

**AGRI-FOOD AND BIOSCIENCES INSTITUTE
BUSINESS PLAN 2016-2017**

Contents

Content	Page
1.0 Preface	3
2.0 Who we are	5
3.0 Vision, Mission and Goals	6
4.0 Alignment with DARD Strategic Goals	9
5.0 Financial Context	11
6.0 Budget 2016/17	12
6.1 Action plan for non-GIA revenue streams	13
6.2 AFBI Budget 2016/17	14
6.3 Projected Non-Grant in Aid Income and Associated Risks	15
6.4 Contingency Plan	17
6.5 Capital Budget	17
6.6 Depreciation	17
6.7 Review of Organisational Structure	18
7.0 AFBI Estate	18
Annex 1: AFBI KPI's 2016/2017	20
Annex 2: AFBI Corporate Balanced Scorecard	23
Annex 3: AFBI Organisational Structure	24
Annex 4: AFBI Locations	25
Annex 5: AFBI Core Values and Associated Behaviours	26

1.0 Preface

The Agri-Food and Biosciences Institute (AFBI) marked its 10th anniversary on 1 April 2016. Since its inception in 2006, the Institute has delivered a broad programme of scientific work to a wide range of local, national and international customers. In so doing, AFBI has grown its commercial business to the extent that, in 2015/16, approximately a third of AFBI's revenue will be derived from commercial sources and AFBI's reliance on core government funding has reduced accordingly.

This business plan, the first under AFBI's 4-year Corporate Plan for the period 2016 to 2020, sets out a range of corporate key performance indicators (KPIs) and a summary of AFBI's resource and capital budgets for 2016/17. These corporate KPIs are underpinned by a series of divisional and branch performance indicators that will allow AFBI to effectively deliver its work programmes and continue to make demonstrable efficiency savings.

The unprecedented pressure on Northern Ireland public finances meant that grant-in-aid to AFBI from the Department of Agriculture and Rural Development (DARD) was significantly reduced in 2015/16. Consequently, and in common with the wider public sector, AFBI had to reduce its cost base significantly. It did so primarily by releasing 135 staff members in autumn 2015 through a Voluntary Exit Scheme and restricting recruitment to business critical posts only. This business plan for 2016/17 reflects the continuing challenging financial environment.

AFBI undertook a review of all its work areas in 2015/16 and developed a "2020 Strategy" designed to maintain high quality science across a reduced number of specialist subject areas. Following approval by the DARD Minister, implementation of this strategy has commenced and will form a core element of AFBI's 2016/17 work programme.

To support the delivery of this strategy it is vital that AFBI has a fit for purpose estate. An important milestone was achieved in 2015/16 when an outline business case for replacement of the Main Building at AFBI's Veterinary Sciences Division site at Stormont was completed and submitted to the Department of Finance and Personnel (DFP). This was recently approved by DFP and, subject to the availability of capital funding, this building will provide AFBI with state of the art animal health laboratory facilities by 2020/21.


Work is also nearing completion of an outline business case for new AFBI Headquarters and Grassland and Plant Science Centre facilities, and business cases for development of the livestock facilities at AFBI Hillsborough are well underway. Together with plans for new animal facilities in the Veterinary Sciences Division, this work will pave the way for significant, investment in AFBI's estate, subject to DAERA securing the necessary capital funding.

As set out in the Institute's Corporate Plan 2016-2020, AFBI's vision to 2020 is to continue to be an internationally recognised centre of excellence in scientific areas of strategic importance to the Northern Ireland agri-food industry and government. AFBI's science will continue to be outcome driven and aimed at solving important practical problems for a wider range of local, national and international customers.

Through excellent research and innovation, AFBI will support the agri-food industry in increasing efficiency, competitiveness and profitability while protecting Northern Ireland's rich environment. The growth in the diversity and complexity of scientific knowledge and technologies means that strategic partnerships with other organisations are becoming increasingly important. AFBI will therefore continue to form partnerships with relevant funding bodies, universities and other research providers.

To underpin AFBI's 2020 Strategy, a complete review of the organisational structure of AFBI will be carried out in 2016/17. Preliminary work on a potential review of staff terms and conditions has recently commenced which should also be completed in 2016/17. The main aim of these reviews is to ensure that AFBI has the most cost-effective and flexible organisational and staffing arrangements in place to win new business in a highly competitive market place.

Significant developments during 2015/16 were the addition of agriculture to the remit of the United States-Ireland R&D Partnership Programme, the launch of the Northern Ireland Agri-Food Quest Competence Centre, agreement by DARD to co-fund research applications from research organisations in Northern Ireland to Department of Agriculture, Food and Marine (DAFM) Stimulus and Firm research calls, and the decision by the UK Research Councils to launch a pilot funding scheme for public sector research establishments. These initiatives, together with AFBI's success with partners in a bid to the UK Agri-Tech Strategy programme for capital funding for sustainable livestock research, offer significant business development opportunities for the Institute. It is therefore more important than ever that AFBI and its sponsoring department continue to work closely to ensure that the most appropriate structures are in place to fully exploit the major potential of AFBI to leverage in additional research funding to maximise the value of the Department of Agriculture, Environment and Rural Affairs (DAERA) core Grant-In-Aid (GIA) to the Institute.



SEAMUS KENNEDY MVB PhD MRCVS FRCPath
Chief Executive and Accounting Officer

2.0 Who we are

AFBI is a Non-Departmental Public Body (NDPB) that was established under the Agriculture (Northern Ireland) Order, 2004. The Institute undertakes an assigned work programme on behalf of DAERA (previously DARD) that comprises statutory, analytical, and diagnostic/surveillance testing, together with research & development (R&D) and the provision of specialist advice in the fields of agriculture, animal health and welfare, plant science, food safety and innovation, marine and fisheries, the natural environment and agri-food and rural economics. AFBI also delivers a portfolio of “commercial” work to a wide range of local, national and international customers in these areas. AFBI collaborates closely with DAERA’s College of Food and Rural Enterprise (CAFRE) and the industry levy body, AgriSearch, in transferring knowledge and technology to the local agri-food industry.

A significant proportion of AFBI’s non-DAERA income is derived from international customers, representing the equivalent of foreign direct investment in the local economy. This funding underpins a number of high quality scientific posts in AFBI and helps to maintain scientific capacity and excellence.

