



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI Crossnacreevy
on Thursday 3 November 2016 at 10.00am**

Present – Board Members

Mr Colm McKenna, Chair
Prof William McKelvey, Deputy Chair
Mr Colin Coffey
Dr Michelle Costello-Smith
Mrs Fiona Hanna

Dr Richard Horton
Ms Joan Houston
Mr David Lindsay
Mr Ken Millar
Prof Patrick Murphy

Mrs Maureen McKeague
Dr Cecil McMurray
Mrs Sharon Smyth
Mr Richard Solomon

In Attendance - AFBI Executive

Dr Sinclair Mayne, Chief Executive Officer
Mrs Mary Jackson, Interim Director of Finance and Corporate Affairs Division
Dr Stanley McDowell, Director of Veterinary Sciences Division

Mrs Lynsey Cooper, AFBI Secretariat

1. Welcome and Introduction

ACTION

The Chair welcomed everyone to the meeting and congratulated Dr Sinclair Mayne on his appointment as Chief Executive Officer (CEO) from 1 November 2016.

2. Apologies

Apologies were received on behalf of AFBI Board Members Mr Ian Buchanan, Ms Theresa Cullen and Mrs Sarah Havlin.

3. Conflict of Interests/Register of Interests Declaration

Mrs Fiona Hanna informed those in attendance of a possible conflict due to a family member's participation in an ongoing AFBI project. The Board was content that this did not constitute a conflict of interest.

4. Draft Minutes of the AFBI Board Meeting held on 8 September 2016

The draft minutes from the AFBI Board meeting held on 8 September 2016 were accepted as an accurate reflection of the meeting and approved without amendment.

The Chair referred to the closed meeting held on 6 October 2016 which replaced the scheduled Board meeting and advised that the key points would be discussed with non-executive members during a closed session at the end of the meeting.

4.1 Action Sheet from AFBI Board Meeting held on 8 September 2016

The Board noted the progress against actions as per the action sheet.

5. Chair's Remarks

The Chair reported that Prof Watson had resigned from the CEO position in October for personal reasons and that he was delighted that Dr Mayne had accepted the Board's offer of appointment. He expressed his appreciation for the note to staff in which Dr Mayne had outlined his priorities for the Executive Management Team, including a proposed strategic review focusing on "*Securing the Future*". The "*Shaping the Future*" consultation which had been led by the previous CEO is now formally closed and lessons learned will inform the new review, which the Chair acknowledged would be a significant piece of work involving staff and stakeholders.

In response to a query, the Chair advised that Ms Houston, Chair of the AFBI Audit and Risk Assurance Committee (ARAC), had met with the Department of Agriculture, Environment & Rural Affairs (DAERA) Permanent Secretary and Chair of the DAERA ARAC to discuss the ongoing review by DAERA Internal Audit of both AFBI and DAERA's performance in relation to NIAO/PAC audit recommendations. A report is due by the end of the calendar year and the Board welcomed the opportunity to define the work necessary to close out this matter.

Following the Chair's remarks, the CEO thanked the Chair for his comments and confirmed that work on the strategic review "*Securing the Future*" would be a key priority for the Executive Management Team. CEO also commented that he particularly wished to thank Dr McDowell for his professionalism and resilience during the "*Shaping the Future*" consultation process. He highlighted the importance of the work performed by the Veterinary Sciences Division (VSD) and specifically Dr McDowell's role in ensuring that quality had not been compromised despite recent changes within the Division.

6. Executive Report

Mrs Jackson presented the "*Executive Report*" covering the period September - October 2016 which detailed a number of local and international stakeholder engagements held over this period, including a visit to AFBI Loughgall by the DAERA Minister. The Executive acknowledged that improvement was required in capturing the value of stakeholder events attended by AFBI staff and focus will be placed on this going forward.

The Board was pleased to note that AFBI's ISO17025 accreditation had been successfully retained following the recent annual United Kingdom Accreditation Service (UKAS) inspection of VSD.

