



afbi

**AGRI-FOOD  
& BIOSCIENCES  
INSTITUTE**

Annual Report &  
Accounts 2020-21

Laid before the Northern Ireland Assembly  
under the Agriculture (Northern Ireland) Order 2004  
by the Department of Agriculture, Environment and Rural Affairs  
on  
24 March 2022

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# 1 Performance Report

## **1.1 Performance Report – Overview**

### **1.1.1 Purpose**

The purpose of this Performance Report is to provide insight into the work of the Agri-Food and Biosciences Institute (AFBI), setting out the organisation's Vision, Mission and Strategic Outcomes. It also sets out the key risks facing the Institute and an analysis of AFBI's performance against the KPI's for 2020-21.

### **1.1.2 Chair's Overview**

On behalf of the Board, I am delighted to present the Annual Report and Accounts for AFBI for 2020-21.

AFBI science plays a crucial role in supporting the work of the Department of Agriculture Environment and Rural Affairs (DAERA) and the agri-food industry. This includes providing the statutory and analytical testing, research and development work, emergency response and expert scientific advice required.

I recognise that we live in an era of significant global challenges. These include issues, which affect all of us, such as climate change, food security, and the growing threat from antimicrobial resistance. As I write this overview, the COVID-19 pandemic has sadly claimed many lives globally and is the most devastating example in recent times of the on-going threat posed by disease emergence, an issue for both human and animal populations.

At a local level, we are fortunate in Northern Ireland to have a wonderful natural environment. However, the NI agri-food industry, as a custodian of that environment, faces the on-going challenge of how to simultaneously balance environmental and economic sustainability; effectively ensuring sustainable and profitable agri-food production delivered in harmony with a clean, healthy, and diverse environment.

AFBI will play an exciting and pivotal role, working alongside DAERA and its College of Agriculture, Food & Rural Enterprise (CAFRE) in the coming years in providing the science and evidence to underpin DAERA's key strategies and in particular the Green Growth Framework.

Against that backdrop of global and local challenges, arguably the need for science has never been greater. AFBI is well placed to contribute to meeting these challenges through our work which centres on our three key themes of:



During 2020-21, AFBI has continued to deliver excellent scientific services, research and advice to DAERA and our wide range of external funders and customers. It is a recognition of the excellence of the science undertaken that we continue to attract new customers and partners to our scientific programmes. The greatest asset in AFBI is its people and it is a privilege to witness their commitment and skill.

This Annual Report reflects on some of our many achievements, as well as acknowledging some of the challenges faced. Despite these challenges, during the year we continued to progress the delivery of AFBI's Corporate Plan for the period 2018 to 2022.

A key part of our corporate strategy is the development of collaborative links with other research organisations and universities, and I am very pleased that we have continued to embed the strategic alliance with Queen's University Belfast (QUB). A notable example of the impact of collaborative working was the establishment of the NI COVID-19 Scientific Advisory Consortium to expand the testing capacity in response to the COVID-19 pandemic. From May 2020, AFBI was delighted to be a partner in this consortium which included QUB and Ulster University working under the auspices of the Department of Health's Expert Advisory Group on COVID-19 testing.

As Chair, I must take this opportunity to acknowledge the expertise and commitment shown by AFBI staff in relation to how they reacted to the COVID-19 pandemic which unfolded from March 2020. AFBI has continued to deliver its key services while adapting to new ways of working. I would also take this opportunity to highlight the dedication and capability of staff from across AFBI who came together to repurpose

AFBI's scientific capacity to assist the Belfast Health & Social Care Trust in the response to the pandemic by providing much needed COVID-19 testing capacity.

During this challenging time AFBI staff have embraced new ways of working to deliver impact for our stakeholders for example through delivering a series of high impact webinars and the highly successful Science Outlook conference, which took place in March.

I am incredibly proud to be part of AFBI and I acknowledge and recognise the magnificent work of AFBI staff. Along with my fellow Board Members, we take the public responsibilities entrusted to us extremely seriously and will continue to oversee AFBI and to uphold the core values of the organisation.

I would also take this opportunity to thank my non-executive colleagues on the Board as well as the Executive Management Team (EMT) for their hard work and support.

A handwritten signature in black ink, appearing to read 'Colin Coffey', with a long horizontal flourish underneath.

**Colin Coffey, CDir FIoD**

**Chair**

### **1.1.3 Chief Executive's perspective on performance**

Overall, the Institute has had another successful year as we seek to deliver AFBI's vision of 'Advancing the local and global agri-food sectors through scientific excellence'. We continue to build on our excellent working relationships as a trusted partner with our sponsoring Department, DAERA, and with our many stakeholders and partners. The science that AFBI delivers plays a crucial role as part of the evidence base for DAERA policy development and in meeting the Department's broad range of statutory-driven analytical requirements and emergency response needs. As summarised in our three key themes, AFBI's science plays a key role in leading improvements in the agri-food industry, protecting animal, plant and human health and enhancing the natural and marine environment.

The AFBI Corporate Plan 2018 to 2022 sets out the three strategic outcomes AFBI aims to deliver for society, the economy and the environment, industry and our customers in an ever more efficient and effective manner. The Plan demonstrates the unique multi-disciplinary strength of AFBI and how AFBI works with partners from science, government, industry and farming to deliver a positive impact. These achievements will be underpinned by attracting and developing excellent staff, coupled with significant investment by DAERA in physical infrastructure. Implementation of the Corporate Plan will ensure that AFBI continues to lead in the delivery of scientific innovation and evidence to improve the economic and enhancing the environmental performance and sustainability of the agri-food and marine sectors.

During the year, the organization continued to respond to the impact of the COVID-19 pandemic by embracing new ways of working. In response to the challenges of COVID-19, AFBI has embraced digital platforms to improve its stakeholder engagement, delivering a series of successful webinars and culminating in our first ever digital AFBI Science Outlook Conference. The use of digital platforms has allowed AFBI to reach a wider audience and at the same time raising the profile of our work. Work was also undertaken during the year to produce a draft AFBI Science Strategy 2030 and included significant consultation with staff and stakeholders.

#### **1.1.4 AFBI Purpose and Activities**

AFBI is Northern Ireland's largest provider of agri-food science. It provides vital and unrivalled support to an industry which is a key economic driver within Northern Ireland. As a Non-Departmental Public Body (NDPB) established under the Agriculture (Northern Ireland) Order 2004, AFBI contributes to the achievement of



the Northern Ireland Executive's strategic goals and has a statutory role to deliver an assigned programme of statutory, diagnostic and surveillance testing, research and development and emergency response for DAERA.

AFBI has an important role in assisting DAERA to achieve its vision of '*A living, working, active landscape, valued by everyone*' and AFBI science underpins DAERA policy by providing specialist advice across a wide range of agri-food and biosciences disciplines. Other government departments and agencies also depend on AFBI's scientific services to fulfil their responsibilities. Furthermore, AFBI also delivers a portfolio of scientific work to a wide range of local, national and international funders and customers. To ensure it delivers the maximum impact, AFBI collaborates closely with CAFRE and industry levy bodies in transferring the benefits of science and technology to the local agri-food industry.

In order to best serve Northern Ireland, AFBI is also heavily engaged with the international research community in providing scientific solutions to common global challenges such as 'One Health', climate change and food security.

In line with other NDPBs, AFBI's funding allocations in respect of resource, capital and depreciation from DAERA are determined through the Northern Ireland Executive's budget process and reviewed through the in-year monitoring process. AFBI supplements its departmental funding with receipts generated in the course of its operating activities and these receipts form part of the Institute's budget.

The Executive Management Team structure of AFBI is headed by a CEO and four Directors of:

- Sustainable Agri-Food Sciences Division
- Veterinary Sciences Division
- Finance & Corporate Affairs Division
- Environment and Marine Sciences Division (commenced 1 April 2021)

Detailed information of the governance structures of AFBI, including the Board of Directors, ARAC and supporting Committees are provided within the Corporate Governance report of this Annual Report and Accounts.

As an NDPB AFBI's main point of contact with its Sponsoring Department DAERA is via AFBI Sponsor Branch (ASB). Regular meetings are held with ASB where matters relating to corporate governance, performance measurement, budgets, financing and accountability matters are discussed. A wider delivery partner relationship,

underpinned by a memorandum of understanding, also exists between AFBI's science delivery branches and the policy branches in DAERA who specify DAERA's required work programme. The DAERA directed AFBI Research Work Programme oversees AFBI's research work aligned with DAERA's policy needs.

AFBI's responses to DAERA in-year budget monitoring rounds and comprehensive spending reviews are all channelled through ASB.

### **1.1.5 Key risks to the achievement of AFBI's business objectives**

Managing risks to the achievement of AFBI objectives is intrinsically linked to the business planning and performance management process. AFBI has therefore continued to work to ensure greater integration of AFBI's risk management processes and business planning to ensure that when managers and staff are setting objectives they are simultaneously identifying and measuring the potential impact of key risks.

In terms of the key risks to the achievement of AFBI's objectives, 11 risks are currently identified on the Corporate Risk Register. These are summarised overleaf and in addition to the existing controls in place to manage these risks, a number of additional actions have been put in place by AFBI to manage the risks down to the specified target level and progress is subject to oversight by the Audit & Risk Assurance Committee (ARAC) and Board.

## AFBI Corporate Risks

<b>CR1</b>	If AFBI fails to prioritise and effectively manage its scientific work programme and projects, this will negatively impact AFBI's external income, its reputation and capacity to deliver to DAERA and other customers.
<b>CR2</b>	If AFBI fails to provide agreed external emergency response capability (ERC) requirements and maintain internal business continuity this will negatively impact AFBI's service delivery and reputation.
<b>CR3</b>	If AFBI fails to proactively identify, respond to and lead on scientific developments and address industry needs it will adversely affect AFBI's future sustainability, delivery to its customers and ultimately its reputation.
<b>CR4</b>	Failure to have effective organisational wide leadership and a motivated, flexible and skilled workforce may result in AFBI being unable to support the delivery of science needs and fulfil its business objectives.
<b>CR5</b>	If there is a failure to have a fit for purpose and efficient AFBI Estate this will adversely impact on the Institute's ability to deliver to its customers, sustain and increase external income, and negatively affect its reputation.
<b>CR6</b>	Failure to maintain and develop resilient, secure and scalable hardware and software solutions, including Laboratory Information Management (LIMS) systems and Financial Management systems providing adequate information to support management decision-making and transformational change, will adversely impact the delivery and efficiency of AFBI's services.
<b>CR7</b>	If there is a failure to comply with the requirements of the Health and Safety at Work Order (including the Carriage of Dangerous Goods) and relevant Waste Management Legislation, this could adversely impact the health and safety of AFBI's employees and any visitors to its premises such as customers, contractors, suppliers and the general public.
<b>CR8</b>	Legal issues impacting on delays to significant monies owed to the public purse leading to significant financial and reputational impact.
<b>CR9</b>	Continued uncertainty around the impact of the agreed trading relationship between UK and EU (including implications of the NI Protocol) negatively affects AFBI's financial position, supply chain, access to and retention of staff, data and key consumables and the ability to deliver on commitments to customers.
<b>CR10</b>	The return to the workplace and blended working models due to the COVID-19 Pandemic could impact on AFBI's ability to deliver work to DAERA and other customers.
<b>CR11*</b>	The identified funding gap between the opening budget allocation from DAERA and the current ABIS bids for 2021-22 could impact on the delivery of work programmes.