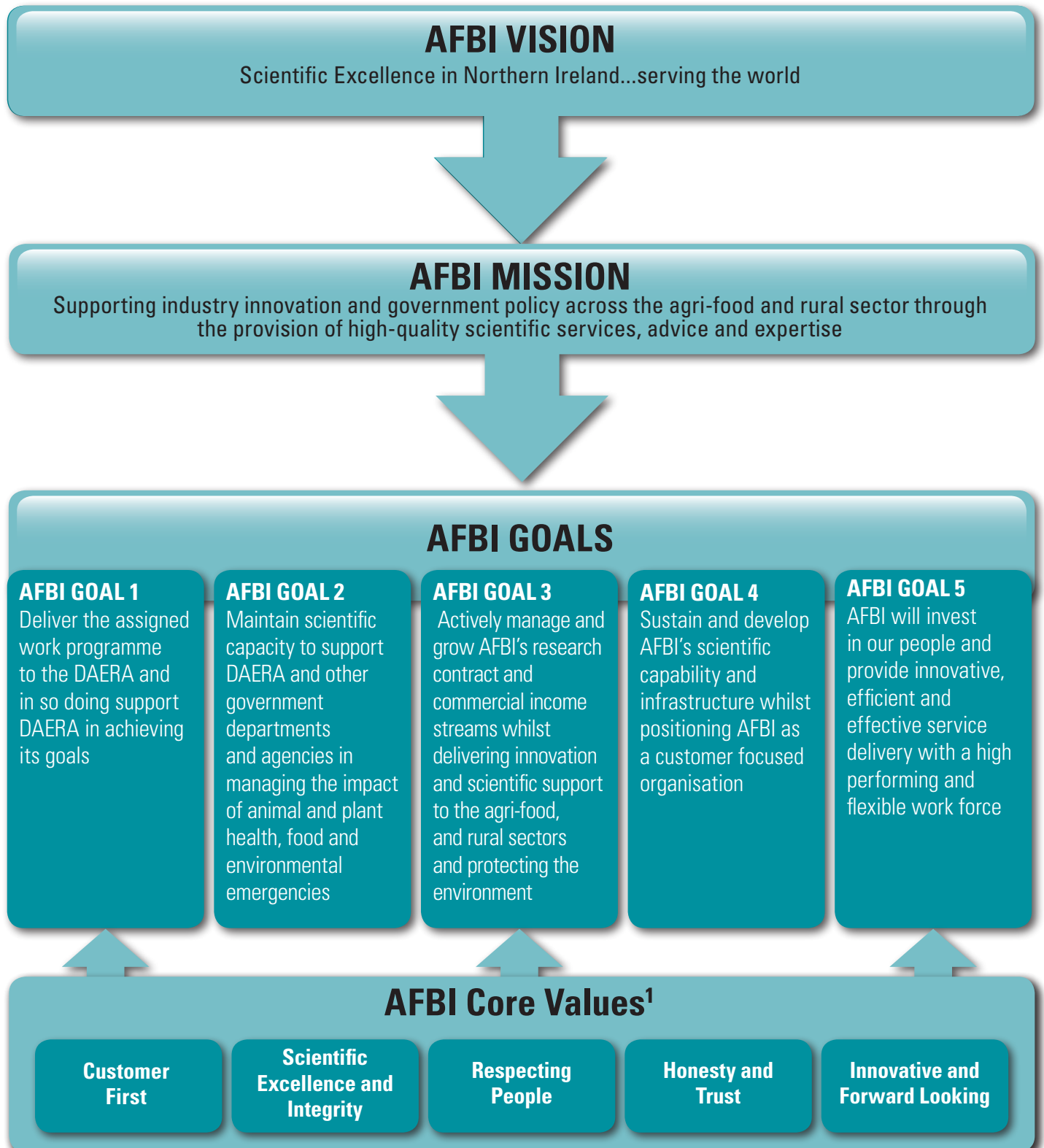
AFBI’s scientific work continues to have a major local and international impact. For example, scientific testing at AFBI underpinned the successful eradication of bovine brucellosis, and the granting of Official Brucellosis Freedom status to Northern Ireland in 2015. AFBI also provided economics input to government as it developed the latest Rural Development Programme. Our marine fisheries staff continued to provide important scientific data on fish stocks in the Irish Sea to support the DAERA Minister in the annual EU negotiations on total allowable catches.

Since the Institute’s inception AFBI has contributed to the achievement of the Executive’s strategic goals by successfully delivering the Department’s assigned programme of statutory and diagnostic/surveillance testing, R&D, emergency response and specialist advice. The commissioning of DAERA-funded R&D continues to be essential to the maintenance of the Institute’s emergency response capability which was tested by way of several real and contingency exercises over the last year.

In 2016/17 AFBI will continue to deliver the assigned work programme for DAERA, and will enhance its structures and processes for expanding its non grant-in-aid income from a growing customer base.

3.0 Vision, Mission and Goals

AFBI's vision, mission and strategic goals are set out below and are underpinned by AFBI's values and associated behaviours:



¹The behaviours associated with each core value are described at Annex 5

AFBI's Corporate Goals 2016-2020

AFBI's five corporate goals are set out in more detail below together with a summary of the proposed activity to achieve their delivery. AFBI produces annual business plans which are approved by the DAERA Minister which set out how this strategy will be achieved.

AFBI GOAL 1

Deliver the assigned work programme to the DAERA and in so doing support the Department in achieving its goals

- We will achieve this goal by delivering the assigned work programme to DAERA in accordance with agreed budget, time and quality standards. Performance indicators have been set and agreed for the delivery of statutory, diagnostic/surveillance and analytical testing, as well as R&D projects.
- AFBI will measure the level of customer satisfaction expressed by the relevant DAERA policy areas and respond where required improvements to service delivery are identified.

AFBI GOAL 2

Maintain scientific capacity to support DAERA and other government departments and agencies in managing the impact of animal and plant health, food and environmental emergencies

- We will maintain agreed emergency response capability and respond to emergency situations in support of DAERA and other government departments with which we have service level agreements.
- We will review the emergency response requirements of our customers and ensure that our contingency plans are up to date and tested.

