, the Agriculture Minister from the Republic of Ireland also attended along with a number of other high profile visitors.

Action

The Chair and acting CEO commented on the excellent job carried out by AFBI staff and how impressed they were with the high number of people who wished to speak with those manning the AFBI stand.

The Board asked the Executive to congratulate all of the team who had been involved in the event.

Exec

7.4 Meeting with DARD Minister during National Ploughing Championships (NPC)

The NPC also provided an opportunity for both the Chair and the Acting CEO to meet with the DARD Minister and amongst the issues discussed were finance, test accreditation, pensions of former ARINI staff and the relationship between AFBI and AFBI Sponsor Branch (ASB).

The Chair confirmed that both he and the Acting CEO had taken the opportunity to underline the importance of the frontline services that AFBI provides and as such any saving cuts being made should be kept to a minimum. The Chair was pleased to report that the DARD Minister clearly values the front line work undertaken by AFBI and the services it provides and had reinforced this position in the comments she had made during time spent with the Canadian delegation.

With regard to the relationship between AFBI and ASB, the Chair indicated that he was aware that AFBI had suggested it would be extremely useful if ASB had someone available with financial expertise. The Chair was therefore pleased to report that this link had now been established and a meeting had already taken place between AFBI's Head of Finance and DARD's Financial Planning Branch.

7.5 Appointment to the UK Advisory Committee for the Microbiological Safety of Food (ACMSF)

The Chair, on behalf of the Board, congratulated the Deputy Chair, Prof McDowell on his appointment to the ACMSF.

8. Finance

8.1 AFBI Budget Monitoring Report at 31 August 2010

The Executive presented the monthly Budget Monitoring Report for the period ending 31 August 2010 and highlighted a number of issues.

8.1.1	<i>Salaries and Wages</i>	Action
	<p>The increase in the figure for the month of August is due to the pay award for industrial staff as well as the pay uplift for Administrative Assistants, Administrative Officers and Analogous Grades.</p> <p>The increase in the figure shown for the month of September accounts for the pay award for non-industrial staff.</p>	
8.1.2	<i>Current Expenditure</i>	
	<p>This budget is now being managed on a project by project basis and monitored on a monthly basis, with the Head of Finance holding monthly meeting with DCEOs and Heads of Branch. SMT has also been holding monthly meetings dedicated to finance.</p>	
8.1.3	<i>Depreciation</i>	
	<p>A bid will be made in the December Monitoring Round in respect of the budget shortfall in relation to depreciation charges.</p>	
8.1.4	<i>Income</i>	
	<p>The Executive acknowledged that invoicing for services and work carried out by AFBI is slower than desired.</p> <p>However, the Executive reported that it is examining the various business areas and considering arrangements for the timely receipt of income, particularly in relation to EU funding. In response the Board encouraged the Executive to do all in its power to expedite the invoicing processes and to put in place any alternative arrangements that could assist.</p> <p>In commenting on the report the Board asked the Executive to provide additional information in support of the figures contained in the monthly Budget Monitoring Report.</p> <p>The Executive assured the Board that this would not be a problem and gave a commitment to produce whatever reports the Board or future Finance Sub-Committee may require.</p> <p>In response the Board agreed that three members with a specific interest in financial reporting namely Mr Seamus McCaffrey, Mr Kieran Campbell and Mr Alan McKeown should meet with the AFBI Head of Finance to consider and agree what additional information or reports would be beneficial to the Board in advance of a Finance Sub-Committee being established.</p>	Sec

The Board also expressed an interest in having a quarterly report on AFBI manpower figures and the Executive agreed that it would provide this commencing with the period ending 30 September 2010.

**Action
Exec**

8.2 Finance Sub-Committee

With reference to the establishment of a Finance Sub-Committee, the Chair of the Audit Committee, Dr Hollywood informed the Board that he had examined the Terms of Reference (ToR) from a number of organisations and will submit recommendations to the Board for its consideration in due course. However, as the remit differs from one organisation to another Dr Hollywood suggested it may take some discussion regarding ToR for AFBI before a final agreement is reached.

