



Minutes of the meeting of the Agri-Food and Biosciences Institute (AFBI) Board
held at
AFBI Newforge (Headquarters), Belfast
on Wednesday 17 October 2007 at 10.00 am

Present:

Board Members

Mr Sean Hogan, Chairperson
Professor David McDowell, Deputy Chairperson
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 John Rankin
Mr Michael Walker

In Attendance: Dr George McIlroy, Chief Executive Officer
Mr Stephen Dolan, Head of Business Support Unit
Mr Manus McGuinness (Secretary)

Apologies: Dr Robin Boyd, Head of Chief Executive's Office

In welcoming everyone to the meeting Mr Hogan noted a change to the "*presentation of*" the agenda which now had an indicator of the purpose of the Board's consideration of each item, e.g. "*to note*" or "*for approval*".

1. Minutes of the meeting held on 19 September 2007

The minutes of the meeting held on 19 September 2007 were agreed subject to the following change:

In 4.3.3 the second sentence should be revised to read "*The point is, if the Department provides insufficient funding, elements of the service it expects can be at risk.*"

2. Matters Arising

2.1 AFBI Accounts 2006-07 (2.1)

2.1.1 Mr Dolan updated members on the current position on the Accounts. A significant number of accounting adjustments requested by NIAO are being made. There has been intensive work recently to fully resolve procurement issues relating to contract documentation. NILGOSC actuary has been asked for two pension figures which are needed to meet disclosure requirements – the fund deficit as at 31 March 2007 assuming all ex-ARINI staff transfer their NILGOSC provision to PCSPS and the upper limit to the cost of this to AFBI inclusive of any additional costs that NILGOSC may seek to impose. If NILGOSC are able to provide these figures it is likely to be December before the Accounts are signed off.

2.1.2 Dr McIlroy referred to the difficult circumstances in which these first AFBI Accounts were being prepared – no shadow period, consolidation of former ARINI and Science Service, the complex pension issues, involvement of various auditors (Internal, DARD and NIAO) and resource pressures arising from these. It was important to learn the lessons from this year's process and to put the appropriate structures in place for next year. When the Accounts are completed Management will prepare a paper setting out how all the accounting and audit work fits together and making proposals for appropriate mechanisms to manage this in future years. The increasing compliance pressures on AFBI will result in increased overheads on an organisation facing significant budget cuts over the next three years.

2.1.3 In discussion, the point was made that it was better to take the time now to get the Accounts right. The Board gave its support to the Executive in their efforts to manage and address the numerous difficulties in the preparation of this year's Accounts and in related audit activities associated with the establishment of AFBI.

2.2 Letter from Ex-Hillsborough Staff Member (4.2.3)

Mr Hogan referred to the discussion at the previous meeting about a letter received by himself and Mr Rankin from a member of staff at Hillsborough who was resigning. Replies have been sent and these have referred to the efforts of the Board to have the pension issue resolved.

3. Whistleblowing Policy and Procedures

3.1 Mr Dolan presented the AFBI Whistleblowing Policy and Procedure document. This provides guidance on Whistleblowing which complies with the Public Interest Disclosure legislation. TUS were consulted in preparing this and their recommendations have been incorporated into

the document. He highlighted the main provisions of the policy, the procedures to be followed when raising a concern and the contact points both internally in AFBI and externally. Individuals are encouraged to put their name to an allegation but concerns expressed anonymously will be considered at the discretion of AFBI.

3.2 In discussion members made a number of suggestions for revising the document. For example:

- Paragraph 1.3 should be referenced to 7.3.
- Consider the tone of some text which could be a bit strident at times, e.g. in 1.2 change “*expects*” to “*invites*”.
- Some redrafting to make clear who should be approached with a concern, e.g. at the last bullet point in 5.1 it should be clear that it is the person who “*owes the Whistleblower a duty of confidentiality*”.

3.3 Discussion centred mainly on the importance of making the procedures for Whistleblowing clear and fully understood by all staff. There should be no ambiguity in the procedures or in the appropriate person to approach. It might be useful to test a scenario before going live with the procedure. Consideration should also be given to producing a one-page step-by-step guide on the procedure and contacts.

3.4 On a proposal by Mr Walker, seconded by Mr Campbell, the Board approved the Whistleblowing Policy and Procedure in principle. This should be issued once the Board revisions are incorporated.

4. Report from the Business Support Unit

4.1 AFBI Risk Management

Mr Dolan reported that a new risk “*failure to resolve pensions issue*” had been included in the Corporate Risk Register. This reflected the increasing pressure on AFBI to resolve this matter and also to reflect that the additional actions necessary to conclude this matter lay outside AFBI’s control. A risk workshop is arranged for 6 November 2007 bringing together Divisional Heads, Risk Co-ordinators and BSU representatives to review and refine the Corporate and Divisional risks as recommended in the recent Internal Audit Report. This will include ratings, actions and timescales, and in particular ensure that scoring reflects the residual risk after actions to currently manage the risk are taken.