The Board and Executive discussed details of the proposed "*Securing the Future*" strategic review and agreed that AFBI needed a clear vision of the

organisation's future position in order to analyse the benefits to AFBI of any potential collaborations. The Chair emphasised AFBI's responsibility for providing support for Northern Ireland's agri-food industry and the Board supported the view that AFBI could contribute significantly to the industry and could work more closely with CAFRE in relation to educational provision.

ACTION

7. Finance

7.1 AFBI Budget Monitor Report – Position at 30 September 2016

In presenting the "*Finance Update*", Mrs Jackson highlighted the key issues which included the following:-

- DAERA has approved AFBI's request for an additional £792k of in year funding;
- A commissioned report showing projected sales figures is awaited from a contracted specialist auditor, but initial reports are that royalty payments are not expected to decrease as quickly as initially anticipated and may in fact increase slightly in 2016/17;
- Interim assurances from the UK Government in relation to EU funding have been followed up by an official announcement from the Northern Ireland Finance Minister indicating that letters of offer corresponding to INTERREG applications would be issued in early November.

The Board received assurance from the Executive of increased financial scrutiny following recent events such as Voluntary Exit Scheme and Brexit. The Chair of the Finance and Business Strategy Committee reported he is in regular contact with the AFBI Head of Finance and outturns from the monthly Star Chambers are now shared with the Committee members for greater oversight.

7.2 Business Development Report (Quarterly report on new bids and contracts)

The Board suggested this report would benefit from additional information such as key lessons learned, enhanced focus on longer term scientific opportunities and the use of histogram charts. The Chair stated that DAERA acknowledged additional support was required to strengthen the business development expertise within AFBI and that the Executive will be addressing limitations of the report with support from the Finance and Business Strategy Committee.

7.3 Vaccine Royalties Update

Mrs Jackson gave a brief introduction to her paper on "*Intellectual property, patents and royalties*" highlighting these were complex issues. The Chair requested that this item be deferred until the December Board to allow time for a detailed discussion and requested the paper be updated to reflect recent information on known portfolio changes.

Exec

8. Report and Draft Minutes from the Finance and Business Strategy Committee Meeting held on 5 October 2016

Mr Coffey, Committee Chair, reported on the Finance and Business Strategy

Committee meeting held on 5 October 2016, advising the Board of a lack of progress on AFBI's Charging Policy due to shortcomings in specialised resources. The Board noted that Dr Mayne, as new CEO, had set this as a main priority for the Executive and the Committee Chair offered to provide his direct assistance in order to progress this quickly. Mr Coffey indicated that he would like to see the review of Charging Policy completed by April 2017.

ACTION

The Board approved the motion that the "*Business Development Report*", previously known as the "*Quarterly report on new bids and contracts*", would be overseen by the Committee prior to submission to the Board and noted that "*Business Systems*" will become a standing item on the Committee agenda.

Sec

In response to a query, the Executive confirmed that the business case for the AFBI Laboratory Information Management System (LIMS) was being reconsidered to ensure that a single solution best meets AFBI's needs.

9. Audit and Risk Assurance Committee

9.1 Report from the Audit and Risk Assurance Committee Meeting held on 1 November 2016

Ms Houston gave a verbal report on the Audit and Risk Assurance Committee which was held on 1 November 2016 and complimented the AFBI Finance Team for its effort in producing the "*AFBI Annual Report and Statement of Accounts 2015/16*". The Committee advised that a statement would be required in the Chair's Foreword to reflect the change in Accounting Officer from the time the accounts were prepared to the time of sign off and the AFBI Chair agreed to action this. The Committee agreed that, due to the recent change in leadership, an introductory section included by Prof Watson would be removed from the report, but a short section highlighting changes in Chief Executive should be included.

Chair

Exec

The NI Audit Office (NIAO) reported on the improved quality of information provided but observed the considerable length of the report in relation to those produced by comparable organisations. The Board agreed that consideration should be given to the format and purpose of the report before work commences on next year's publication.