AFBI GOAL 3

Actively manage and grow AFBI's research contract and commercial income streams whilst delivering innovation and scientific support to the agri-food, and rural sectors and protecting the environment

- The AFBI Board has engaged with senior industry representatives to both seek industry views and establish the needs of industry. This high level engagement will continue. In addition we will continue to develop more regular engagement with industry at operational levels to ensure that AFBI delivers innovation and scientific support to the agri-food and rural sectors through sustainable intensification.
- We will continue to develop a commercially and customer-focused culture and operating environment within AFBI. We will also continue to actively manage our commercial portfolio meeting the needs of our local, national and international customers and aim to continuously improve our service by seeking customer feedback on our performance.
- We will aim to achieve non-GIA revenue of at least £19m in 2016/17 from a variety of sources including INTERREG, the EU Horizon 2020 Programme, UK Strategy for Agricultural Technologies, other R&D funding organisations and a range of public sector and commercial customers. We will submit 9 EU bids in 2016/17 to facilitate achievement of our 7-year target of generating €9.9m from Horizon 2020 by 2020.
- We will aim to deliver resource and capital outturns of between 98.5% and 100% of the Final Budget allocation. We will also continue to consolidate the major progress made in strengthening AFBI's financial management systems and processes.
- We will continue to work with DAERA to ensure the long-term financial sustainability of AFBI. We will do this by working with DAERA to identify solutions to the forecasted deficits in AFBI's Medium Term Financial Plan.

AFBI GOAL 4

Sustain and develop AFBI's scientific capability and infrastructure whilst positioning AFBI as a customer focused organisation

- We will maintain our profile as a world-leading provider of scientific research through sustained participation in international research consortia and collaborative partnerships with research organisations in many countries and a high output of internationally recognised peer-reviewed scientific publications. During 2016/17 we will complete year 3 of our 3-year rolling peer review of the quality of AFBI's scientific work. We will also continue to build on the positive results achieved from the process to date and implement the recommendations made by the peer review panel.
- We will transfer the benefits of our scientific research to the agri-food sector through the delivery of knowledge and technology transfer events, including those in collaboration with CAFRE and Agrisearch and the publication of articles that will share knowledge, innovation and best practice in agriculture, food production and the rural economy. We will also engage with the Agri-Food Strategy Board to assist with the implementation of the recommendations in its 'Going for Growth' report and proactively engage with DAERA in the implementation of its Evidence and Innovation Strategy
- In conjunction with DAERA we will establish a strategy and timetable for the development of full business cases for the replacement of the main building at VSD and the relocation of functions undertaken at Newforge and deliver the 2016/17 AFBI actions.

AFBI GOAL 5

AFBI will invest in our people and provide innovative, efficient and effective service delivery with a high performing and flexible work force

- Excellence in our people is fundamental to delivering AFBI's objectives and we will continue to invest in them as the future of AFBI. We will continue to develop a strong business culture for our scientists so that they are better equipped to manage the financial and governance aspects of science in AFBI.
- As a result of the significant levels of organisational change and the loss of a large number of staff through voluntary exit AFBI did not achieve its targeted improvement in absenteeism in 2015/16 however AFBI will continue its programme of employee engagement and robust implementation of performance and absence management to drive further reductions in absenteeism.

4.0 Alignment with DARD Strategic Goals

As a key customer and sponsor department, it is vital that AFBI aligns its strategic direction with that of DAERA. The strategic plan for DAERA (currently under development) sets out 4 strategic goals for the period 2016-2020. AFBI has aligned its own planning horizon with this timeframe and our objectives to the delivery of those of DAERA. Through its broad range of scientific work, AFBI will support the delivery of DAERA's objectives. AFBI will in turn assist in progress towards the Northern Ireland Economic Strategy, the Northern Ireland Executive's Programme for Government targets and the Agri-Food Strategy Board's Going for Growth recommendations.

Each of DAERA's strategic goals is set out below along with an outline of the action that AFBI will take to contribute to its delivery.

How AFBI will help deliver DAERA's Strategic Goals 2016-20

DAERA Goal 1

To work with stakeholders and partners to develop sustainable agricultural, fisheries and industrial sectors

- **AFBI GOAL 1**
AFBI will deliver the assigned work programme to DAERA and in so doing support DAERA in achieving its goals.
- **AFBI GOAL 2**
AFBI will maintain scientific capacity to support DAERA and other government departments and agencies in managing the impact of animal and plant health, food and environmental emergencies.
- **AFBI GOAL 3**
AFBI will actively manage and grow AFBI's research contract and commercial income streams whilst delivering innovation and scientific support to the agri-food, and rural sectors and protecting the environment.
- **AFBI GOAL 4**
AFBI will sustain and develop AFBI's scientific capability and infrastructure whilst positioning AFBI as a customer focused organisation.

**DAERA
Goal 2**

To work with stakeholders and partners to protect and improve the environment

- **AFBI GOAL 1**
AFBI will deliver the assigned work programme to DAERA and in so doing support DAERA in achieving its goals.
- **AFBI GOAL 2**
AFBI will maintain scientific capacity to support DAERA and other government departments and agencies in managing the impact of animal and plant health, food and environmental emergencies.

**DAERA
Goal 3**

To work with stakeholders and partners to champion rural needs

- **AFBI GOAL 3**
Actively manage and grow AFBI's research contract and commercial income streams whilst delivering innovation and scientific support to the agri-food, and rural sectors and protecting the environment.
- **AFBI GOAL 4**
AFBI will sustain and develop its scientific capability and infrastructure whilst positioning AFBI as a customer focused organisation AFBI will support the delivery of the key actions by conducting socio-economic research to provide an evidence base for development of DAERA policy on rural issues

**DAERA
Goal 4**

We will provide innovative, effective and efficient internal and external service delivery with a high performing and flexible workforce

- **AFBI GOAL 5**
AFBI will invest in our people and provide innovative, efficient and effective service delivery with a high performing and flexible work force

5.0 Financial Context

As AFBI's sponsoring department, DAERA provides funding in the form of GIA for the delivery of a programme of scientific research, statutory and other testing, and maintenance of an emergency response capability. AFBI obtains further income for a wide range of scientific activities which it undertakes for public sector research funders, commercial clients and under service level agreements with other government departments and agencies.

AFBI's vision to 2020 is to continue to be an internationally recognised centre of excellence in scientific areas of strategic importance to the Northern Ireland Agri-Food industry and government, which it achieves through the completion of DAERA's annual programme of work, along with collaborative partnerships with other government and commercial organisations. However, significant budget cuts in the public sector pose major challenges to AFBI's ability to meet that vision. These budgetary pressures are explored in more detail at Section 6. Beyond 2016/17 AFBI's financial pressures are further exacerbated by a reduction in royalty income arising from the anticipated expiry of several animal vaccine patents.

To put the level of budget pressure in context, even after the significant savings generated in 2015/16, AFBI's medium term financial plan still forecasts an annual deficit increasing to £7.2m by 2019/20. Whilst AFBI is committed to a continuing drive to improve efficiency in the delivery of services and increasing non-GIA income, the extent of this deficit will inevitably result in further downsizing of the organisation and cessation of a number of current work programmes, with consequential effects on the industry.