4.2 Pension Matters

4.2.1 Mr Dolan said that there had been no further developments on the position reported at the previous meeting. Despite pressure from AFBI and DARD the business case was still with DFP Supply for decision and AFBI had no indication of how it was progressing or what the outcome would be. The issue was discussed with TUS earlier in the

week. Dr McIlroy explained that the AFBI Executive was now in a very difficult position. It had been agreed at the previous meeting to hold off on corresponding with the Minister in the hope that a speedy resolution through officials could be achieved. However, there were fears that this could get caught up in the whole RPA developments in which there could be large movement between pension schemes. TUS informed AFBI management that they had already engaged the Pensions Ombudsman and would take court action if there was any perceived detriment to the terms of the former ARINI staff pension and as the legal employer this could involve the Board. They have, however, agreed to hold off any action until the end of October which would give officials the opportunity to make a final push for resolution. If not resolved in this timescale, the AFBI Chair should raise his concerns and that of the Board directly with the Minister to ensure that the gravity of the situation is realised and recognised by all concerned. Dr McIlroy said that he had discussed the problem with the DARD PEFO who has offered to facilitate urgent discussions between senior DARD, AFBI and DFP officials. The aim would be to conclude this stage of the process by getting DFP to sign off the business case.

4.2.2 In discussions it was agreed that Dr McIlroy would pursue the meeting of interested parties. It should be made clear that the Board had been very tolerant of this whole process up until now but that this was the final opportunity to effect a resolution at official level. Board members expressed their disappointment that a Ministerial assurance to the former ARINI staff had not been implemented and there was no option but to take the issue to the political level.

4.3 Finance

4.3.1 Mr Dolan presented a budget monitoring and forecast for 2007-08 which showed a potential deficit of some £0.4m. This reduction on the previous forecast reflects a realignment of the net resource position with DARD and the normal improvement in forecasting as the year progresses. The indications are that we can break even in budget terms this year following severe reductions in the consumables spend across all the Divisions. Income is a key element in achieving this outcome and this is regularly assessed by Divisions. Attention now needs to turn to planning for the future with the Institute facing cuts of £2.1m over the next 3 years to 2011: coupled with growth in costs this could lead to a budget deficit of £5 million. This is a massive challenge and a special SMT meeting will be held on 29 October to begin examining the scenarios and options to meet this. A strategy for meeting the reductions will be brought to the Board.

4.3.2 The main points made in a wide ranging discussion were:

- Reductions cannot be made by salami slicing budgets. They need to be embedded in strategic business planning which should consider options for both top down and bottom up approaches. The

Institute needs to move ahead in strategic thinking and identify where the “big hits” will be made.

- Income generation needs to be sustainable in the long-term and not just a short-term expedient to meet in-year budget pressures. It was agreed that it would be helpful for the Board to see figures for the income already in the system and new money.
- Comparison of the current year’s budget and spend with the previous year will be provided. However, such comparisons need to be treated with caution especially in the early years of the Institute. These should not be provided until they can be seen to be meaningful and comparing like with like.
- Staffing is a key element of budget planning and should be approached with the strategic aim of matching manpower levels to the resources available. Staff costs are the largest ongoing resource of the Institute and a number of factors have to be considered – which posts should be filled by internal promotion or external recruitment, employment of staff on fixed-term contracts and the budget flexibility this creates, succession planning, the constraints of permanent appointments, stability and promotion opportunities for staff.
- Open recruitment should be managed against the business needs of the Institute and should be supported by a business case and considered on a case by case basis.
- It was noted that many other research institutions offer a wider range of employment options, including part-time or full-time fixed term positions.

4.4 Health & Safety

Mr Dolan advised that the first meeting of the new Health and Safety Advisory Group would be held on 24 October 2007. No recent incidents had been reported from Divisions. A full report will be made to the next Board meeting.

5. Review of AFBI Business Plan 2007-08

- 5.1 Mr Dolan explained that the Business Plan presented to the Board in March had been revised for changes in funding, estimates of income and proposals made by Sponsor Branch. This is an evolving document and the plan now provides the objectives and targets that will be assessed by Internal Audit at year end for inclusion in the 2007-08 Annual Report. The Board were invited to review the plan and to approve the objectives and targets.

5.2 In addition to a number of typographical and presentational changes, the following were the main points raised:

- Estates and assets matters are presented in the Corporate Plan.
- The Business Plan should include something which “*communicates*” the research carried out by AFBI and the benefits. This raises the wider question of a mechanism for promoting AFBI research and the benefits to stakeholders. One aspect of this would be to lobby through stakeholders to ensure that DARD continues to commission the most appropriate research.
- The use of the phrase “*science base*” does not fully reflect the wider AFBI coverage.
- The plan should have a paragraph to show how AFBI develops its staff.
- Table at 5.4 – the low number of research projects at VSD should be examined.
- Obj 3 – the Board should have a role in approving the Corporate Plan.
- Obj 4 – the income figure of £5.5m is the baseline provision.
- Obj 6 – it would be helpful to have the number of staff against the figure for scientific publications.
- Obj 7 – the process needs to be in place before the baselines are set.
- Obj 14 – the timescale of March 2008 for completing accreditation is very tight.