Exec

9.2 Draft Revised Audit and Risk Assurance Committee Terms of Reference (Oct 2016)

The Board approved the revised "*Terms of Reference*" for the Audit and Risk Assurance Committee.

9.3 Audit and Risk Assurance Committee draft Annual Report for Year Ended 31 March 2016

The Board noted the draft "*ARAC Annual Report for Year ended 31 March 2016*" presented by the Chair of the Audit and Risk Assurance Committee.

10. Draft AFBI Annual Report & Statement of Accounts for year ended 31 March 2016 ACTION

Mrs Jackson reported that external audit of the “*AFBI Annual Report and Statement of Accounts 2015/16*” by the NIAO is ongoing and is unlikely to result in any material changes. The Board agreed that it was unnecessary for Dr Mayne to provide a separate CEO report as the change in leadership will be referenced in the Chair’s Foreword.

10.1 Financial Statements 2015/16 Executive Summary

Mrs Jackson presented the Financial Statements 2015/16 Executive Summary which highlighted the key adjustments since ARAC’s review in July 2016 and potential changes required following completion of the external audit.

In concluding the discussions, the Board was content to approve the AFBI Annual Report & Statement of Accounts for the year ended 31 March 2016, subject to a number of minor amendments that may be required as a result of the final external audit report.

10.2 NIAO-Draft Report to Those Charged With Governance

The Board was pleased to note that the “*Draft Report to Those Charged With Governance*” anticipated the NIAO recommending to the Comptroller and Auditor General that he certifies AFBI’s 2015/16 financial statements with an unqualified audit opinion.

11. Organisational Development and Human Resources Committee

11.1 Report and Draft Minutes from the Organisational Development and Human Resources Committee Meeting held on 9 September 2016

Prof McKelvey presented the draft minutes from the Organisational Development and Human Resources (OD&HR) Committee meeting which took place on 9 September 2016, noting that some matters considered have been overtaken by the recent events within AFBI. Following a query, it was agreed that the Secretariat would upload a copy of AFBI’s “*Rewards to Staff Scheme - Rewards to Inventors Policy*” to Sharepoint for Board members’ information.

Sec

11.2 Draft updated Organisational Development and Human Resources Committee Terms of Reference

The Board approved the revised “*Terms of Reference*” for the Organisational Development and Human Resources Committee.

12. AFBI Business Plan 2016-17

12.1 Update on Progress Against KPIs at 30 September 2016

The Board noted the summary of progress against the Corporate KPIs as of 30 September 2016 as follows:

- 17 are reported as Green (achieved / on track for delivery)

- 5 are reported as Amber (rate of progress is less than planned)
- 1 is reported as Amber/Green (level of progress is broadly on track with easily redeemable deviations from plans)
- 1 is yet to commence
- 1 is on hold pending approval of the AFBI Board

ACTION

Following a comprehensive discussion on the appropriateness of particular KPIs, the use of conservative versus stretched targets and application of RAG status, the Executive agreed to evaluate the KPIs that will be set for the next financial year, in conjunction with the Heads of Branch and DAERA.

13. AFBI Equality Scheme 2013-2018 Action Plan Progress Report (April 2016 – Sept 2016)

The Board noted the progress made against the AFBI Equality Scheme 2013-2018 Action Plan and the Executive assured the Board that following the Equality Commission ruling earlier this year, new procedures had been put in place and extra training will be provided to all staff regarding management issues and employee rights. Prof McKelvey reported that the OD&HR Committee will be following this up with the Executive and will report back to the Board in due course.

BMcK

14. Governance Issues

14.1 Risk Management

14.1.1 *Reports of New or Emerging Risks*

The Board noted that the Executive was not aware of any new or emerging risks to the organisation.