Following a £4m cash reduction in AFBI's budget and the requirement to absorb £3.5m of other pressures in 2015/16, AFBI had to make sizeable reductions in its pay bill. AFBI therefore delivered £4m savings (13%) in paybill during 2015/16 following the exit of 135 staff from 30 September 2015 with a further 17 planned for 2016/17. The full annualised effect of this staff reduction is reflected in the 2016/17 budget (see Section 6). A major challenge for AFBI during 2016/17 will be to restructure to maximise its retained expertise and to refocus operations on priority areas of science.

AFBI will therefore continue its review of existing areas of work and how resources are currently allocated, reducing work in areas which are less sustainable. Overall, it will be a case of 'shrink to grow' those areas which can provide a sustainable financial base for AFBI while delivering priority science to all its customers. This will ensure AFBI is right-sized to take advantage of the opportunities in the local and global environment, within an enhanced and integrated governance and performance framework.

6.0 Budget 2016/17

Following the unprecedented reduction in GIA in 2015/16, AFBI has been allocated a flat GIA settlement for 2016/17. A further £600k will also be allocated to fund the increase in employer pension costs which occurred in 2015/16. However, AFBI must absorb an additional cost of £1.4m for other unavoidable pressures such as an increase in employer National Insurance costs, inflation and pay progression costs in 2016/17.

The AFBI Executive has presented very ambitious income generation plans which would see non-royalty income increase by around 15% over the 4 years to 2019/20 against that delivered over the 4 years to 2015/16, despite a reduction in staff of over 20%. However, income does not equate to profit and AFBI must use a proportion of GIA to provide shortfall funding on most publicly funded research as funding bodies typically only pay for a contribution to overheads (in addition to direct costs).

The radical reduction in staffing to meet the fiscal pressures in 2015/16 means that AFBI's scientific capacity for delivering front line services to government and the local industry, and its ability to respond to emergencies, has been reduced. This has meant that a review of the organisation's strategic scientific direction has been essential and this is ongoing.

AFBI continues to work closely with DAERA to prioritise the work that it can purchase from the Institute. The importance of AFBI's various scientific activities to the Department's policy priorities, in supporting the local agri-food industry, the Agri-Food strategy Board's Going for Growth targets, through stimulating innovation and competitiveness and to AFBI's strategy of maintaining a core base of world-leading expertise remain fundamental and will be kept in the forefront of this analysis. Despite the reductions already made, AFBI is conscious of its responsibilities towards the taxpayer and is committed to continuing to seek to reduce its cost to the public sector in the current difficult financial climate.

While good progress is being made by DAERA, the Strategic Investment Board and AFBI to prepare business cases for redevelopment and reduction in AFBI's estate, significant savings in estate costs cannot be delivered until around 2021, due to the long lead time involved in the development of major capital projects.

As a result of efficiency measures introduced in 2015/16, AFBI merged its Chemical Surveillance and Immunodiagnostic branches, amalgamated the statutory chemistry testing and microbiological activities of its Food Science Branch with its Bacteriology Branch and merged Chemical and Immunodiagnostic Sciences branches. A further merger between the Plant Health and Environmental Protection and Crops, Grassland and Ecology branches to form a Grassland and Plant Sciences Branch was completed on 1 April 2016. AFBI is also continuing to explore closer cooperation with CAFRE.

6.1 Action plan for non-GIA revenue streams

As an NDPB, AFBI has the opportunity to compete for external income to supplement GIA. Since its establishment AFBI has vigorously pursued all relevant opportunities to grow non-DAERA income, to the extent that approximately one-third of non-royalty income is now derived from outside GIA.

AFBI has grown external income from £6.2m in 2006/07 to a peak of £18.8m in 2012/13 before a subsequent decline to a forecasted £17.3m in 2015/16. The recent decline has been due to a combination of factors including reduced spending by Northern Ireland government departments, decreased animal vaccine royalty income, the global downturn in livestock and milk prices, and AFBI's ineligibility for DAFM's competitive research programmes in 2015/16.

Over the next 4 years AFBI aims to grow the proportion of non-royalty external income further to approximately 45%. It is a strategic imperative of AFBI to continue to grow this income in order to help offset the reductions in GIA but this can only be achieved through a competitive charging policy. In this context, AFBI will continue to engage with DAERA and the Department of Finance to review its charging policy.

R&D funding from the European Union (EU) through the Horizon 2020 (H2020) programme and other EU sources such as INTERREG is very important to AFBI's ongoing operations. During 2016/17 AFBI will again focus considerable resources on a number of high quality applications to these programmes to grow its income and increase its staff knowledge and experience of the application process, leading to future success.

AFBI submitted 10 applications to EU's INTERREG A (cross-border) and B (transitional) programmes and 7 of these projects, representing just over £8m of income and capital funding over 5 years, have progressed to Stage 2 of the application process. A further 11 applications have been submitted to the EU Horizon 2020 programme with the potential for £2.7m income to AFBI. The DAERA-funded Northern Ireland Contact Point for agri-food will continue to assist AFBI, and other local research providers and industrial organisations in developing Horizon 2020 applications. AFBI's EU-funded R&D will also support DAERA's commitments to the Northern Ireland Executive for drawdown of European funding.

AFBI will avail of other R&D funding opportunities as they become available such as the UK Agricultural Technologies Strategy. AFBI is a member of CIELivestock Limited which is a consortium of UK academic institutions and industry participants focusing on livestock. Through this programme, AFBI has been successful in attracting £3.6m of capital funding over 4 years from the Department of Business, Innovation and Skills for investment in our sustainable livestock research facility at Hillsborough. This funding will significantly enhance AFBI's ability to win future research funding in animal science.

6.2 AFBI Budget 2016/17

AFBI's budget for 2016/17 is summarised in Table 1, along with the opening DAERA GIA budget allocation. The projected outturn for 2015/16 is also shown in this table for comparison purposes.