**\*New corporate risk relating to 2021-22.**

## Analysis of Risk Profile

AFBI's Risk Group meets on a regular basis to consider current and emerging issues and the impact on the risk profile and as well as updates on actions in place to manage and monitor all AFBI's Corporate risks. In particular the following issues have been kept under review:

### I. **Implementation of the Northern Ireland (NI) Protocol following the UK exit from the European Union**

AFBI recognises the uncertainty around implementation of the NI Protocol following the UK exit from the European Union and continue to liaise with DAERA colleagues to work through requirements. AFBI's Brexit working group continues to meet to discuss statutory testing requirements, accreditation requirements and other related matters, such as security of stock supplies, the supply chain, employee considerations and funding opportunities.

### II. **People**

In 2020-21 AFBI has also seen a number of challenges in relation to people. During the year there were a number of agency workers and vacant posts across the Institute. The recruitment risk is being managed through a Workforce Plan for 2021-22 and the embedding and development of the new staff are being managed through induction processes and training.

### III. **COVID-19**

At the start of the pandemic (March 2020) AFBI included COVID-19 as a key risk to the delivery of services and reflected the impact that this also could potentially have on the delivery of work, financial profiling, people and IT. This risk has now been redefined to reflect the current and emerging issues of the pandemic. AFBI maintained a specific COVID-19 Risk Register during the year.

### **Emerging Risk Issues for 2021-22**

#### **Budgetary Risk**

The budget settlement for 2021-22 is being kept under review and bids made through the normal in-year monitoring round processes. Budgetary needs have been undertaken through the budget setting process, refining where necessary to ensure scientific programmes and projects plans are prioritised and aligned within budgetary constraints.

### 1.1.6 Performance Summary 2020-21

AFBI continued in the delivery of its Corporate Plan for 2018 to 2022 which outlines AFBI's ambitions for the period. AFBI's Vision, Mission and Strategic Outcomes are set out below.



Figure 1 AFBI's Visions, Mission and Strategic Outcomes

## Overview of Performance

Strategic Outcome 1 – Society, Economy & Environment					
AFBI will lead in the delivery of scientific innovation and evidence to improve the economic and environmental performance and sustainability of the agri-food and marine sectors					
Business Plan Target	Outcome	Analysis of Performance	Business Plan Target	Outcome	Analysis of Performance
<b>KPI 1</b> By 31 March 2021 we will have developed a first draft of an AFBI Science Strategy to 2030.	<b>Achieved</b>	The draft AFBI Science Strategy was presented to the Science Strategy Committee and Board in March 2021.	<b>KPI 2</b> AFBI will publish a Research /Science Impact Publication which will profile the impact and benefit of AFBI science by 31 March 2021.	<b>Achieved</b>	The 2021 Research/Science Impact Booklet was presented to the Science Strategy Committee and has published by March 2021.
<b>KPI 3</b> By 31 March 2021 we will have developed and agreed KPIs for AFBI/CAFRE and AFBI/QUB alliances to measure outcomes.	<b>Achieved</b>	The agreed KPIs have now been developed and are in place for both alliances.	<b>KPI 4</b> By 31 March 2021 we will have designed a structure to capture the impact of AFBI's Science.	<b>N/A</b>	This outcome was removed due to impact for this year due to COVID-19 pandemic.
<b>KPI 5</b> AFBI will publish 50 articles transferring knowledge, innovation and best practice to the agri-food sector.	<b>Achieved</b>	AFBI exceeded this target through the delivery of 73 articles transferring knowledge, innovation and best practice to the agri-food sector.	<b>KPI 6</b> AFBI will deliver 20 webinars or engagements through other digital means.	<b>Achieved</b>	AFBI embraced new ways of working during 2020-21 as evidenced by the delivery of 33 webinars in-year.  In addition, AFBI delivered 7 podcasts/on line events including the AFBI Science Outlook Conference.

**Strategic Outcome 2 – Customers and Partners**

**AFBI will further enhance its status as a trusted partner and provider of choice in relation to science supporting the agri food and marine sectors**

Business Plan Target	Outcome	Analysis of Performance	Business Plan Target	Outcome	Analysis of Performance
<b>KPI 7</b> At least 95% of statutory and analytical tests delivered to DAERA and external customers within agreed timescales and quality standards.	<b>Achieved</b>	AFBI delivered 609,975 tests out of a total of 614,140 within agreed timescales and quality standards averaging 99%.	<b>KPI 8</b> At least 90% of research projects completed for DAERA and external funders on time and within budget tolerances.	<b>Not Achieved</b>	Across both E&I and non-Assigned Work Programme projects to end-Q4, a total of 35 out of 47 (74.5%) were delivered on time and within budget. Factors such as the impact of COVID-19 and related circumstances due to the pandemic adversely affected achievement of this target.

Strategic Outcome 2 – Customers and Partners					
AFBI will further enhance its status as a trusted partner and provider of choice in relation to science supporting the agri food and marine sectors					
Business Plan Target	Outcome	Analysis of Performance	Business Plan Target	Outcome	Analysis of Performance
<b>KPI 9</b> All Emergency Response Capability (ERC) Contingency plans reviewed, updated and tested in year.	<b>Achieved</b>	All ERC Contingency Plans were tested before end-March 2021.	<b>KPI 10</b> By 31 March 2021 we will have reviewed and updated all Business Continuity Plans (BCPs).	<b>Not Achieved</b>	AFBI effectively enacted its business continuity arrangements at the start of the COVID-19 pandemic with the Business Impact Assessments informing EMT on the essential services and resources required to maintain key services.  However, a significant project has also been undertaken to refresh and update AFBI's Business Continuity Management (BCM) documentation and as these documents were not fully updated by the year end the KPI was not achieved.
<b>KPI 11</b> Overall satisfactory outcomes from any international audits carried out in 2020-21 to facilitate new market opportunities.	<b>N/A</b>	There were no international audits carried out in 2020-21 to facilitate new market opportunities due to the impact of COVID-19.	<b>KPI 12</b> By 31 March 2021 we will have retained ISO17025 accreditation and ISO9001 certification.	<b>Achieved</b>	UKAS Accreditation maintained September 2020.  ISO9001 accreditation maintained December 2020.
<b>KPI 13</b> Maintain AFBI's international scientific standing by publishing a minimum of 110 peer reviewed scientific papers.	<b>Achieved</b>	AFBI exceeded this target by having 175 papers published in-year.	<b>KPI 14</b> Deliver 2020-21 actions from the AFBI Communications & Engagement Strategy.	<b>Achieved</b>	All the actions contained in the 2020-21 AFBI Communications & Engagement Strategy have been implemented.



**Strategic Outcome 2 – Customers and Partners**

**AFBI will further enhance its status as a trusted partner and provider of choice in relation to science supporting the agri food and marine sectors**

<b>Business Plan Target</b>	<b>Outcome</b>	<b>Analysis of Performance</b>	<b>Business Plan Target</b>	<b>Outcome</b>	<b>Analysis of Performance</b>
<b>KPI 15</b> Raise the profile of AFBI by ensuring an Advertising Value Equivalent figure of £1m for the year 2020-21.	<b>Achieved</b>	The Advertising Value Equivalent figure achieved for 2020-21 was £1.159M.	<b>KPI 16</b> Deliver non GIA income in line with agreed budget tolerances.	<b>Achieved</b>	The end of year position is in line with agreed budget tolerances (less than -0.5%).
<b>KPI 17</b> By 31 March 2021 we will have delivered the agreed year 1 actions from the AFBI People Strategy.	<b>Achieved</b>	The vast majority of the action plan was completed with the remaining actions carried forward due to impact of COVID-19.	<b>KPI 18</b> Achieve combined industrial and non-industrial 'non-COVID-19' related absenteeism of 9.0 working days or less per Whole Time Equivalent (WTE).	<b>Achieved</b>	Absenteeism was 8.1 (WTE) (excluding COVID-19 related absence) days which is within the KPI of 9.0 days
<b>KPI 19</b> Achieve 85% completion of performance appraisals by 30 June 2020.	<b>Not Achieved</b>	<p>This KPI is showing 100% compliance against performance appraisals completed as of 31 March 2021. However, the KPI has been identified as red because as at the original target date of 30 June 2020 the completion rate was 71% and not 85% set out in the target.</p> <p>For the year ended 31 March 2021, staff and line managers have been reminded of the need to schedule and complete year end appraisal meetings to ensure that this target is met.</p>	<b>KPI 20</b> Progress the project to implement a Finance and Business Management System in line with the project plan.	<b>Achieved</b>	<p>A business case for a project portfolio management system (PPM) has been approved by DAERA and DoF. Procurement of supplier under way using G Cloud. Implementation during 2021-22.</p> <p>The business case for a Finance and Business Management System is being redrafted to take account of comments by DAERA and planned PPM Project.</p>

Strategic Outcome 2 – Customers and Partners					
AFBI will further enhance its status as a trusted partner and provider of choice in relation to science supporting the agri food and marine sectors					
Business Plan Target	Outcome	Analysis of Performance	Business Plan Target	Outcome	Analysis of Performance
<b>KPI 21</b> By 31 March 2021 we will deliver the implementation of an Electronic Document and Records Management System (EDRMS) in line with the project plan.	<b>Achieved</b>	All Branches of the Finance and Corporate Affairs Division were trained and made live on the EDRMS Content Manager by March 2021, in line with the revised project plan agreed by the EDRMS Project Board on 1 October 2020. EMT and the scientific Divisions will on-board to the system during 2021-22 in line with the project plan.	<b>KPI 22</b> Deliver the action plan as agreed within the Finance Development Plan by 31 March 2021.	<b>Achieved</b>	Finance Development Plan actions were devliered as agreed on projects, system, resources and costing. A review of the existing benchmarking processes has been performed.
<b>KPI 23</b> Advance procurement process with CPD for replacement marine Research Vessel by 31 March 2021.	<b>Achieved</b>	A Project Board is in place with Acting CEO as SRO.  The Naval Architects were appointed in February 2021.			

Figure 2 – Business Plan Target Outcomes 2020-21

## Progress towards Strategic Outcomes in 2020-21

### Strategic Outcome 1 – Society, Economy & Environment

AFBI will lead in the delivery of scientific innovation and evidence to improve the economic and environmental performance and sustainability of the agri-food and marine sectors

AFBI developed a draft AFBI Science Strategy 2030 in 2020-21, with further work to review underway in 2021-22. A key aim of the AFBI 2030 Science Strategy will be to support the delivery of DAERA’s Science Strategy Framework 2020-2035 which was published in November 2020.

