



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI Newforge
on Thursday 4 February 2016 at 10.00am**

Present – Board Members

Mr Colm McKenna, Chair
Mr David Lindsay
Mr Colin Coffey
Mrs Hilary McCartan
Mrs Maureen McKeague
Mrs Sarah Havlin
Prof Patrick Murphy
Mr Ian Buchanan

In Attendance - AFBI Executive

Prof Seamus Kennedy, Chief Executive Officer
Mrs Lesley Hogg, Director of Finance and Corporate Affairs Division
Dr Sinclair Mayne, Director of Sustainable Agri-Food Sciences Division
Dr Stanley McDowell, Director of Veterinary Sciences Division
Mrs Lynsey Cooper, AFBI Secretariat

1. Welcome and Introduction

ACTION

The Chair opened the meeting and welcomed all in attendance.

2. Apologies

Apologies were received on behalf of Deputy Chair, Prof William McKelvey and AFBI Board Members Mr Ken Millar, Mr Bob McCann and Dr Cecil McMurray.

3. Conflict of Interests/Register of Interests Declaration

There were no new conflicts of interest declared, nor any changes to be made to Board members' Register of Interests. Mr Lindsay reminded the Board of his involvement with the Northern Ireland Fishery Harbour Authority.

4. Draft Minutes of the AFBI Board Meeting held on 7 January 2016

The draft minutes from the previous AFBI Board meeting held on 7 January 2016 were approved without amendment.

4.1 Action Sheet from AFBI Board Meeting held on 7 January 2016

Progress against actions was noted as per the action sheet.

5. Chairman's Remarks

ACTION

5.1 Response to DARD Minister in respect of financial plans to 2019/20

The Chair referred to the Board's letter to the DARD Minister dated 15 January 2016 and indicated that no response had yet been received. The Chair requested that the March Board meeting be scheduled to last a full day to discuss the strategic developments proposed in the letter and the impact on forthcoming business and corporate plans.

Sec

The Chair reported that he has informed the DARD Minister of the projected deficit for 2016/17 and that detailed work will need to be carried out to identify cost reduction measures to address this. Dr Mayne tabled a document from the Agri-Food Strategy showing the growth targets in agricultural & fisheries sectors until 2020. Discussions on proposals for cost-savings and potential impacts on the industry and DARD followed. The Board agreed that any final decisions would have to be agreed with DARD.

6. Executive Report

The CEO presented the Executive Report for January 2016 and highlighted the following items –

6.1 VSD Stormont Main Building Project OBC

The VSD Stormont Main Building outline business case has been reviewed, updated and signed off by both DARD Resource Economics Branch and DARD Financial Planning. It was re-submitted to DFP Supply Division on 22 January 2016.

6.2 Lunchtime seminars

A successful AFBI lunchtime seminar, entitled "*Facilitating change within the red meat chain through knowledge transfer, feedback and technology uptake*" was given by Dr Jonathan Birnie, Head of Agriculture and Research at Dunbia on 21 January 2016. The Chair requested that Board members be invited to any future seminars with as much advance notice as possible to facilitate attendance.

Sec

6.3 Agricultural Land Use Strategy Project

Dr Burgess and Dr Patton met with DARD and Dr John Gilliland (Devenish Nutrition) to discuss the Agricultural and Land Use Strategy project. Dr Gilliland has been invited to attend the March Board meeting to present information on the project.

6.4 RV Corystes

Whilst routine engine maintenance work on the RV Corystes was completed successfully in December 2015, a recent problem with the propulsion system will involve significant costs to repair.