Table 1: AFBI Budget for 2016/17

	DAERA Budget Allocation £k	2016/17 Forecast Expenditure £k	2015/16 Projected Outturn £k
EXPENDITURE			
Salaries & wages	24,923	24,491	25,897
Overheads (GAE)	11,258	10,576	10,145
Programme (operating costs)	8,488	8,933	7,662
Lease	5,487	6,345	6,188
Capital	1,500	1,500	1,266
Depreciation	3,000	3,000	2,571
Total Expenditure	54,656	54,845	53,729
INCOME			
Resource	27,237	27,237	32,882
Research & development	4,065	4,065	-
Capital	1,500	1,500	1,266
Depreciation	3,000	3,000	2,407
Total funding from DAERA	35,802	35,802	36,555
Commercial income	12,854	12,843	10,530
Vaccine royalties	6,000	6,200	6,644
Total Income from other sources	18,854	19,043	17,174
Total Income	54,656	54,845	53,729

6.3 Projected Non-Grant in Aid Income and Associated Risks

AFBI's non-GIA income target for 2016/17 is £19m as shown in the table below:

	£000s
Confirmed income	5,732
Projected royalties	6,200
Other reasonably certain income	4,409
EU INTERREG applications	1,064
EU Horizon 2020 applications	116
DAFM* applications	372
Other potential (unconfirmed) income	1,150
TOTAL	19,043

*Department of Agriculture, Food and the Marine

As indicated in the table, only £5.7m of this amount represents confirmed income at the time of preparing this business plan, while approximately £6.2m of royalty income is reasonably likely. The remaining £7m is uncertain at this time as it is dependent on success in a number of recently submitted research grant applications and other potential contracts, as categorized in the table. If all of these bids are successful, and assuming that the amount of funding to AFBI would not be significantly reduced in the final negotiations on any successful bids, AFBI is projecting to deliver a balanced budget. However this is an extremely challenging target given the degree of uncertainty that is inherent in research project applications.

During 2016/17 AFBI will continue to vigorously target further opportunities to win competitive R&D funding from a variety of local, national and international research funding bodies and commercial organisations. The DAERA-funded Horizon 2020 Northern Ireland Contact Person for agri-food will continue to assist AFBI (as well as the local industry and other research providers) in maximising its drawdown of EU Horizon 2020 funding. The Institute will continue to provide appropriate support and training to its scientists to maximise its success rate from R&D applications to a range of funding streams.

AFBI has recently become a member of CIELivestock Limited, a consortium of research Institutes and industry organisations which have formed a company limited by guarantee to deliver agri-food research and innovation to uplift the profitability of UK livestock PLC. AFBI is excited about the collaborative opportunities that this is expected to offer in the coming years. However, as this initiative has only recently been launched it is too early to predict whether any projects or income will result in 2016/17 as the first four years of the project are primarily concerned with the construction of the infrastructure platforms.

The recent launch of the Quest Agri-Food Competence Centre by INVEST Northern Ireland and first call for project proposals in October 2015, is an important opportunity for the local food industry to invest in R&D. AFBI has recently submitted two research applications to this initiative but the outcome is not yet known. DAFM has opened a number of competitive research programmes to organisations in Northern Ireland following a co-funding agreement with DAERA. AFBI bids total £372k but are dependent on approval by DAFM in a competitive bidding environment. They are also dependent on subsequent approval by DAERA of co-funding for any successful projects.

The budget pressures on the Northern Ireland public sector mean that several departments have reduced the work programmes carried out for them by AFBI. This has impacted adversely on AFBI's forecast non-GIA income for 2016/17. The global reductions in the farm gate prices of milk and livestock have also adversely impacted AFBI's 2016/17 budget. Financial projections are based on the expectation that there is unlikely to be any significant increase in the price received for milk in 2016.

Forecasted animal vaccine royalty income accounts for £6.2m of AFBI's £19m external income target. While this amount is considered to be a reasonably reliable forecast, it is dependent on the international sales performance of the vaccines marketed by several commercial companies, which is completely outside AFBI's control.

AFBI plans to apply for R&D funding to the recently announced proposed pilot calls of the United States-Ireland R&D Partnership Programme and UK Research Councils. These initiatives, together with AFBI's success with partners in a bid to the UK Agri-Tech Strategy programme for capital funding for sustainable livestock research, offer significant business development opportunities for the Institute. As details of these proposed schemes are not yet available, any potential funding has not been included in this business plan.

The highly competitive nature of EU R&D funding requires collaborating bodies to have a proven track-record of world class science and the required facilities and infrastructure. Continued government funding to AFBI to enable development of core strategic research platforms is therefore essential if AFBI is to increase its drawdown of European funding.

It is important to note that the ambitious projections for non-GIA revenue are dependent on DAERA, or other government departments, funding the shortfall from full economic cost which is estimated to fluctuate around £2.6m p.a. Shortfalls from full economic cost arise because virtually all grant awarding bodies, including the EU and DAFM, make a contribution to member states or research organisations to carry out research, rather than provide full economic costs. The benefits are that, although 100% of research costs are not provided, research grants provide a contribution to the overheads of the recipient organisation direct costs and each research grant won by AFBI therefore reduces the overall cost to DAERA of maintaining the Institute whilst supporting innovation and competitiveness in the local agri-food sector. To support this DAERA has ring-fenced an element of the budget it allocates to AFBI, specifically to address the opportunities described above through an AFBI Directed Research Fund.

In addition to direct costs, AFBI's commercial revenue makes a significant contribution to the Institute's overhead costs and therefore the cost to the public purse. This source of income is by its very nature difficult to predict. Consequently AFBI monitors its budget closely during the year to ensure that it operates within the budget limits approved by the DAERA. It will also provide DAERA with early information on any emerging risks or issues working closely with the Department to manage the budgetary risk that this uncertainty generates.

6.4 Contingency Plan

As mentioned above, success in all the research funding applications mentioned above would result in a balanced budget for 2016/17. However, there is a risk that this stretching income target will not be achieved as a significant proportion of income is still uncertain. While it is possible that new income generating opportunities will arise during the first half of the year, AFBI is currently unaware of any major forthcoming research funding opportunities that could have a significant impact on its 2016/17 budget. As the DAERA Minister has indicated that in-year funding is unlikely to be available, any shortfall in income can only be addressed by reducing expenditure.

AFBI's major expenditure is staffing. The forecast salaries and wages cost of £24.5m for 2016/17 incorporates the full year impact of 135 voluntary exits in 2015/16, together with the savings associated with the exit of a further 17 staff in 2016/17. These exits, together with a number of retirements and resignations and severe restrictions on filling vacancies will reduce the staff complement of AFBI from 805 at the start of 2015/16 to 639 in 2016/17. Any further significant reduction in staff numbers will fundamentally impact AFBI's viability as a scientific Institute.

As AFBI's estate costs and other overheads are largely fixed until the planned programme of estate development is completed, it would be extremely difficult to make further material savings in this area. The only other area in which significant savings could potentially be made is in programme expenditure however, AFBI would then be unable to deliver all of the assigned work for DAERA.

In the event that AFBI is unable to deliver its challenging income target of £19m for 2016/17 AFBI will meet with DAERA to discuss and agree a revised work programme which is affordable.

