



Minutes of the meeting of the Agri-Food and Biosciences Institute Board
held at
The Agriculture and Food Science Centre, Newforge Lane
on Wednesday 5 April 2006 at 10:00 am

Present:

Board Members

Mr Sean Hogan, Chairman
Professor David McDowell, Deputy
Chairman
Mr Kieran Campbell
Dr Michael Hollywood
Dr Christine Kennedy
Mr Nicholas Mack
Mr John McKinley
Professor Stewart McNulty
Professor Grace Mulcahy
Mr James Noble
Mr Jim Stewart
Mr Michael Walker

In attendance:

Dr George McIlroy, CEO
Dr Michael Camlin, DCEO
Dr Seamus Kennedy, DCEO
Dr Sydney Neill, DCEO
Dr R Boyd, Head of Chief Executive Office
Mr S Dolan, Head of Business Support Unit
Mr Ken Miller, Consultant
Mr M J McGuinness (Secretary)

Apologies:

Mr John Rankin

Mr Hogan welcomed all present to the first meeting of the AFBI Board and introduced the Senior Management Team and Consultant to the appointed members. He expressed his privilege to be chairing the group and his belief that the range of expertise on the Board placed it in a strong position to deliver the goals of AFBI to its best advantage. While there was substantial business to be conducted, Mr Hogan felt that this first meeting could be less formal than future meetings. This was an opportunity for participants to meet and to get to know each other.

1. Chief Executive's Presentation

- 1.1 Dr McIlroy presented a slide presentation which traced the origins of AFBI in the O'Hare Review on education and R & D in agriculture and food which had recommended the establishment of an "*arms length*" NDPB consisting of the existing DARD Science Service and ARINI. The Review had also recommended the withdrawal of DARD from provision of tertiary level teaching in the School of Agriculture and Food Science (SAFS). The recommendations had come into operation with the establishment of AFBI from 1 April 2006 with the mission "*to further develop a reputation as a world class scientific Institute, delivering proven value to Government and to other customers*". AFBI will have approximately 800 staff, an annual budget of around £40m and will operate from 7 sites. In the first 3 years of its existence, DARD will continue to commission 50% of its scientific work from AFBI and AFBI will increase its external contract work from 5% to 10% of its total business. The AFBI Board will have corporate responsibility for ensuring that AFBI fulfils the aims and objectives set by DARD and for promoting the efficient and effective use of staff and other resources.
- 1.2 Dr McIlroy highlighted key aspects of AFBI's approach to its work in the future – a greater focus on clients across the whole agri-food sector, an awareness of the real costs of its activities, improved flexibility, skills and team working to match the needs of the market place, a greater need to market AFBI's talents and expertise and to respond professionally and quickly to competition. AFBI would be operating in a highly competitive market place, it needed to be strategic in its approach and the Board would play a key role in delivering the business.
- 1.3 Dr McIlroy set out his own role of Chief Executive as being to deliver AFBI's functions, to be accountable for its expenditure, to achieve financial and service delivery targets and to manage the organisation's staff. He had a personal commitment to this role and he was confident of a successful future for the new body.
- 1.4 Mr Hogan emphasised the importance of the commercial element of AFBI's work and the part that the Board would play in delivering this aspect. While a substantial element of the Institute's work would be undertaken for DARD it must be recognised that this was not a DARD only body. At a time when R & D was under pressure, the Institute would have to be proactive in seeking to maximise the work it can do for other Government Departments.
- 1.5 In response to a comment about the need to encourage young people into science, Dr McIlroy pointed to the important relationship between AFBI and universities. Another comment expressed the vision of AFBI moving to a position of strength and flexibility, which would make it attractive to young people seeking job opportunities in the science field.