6.5 Best Brief Communication

A peer-reviewed paper published in September 2014 in the Journal of Veterinary Diagnostic Investigation, the official publication of the American Association of Veterinary Laboratory Diagnosticians, has been selected as best Brief Communication in the journal in advance of the association's 2015 Annual Meeting. The paper in question is "*Bell CJ, Blackburn P, Elliott M, Patterson TI,*

Ellison S, Lahuerta-Marin A, Ball HJ. Investigation of polymerase chain reaction assays to improve detection of bacterial involvement in bovine respiratory disease. *J Vet Diagn Invest.* 2014 Sep; 26(5): 631-4. <http://vdi.sagepub.com/content/26/5/631.long>

ACTION

6.6 Quarterly Accountability Meeting with DARD

The development of a new DARD-AFBI Memorandum of Understanding has been delayed within DARD and will now also take cognisance of the new departmental structure. DARD will shortly approve AFBI's proposed membership of CIEL (Centre for Innovation Excellence in Livestock). The draft AFBI Directed Research Fund paper is awaiting approval.

6.7 US-Ireland R&D Partnership Programme

The CEO met with the Director of Laboratory Services in DAFM, together with other staff, at Hillsborough on 25 January to discuss potential opportunities under the forthcoming US-Ireland R&D Partnership Programme pilot for agri-food.

Mrs Sarah Havlin entered the meeting

- 6.8** The Chair raised the question "*What might the implications be for AFBI should the UK decide to leave the European Union?*". Dr Mayne responded that while the impact may be low in terms of Horizon 2020 funding, any risk to INTERREG funding would likely be more substantial. The Chair requested that this be included in AFBI's Corporate Risk Register.

Exec

7. Finance

7.1 AFBI Budget Monitor Report

Mrs Hogg reported that the DARD Minister had approved an extra £500k of funding to AFBI, as advised on 13 January 2016, leaving a projected deficit of £307k. In presenting the Budget Monitor Report for the month ended 31 December 2015, Mrs Hogg explained that the net decrease in income of £101k for the month of December was made up of a number of small variances. She confirmed that the Executive has reduced programme budgets to offset the deficit and that careful monitoring of costs to the year-end will be essential in order to deliver a balanced budget.

Mrs Hogg confirmed that the full capital allocation of £1.266m is on target to be spent by the end of the financial year.

8. Report from the Audit and Risk Assurance Committee Meeting held on 2 February 2016

In the absence of Mr McCann (Chair of ARAC), Mrs Havlin gave a verbal update of the recent Audit & Risk Assurance Committee meeting held on 2 February 2016. She informed the Board that four internal audit final reports were considered by the Committee. The *Follow-up Review* of a number of previous recommendations and the *Review of Efficiency Measurement* had been provided with "Satisfactory" levels of assurance. The *Review of Asset Management* had been provided with a "Substantial" level of assurance. The review of the *Implementation of AFBI's Financial Improvement Plan* resulted in

Internal Audit concurring with management's assessment of the ten actions. Mrs Havlin reported that overall it had been a very positive meeting with no unforeseen matters arising, that the Northern Ireland Audit Office had no issues to raise and that AFBI Sponsor Branch expressed that AFBI had performed well in the recent sponsorship risk assessment exercise.

ACTION

Mrs Havlin concluded the report paying tribute to the outgoing Chair of the Committee, Mr Bob McCann, acknowledging his significant contribution to the Committee over the years.

9. NIAO Report to Those Charged With Governance for Year Ended 31 March 2015

The Board noted the positive report and congratulated the Executive on achieving this.

10. AFBI Corporate and Business Plans

10.1 Update on Progress against KPIs 2015/16

Mrs Hogg presented the KPI report for 2015/16 as at 31 December 2015 which described the following:

- 18 are reported as Green (achieved / on track for delivery)
- 4 are reported as Red (commitments not achieved / not expected to be achieved)
- 1 is reported as Amber/Green (level of progress is broadly on track with easily redeemable deviations from plans)
- 1 is yet to commence

Mrs Hogg reported that of the four 'Red' targets, one of these, KPI 23 '*Provisional resource outturn to be between 98.5% and 100% of the Final Budget allocation*', whilst remaining challenging, is now set to be achieved following further funding allocations from DARD in December 2015 and January 2016.