6.5 Capital Budget

AFBI's capital budget for 2016/17 is £1.5m. The funding will be allocated in accordance with prioritised need to purchase items of equipment required for AFBI to deliver its work programme.

6.6 Depreciation

The non-cash depreciation budget allocated by DAERA to AFBI for 2016/17 is £3m.

6.7 Review of Organisational Structure

AFBI has made a number of organisational changes in recent years as part of its change programme. For example, two of its former scientific divisions were merged to form a single Sustainable Agri-Food Sciences Division, its renewable energy unit at Hillsborough was merged with the biomass unit at Loughgall, the Chemical Surveillance and Immunodiagnostic branches at Veterinary Science Division (VSD) Stormont were merged to form the Chemical and Immunodiagnostic Sciences Branch. In late 2015, staff in the food pathogen and food chemistry areas of Food Science Branch at Newforge were amalgamated into the management structures of the Bacteriology and Chemical and Immunodiagnostic Sciences Branches, respectively, of VSD. However, physical relocation of those staff is dependent on the completion of some minor capital works at VSD Stormont. It is anticipated that these works will be completed in mid 2016/17.

Following DARD and AFBI agreement in 2015/16 on the Institute's 2020 Strategy and the voluntary exit of 135 staff, AFBI will undertake a review of its entire organisational structure in 2016/17 to ensure that it is the most appropriate for delivery of the strategy.

7.0 AFBI Estate

The goal of an efficient, rationalised, fit for purpose estate is key to AFBI's ability to deliver its scientific work programmes to DAERA and the agri-food industry, as well as for the Institute's longer term sustainability particularly in the context of a substantially reducing resource budget.

AFBI is currently located on seven specialised DAERA-owned sites across Northern Ireland, comprising 406 hectares of land and 37,000m of laboratory, office accommodation and outbuildings. Much of the AFBI estate is reaching the end of its useful life, and needs to be modernised and reorganised to allow it to make use of property assets more effectively and efficiently.

AFBI is working closely with DAERA on plans to develop the Institute's estate so that AFBI has modern, efficient laboratory and other research facilities. These developments are positive and have the potential to provide AFBI with state of the art, modern and fit-for-purpose accommodation. Such facilities will increase AFBI's attractiveness to customers and its potential to bring in income from external sources.

The scale of potential capital investment (approximately £80m) and planned changes are unprecedented. The plans would represent the largest estate development programme that the Department has ever embarked upon. Changes are planned across the entire AFBI estate, including significant rationalisation and reconfiguration and the transfer of functions across sites. Our plans also include introducing a joint approach to AFBI and CAFRE's facilities, to ensure that there is no duplication of investment in the farming platforms and other infrastructure.

A series of projects, as listed below, is therefore being rapidly progressed by DAERA and AFBI within the context of DAERA's overall Estate Framework (2013) and the NICS Asset Management Strategy. When completed, a redeveloped AFBI estate would enable AFBI scientists to further support DAERA and the local agri-food industry in the drive for sustainable expansion, by delivering international quality research and innovation from state of the art facilities.

The main proposals under development are:

Veterinary Sciences Division, Stoney Road, Belfast

An Outline Business Case (OBC) has been prepared for the main building project on AFBI's VSD, Stoney Road site. This was approved by DFP (now Department of Finance) subject to funding being made available. This is the highest priority project within the overall AFBI estate programme given the deteriorating condition of this building. The estimated capital cost is £30m. It is planned that a major project to take forward this development will be initiated in 2016/17. Other associated projects planned to take place at VSD include upgrading of the electrical infrastructure and replacement of high containment level animal accommodation (£1.2m capital cost).

AFBI Headquarters, Newforge Lane, Belfast

AFBI's headquarters at Newforge Lane are excessively large, inefficient and expensive to operate. It is proposed that AFBI will relocate its headquarters to a smaller, purpose-built facility elsewhere. This would allow the release of the Newforge site for disposal and reduce overall operating costs. An OBC for this project, which is also considering the consolidation of AFBI's plant science functions to form a Grassland and Plant Sciences Centre is in preparation and will be completed in 2016/17.

Crossnacreevy

AFBI is preparing a business case considering the potential relocation of the UK National List, Official Plant Testing and Distinctiveness, Uniformity and Stability testing which is currently carried out at Crossnacreevy. This will be completed in 2016/17.

Loughgall

The future of the Loughgall site is being considered in the context of the OBC for the Headquarters / Grassland and Plant Science Centre project. This analysis will be completed in 2016/17.
Hillsborough

A master plan for the farm buildings at AFBI's Hillsborough site has been developed and it is proposed that a consolidation, replacement and modernisation programme, costing approximately £10m, would be taken forward between now and 2020. This rolling programme of development would be carried out in conjunction with CAFRE, to ensure that there is no duplication of facilities between the two organisations. The relevant OBCs will be completed in 2016/17.

The locations of AFBI's sites and contact details are listed in Annex 4.

Annex 1: AFBI KPI's 2016/2017

Ref	AFBI Goal	Underpinning DAERA Strategic Goal	AFBI - 2016/17 Corporate KPIs
1	Deliver the assigned work programme to the DAERA and in so doing support DAERA in achieving its goals	<p>Goal 1 - To help the agri-food industry prepare for future market opportunities and economic challenges</p> <p>Goal 3 - To enhance animal, fish and plant health and animal welfare on an all Ireland basis</p> <p>Goal 4 - To help deliver improved sustainable environmental outcomes</p>	<ul style="list-style-type: none"> • KPI1 - At least 95% of the DAERA diagnostic and analytical tests stipulated in the assigned work programme delivered to agreed time and quality standards • KPI2 - At least 90% of DAERA Evidence & Innovation R&D projects due for completion in 2016/17 completed within the agreed time and budget • KPI3 - At least 85% of DAERA commissioning branches satisfied with delivery of the assigned work programme and Evidence & Innovation R&D projects
2	Maintain scientific capacity to support DAERA and other government departments and agencies in managing the impact of animal and plant health, food and environmental emergencies	<p>Goal 3 - To enhance animal, fish and plant health and animal welfare on an all Ireland basis</p> <p>Goal 4 - To help deliver improved sustainable environmental outcomes</p>	<ul style="list-style-type: none"> • KPI 4 - All emergency response contingency plans reviewed, updated and tested by desktop exercise in-year • KPI 5 - At least two contingency plans tested by real or simulated events • KPI 6 - At least 95% of DAERA's analytical results delivered to agreed timescales following trigger of an emergency outbreak incident. (Appropriate KPI to be agreed following trigger of each incident). • KPI 7 – Emergency response test accreditation and method development requirements agreed with DAERA and progressed in-year. • KPI 8 – Business Continuity Plans for all services identified as critical reviewed and updated in year.