AFBI continues to recognise the need to deliver impactful science and while it was not possible to take forward the implementation of a structure to capture research impact in 2020-21, largely due to the challenges posed by the COVID-19 pandemic but will be taken forward during 2021-22. However AFBI has produced informative publications highlighting the impact of key work areas across our leading, protecting and enhancing themes. The 2021 publications can be accessed through the AFBI website. The figure below demonstrates AFBI’s impact at a high level.



## Strategic Outcome 2 - Customer & Partners

**AFBI will further enhance its status as a trusted partner and provider of choice in relation to science supporting the agri-food and marine sectors**

During 2020-21, AFBI continued to deliver its scientific services, research and advice to DAERA and a wide range of external funders and customers.

In addition in early 2020-21, at the request of the DAERA Minister, AFBI's animal testing and surveillance platforms were rapidly repurposed and mobilised to assist the Northern Ireland Health Service in providing COVID-19 testing. From May 2020, AFBI was delighted to be a partner in this consortium which included QUB and Ulster University working under the auspices of the Department of Health's Expert Advisory Group on COVID-19 testing.

AFBI tested just over 45,500 samples, within agreed tight turnaround times of a few hours from receipt to report. The test method used by AFBI was able to identify COVID-19 virus variants and this information was of further assistance to the Department of Health in the epidemiological monitoring of the virus within Northern Ireland.

During 2020-21 AFBI delivered almost 615,000 analytical and diagnostic tests including animal health, plant health, environmental protection and aquatics to DAERA and other customers with 99% of these being delivered within agreed timescales and quality standards. This analytical work supports NI agri-food trade with the majority of this work accredited to ISO17025 laboratory quality management standard.

Key measures of AFBI's research & development delivery is reflected in production of peer reviewed papers, technical reports, press releases, events, industry engagement and securing collaborative contracts.

During 2020-21 AFBI produced 175 peer review papers and increased the profile of AFBI through, implementing the 2020-21 actions from the Communications and Engagement Strategy. The Research Support Office (RSO) is tasked with the aim of enhancing AFBI's success in maximising the benefit from relevant external funding and commercialisation opportunities, including providing support and guidance to AFBI staff during the development stage of funding applications. The

RSO also manages the AFBI Directed Research Fund, which facilitates AFBI's involvement in publically funded research collaborations with national and international partners. There were also 24 new external contracts secured with a range of customers in the public and private sector.



Figure 3

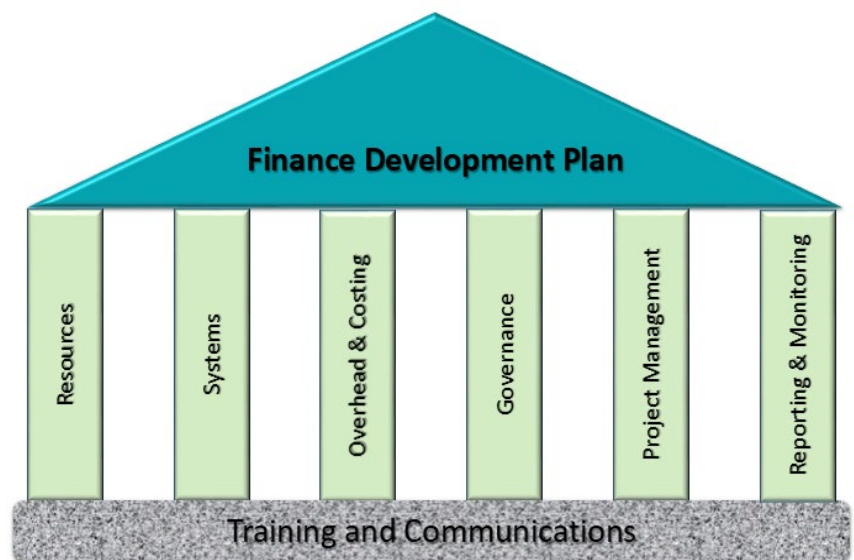
**Strategic Outcome 3 - People & Infrastructure**

*AFBI will invest in and develop its people and infrastructure to provide innovative, efficient and effective service delivery*

The quality, dedication and expertise of staff is pivotal to AFBI’s success and in 2020-21 AFBI delivered the year 1 actions arising from the AFBI People Strategy. Promoting a culture of excellence, commitment, and responsibility within a supportive and stimulating environment is fundamental to delivering AFBI’s objectives.

AFBI continued to remodel our high level organisational structure to meet current challenges and the objectives set down in our Corporate Plan and will continue to strengthen the governance and support throughout AFBI.

The Finance Development Plan has created a strategic framework of a programme of projects and work streams that drive forward the financial systems, governance, costing and reporting in AFBI. During the year key actions from the Finance Development Plan were delivered including reviews of the existing benchmarking processes and the AFBI Efficiency Plan.



**Figure 4 Finance Development Plan - Key pillars**

An Electronic Document and Records Management System (EDRMS) has been rolled out in line with the specified timelines within the project plan. All Branches of the Finance and Corporate Affairs Division have been onboarded onto and are using the EDRMS ‘Content Manager’. Further on-boarding of the Executive and Scientific Divisions will take place during 2021-22.

Progress has been made during the year on the development of the AFBI estate. A Project Board has been established and a business case has been approved for the replacement of the AFBI Research Vessel with naval architects appointed in February 2021. The design and build is envisaged to take 2-3 years to complete.

## 1.2 Performance Report – Performance Analysis

### 1.2.1 Purpose and Structure

The purpose of the Performance Analysis is to provide a detailed view of the organisation’s performance during the 2020-21 year.

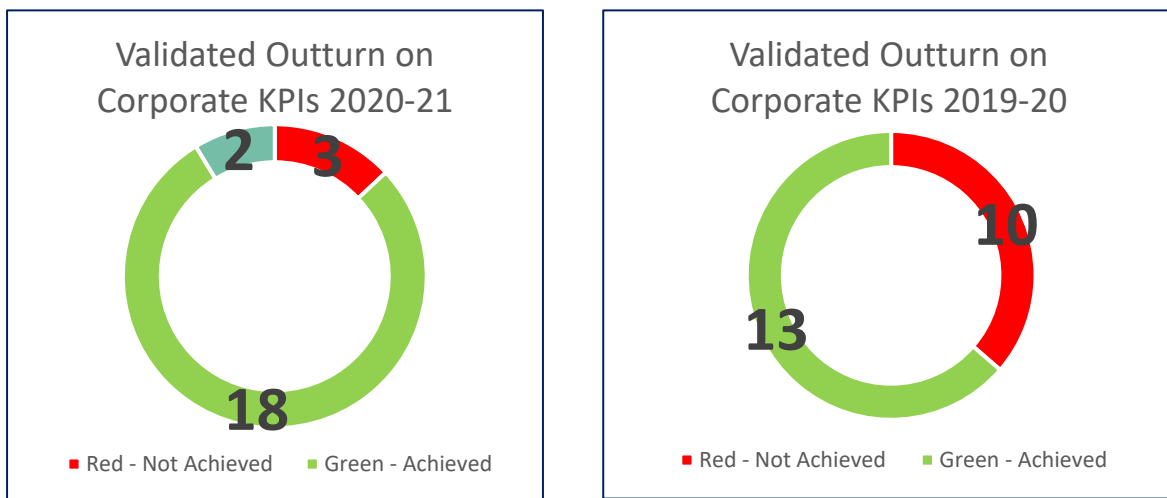
#### Performance – 2020-21 Key Performance Indicators

To measure progress towards the achievement of the corporate outcomes, AFBI developed 23 KPIs for 2020-21. Outturn performance against these were monitored and reported to EMT, the Board and DAERA on a quarterly basis. The table below summarises AFBI’s outturn performance against its 2019-20 business plan KPIs as validated by AFBI’s Internal Audit provider.

**Table 1 – Summary Outturn Performance**

Status	Definition	2020-21	%	2019-20	%
<b>Red</b>	KPI's where commitments are not achieved	3	13%	10	39%
<b>Green</b>	Achieved	18	78%	13	61%
N/A	No longer Applicable	2	9%	0	0
<b>Total</b>		<b>23</b>		<b>23</b>	

There were three Corporate KPI's not achieved in 2020-21, representing a significant improved outturn performance in comparison with the previous year.



**Figure 5 – Comparison of KPI Outturn 2020-21 and 2019-20**

## 1.2.2 Financial Performance for the year

AFBI's Statement of Comprehensive Net Expenditure shows a net expenditure for the year of £54,499k (2019-20: £55,756k).

Total income (excluding royalties) for the year decreased from £13,220k in 2019-20 to £12,273k in 2020-21, a decrease of £947k (7%). Royalty income of £6,994k previously reported in 2018-19 was reversed in 2019-20.

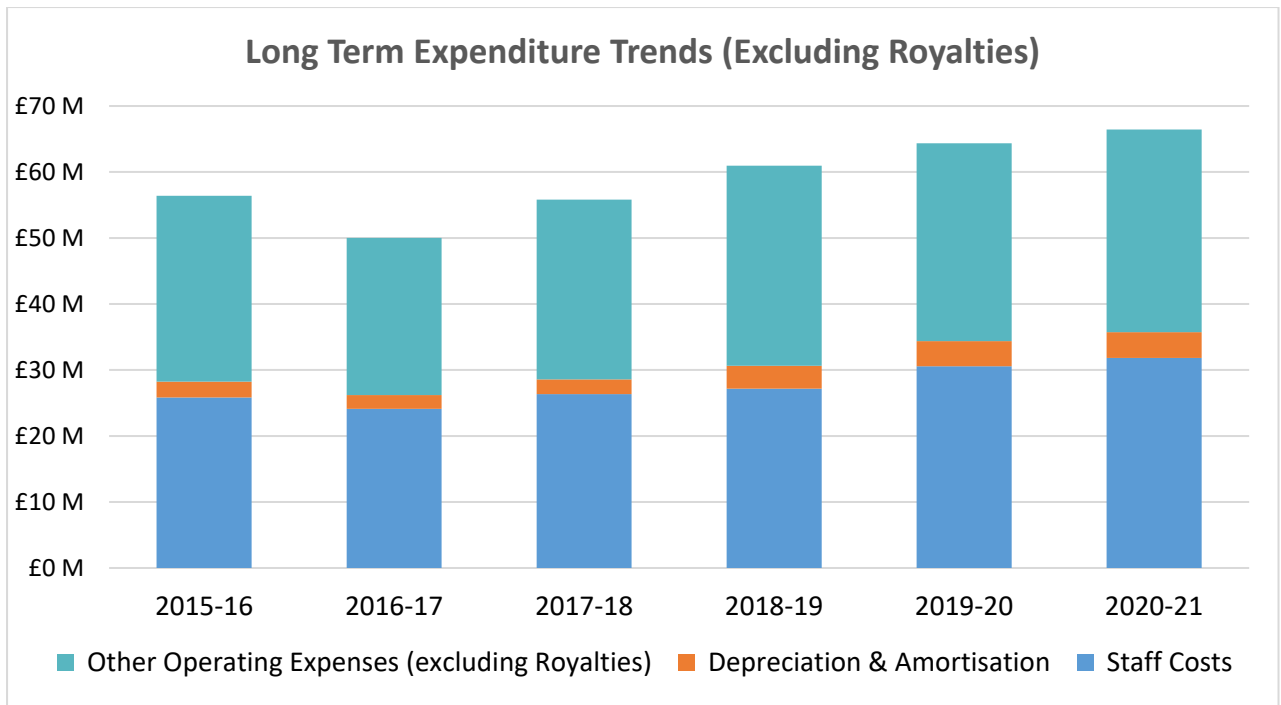
Total operating expenditure for the year (excluding associated royalty expenditure) has increased by £1,483k in 2020-21 to £65,833k, an increase of 2%. Associated operating royalty expenditure previously reported in 2018-19 was reversed in 2019-20.