14.1.2 *Draft AFBI Corporate Risk Register (October 2016)*

The Executive reported that consideration had been given to the Board's suggestion to split Corporate Risk 4 into two distinct risks; one concerned with the impact of Brexit on European research funding and the other focusing on the potential loss of royalty income. The Executive has concluded that, as the mitigating actions are similar and the outcome is the same in terms of the risk to AFBI's medium to longer term financial stability, the risk should remain as currently stated. The Chair of ARAC stated that the Committee had discussed this at their meeting on 1 November 2016 and was content to keep a watching brief on the Executive's efforts to mitigate the risk. The Board accepted this decision and the reduction in its residual risk score from 20 to 10 based on recent announcements on funding.

14.2 Whistleblowing and Fraud

14.2.1 *Reports of New or Ongoing Cases*

The Board was advised that that there were no new or emerging cases of Whistleblowing or Fraud to be reported.

14.3 AFBI Appeal Board Procedure and Draft AFBI Appeal Policy **ACTION**

Following discussion on the “*Draft AFBI Appeals Policy*”, the Board agreed the following:-

- The ten Non-Executive Director (NED) Board members who will remain in post after 31 March 2017 will receive training in order to sit on the AFBI Appeals Panel. Mrs Jackson will arrange this with the AFBI Learning and Development Unit and provide course confirmation by correspondence; **MJ**
- The role of the CEO, as outlined in paragraph 5.4.7, should be reconsidered to reflect adequate representation of the CEO’s view, but acknowledge that a majority NED decision is deemed as an expression of the Board, which cannot be overturned. The Committee requested a copy of Section 6.01, NICS Standards of Conduct, be circulated for reference. **Exec Sec**
- The policy criteria need widened to consider the process for those in the most senior grades in terms of the composition of a decision panel. **Exec**
- The policy should clearly state the quorum required for the Appeals Panel in terms of executive and non-executive members. **Exec**
- The revised policy will be reviewed by the Organisational Development and Human Resources Committee at their meeting on 16 November 2016. The Chair directed the Committee to also consider the remit of the Appeals Panel in terms of reviewing the implementation of the process or assessing details of cases. **BMcK**

In addition, the Chair requested that the Executive, in conjunction with the AFBI Head of Human Resources (HR), review the use of any NICS HR-related policies with consideration to adapting these specifically for AFBI. The Executive is to report findings directly to the OD&HR Committee. **Exec**

15. Any Other Business

15.1 Peer Review Update

The Board approved the Executive’s request to defer the third scientific Peer Review by one year to 2017/18, noting the significant resource requirements needed to facilitate this external review.

15.2 Review of AFBI Board Meetings

The Chair presented a proposal to the members that outlined a reduction in the number of AFBI Board meetings from eleven per year to approximately eight and stated his intention to hold additional strategic sessions or workshops in order to make better use of members’ expertise and skills. The proposal also included the option to move away from printed paper Board packs to using digital devices. The Chair requested that members consider this and provide comments to him. Following a suggestion, the Chair agreed to work with the Deputy Chair and Executive to determine an appropriate Board cycle, incorporating the Board Sub-Committees, which ensured the most appropriate timing and content of meetings. **ALL Chair**

15.3 Confidential matters

The CEO made the Board aware of two confidential matters.

15.4 MSFM Review

The Board confirmed that it would welcome engagement with DAERA on its review of the “*Management Statement and Financial Memorandum*” in addition to AFBI-DAERA “*Memorandum of Understanding*” and Mrs Jackson agreed to correspond with DAERA.

MJ

16. Review of Board Meeting Effectiveness

The Board considered that it had held an effective meeting.

17. Date of Next AFBI Board Meeting – 1 December 2016

The next AFBI Board meeting will be held on Thursday 1 December 2016 at AFBI Newforge.

Following the end of the meeting, the Board held a short closed session.

After lunch, the Board attended a presentation provided by the Head of Grassland and Plant Science Branch followed by a tour of the Crossnacreevy Plant Testing Station.

Signed: _____
(Chairperson)

Date: _____