Ref	AFBI Goal	Underpinning DAERA Strategic Goal	AFBI - 2016/17 Corporate KPIs
3	<p>AFBI GOAL 3 Actively manage and grow AFBI's research contract and commercial income streams whilst delivering innovation and scientific support to the agri-food, and rural sectors and protecting the environment</p>	<p>Goal 1 - To help the agri-food industry prepare for future market opportunities and economic challenges</p> <p>Goal 2 - To improve the lives of farmers and other rural dwellers targeting resources where they are most needed</p> <p>Goal 3 - To enhance animal, fish and plant health and animal welfare on an all Ireland basis</p> <p>Goal 4 - To help deliver improved sustainable environmental outcomes</p>	<ul style="list-style-type: none"> • KPI 9 - Generate total non-GiA revenue of £19m • KPI 10 - Submit at least 9 EU funding applications • KPI 11 - Overall commercial customer satisfaction maintained at satisfactory or higher for 95% of completed customer feedback questionnaires • KPI 12 - Provisional resource outturn to be between 98.5% and 100% of the final budget allocation • KPI 13 Working with DAERA, identify solutions to address AFBI's forecasted deficits to 2020 in the context of extensive budget reductions.
4	<p>AFBI GOAL 4 Sustain and develop AFBI's scientific capability and infrastructure whilst positioning AFBI as a customer focused organisation</p>	<p>Goal 1 - To help the agri-food industry prepare for future market opportunities and economic challenges</p> <p>Goal 2 - To improve the lives of farmers and other rural dwellers targeting resources where they are most needed</p> <p>Goal 3 - To enhance animal, fish and plant health and animal welfare on an all Ireland basis</p> <p>Goal 4 - To help deliver improved sustainable environmental outcomes</p>	<ul style="list-style-type: none"> • KPI 14 - Review and update AFBI's Science Strategy in light of budget and organisational changes • KPI 15 - To complete year 3 of a 3-year rolling independent peer group assessment of the quality of AFBI's scientific work programme • KPI 16 - Implement agreed 16/17 actions from peer review • KPI 17 - Maintain AFBI's international standing by publishing a minimum of 60 peer-reviewed scientific papers • KPI 18 - Publish at least 60 articles transferring knowledge, innovation and best practice to the agri-food sector • KPI 19 - Participate in at least 100 events to transfer knowledge, innovation and best practice to the agri-food industry • KPI 20 - Provisional capital outturn to be between 98.5% and 100% of final budget allocation • KPI 21 - In conjunction with DAERA establish a strategy and timetable for the development of full business cases for the replacement of the main building at VSD and the relocation of functions undertaken at Newforge and deliver the AFBI actions

Ref	AFBI Goal	Underpinning DAERA Strategic Goal	AFBI - 2016/17 Corporate KPIs
5	<p>AFBI GOAL 5 AFBI will invest in our people and provide innovative, efficient and effective service delivery with a high performing and flexible work force</p>	<p>Goal 1 - To help the agri-food industry prepare for future market opportunities and economic challenges</p> <p>Goal 2 - To improve the lives of farmers and other rural dwellers targeting resources where they are most needed</p> <p>Goal 3 - To enhance animal, fish and plant health and animal welfare on an all Ireland basis</p> <p>Goal 4 - To help deliver improved sustainable environmental outcomes</p>	<ul style="list-style-type: none"> • KPI 22 - Develop a middle management Leadership Development Programme and deliver the 2016/17 actions • KPI 23 - Undertake a review of staff terms and conditions • KPI 24 – Develop a plan to complete a systematic, strategic review of AFBI staffing arrangements and delivery models and deliver the 2016/17 actions • KPI 25 - Achieve combined industrial and non-industrial absenteeism of 7.5 working days or less per Whole Time Equivalent (WTE)

Annex 2: AFBI Corporate Balanced Scorecard

Customer

KPI 3 - At least 85% of DAERA customers satisfied with delivery of the Assigned Work Programme and Evidence & Innovation R&D projects

KPI 7 - Emergency response requirements reviewed and agreed with DAERA and other public sector customers in-year

KPI 11 - Overall commercial customer satisfaction maintained at satisfactory or higher for 95% of completed customer feedback questionnaires

Business Results/Finance

KPI 1 - At least 95% of the DAERA diagnostic and analytical tests stipulated in the Assigned Work Programme delivered to agreed time and quality standards

KPI 2 - At least 90% of DAERA Evidence & Innovation R&D projects due for completion in 2016/17 completed within the agreed time and budget

KPI 4 - All emergency response contingency plans reviewed, updated and tested by desktop exercise in-year

KPI 5 - At least two contingency plans tested by real or simulated events

KPI 6 - At least 95% of DAERA's analytical results delivered to agreed timescales following trigger of an emergency outbreak incident. (Appropriate KPI to be agreed following trigger of each incident).

KPI 8 - Business Continuity Plans for all services identified as critical have been reviewed and updated in year.

KPI 9 - Generate total non GiA revenue of £18.5m

KPI 10 - Submit 9 EU Funding bids

KPI 12 - Provisional resource outturn to be between 98.5% and 100% of the Budget allocation

KPI 17 - Maintain AFBI's international standing by publishing a minimum of 60 peer-reviewed scientific papers

KPI 18 - Publish 60 articles transferring knowledge, innovation and best practice to the agri-food sector

KPI 19 - Participate in at least 100 events to transfer knowledge, innovation and best practice to the agri-food industry

KPI 20 - Provisional capital outturn to be between 98.5% and 100% of budget allocation

Internal Processes

KPI 7 - Emergency response test accreditation and method development requirements agreed with DAERA and progressed in –year.

KPI 15 - To complete year 3 of a 3-year rolling independent peer group assessment of the quality of AFBI's scientific work programme

KPI 16 - Implement agreed 16/17 actions from peer review

KPI 13 - Work with DAERA to identify solutions to address AFBI's forecasted deficits to 2020 in the context of extensive budget reductions.

KPI 21 - In conjunction with DAERA establish a strategy and timetable for the development of full business cases for the replacement of the main building at VSD and the relocation of functions undertaken at Newforge and deliver the AFBI actions.