Staff costs increased by £1,262k (4%) to £31,834k in 2020-21. This increase was mainly due a number of permanent vacancies being filled during the year and the pay awards. During 2020-21 funds were received to carry out COVID-19 testing resulting in a 30% increase in laboratory expenditure.

### Long-term expenditure trends

Although expenditure is expected to increase in coming years due to AFBI's lead partner role in a number of EU INTERREG funded projects, there are no expectations that the long term expenditure trend will be significantly different in the context of external income generated.





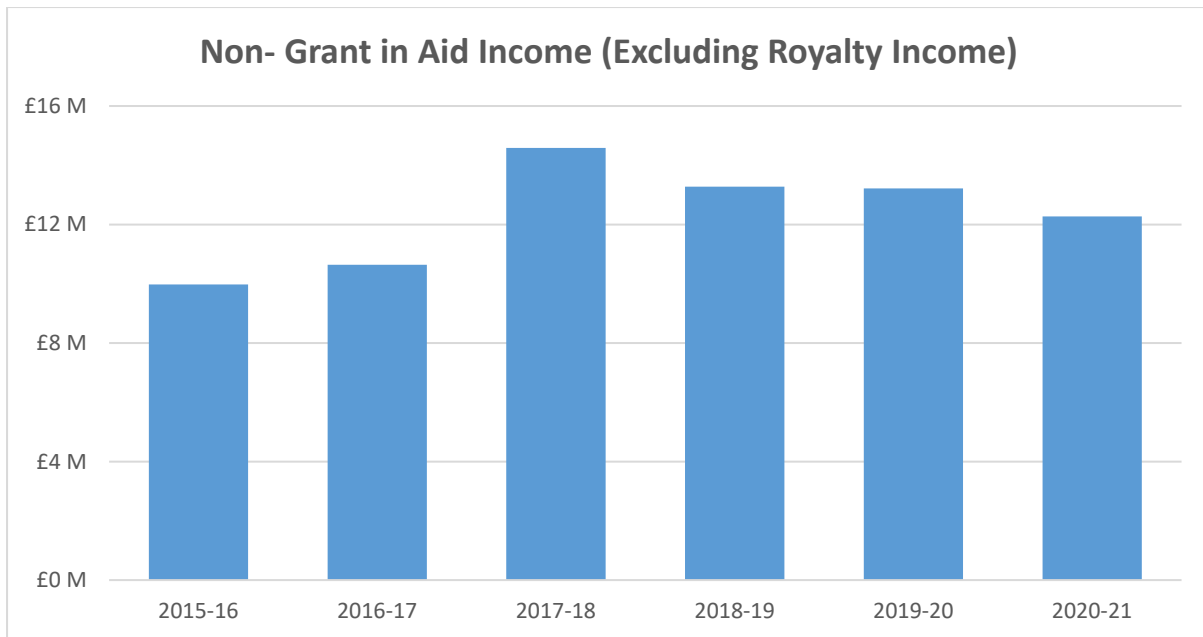
\* 2015-16 included one-off Voluntary Exit Scheme costs totalling £4.8 M

Figure 6 – Long Term Expenditure Trends

### Non Grant-In-Aid Income

As an NDPB, AFBI has the opportunity to compete for external income to supplement Grant-In-Aid (GIA). Since its establishment, AFBI has pursued relevant opportunities to grow external income.

In terms of the trend illustrated, AFBI has grown external income, excluding Royalties, from £10m in 2015-16 to over £12m in 2020-21. This has been achieved through significant success in securing INTERREG, Horizon 2020 and other competitive funding projects.



*Figure 7 – Non Grant-In-Aid Revenue is shown excluding Royalties*

Research & Development (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. In 2020-21, one INTERREG project commenced representing €6,000k of income and capital funding over 5 years and three Horizon 2020 applications were approved for funding totalling approximately €1,400k. The DAERA-funded Northern Ireland Contact Point for agri-food continues to assist AFBI, and other local research providers and industry in developing Horizon 2020 applications. AFBI's EU-funded R&D also supports DAERA's commitments to the Northern Ireland Executive for drawdown of European funding.

The success of this work can be seen from the £3,712k income received from EU Grants in 2020-21 (2019-20: £4,120k) as shown in Note 4 to the Accounts.

While the UK government have provided guarantees on funding for existing EU funded projects, the exit of the UK from the European Union means that there is uncertainty on future access to these important funding streams.

## Royalty Income

AFBI has historically received royalty income from the sale of vaccine products in various countries worldwide as shown in the figure below.

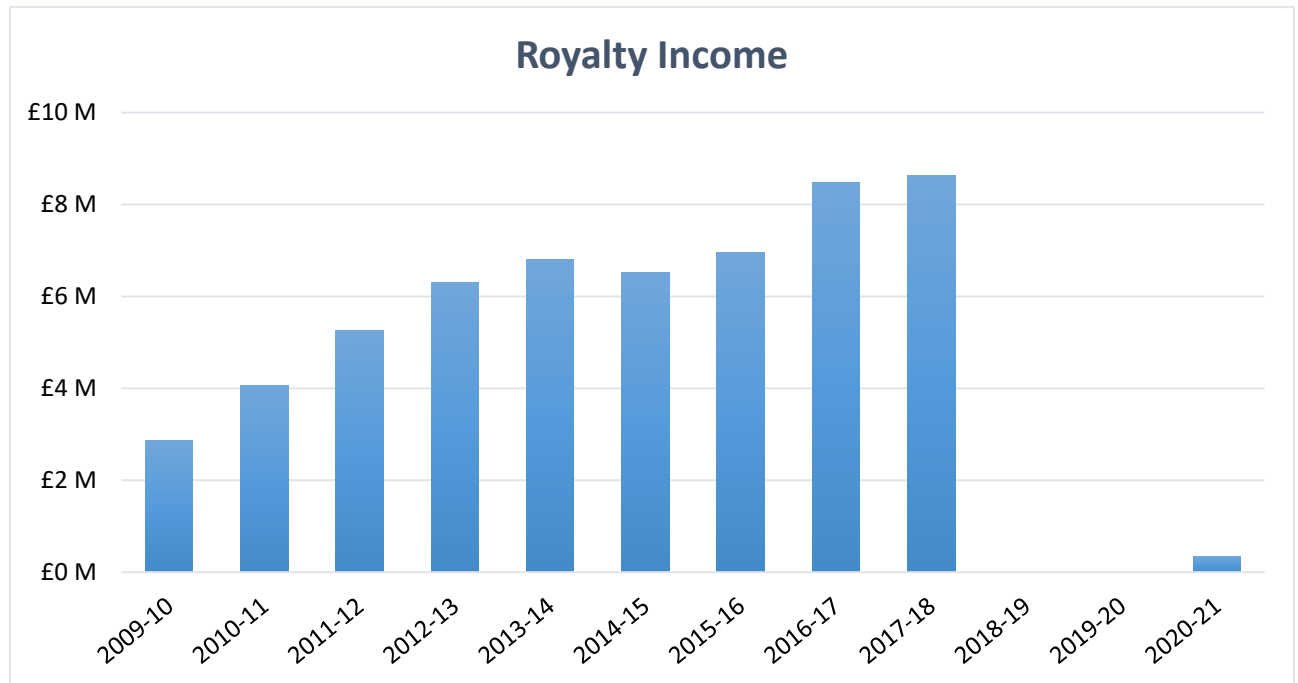


Figure 8 – Royalty income

In respect to these, QUB provide an advisory and facilitation role in relation to the protection of AFBI's Intellectual Property Rights (IPR). The amount received depends on the volume of vaccines sold and is also impacted by exchange rate fluctuations. The products sold are protected by patents which have been registered in certain countries (the patented territories) but not registered in others where it is also sold (unpatented territories). Royalty income in respect of unpatented territories is currently subject to discussion regarding the interpretation of the licence agreement.

During 2020-21 there was £323k of royalty income received in relation to these vaccines, the first to be received by AFBI since June 2018.

In 2019-20, no Royalty Income was recognised in the Financial Statements and those amounts previously reported in 2018-19 which have not been received were reversed in accordance with IFRS 15 Revenue from Contracts with Customers.

Further information has been outlined in the Governance Statement and also in the Contingent Asset Note 19 to the Accounts.

## Going Concern

The Statement of Financial Position at 31 March 2021 shows net assets of £14,907,000 (2020: £17,923,000).

AFBI's sponsoring body is DAERA as laid out in The Agriculture (Northern Ireland) Order 2004. AFBI's budget for 2021-22 has been approved by DAERA and have completed a future years budgeting exercise identifying AFBI's funding requirements for the next 3 years. At the date of this report the accounting officer has no reason to believe that further support beyond 31 March 2022 will not be forthcoming due to the protections laid down in The Agriculture (Northern Ireland) Order 2004. Therefore it has been considered appropriate to adopt a going concern basis for the preparation of the 2020-2021 financial statements.

## Supplier Payment Policy

AFBI is committed to the Better Payments Practice Code as set out in Annex 4.6 of Managing Public Money and is subject to the Late Payment of Commercial Debt Regulations 2002. AFBI comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890).

Payment is regarded as late if it is made outside the agreed terms, or 30 days after the receipt of a valid invoice where no terms are agreed. In response to the 2008 economic position, the Department for Business Enterprise and Regulatory Reform (BERR) announced that Central Government was committed to paying businesses in 10 days.

In 2020-21 AFBI paid 85% (2019-20: 83%) of the invoices in accordance with the agreed terms or within 30 days.

AFBI is also committed to the 10 day prompt payment of supplier invoices. The performance outturn for the 10 day prompt payment was 63% for 2020-21. The performance for the 2019-20 year on this 10 day target was 47%. Both targets show an increase from last year.