The Board noted that whilst KPI 19 '*Achieve combined industrial and non-industrial absenteeism of 7.5 working days or less per Whole Time Equivalent (WTE)*' is unlikely to be achieved in 2015/16, AFBI HR is robustly implementing its sickness absence procedures. The Chair stated he would like to see an achievable and realistic target set for 2016/17 given the continued period of significant change. Mrs Hogg highlighted that the 2015/16 target was set by DARD.

10.2 Draft AFBI Corporate Plan 2016-2020

The Executive advised that the new Corporate Plan was still being drafted. This will be available later this month.

Exec

Mrs Hogg apologised for the late circulation of the draft AFBI Business Plan 2016/17 and advised that as a result, she was not seeking comments at this time.

Mrs Hogg outlined the key aspects of the draft plan, highlighting the alignment of AFBI goals to those of DARD, the breakdown of the draft budget and the forecasted deficit. Mrs Hogg advised that approximately £1m of the deficit was as a result of changes in pension and NIC rates, along with unavoidable pressures such as inflation and pay progression costs.

Mrs Hogg also advised that further financial detail regarding the 2016/17 budget is still to be included in the plan. The CEO emphasised the point that research funders generally do not provide the full costs of research-normally only direct costs and a contribution to overheads. The economic benefits of research impact on the wider industry and economy.

The Board requested that the £6m funding for the AFBI estate lease be separated from the DARD resource provision and that further narrative be provided explaining the composition of expected non-Grant-in-Aid income.

Exec

The Board agreed to hold an extraordinary meeting later in the month to fully consider the Business and Corporate Plans. A further iteration of the Business Plan will be provided prior to the meeting and comments can be provided to the Executive Team in the interim.

Sec/
Exec
/All

11. Governance Issues

11.1 Risk Management

11.1.1 *Reports of New or Emerging Risks*

Mrs Hogg advised that the Executive was not aware of any new or emerging risks to the organisation, other than the impact of the UK exiting the European Union raised in point 6.8.

11.1.2 *Draft AFBI Corporate Risk Register*

Mrs Hogg reported that AFBI's Risk Management and Business Planning Group met on 11 January 2016 to review AFBI's Corporate Risk Register (CRR) and proposed the following:

- a reduction in the residual risk score from 16 to 12 for CR3 '*If AFBI fails to deliver a balanced budget for 2015/16 this could lead to an inability to deliver on customer requirements and reputational damage*'
- a minor wording change for the risk definition for CR5 to become '*If AFBI fails to maintain and grow its excellence in scientific capability in key areas this will adversely impact AFBI's ability to deliver to its customers and impact negatively on its reputation*'.

These changes were presented to the Audit and Risk Assurance Committee on 2 February 2016. The Board approved these changes. **ACTION**

11.2 Whistleblowing and Fraud

Mrs Hogg informed the Board that although there were no new or emerging cases of whistleblowing, an incident of attempted fraud was brought to the Executive's attention by AFBI's credit card provider. There has been no financial loss to AFBI and the Board was assured that no members of AFBI staff were involved.

11.3 Revised Delegated authorities within AFBI

The Chair requested that this paper be deferred to the full day meeting in March for greater consideration. **Sec**

12. ALB Sponsorship Risk Assessment - update

Mrs Hogg reported that the Executive had considered in detail the comments of the Assessment Panel and scores provided, comparing them to those achieved in 2012. While overall the scores had improved, the Executive was concerned at some of the comments and scores and in the rationale for some of the improvement actions.

The Board noted these, acknowledging concern over any scores which had remained static or reduced and agreed that the Executive should submit a response to DARD. **Exec**

13. Any Other Business

13.1 Appointments

In response to queries from Board members, the Chair confirmed that both the Non-Executive Board member and CEO competitions were progressing as planned.

14. Review of Board Effectiveness

The Board was satisfied that it had held an effective meeting.

15. Date of Next AFBI Board Meeting – 3 March 2016

The next AFBI Board meeting will be held on Thursday 3 March 2016 at AFBI Newforge.

Signed: _____
(Chairperson)

Date: _____