2. **AFBI Strategic Plan 2005-06 to 2009-10**

- 2.1 In introducing the Strategic Plan, Mr Hogan said that this was a core document for the business of AFBI. The Minister had approved the Plan and members were being asked to note the document at this stage.
- 2.2 Dr McIlroy presented the Strategic Plan, which covered the 5-year period 2005-06 (shadow) to 2009-10. The Plan has 2 main strands – the strategy AFBI will pursue to support DARD's strategic objectives and the reshaping of the organisation to ensure its effectiveness as an NDPB in meeting its aims and objectives. Dr McIlroy outlined the main issues and drivers arising from the Strategic Plan:
- The need to have a core business with the capacity to respond to emerging situations.
 - The need to continue to deliver strategic scientific programmes to DARD, and other Government Departments and Agencies.
 - The need to fit in with DARD's Public Service Agreement and Strategic Plan and to be aware of the Dard perspective and the activities of REAP.
 - An emphasis on bringing AFBI's expertise to the wider markets, looking to develop partnerships with new funders and to strengthen the partnerships with existing customers.
 - Develop partnership agreements with the universities in Northern Ireland and elsewhere.
 - An interface with the DARD policy work programme within a 3-year rolling programme, allowing AFBI to reshape its skills and expertise to meet the changing requirements of DARD and other customers.
 - To examine the options for the use of the existing 6 sites.
 - To ensure that staff are trained to meet the latest national and international standards.
 - To maintain the capacity to provide emergency response for example to animal and plant disease outbreaks.
 - To seek to manage any Intellectual Property Rights (IPR) which may arise from work programmes so that both AFBI and the customer retain control over how IPR are exploited.

2.3 A number of issues were raised in discussion:

- (i) Concern was raised about AFBI having the necessary expertise and systems in place to compete for statutory analytical and diagnostic work. The key factor in maintaining a competitive edge would be AFBI's demonstration of value for money in the service provided. Systems for full cost recovery were being put in place. AFBI must be able to show the customer that it is providing best value for money and through this it will be in a strong position to compete for DARD work.
- (ii) With the potential for reduction in DARD commissioned work, it is essential that AFBI develops the flexibility and expertise to be able to expand its commercial work. It will need to be proactive in going out to the market and gaining commercial experience. At the same time it must be able to deliver the work already being undertaken for DARD. There is a balance to be struck between the two.
- (iii) There needs to be a system in place for informing the Board and Senior Management about bids etc being made for research work and for reporting back on progress. Also, for informing the market about what AFBI can provide. This raised the need for a marketing strategy and a communication strategy. While the role of the Board was to manage the strategic operation of the organisation, operational issues which impact on the bigger picture need to be reported back to the Board.

3. AFBI Management Statement

- 3.1 Mr Hogan explained that the Management Statement was very much an evolutionary document at this stage. It had still to be considered by the DARD Departmental Board. Members were being asked to approve the document on the basis that it was subject to change. It is proposed to agree a formal response from the Board at the next meeting.
- 3.2 Dr Boyd highlighted the main provisions in the document. The Management Statement, which had been drawn up by DARD in consultation with AFBI, set out the broad framework within which AFBI will operate, in particular:
 - AFBI's overall aims, objectives and outputs in support of DARD's wider strategic aims and the outcomes and targets in the current Public Service Agreement;
 - the rules and guidelines relevant to the exercise of AFBI's functions, duties and powers;
 - the conditions under which public funds are paid to AFBI;
 - how AFBI is to be held to account for its performance.

The document covered the range of duties and responsibilities in relation to the Accounting Officer (Chief Executive already designated), the Chairperson and Board members, planning, budgeting, audit and accounting arrangements. It also made provision for a quinquennial review of AFBI in the year 2011-12.

- 3.3 The Board unanimously approved the Management Statement as an evolutionary document.

4. **AFBI Financial Memorandum**

- 4.1 Mr Dolan gave a detailed presentation of the Financial Memorandum to the Board. This document, which set out certain aspects of the financial framework in which AFBI is required to operate, has still to be considered by the DARD Departmental Board and was subject to revision.