The Chair of the AFBI Board, Mr Hogan agreed that he would arrange for the recommendations to be circulated to the Board as soon as they become available.

**AFBI
Chair**

With regard to the outworkings of the Finance Sub-Committee, the Chair of the AFBI Board indicated that it would be his aim to see the Board maintain its interest in financial matters at a strategic level and for the Finance Sub-Committee to examine the finer details of the various reports and provide the necessary assurances, or concerns, to the Board.

9. Update on Strategic Actions to Meet Savings in the DARD Grant-in-Aid

The Executive informed the Board that to date there has been no feedback from DARD on the submission that AFBI made in August 2010. However, as mentioned in the Chair's earlier report to the Board (Item 7.4 refers) the Board have noted the comments of the DARD Minister regarding her support for AFBI and the frontline services that it provides to the Northern Ireland agri-food industry and beyond.

In terms of this current year (2010/11) the Executive confirmed that it had agreed a work programme with DARD but that the budget was tight. The Board expressed concern about reductions in AFBI's budget but agreed to hold any action pending an announcement on the 2011/12 to 2014/15 Comprehensive Spending Review due to be made by the Chancellor of the Exchequer on the 20 October 2010 and the likely discussions that will take place with DARD and other stakeholders following this announcement.

The Executive are of the opinion that these discussions will present AFBI with an opportunity to work closely with DARD and provide DARD with advice on its future work programme as well as providing an opportunity to outline the adverse impact that may arise from some of the decisions that DARD may wish to take.

The Executive also referred to the efficiency savings that it will make

Exec

during this current year and agreed to provide the Board with a breakdown of the savings made to date. **Action**

In concluding the discussions the Board suggested that the time may be right for a Board Away Day to consider strategic matters. The Executive agreed that it would ascertain the availability of an independent facilitator and finalise arrangements at a later date. **Exec**

10. Audit Committee Annual Report 2009/10

In presenting the Audit Committee Annual Report for 2009/10 the Chair of the Audit Committee, Dr Hollywood reminded the Board that the presentation of an Annual Report was one of the requirements stipulated in the Audit Committee Handbook.

Dr Hollywood advised the Board that the Annual Report provides a summary of the year's work including details of the audit activity carried out and provides an opinion that the assurances given by the various auditing bodies are sufficient for the Audit Committee to recommend that the Accounting Officer signs the Statement on Internal Control.

In response, Mr Hogan thanked the Audit Committee for a comprehensive report and congratulated Dr Hollywood and the other members of the Audit Committee on the work that they undertake on behalf of the Board during the course of the year.

Following consideration of the report, the Board suggested that Dr Hollywood consider changes to the item on Internal Audit regarding HR Connect to reflect the concerns expressed by the Board on this matter, and the item on Risk Management to reflect a revised target date. Dr Hollywood agreed that he would reconsider and provide the Secretary with revised wording to reflect the comments made by the Board. **Chair AC**

11. Strategic Item – HR Strategy

The Acting CEO informed the Board that it was the intention of the Executive to present a number of papers from the People Strategy Teams for consideration and discussion. However, due to a lengthy agenda the Executive proposed and the Chair agreed that the Board receive an update on the Pensions Issue and the Equal Pay Deal and the Executive will present the papers from the People Strategy Teams at a subsequent meeting. The Board signified that it was also content with this proposal. **Sec**

11.1 Pensions Issue

The Executive referred to the fact that all 37 of the former ARINI staff involved had confirmed their intention to individually transfer their accrued benefits from NILGOSC to PCSPS(NI) and that this process was now underway. The Executive confirmed that the on-going issues would have no adverse effect on the entitlements of these staff.

The main focus now relates to the issue of a cessation payment and interest charges plus associated costs which NILGOSC invoiced AFBI for on 1 July 2010. The invoice is comprised of a cessation payment of £4,940,000 and interest charges and associated costs of £1,037,867 (with interest being applied on a monthly basis). AFBI passed the invoices on to DARD and the initial legal advice from DARD was that AFBI was liable for both (DARD confirmation by e-mail received on 20 July 2010). DARD have since advised that its legal advice now reflects that AFBI is liable for the cessation payment but not for the interest charges and associated costs (DARD confirmation by e-mail dated 21 September 2010).