Learning and Growth (People/capability)

KPI 22 - Deliver AFBI's Leadership Development Programme to next tier of management

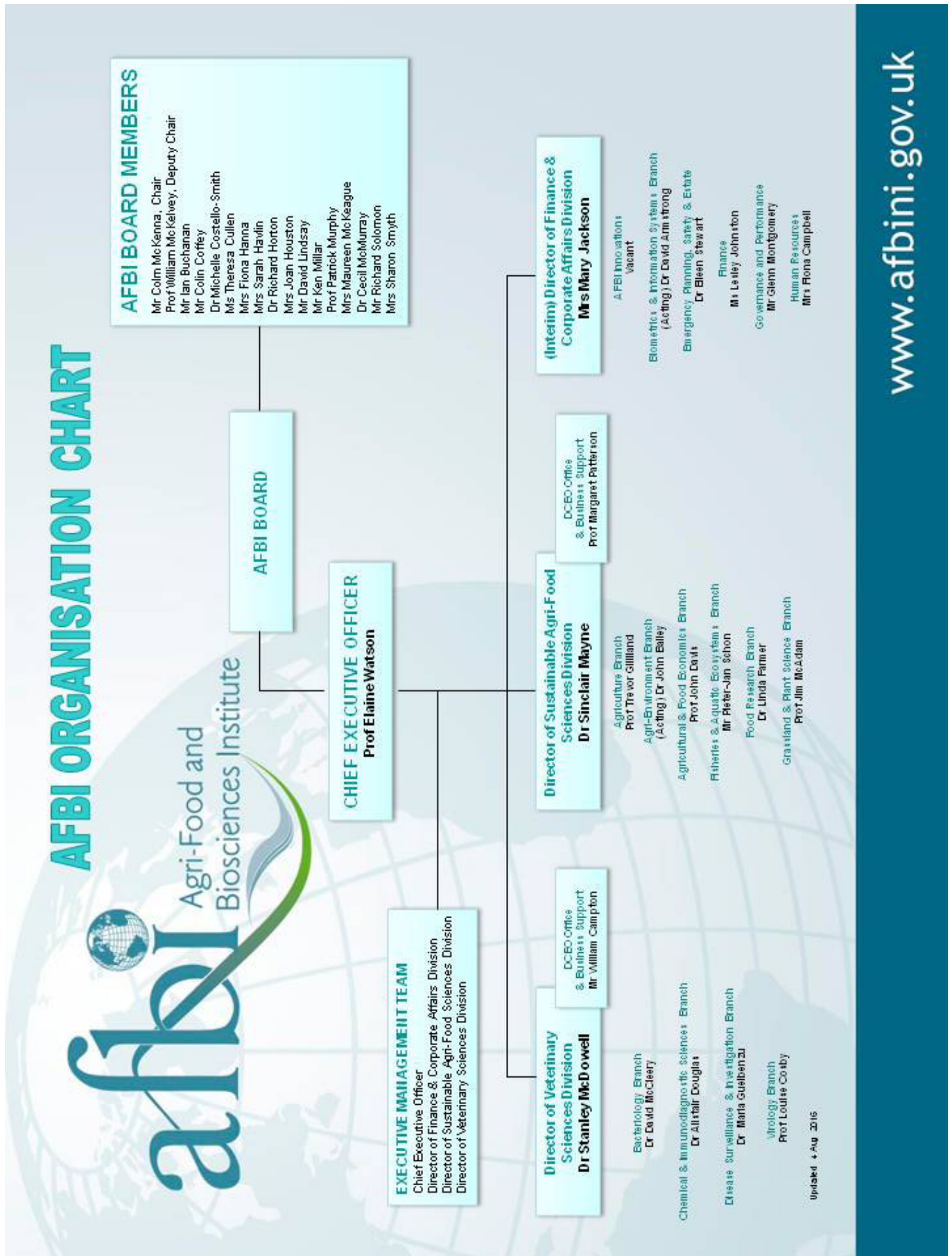
KPI 14 - Review and update AFBI's Science Strategy in light of budget and organisational changes

KPI 23 - Undertake a review of staff terms and conditions

KPI 24 - Develop a plan to complete a systematic, strategic review of AFBI staffing arrangements and delivery models and deliver 2016/17 actions

KPI 25 - Achieve combined industrial and non-industrial absenteeism of 7.5 working days or less per Whole Time Equivalent (WTE)

Annex 3: AFBI Organisational Structure



Annex 4: AFBI Locations

AFBI Headquarters
18a Newforge Lane
Malone Upper
Belfast
BT9 5PX
Tel 028 9025 5636
Fax 028 9025 5035

info@afbini.gov.uk
www.afbini.gov.uk

AFBI Stormont
12 Stoney Road
Ballymiscaw
Stormont
Belfast
BT4 3SD

Tel: 02890 525 791
Fax: 02890 525 773

AFBI Omagh
43 Beltany Road
Coneywarren
Omagh
BT78 5NF

Tel: 02882 243 337
Fax: 02882 244 228

AFBI Crossnacreevy
50 Houston Road
Crossnacreevy
Castlereagh
Belfast
BT6 9SH

Tel: 02890 548 000
Fax: 02890 540 001

AFBI Loughgall
4 Manor House
Levallaglish
Loughgall
Armagh
BT61 8JA

Tel: 02838 892 344
Fax: 02838 892 333

AFBI Hillsborough
Large Park
Hillsborough
Co. Down
BT26 6DR

Tel: 02892 682 484
Fax: 02892 689 594

AFBI Bushmills
River Bush Salmon Station
Church Street
Bushmills
BT57 8QJ

Tel: 02820 732 544
Fax: 02820 732 130

Annex 5: AFBI Core Values and Associated Behaviours

Customer First

- Seeks to understand and deliver to our customers needs
- Provides a professional service at all times
- Demonstrates integrity and independence to customers
- Promotes a genuine customer care ethos
- Provides value-for-money services
- Communicates science to meet our customers' needs

Scientific Excellence and Integrity

- Invests in the generation and acquisition of knowledge and technology
- Fosters creativity
- Maximizes the potential of science and technology
- Demonstrates scientific excellence through quality assurance and external accreditation
- Ensures the integrity of scientific data
- Creates confidence through scientific excellence

Respecting People

- Values the work and contribution of others
- Respects and values diversity
- Shows acceptance and understanding by being open, courteous, and considerate
- Speaks about concerns with the appropriate person; does not engage in communications that diminish others
- Is generous with recognition and acknowledgment

Honesty and Trust

- Is fully accountable for our dealings
- Demonstrates openness and transparency
- Respects and honours confidentiality
- Empowers staff to take ownership
- Demonstrates consistency in dealing with others

Innovative and Forward Looking

- Develops new channels of science
- Is receptive to new ideas
- Adopts thinking and approaches that are flexible
- Welcomes solutions that are different
- Demonstrates the ability to think beyond the norm