5.3 On a proposal by Mr Walker, seconded by Mr Mack, the Board agreed the Business Plan subject to revision of the objectives and targets as discussed.

6. Audit Committee – Report on 25 September 2007 Meeting

6.1 Report to the Board

6.1.1 Dr Hollywood referred members to the draft minutes of the Audit Committee meeting held on 25 September 2007 and his note to the Board. He highlighted the main points in his report.

6.1.2 Internal Audit had reported to the Committee that in its review of procurement it had not found adequate contract and tendering documents to support 19 of 22 high value payments they had examined. Although these relate to contracts let prior to AFBI, the absence of relevant documentation implied that payments by AFBI might be irregular. At the meeting, NIAO had indicated that this could potentially result in qualification of AFBI’s Accounts. However, since the Audit Committee meeting NIAO indicate that they received additional information and procurement will now be only a reporting matter and not a potential qualification point. This issue will be reviewed at the next Audit Committee meeting. The review will

6.1.3 On risk management, the Corporate risk relating to non compliance with statutory, regulatory and audit requirements was examined in depth. This examination had identified a number of actions by management and measures to improve controls since the risk was first written. As a result the likelihood of the risk had reduced. The Committee had been pleased with these positive developments.

6.1.4 Mr Hogan, commented on the volume and variety of issues the Audit Committee was handling and welcomed the assurances that these reports give to the Board. Dr McIlroy also welcomed the support the Audit Committee gives to the Management Team.

6.2 Audit Committee Terms of Reference (TOR)

6.2.1 Dr Hollywood presented a Terms of Reference which had been revised to take account of audit recommendations on attendance and frequency of meetings. On a proposal by Dr Kennedy, seconded by Professor McNulty the Board approved the Terms of Reference.

7. Any Other Business

7.1 Rolling Database of Major Issues Raised at Board Meetings

Members noted the Rolling Database which had been revised to take account of developments in September.

7.2 Open Meeting Arrangements

As it is likely to be December before the Accounts are signed off no decision can be taken yet on the date of an Open Meeting.

7.3 Proposed Arrangements for Board Meetings

7.3.1 Mr Hogan referred members to the proposed dates and arrangements for Board meetings in 2008 which had been circulated. These include visits to AFBI sites and attendance by DCEOs at Board meetings. The point was made that the agenda should be made more appropriate for meetings attended by DCEOs.

7.3.2 In discussion the issue of professional development of the Board was raised and it was suggested that appropriate persons, e.g. Head of NIAO, should be invited to speak to members. Dr McIlroy explained that the financial provision for Training, Away Days etc would be on the agenda for the meeting with DARD on 5 November 2007. Mr Hogan thanked members for their suggestions for agenda items for this meeting.

7.4 REAP Comments on Research Strategies

7.4.1 Mr Hogan alerted members to concerns about recent comments by REAP on DARD and AFBI research. The issue has arisen from a REAP meeting on 5 July 2007 which discussed DARD's performance in devising and approving research, particularly the renewable energy project at Hillsborough. There followed formal letters between REAP and DARD which have now been published on the REAP website. Whilst the main thrust of the REAP criticisms are on DARD's ability as an "*intelligent customer*", the papers contain references which question the professionalism and integrity of AFBI. Mr Hogan listed these. The concern is that these are largely unsubstantiated allegations in the public domain on the DARD website, made by persons who could be perceived to be associated with AFBI competitors, and on which AFBI was given no opportunity to comment. DARD will be meeting REAP to discuss the matter on 25 October 2007.

7.4.2 In discussion, the point was made that these were allegations made without foundation and could be destructive to AFBI's sustainability if left unchallenged. It needs to be made clear to REAP that this is unacceptable and the comments should be withdrawn. It was agreed that AFBI would prepare a rebuttal for the 25 October meeting. This will emphasise the AFBI Board's concern at the REAP actions and the Board's insistence that the documents are removed from the website. This issue may also be discussed at the forthcoming AFBI and DARD Boards' meeting on 5 November 2007.

7.5 Visit of Chilean Ambassador

Professor McDowell gave a brief report on the visit by the Chilean Ambassador to Newforge on 12 October 2007. He was pleased to report that the visit had gone well, due to the effective presentations made by the DCEOs, assisted by discussions with a number of Chilean students at AFBI.

7.6 AFBI Library

This item had to be postponed to the next meeting due to the pressure of other business.

8. Date of the Next Meeting

The next meeting of the Board will be held on Wednesday, 21 November 2007.

Signed: _____
(Chairperson)

Date: _____