In light of this recent advice from DARD, AFBI under the instruction of DARD contacted the Government Actuary (GAD) and requested that it confirm the quantum of (i) the cessation payment and (ii) associated interest charges and the methodology applied to the calculations. The current draft business case will have to be reviewed to reflect any changes arising from these latest developments.

The Executive advised that if the matter remains unresolved it could be referred to a pensions ombudsman or the judiciary.

The Chair advised that the pensions issue had also been amongst the topics discussed with the DARD Minister during their recent meeting at the NPC. During discussions the DARD Minister had signified that she was hopeful that she could encourage DARD staff to drive this matter forward.

The Chair of the Audit Committee (AC) reported that the matter had also been discussed during the AC meeting held the previous day (Tuesday 28 September 2010), when the opinion expressed was one of dismay, that a situation involving two public bodies could be allowed to reach this stage with such a substantial cost to the public purse.

Overall, the Board were reassured that there would be no adverse effect on the entitlements of the staff but expressed concern in relation to the costs and the hope that these would not fall on AFBI.

11.2 Equal Pay Deal

A business case had been developed based on the legal advice obtained by AFBI which reflected that AFBI had a liability for both the settlement and uplift elements of the Equal Pay Deal.

Following submission of the business case to DARD, DARD informed AFBI that its legal advice indicated that:

- AFBI was not covered by the NICS Equal Pay Exercise or Agreement.
- Under Equal Pay Law, and as supported by the outcome of the *Sodexo v Guttridge* (2008), there is a requirement for AFBI staff to have had

lodged an equal pay claim, within six months of leaving the NICS (ie by 1 October 2006) for arrears payments to be backdated beyond 1 April 2006.

Action

- For the NICS settlement to apply staff must meet the conditions of the agreement. AFBI staff do not meet the NICS Equal Pay Settlement condition that staff had to be in post in the NICS on 1 February 2009.

DARD further advised that AFBI's legal advice does indicate that a vulnerability existed at the 31 March 2006 and therefore AFBI can bring forward a business case with regard to this vulnerability for the revised NICS pay scales to be applied to the appropriate staff within AFBI and for arrears.

The Executive confirmed that the other element of the Equal Pay Deal, an uplift in staff pay, had been applied and implemented and the back pay settlement is the only outstanding issue.

In response to the report, the Chair asked the Executive to ensure that the Business Case makes it quite clear that AFBI's legal advice indicated that any back pay owing in respect of the Equal Pay Deal should be paid to the staff.

Exec

The Executive confirmed that Trade Union Side have been made aware of the current position and the Executive will keep the Board updated on progress.

Exec

12. Any Other Business

12.1 Rolling Database of Issues Raised at Board Meetings

The Board noted the updates made to the rolling database of issues raised at Board meetings and signified that it was content.

During discussions on the issue of Account NI, the Board noted that progress has been made in relation to an alternative accounting system. The costs of upgrading an existing version of Pegasus for which AFBI maintained an annual subscription were being investigated.

The Executive confirmed that following the previous Board meeting the Acting CEO informed DARD that he has been instructed by the Board to seek an alternative to ANI. The Board confirmed that it was content with the progress being made and asked the Executive to provide regular updates.

Exec

13. Date of Next Meeting

The next meeting of the AFBI Board will be held at AFBI Stormont on 27 October 2010.

Presentation – Amenity Turf Commercialisation

Following the conclusion of the Board business, Dr Colin Fleming, Applied Plant Science and Biometrics Division gave the Board a presentation and overview on the work he and his team are undertaking in respect of the commercialisation of amenity turf grass. Dr Fleming informed the Board that the commercial launch of the service is due to take place in December 2010 and highlighted that the priority for this venture was not just reliance on sales but the importance of the expert scientific advice that would also be provided.

In response the Board offered its full support for what it regarded as a very exciting and impressive service being provided by AFBI and congratulated Dr Fleming and his team on the tremendous job that they were doing on behalf of the Institute.

Signed: _____
(Chairperson)

Date: _____