## Events since the end of the financial year

There have been no significant events since the end of the financial year which would affect the results for the year or the assets and liabilities at the year end.

## **1.2.3 Corporate Social Responsibility**

### **I. Social**

While AFBI does not have a dedicated policy, the principles of corporate and social responsibility are embedded within its key activities for example through commitment to equality, sustainable development, environmental protection.

### **II. Human Rights**

AFBI is committed to respecting human rights. We aim to ensure that the services we provide and the activities that we undertake have a positive impact on society. AFBI complies with Section 75 statutory equality obligations and all aspects of its equality agenda in the delivery of policy and delivery of services.

### **III. Anti-Bribery and Corruption**

AFBI's Counter Fraud Policy and Fraud Response Plan sets out how AFBI complies with the Bribery Act 2010 and DAO (DoF) 09/11 Bribery Act 2010 which clarifies how the Bribery Act 2010 applies to public servants in Northern Ireland. The Standards of Conduct of all staff are set out within the NICS HR Handbook Section 6.01 (Standards of Conduct), which indicates that all staff should conduct themselves with honesty and impartiality at all times. Hence it is not acceptable for any staff member to receive any benefit that may be perceived as having the potential to compromise personal judgement on work related issues.

### **IV. Diversity**

AFBI must comply with all Section 75 Equality Legislation. Diversity is promoted in AFBI via The Disability Action Plan to embed the creation of a working environment where individual differences are valued and respected. Equality & Diversity training is a mandatory requirement of all AFBI staff.

### **V. Sustainability**

Sustainability continued to be a cross cutting theme of the NI Executive's draft Programme for Government Outcomes Framework 2016-21. DAERA was the lead department within the NI Sustainable Development Implementation Plan for the

strategic objective – Promote Sustainable Land Management. AFBI assisted DAERA in the achievement of this objective through conducting underpinning research and provision of specialist advice on production of biomass and renewable energy, nutrient management, bioremediation of farm and municipal effluents and greenhouse gas production by livestock and soils.

### AFBI Estate

AFBI seeks to ensure it maintains the farmland it uses is in good agricultural and environmental condition.

### Energy Usage and Carbon Reduction

The 2018-19 year was the last reporting period under the CRC Energy Efficiency Scheme (CRCEES). The CRC Scheme was a mandatory UK scheme aimed at improving energy efficiency and cutting carbon dioxide (CO<sub>2</sub>) emissions in large public and private sector organisations. It was administered and regulated in NI through NIEA. While the Scheme is no longer running, AFBI continues to retain its record keeping requirements until 31 March 2025 to meet audit regulations within the CRC regulations.

During 2020-21 AFBI, as required, provided figures to the Strategic Investment Board (SIB) for energy usage, as submitted through the SIB Energy Management Reporting Tool by the DAERA, AFBI and DoF. The Tool is used by SIB to monitor progress against the Energy Management Strategy (EMS) and Action Plan to 2030 for NI Central Government. The two core objectives of the EMS is to:

- (i) establish effective energy management processes that unlock value; and
- (ii) put in place a target to reduce overall energy consumption within Central Government by 30% by 2030 (from a 2016/17 baseline year).

Energy usage figures for AFBI from 2016-17 to 2018-19 had previously been provided during the development of the reporting Tool by SIB. These annual energy figures are also used by DAERA for reporting under its annual Asset Management Plan (2020-21 – 2024-25).

It has been well documented that the AFBI estate is largely energy inefficient due to the ageing building infrastructure which presents significant challenges in reducing carbon emissions. AFBI is the largest energy consumer in terms of

electricity and gas on the DAERA occupied estate. During the reporting year, as would be expected, the AFBI Stormont site, given its size and complexity, was the greatest user of energy in terms of gas and electricity followed by AFBI Newforge.

However, there has been a reduction in usage over the past number of reporting years in both electricity and gas usage, most likely due to the impact of the replacement of ageing and inefficient heating systems at both Newforge and Stormont. For example, during 2020-21 the heating boilers in three of the main buildings at Newforge were replaced with steam boilers, with autoclaves being replaced in two areas at AFBI Stormont. The AFBI Newforge site is now fully on a Building Energy Management Systems (BEMS) which will further enhance energy efficiency for the site.

Other energy saving works on the AFBI estate have included replacement of lights with LED sources, a number of works having taken place on the AFBI Hillsborough, Newforge and Omagh sites, with further projects being planned in 2021-22 in conjunction with DAERA's Estate Sustainability and Energy Efficiency Branch. Such energy efficiency projects will further reduce the Institute's energy utilisation and thereby its carbon footprint. In terms of oil, both heating and vehicle fuel, AFBI Hillsborough, which is the primary AFBI agricultural site, is the largest user although some of the energy usage is offset by biomass usage at the site.

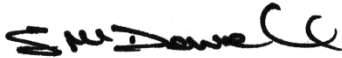
DAERA, as Landlord, fully recognises the need for modernisation of the AFBI occupied estate in order to provide the Institute with an effective and efficient facilities platform to deliver its scientific work programme for the Department and other customers. During 2020-21, DAERA and AFBI have continued to work together to develop a strategy for the estate, with sustainable technologies being considered as part of any new infrastructure projects in order to continuously improve energy efficiency.

### Waste

Under current legislation AFBI must incinerate certain types of waste, i.e. transmissible spongiform encephalopathies (TSE) waste. This waste is transported to Great Britain by licensed contractors where incineration takes place. Other clinical waste which can be autoclaved is treated mainly on-site. Where autoclave facilities are at full capacity, AFBI uses a licensed off-site heat treatment facility.

Various recycling measures are in place for paper, cardboard, plastics, glass, metal, wood, toner cartridges, batteries, waste engine oils and vehicles which are surplus to requirements.

AFBI's plans over the forthcoming financial years is to continue to increase levels of recycling within the estate. This process coupled with improved site management will increase and enhance AFBI's environmental credentials.

A handwritten signature in black ink, appearing to read 'S. McDowell', with a stylized flourish at the end.

**Dr Stanley McDowell, BVM&S, MSc, DLSHTM, PhD, MRCVS**  
**Chief Executive and Accounting Officer**  
**23 March 2022**



# 2 Accountability Report

## **Introduction**

The Accountability Report is set out in three main sections:

1. the Corporate Governance report;
2. the Remuneration and Staff report; and
3. the Assembly Accountability and Audit report.

## **2.1 Corporate Governance Report**

### **2.1.1 The Directors' Report**

#### **AFBI Board**

AFBI is managed by a non-executive Board which has responsibility for providing strategic leadership for the organisation. The main purpose of the Board is to ensure that AFBI is successful in delivering the policies and priorities of DAERA and the Minister by providing strategic leadership to AFBI and ensuring effective performance management of AFBI.

#### **Role of the Chair of AFBI**

The Chair is personally responsible and accountable to the Minister for the performance of AFBI and for the strategic leadership and control of the Board. The Chair is responsible for ensuring that AFBI's policies and actions support the Minister's and DAERA's wider strategic policies and that its affairs are conducted with probity.

The Chair shares with other AFBI Board members the corporate responsibilities set out in the Management Statement and Financial Memorandum (MSFM), and in particular for ensuring that AFBI fulfils the aims and objectives set by DAERA and approved by the Minister. The Chair also sets performance measures for the Board and individual Board members and appraises performance.

#### **Board Members**

Members are appointed in accordance with the Office of the Commissioner for Public Appointments (OCPA) NI Code of Practice. The terms of appointment of members, the Chair and Deputy Chair are normally for a three year period with a

possibility of an extension. The remuneration of Board members is as disclosed within the Remuneration Report section of this Annual Report and Accounts.

AFBI maintains a register of interest for Board Members on its website and this can be accessed via <https://www.afbini.gov.uk/content/membership-afbi-board#toc-0>

### **Board Sub-Committees**

There are six sub-committees of the Board. For further information on these please note the following:-

- Scope of the sub-committees detailed in their Terms of Reference is summarised within the Governance Statement section of this Annual Report and Accounts; and
- Membership of the sub-committees can be found in the Board/Sub Committee Attendance table within the Governance Statement.

### **Executive Management Team**

During 2020-21 EMT of the Institute was made up as follows:

- Chief Executive Officer - Dr Stanley McDowell
- Acting Chief Executive Officer - Mrs Josephine Kelly (from 10 December 2020 until 31 July 2021)
- Director of Sustainable Agri-Food Science Division (SAFSD) - Dr Elizabeth Magowan
- Director of Veterinary Science Division (VSD) - Dr Alastair Douglas
- Director of Environment and Marine Sciences (EMSD) - Mr Pieter-Jan Schön (New Directorship appointed 2 November 2020 in preparation for the new divisional structure from 1 April 2021)
- Director of Finance and Corporate Affairs Division (FCAD) - Mr Ian Eagleson (interim from 9 March 2020 until 31 October 2020)
- Acting Director of Finance and HR- Mrs Hannah Francis (from 15 March 2021 until 31 July 2021)

EMT generally meets formally twice monthly for EMT Finance and EMT General Meetings and quarterly for EMT Science and EMT Corporate Project meetings. These have standing agenda covering finance, resources, operational

management, health and safety and business development. Additional EMT meetings are also held as required.

### **Details of significant interests held by EMT members**

EMT Members do not hold any other directorships or any other significant interests which may conflict or be perceived to conflict with their management responsibilities.

### **Personal Data Incidents**

During 2020-21 there were 21 personal data incidents investigated, all of which were assessed as being low impact, a decrease from 30 reported the previous year. Of the 21, 19 of these involved the accidental disclosure of personal data to incorrect email recipients due to human error and the remaining 2 were found to not involve personal data. All of these were handled under the AFBI Data Breach Management Plan, and there was no requirement to report to the Information Commissioner's Office (ICO) as there was no risk to the rights and freedoms of individuals involved. Data Protection Officer (DPO) and Senior Information Risk Owner (SIRO) were informed.

There have been no reported significant personal data losses in the course of the year.

### **Corporate Complaints**

AFBI has a corporate complaints policy in place and this is available via the AFBI website. In addition, guidance has been provided to ensure staff awareness of the process to follow to ensure that complaints are appropriately managed and responded to. Monitoring and reporting arrangements are also in place to ensure that any issues or trends are identified and where appropriate lessons learned are disseminated through the organisation.

AFBI received three complaints during 2020-21 (three during 2019-20). One complaint was not administered in line with the AFBI complaints policy which resulted in key milestones being missed. A formal review was carried out following the incident which concluded that the AFBI Corporate Complaints Policy was fit for purpose. However, some minor enhancements have been made in light of the

review including the creation of standard letters to aid swift and consistent complaints administration.

All other complaints were recorded, investigated and concluded in line with the policy along with details of action taken and outcomes following the complaint.