- 4.2 Mr Dolan noted the following aspects in relation to AFBI financing and accounting:

- The current funding position is that AFBI will receive a grant-in-aid for both resource and capital expenditure. This will cover Admin resources to meet the agreed staffing complement, the current baseline provision for other current expenditure and capital provision to meet non-land and building expenditure (the land and buildings are owned by DARD). Opportunities for adjustment to the grant will be provided in the in-year monitoring rounds.
- AFBI will appoint internal auditors and its accounts will be subject to audit by the Northern Ireland Audit Office.
- A Risk Management Strategy will need to be put in place, with robust arrangements for identifying and managing risks to the Institute's business. This would be a key area of responsibility for the Audit Committee.
- Fees and charges will be set on a full cost recovery basis.
- AFBI will be able to retain 20% of excess commercial income (i.e. more income realised than estimated) within a current financial year without an offsetting reduction in grant-in-aid.
- AFBI will be required to apply the principles of economic appraisal, with appropriate and proportionate effort, to expenditure proposals.

- 4.3 In discussion on the retention of 20% excess income it was clarified that any shortfall in estimated income would have to be borne by the Institute. It was agreed that it should be open to the Board to negotiate better terms on retention of excess income if the opportunity to increase earning power was provided in the market place.

- 4.4 On a proposal by Mr Campbell, seconded by Mr Noble, the Board approved the Financial Memorandum as an evolutionary document.

5. Draft AFBI and University Collaborative Agreement

- 5.1 Mr Hogan asked the Board to note the draft agreement, which would be the basis on which a university would agree to facilitate the submission by AFBI of applications for research funding.
- 5.2 Dr Boyd stressed that it was critical to have links with universities and to have access to funding which was not directly available to the Institute, for example from Research Councils. The Science Service had reaped the benefit of having good students for research work through SAFS and it was important to maintain the ability to continue to supervise PhD students. The agreement would facilitate the supervision of postgraduate students. In discussion, the point was made that the inclusion of students, and indeed university staff, in AFBI should be welcomed and encouraged. It was also proposed that the requirement for AFBI staff to have previous experience of supervising postgraduate students (Part (d) of Schedule 1 of the Draft Agreement) should be dropped from the eligibility criteria, as some AFBI staff who were currently very successful in attracting external funding had no experience of such supervision.”

6. AFBI Audit Committee

- 6.1 In presenting the Audit Committee Handbook to the Board, Mr Hogan said that it was essential to have an Audit Committee to support the Accounting Officer. The main business of this Committee would be to monitor and review the risk, control and governance processes to be established for AFBI and the associated assurance processes. The Committee would meet about 4 times a year and would report to the AFBI Board. It is proposed that there will be a 3-person body, one of whom will have finance/accounting qualifications or experience. Dr Hollywood had agreed to chair the Committee and Mr Campbell had agreed to serve as a member. Since Mr Rankin had substantial experience of Audit Committee work, it was agreed that he should be present before finalising the total make-up of the group. Anyone else interested in serving on the Committee should speak to Mr Hogan.
- 6.2 On a proposal by Mr Stewart, seconded by Dr Kennedy the Board approved the establishment of an Audit Committee for AFBI. Membership will be confirmed at the next meeting of the Board.

7. **AFBI Modus Operandi**

On a proposal by Mr McKinley, seconded by Mr Stewart the Board approved the proposed modus operandi, which had been circulated to members prior to the meeting. In general discussion it was agreed that members should bring to the next meeting their proposals on the regular reports which they envisaged coming to the Board. They should, however, be mindful of the strategic role of the Board in managing AFBI's business. Dr Boyd said that he would shortly be sending out a paper on how the AFBI Board website would operate.

8. **Any other business**

There being no further business the meeting closed at 1.00 pm.

9. **Date of next meeting**

The next meeting will be held at 10.00 am on Wednesday 17 May 2006 at the AFBI Headquarters, Newforge.

Signed: _____
(Chairperson)

Date: _____