### **Health and Safety**

AFBI has in place a team of health and safety advisory staff and external support to assist in its adherence to relevant statute. In addition, the Health and Safety Manager is seeking to enhance the team's capacity by expanding the team via recruitment increasing its remit and scope to support organisational compliance by undertaking additional advisory services.

COVID-19 response has been a priority throughout 2020-21, with no workplace clusters and low absenteeism related to COVID-19 being evident.

Whilst the Institute performs relatively positively in comparison with sectoral incident rates, and is working to improve its 'near miss' reporting rates (a key symptom of an improving safety culture), there is nevertheless a significant need to address underlying risks (such as biological safety and occupational health).

The Health and Safety Branch, in conjunction with (and support from) scientific colleagues, continues to enhance operational policy and procedures, and to proactively institute change towards more holistic and proactive management of health and safety. This includes conducting multiple reviews during the year ahead (including repeat of the 2018 'HASMAP' Corporate Health and Safety Audit) and audits of topical issues and risks, enhanced guidance on issues of recurring non-compliance, facilitating a broad review of occupational health provision, reviewing and enhancing organisational health and safety culture. These priorities (amongst others) are included within a targeted Branch business plan.

### **Quality Assurance**

AFBI's senior management is committed to providing scientific services that consistently meet customer and statutory and regulatory requirements, and to enhancing its customers' satisfaction. The organisation holds two internationally recognised quality assurance standards providing customers with a formal recognition of the technical competence, impartiality, and performance capability of the laboratory.

- **ISO 9001:2015** certification covers research and development and the provision of most of its scientific and diagnostic services.
- **ISO 17025:2017** accreditation is maintained for statutory testing and in accordance with regulatory and customer requirements in areas such as food safety, disease surveillance and diagnosis and feed analysis.

Compliance is monitored annually by independent assessment bodies. The ISO 9001 audit was carried out in December 2020 by SGS and certification was retained. The ISO 17025 laboratory areas were audited in September 2020 by the United Kingdom Accreditation Service (UKAS) and our accreditation status was confirmed.

### **2.1.1.1 Statement of Accounting Officer's Responsibilities**

Under the Agriculture (Northern Ireland) Order 2004, the Agri-Food and Biosciences Institute is required to prepare for each financial year, accounts in the form and on the basis set out in the Accounts Direction given by DAERA with the approval of Department of Finance (DoF). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Institute, and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the Government Financial Reporting Manual and in particular to:

- a) observe the Accounts Direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- b) make judgments and estimates on a reasonable basis;
- c) state whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- d) prepare the accounts on a going concern basis; and
- e) confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

DAERA has appointed the Chief Executive Officer of AFBI as Accounting Officer of the Institute, with responsibility for preparing the Institute's accounts and for transmitting them to the Comptroller and Auditor General.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the

Institute for which the Accounting Officer is responsible, are set out in the Accounting Officers' Memorandum issued by DoF and published in Managing Public Money NI (MPMNI).

**Disclosure to Auditor**

So far as I am aware, as Accounting Officer, there is no relevant information of which the AFBI's auditors are unaware and, as Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and establish that AFBI's auditors are aware of that information.



## **2.1.2 Governance Statement**

The Governance Statement for the year ended 31 March 2021 has been produced in line with guidance issued by the Department of Finance (DoF) in Dear Accounting Officer letter DAO 10/12 and Annex A.3.1 of Managing Public Money Northern Ireland (MPMNI).

### **Scope and Responsibility**

As Accounting Officer, I am responsible for managing and controlling the resources used in AFBI, in accordance with the responsibilities assigned to me in MPMNI. The Governance Statement sets out the governance, risk management and internal control arrangements in operation within AFBI during the financial year which have assisted me in discharging this stewardship role.

The governance structures and processes, risk management and internal controls during the year were effective. There was a continued focus on strengthening governance arrangements and internal controls through the implementation of recommendations resulting from internal and external audit recommendations and updating key governance policies in line with established best practice guidance.

## **Governance Arrangements**

### **Governance Framework**

AFBI's governance framework sets out the roles, responsibilities and procedures for the effective and efficient conduct of the organisation's business. AFBI is committed to ensuring governance arrangements are in line with established best practice and that AFBI is accountable and transparent for its decisions and activities. Annex A to the Governance Statement illustrates AFBI's Governance and Risk Assurance Framework.

### **Governance Structure**

The Minister for Agriculture, Environment and Rural Affairs is responsible and answerable to the Northern Ireland Assembly (the Assembly) for the exercise of the powers on which the administration of the Department depends. The Minister has a duty to hold the Assembly to account, and be held to account, for the policies, decisions and actions of the Department including AFBI as one of its NDPBs.

While in practice NDPBs operate with some independence and are not under day-to-day ministerial control, ministers are nevertheless ultimately accountable to the Assembly for NDPBs' activities and performance. This is because they are responsible for the founding legislation of NDPBs; have influence over the strategic direction of NDPBs; appoint the boards of NDPBs; and have the ultimate sanction of abolition or reform subject to the NI Executive's approval where this requires a change in statute.

DAERA's Permanent Secretary is appointed as DAERA's Departmental Accounting Officer by DoF. ASB is responsible for managing the overall relationship between DAERA and AFBI. DAERA's ASB holds monthly Finance and Governance meetings with AFBI and facilitates quarterly Accountability Meetings between the Senior Sponsor and me as part of its governance oversight. DAERA's Departmental Accounting Officer has designated me as the Accounting Officer for AFBI.

As Accounting Officer, I am personally responsible for safeguarding the public funds for which I have charge, for ensuring propriety and regularity in the

handling of those public funds and for the day-to-day operations and management of AFBI.

In fulfilling my duties as AFBI's Accounting Officer I am supported by my Executive Management Team and a non-Executive Board.

## **The Board**

AFBI's Board consists of 12 non-executive members appointed by the DAERA Minister (this was temporarily reduced to 10 non-executive members from 1 January 2021 as two non-executives completed their terms of office on 31 December 2020). Appointments are made in line with the Code of Practice issued by the Office of the Commissioner for Public Appointments Northern Ireland. The main responsibilities of the Board are to ensure that AFBI fulfils the aims and objectives set by DAERA and approved by the Minister, monitoring AFBI's compliance with applicable law and policy and for promoting the efficient, economic and effective use of staff and other resources by AFBI. The Board fulfils its responsibilities by establishing the overall strategic direction of AFBI and by challenging EMT in business planning, target setting and delivery of performance against agreed targets.

The Board operates within AFBI's Board Operating Framework which sets out the broad governance structures for the Board. It also defines the key roles and responsibilities which underpin the relationship between AFBI and DAERA.

## **Board Sub-Committees**

Decision-making powers are reserved to the Board and five sub-committees operated in an advisory capacity in line with their Terms of Reference. Details of these are set out below:

- I. **The Audit and Risk Assurance Committee** (ARAC) advises the Board on issues of governance risk and control. ARAC reviews the draft and final accounts to provide the Board with the assurance that it can authorise me to sign the accounts on its behalf;
- II. **The Finance and Business Strategy Committee** (FBSC) supports the Board in discharging its responsibilities for oversight of financial management

including the review of financial plans and budget monitoring. The FBSC also assists management in developing strategies to maximise income generation opportunities, including commercial exploitation of intellectual property and technology disclosures;

- III. **The Organisational Development & Human Resources Committee** (OD&HRC) advises the Board on organisational development and human resources matters within AFBI, and supports the Board's programme of Change Management;
- IV. **The Science Strategy Committee** (SSC) assists EMT in developing and overseeing the implementation of AFBI's Science Strategy. This includes the identification of a range of key scientific skills and technologies which AFBI should maintain and develop; and
- V. **The Oversight and Governance Committee** (OGC) assists EMT in providing high level oversight for significant or complex projects in terms of governance, expenditure, claims, risk and contract management. The scope of this Committee does not extend to the evaluation of the science programme which is considered by the Science Strategy Committee as required.

### Board/Sub Committee Attendance

The attendance of members at Board and sub-committee meetings during the year is summarised as follows:

AFBI Board	Board Attendance	ARAC Attendance	FBSC Attendance	OD&HR Attendance	SSC Attendance	OGC Attendance
Mr Colin Coffey (Chair)	11/11	-	1/1	-		1/1
Mrs Roberta Brownlee (Deputy Chair)*	10/11	-	4/5	4/4	-	5/5
Mr Ian Buchanan**	6/8	3/3	-	-	3/3	-
Mrs Maureen McKeague***	8/8	-	3/3	3/3	-	-
Dr Michelle Costello-Smith	10/11	-	5/5	-	5/5	5/5

AFBI Board	Board Attendance	ARAC Attendance	FBSC Attendance	OD&HR Attendance	SSC Attendance	OGC Attendance
Ms Theresa Cullen	11/11	-	-	4/4	5/5	-
Mrs Fiona Hanna	11/11	4/4	5/5	-	5/5	-
Dr Richard Horton	11/11	-	5/5	-	5/5	-
Ms Joan Houston	11/11	4/4	-	4/4	-	5/5
Mrs Sharon Smyth	11/11	4/4	-	4/4	-	-
Mr Richard Solomon	11/11	4/4	-	4/4	-	5/5
Ms Kate Burns	11/11		3/5	-	5/5	-

Figure 9 – AFBI Board Members Attendance at Meetings 2020-21

\*Mrs Roberta Brownlee, AFBI Deputy Chair, began her Term of Office on 1 April 2020.

\*\*Mr Ian Buchanan completed his Term of Office on 31 December 2020.

\*\*\*Mrs Maureen McKeague completed her Term of Office on 31 December 2020.

### Board Performance & Quality of Information used by the Board

In line with its Board Operating Framework, AFBI's Board reviewed its performance and undertook a self-assessment effectiveness review for 2020-21. The review focused on six key governance principles:

- purpose and outcomes;
- roles and responsibilities;
- values and governance;
- decision making and risk management;
- Board capacity and structure; and
- stakeholder accountability and communication.

The Board reaffirmed that its role was to set the strategic direction of the organisation, provide constructive challenge, ensure robust governance, hold the EMT to account, set the tone of the organisation, ensure that relations with stakeholders are managed effectively and that it is answerable to the DAERA Minister. While scores were relatively lower than in previous years, the review indicated that the Board considered that it was operating effectively.

The review demonstrated that the Board understands its role and strategic priorities and that it promoted high standards of governance, risk and financial management and a culture of performance and delivery. It did however show a continuation of a longer term trend of reduced scores around member development and enhancing relationships with stakeholders.

The quality of information provided to the Board by EMT is of a high standard with executive, financial, whistleblowing and risk register reports provided on a regular basis. The 2020-21 Board self-assessment exercise has highlighted some areas for improvement in relation to the format, content and quality of the information it receives as it seeks to continually review and strive to improve governance and reporting. These are being taken forward by the management team.

### **Compliance with Corporate Governance Code**

As the Accounting Officer of a Non-Departmental Public Body of a Northern Ireland Department, in line with DAO 06/13, I can confirm that AFBI, as an arm's length body of DAERA, complies with all relevant aspects of the corporate governance in central government departments. This is set by the Code of Good Practice NI published by DoF in 2013.

### **Conflicts of Interest**

On appointment, Board members are required to provide a list of all interests which might give rise to a conflict of interest. At every Board and sub-committee meeting a standing agenda item on declarations of interest is included and brought to the attention of the members by the Chair. Board papers are not circulated to members who have declared or are deemed to have a specific conflict of interest. Where a conflict of interest is declared, it is recorded and the relevant member(s) leave the Board meetings for the specific agenda item. Members are also asked regularly to update their declarations.

### **Risk Management Framework and Structure**

AFBI has a well embedded risk management and internal control framework in place with direct involvement of EMT through the Risk Review Group. AFBI's Risk

Management Strategy clearly sets out the roles, responsibilities, procedures and risk appetite for risk management within AFBI.

Risk management is a standing agenda item for Board and ARAC meetings and AFBI's Risk Register is reviewed by both meetings on a quarterly basis. AFBI's internal and external auditors attend ARAC meetings and therefore provide a further layer of external scrutiny and challenge.

### **Information Risk**

AFBI's approach to the management of information security risks is proportionate to the nature of the risks and the comparatively limited amount of personal or sensitive information handled by AFBI and its delivery network.

AFBI's SIRO has provided assurance that the information governance policy framework is effective and that adequate controls and measures are in place to enable AFBI's information systems to withstand threats to their confidentiality, integrity and availability. This is evidenced by compliance with the NICS Code of Connection which is externally audited.

In response to the COVID-19 pandemic, a significant proportion of staff moved to either full or partial remote working during 2020-21. Information security guidance was supplied to staff alongside additional IT equipment in order to mitigate the risks arising from this.

### **Internal Controls**

An important element of AFBI's risk management framework is the system of internal control. This is designed to manage AFBI's risks to a reasonable level, rather than to eliminate all risk of failure to achieve aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. A system of internal control was in place throughout the year and is in accordance with guidance defined in MPMNI.

### **Assurance Statements**

Additional assurances are provided through the quarterly Assurance Statements provided by AFBI's Directors. In turn the CEO provides a quarterly Assurance Statement to ASB in DAERA in advance of the Accountability Meetings and a copy

of the quarterly statement is provided to ARAC. The Assurance Statements confirmed that the necessary internal controls were in place to provide reasonable assurance across the various areas of internal control.

This assurance is subject to the issues set out under the Significant Issues section of the Governance Statement.

### **Financial Management**

AFBI's system of internal financial control is based on a framework of financial information, financial procedures, segregation of duties and a system of delegation and accountability. These include annual budgeting, in year forecasting, corporate budget monitor reports and divisional and branch reports.

### **Fraud & Whistleblowing**

Mechanisms for reporting actual or suspected Fraud are detailed in AFBI's Counter Fraud Policy and Fraud Response Plan and procedures for handling cases of Whistleblowing are contained within the AFBI Whistleblowing Policy and supplementary Whistleblowing Guidance for Staff.

All cases of actual or suspected fraud that came to my attention during the year were reported to DAERA's Principal Accounting Officer, the Comptroller and Auditor General of the Northern Ireland Audit Office (NIAO), AFBI's Chair and the Chair of AFBI's ARAC.

There were 3 whistleblowing cases raised and investigated within AFBI in 2020-21.

### **Key Assurance Providers**

#### **AFBI's Internal Audit**

AFBI's Internal Audit function is carried out by an external professional accounting firm which was appointed in accordance with the Public Sector Internal Audit Standards. Under the terms of the appointment, a Director in the firm acts as AFBI's Head of Internal Audit, who provides me with an independent opinion on AFBI's systems of risk management, control and governance and AFBI received an overall satisfactory level of assurance in respect of 2020-21.



The Public Sector Internal Audit Standards (PSIAS) require AFBI's Internal Auditors to bring to my attention those significant control issues which may be relevant to the preparation of my Governance Statement. There were no significant issues which needed to be brought to my attention (i.e. Priority 1 recommendations).

Internal Audit conducted 9 audits during the year. In addition, Internal Audit undertook a follow up review of all recommendations made during the 2020-21 year in relation to a number of reviews. This showed satisfactory progress in the implementation of recommendations. The results of this audit work are summarised in the following table.

Audit	Assurance Rating	No of Recommendations by Priority Rating		
		1	2	3
Review of COVID-19 Response	Satisfactory	0	0	5
Validation of KPI Outturn Performance (19/20)	N/A	-	-	-
Review of Management and Delivery of the Assigned Work programme	Satisfactory	0	0	2
Review of Asset and Stock Management	Satisfactory	0	0	3
Review of Costing and Charging	Satisfactory	0	0	1
Review of Payroll, pensions and Subsistence	Satisfactory	0	5	5
Review of Procurement	Satisfactory	0	3	4
Review of EU Programmes	Satisfactory	0	2	5
Follow up on Audit Recommendations	N/A	-	-	-

Audit	Assurance Rating	No of Recommendations by Priority Rating		
		1	2	3
<b>Total</b>		<b>0</b>	<b>10</b>	<b>25</b>

Figure 10 – Internal Audit Reports 2020-21

### Audits Classified as Limited

None of the Internal Audit Reviews from the 2020-21 audit plan were provided with a Limited assurance. However during 2020-21 AFBI asked Internal Audit to carry out an Internal Audit Review of Non DAERA Income. This Report was received by AFBI in November 2021 and provided a Limited audit assurance. More detail on the issues raised is provided in the significant issues section of this statement.

### External Assurance - NIAO

The financial statements are audited by the Comptroller and Auditor General (C&AG), in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the NIAO. He and his staff are totally independent of Government, and he reports his findings to the Northern Ireland Assembly.

The annual fee for the audit of financial statements for 2020-21 was £55,000 (2019-20 -: £55,000).

The 'Report to Those Charged with Governance' for 2019-20, NIAO issued an unqualified audit opinion with a total of two priority '2' recommendations.

### Monitoring the Implementation of Recommendations

The status of all internal and external audit recommendations along with the Public Accounts Committee (PAC) and NIAO value for money review recommendations are reported to EMT and on a quarterly basis to the Audit & Risk Assurance Committee to ensure that these are effectively implemented in line with agreed implementation dates. Internal Audit also undertake an annual

follow up exercise to validate the reported position on the implementation of recommendations.

In relation to the NIAO and PAC Recommendations there is an agreement that through the corporate and business planning processes, AFBI will report and monitor these requirements as business as usual improvements to financial reporting and governance processes.

## **Significant Issues**

### **I. Impact of COVID-19**

In March 2020 AFBI Corporate AFBI Incident Management Team (IMT) was convened and has met regularly to plan and manage AFBI's response to the unprecedented challenges and impacts of COVID-19.

First and foremost AFBI's primary focus has been the health and wellbeing of its people and we have focused on ensuring that regular updates are provided to staff signposting them to the latest official advice and guidance while taking measured and pragmatic steps in line with the guidance. This has included the physical separation of staff across sites, restrictions on non-essential travel, and working from home.

During this time AFBI continued to deliver all critical areas of work required by DAERA throughout the crisis.

Given the significant impact of COVID-19 the Executive have maintained a specific risk within AFBI's Corporate Risk Register and have updated the risk scores for those existing risk issues which have also been impacted by the Coronavirus crisis. AFBI also developed a COVID-19 Risk Register to ensure effective governance over the key risks which has been reported to the Audit, Assurance & Risk Committees.

Early on AFBI recognised the need to plan for the recovery of services as the restrictions were eased to identify those areas of work which could be potentially and safely restored.

## **II. Royalty Income**

As identified in previous years' Governance Statements, AFBI has not received significant amounts of royalty income which it believes is due and payable and the monies due to AFBI and the wider public purse continue to be a key focus for AFBI.

AFBI continues to work with QUB, who provide an advisory and facilitation role in relation to the protection of AFBI's Intellectual Property Rights (IPR), in order to clarify, maximise and protect the duration and quantum of this important income stream. Based on the current patent and licencing agreements and the fact that sales of products from derived patents have occurred in the relevant periods combined with the patent expert advice, AFBI believes the amounts to be due and payable.

To this end legal counsel has been engaged to pursue the outstanding amounts in line with contractual obligations and the protection of public funds.

AFBI continues to believe that this is a commercial dispute and therefore has disclosed the issue in the Contingent Asset Note 19 to the accounts. As a result of the formal notifications being used, one of the vaccine companies has engaged with the legal teams. Income from royalties of £323k has been received and recognised in 2020-21.

## **III. Staffing Risks**

AFBI has recently experienced a higher than expected staff turnover rate and this combined with the need for a degree of staffing flexibility arising from the significant levels of non-GIA income and also the additional logistical challenges of recruiting during the COVID-19 pandemic has meant a significant reliance on temporary agency workers. AFBI continues to review resources to help meet the agreed commitments and have sought to mitigate staffing risks of by filling a number of Scientific Officer, Admin Officer and Executive Officer II posts which had been covered on a temporary promotion or agency basis. An Assistant Scientific Officer competition was undertaken in late 2021 and which has further reduced the reliance on agency workers.

At present there are a number of Finance posts vacant for a number of reasons. This is impacting operations. Priorities in the short term are being realigned and positions covered by agency staff where possible.

#### **IV. Corporate Systems**

AFBI is also progressing a number of projects to mitigate significant risks in relation to a number of its key systems. The current Business Management Systems were developed in-house by AFBI staff around the time that AFBI came into existence and no longer provide the level of functionality needed to meet current business needs. A number of staff involved in developing these systems no longer work in the Institute and this was considered a business continuity risk. Taking these factors into account, it was decided that as the old system could not incorporate all the new system controls and reports that were required, that it was essential to bring these outdated systems up to an industry norm as a matter of urgency.

The AFBI Finance Development Plan (FDP) has been developed to report and monitor on agreed actions on work on systems, costings, resources and training. This Plan identified both short and medium term actions to ensure that AFBI had the resource to address backlogs, governance and audit issues as well as putting in place changes that would allow operations to perform more effectively and efficiently both in the short and long term.

A key aspect of this Plan is the progression of a number of key projects for new systems. AFBI received approval of a business case by the Department of Finance for replacement portfolio Project Management software. This has been procured and a contract is in place. A Project Board is in place to manage and monitor progress and the implementation of the new software. By 1 April 2022 the target is to have the new project management business system in place across the Institute.

In relation to new Finance & Business Management systems (FBMS) the business case is being expanded to explore on boarding with Account NI. AFBI is working to verify the potential of this option.

Progress on systems will continue to be reported and monitored as part of the Business Plan each year until the new systems are in place and will also be subject to Internal Audit.

## **V. Internal Audit Review of Non DAERA Income**

AFBI asked Internal Audit to carry out an Internal Audit Review of Non DAERA Income. The Internal Audit Report was provided with a Limited audit opinion. The review highlighted a number of weaknesses in relation to contractual arrangements and the financial viability of a number of the projects examined within the Review. AFBI accepted all of the recommendations within the Report and are working to implement these in line with the agreed implementation dates.

## **VI. Implementation of the Northern Ireland Protocol following the UK exit from the European Union**

AFBI recognises the continued uncertainty around the implementation of the Northern Ireland Protocol following the UK exit from the European Union and continue to liaise with DAERA colleagues to work through requirements. A key priority for AFBI is the establishment of testing requirements, particularly in relation to product from Great Britain entering Northern Ireland.

AFBI also understands that there are high level discussions between GB and EU member accreditation bodies to find a way forward in relation to the accreditation requirements of AFBI.

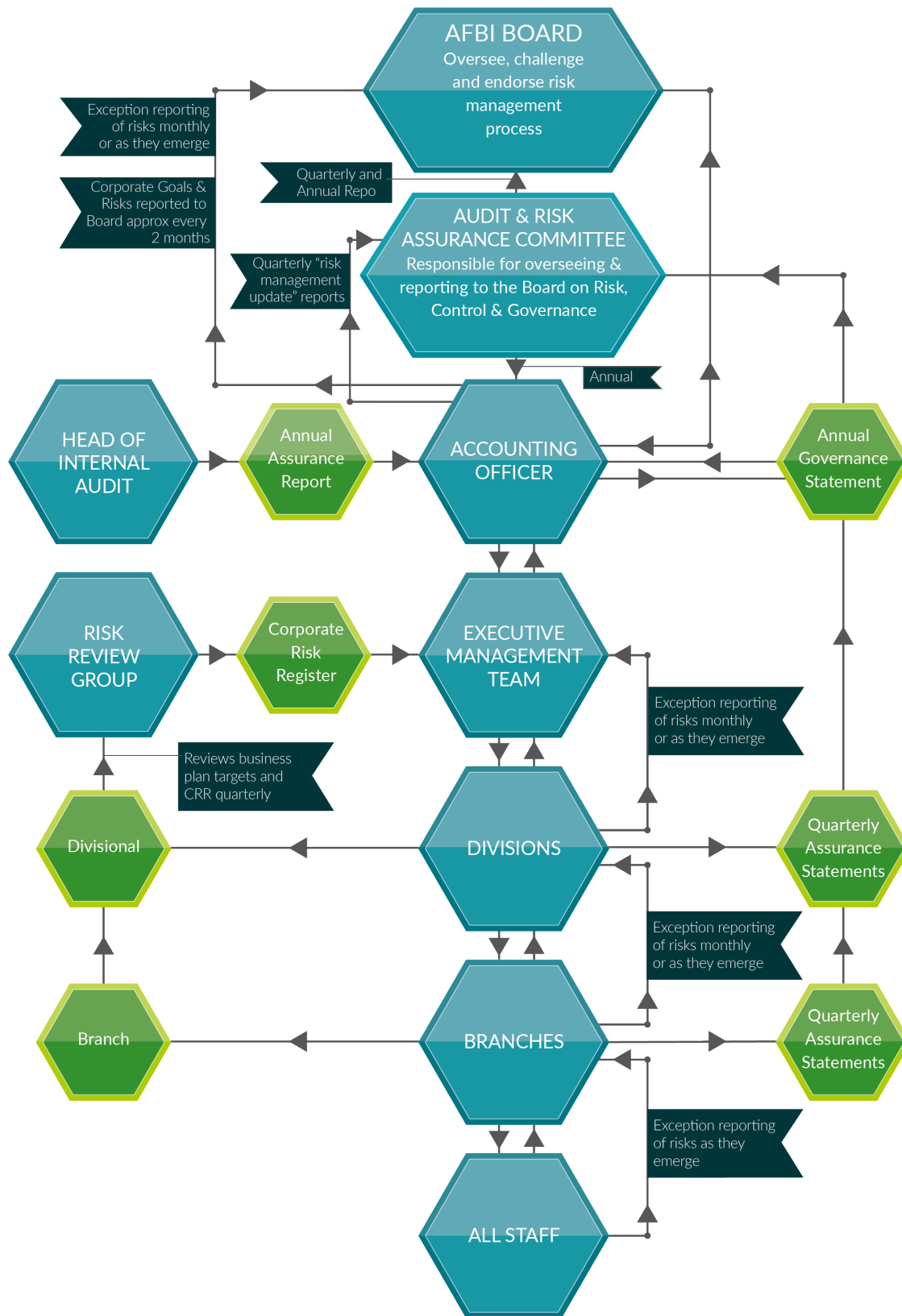
AFBI's Brexit working group are continuing to meet to discuss these and other related matters, such as security of stock supplies and the supply chain.

## **VII. Green Growth/ Soil Nutrient Health Projects**

AFBI are delighted to be a key delivery partner to provide the science and evidence to support two significant DAERA led projects, the Soil Nutrient Health Project and the Green Growth initiative. However, while a significant opportunity there are a number of potential risk exposures from the proposed AFBI work in relation to building sufficient capacity.

If not managed effectively, this could also potentially impact on the delivery of other priority work by AFBI. In addition there is a risk that AFBI has insufficient capacity to complete the business cases and procurements of the capital expenditure.

**Annex A: AFBI's Governance and Risk Assurance Framework**



## 2.2 Remuneration & Staff Report

The purpose of this remuneration and staff report is to set out AFBI's remuneration policy for directors and Board members, how that policy has been implemented and the amounts awarded to directors and Board members. In addition this report provides details on remuneration of staff which is key to accountability and best practice in corporate governance.

### Chair and Board Members

The Chair is normally appointed for a fixed period of three years, the Deputy Chair for three years and the Board members are appointed for a fixed period of three or four years. Thereafter, they are re-appointed in accordance with the Code of Practice.

The remuneration of the Board is set by DAERA. Increases are calculated in line with the recommendations of the Senior Salaries Review Body. There are no arrangements in place for the payment of a bonus. Neither the Chair nor any Board Member receives pension contribution from AFBI or DAERA.

AFBI reimburses the Chair and Board members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

### Details of remuneration of the Chair and Board Members (Audited)

In 2020-21, the remuneration for members of the Board was:

Board Member	2020-21				2019-20			
	Salary (to nearest £'000)	Benefits in kind (to nearest £'000)	Pension Benefits (to nearest £'000)	Total (to nearest £'000)	Salary (to nearest £'000)	Benefits in kind (to the nearest £'000)	Pension Benefits (to nearest £'000)	Total (to nearest £'000)
Mr Colin Coffey, Chair	25-30	-	-	25-30	25-30	-	-	25-30
Mrs Roberta Brownlee, Deputy Chair*	10-15	-	-	10-15	5-10	-	-	5-10



Board Member	2020-21				2019-20			
	Salary (to nearest £'000)	Benefits in kind (to nearest £'000)	Pension Benefits (to nearest £'000)	Total (to nearest £'000)	Salary (to nearest £'000)	Benefits in kind (to the nearest £'000)	Pension Benefits (to nearest £'000)	Total (to nearest £'000)
Mr Ian Buchanan**	0-5	-	-	0-5	5-10	-	-	5-10
Mrs Maureen McKeague**	5-10	-	-	5-10	5-10	-	-	5-10
Dr Michelle Costello-Smith	10-15	-	-	10-15	5-10	-	-	5-10
Ms Theresa Cullen	5-10	-	-	5-10	5-10	-	-	5-10
Mrs Fiona Hanna	10-15	-	-	10-15	5-10	-	-	5-10
Dr Richard Horton	5-10	-	-	5-10	5-10	-	-	5-10
Ms Joan Houston	10-15	-	-	10-15	5-10	-	-	5-10
Mrs Sharon Smyth	5-10	-	-	5-10	5-10	-	-	5-10
Mr Richard Solomon	10-15	-	-	10-15	5-10	-	-	5-10
Ms Kate Burns	10-15	-	-	10-15	5-10	-	-	5-10

\*Mrs Roberta Brownlee began her Term of Office as Deputy Chair on 1 April 2020.

\*\*Mr Ian Buchanan and Mrs Maureen McKeague completed their Term of Office on 31 December 2020. There were no replacements during the financial year 2020-21.

## **Chief Executive and Executive Management Team**

### **Remuneration Policy**

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has been approved by the Minister of Finance. The pay of SCS is based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance.

### **Service contracts**

The Civil Service Commissioners (NI) Order 1999 requires appointments in AFBI to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners for Northern Ireland can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org)

### **Salary and Pension Entitlements**

The following sections provide details of the remuneration and pension interests of EMT of AFBI.

**Remuneration (including salary) and pension entitlements (Audited):**

Name	2020-21				2019-20			
	Salary (£'000)	Benefits in kind (to nearest £'00)	Pension Benefits* (to nearest £'000)	Total (£'000)	Salary (£'000)	Benefits in kind (to the nearest £'00)	Pension Benefits* (to nearest £'000)	Total (£'000)
Dr S McDowell CEO**	95-100	-	68	160-165	90-95	-	106	200-205
Mrs J Kelly Director FCAD (Acting CEO from 10/12/2020)**	85-90	-	34	120-125	75-80	-	31	110-115
Dr E Magowan Director SAFSD	75-80	-	40	115-120	70-75	-	33	105-110
Dr A Douglas Director VSD	75-80	-	50	125-130	70-75	-	43	115-120
Mr Pieter-Jan Schon Director EMSD*** (Director from 02/11/2020)	25-30 (FTE 70- 75)	-	27	50-55	-	-	-	-
Mrs Hannah Francis Director Finance and HR (Acting from 15/03/2021)	0-5(FTE 70-75)	-	1	0-5	-	-	-	-

\*The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

\*\*With effect from the 10 November 2020, Mrs Josephine Kelly was designated Accounting Officer and from the 10 December 2020 appointed acting Chief Executive on an interim basis to cover a leave of absence by AFBI's Chief Executive Dr Stanley McDowell. Both appointments ended on the 31 July 2021.

\*\*\*The Director of Environment and Marine Sciences Division position was established during 2020-21, in order to enable advanced preparation prior to formation of the new divisional structure from 1 April 2021.

**Salary:**

Salary includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

**Benefits in kind:**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

**Pay Multiples**

	2020-21	2019-20
Band of Highest Paid Director's Total Remuneration*(£000)	95-100	90-95
Median Total Remuneration*(£)	£28,730	£28,167
Ratio	3.37	3.22

\*Total remuneration includes salary, non-consolidated performance-related pay, and benefits in kind. It does not include severance payments, employer pensions contributions and the cash equivalent transfer value of pensions.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in AFBI in the financial year 2020-21 was £95,000-100,000 (2019-20, £90,000-95,000). This was 3.37 times (2019-20, 3.22) the median remuneration of the workforce, which was £28,730 (2019-20, £28,167).

In 2020-21, no employees (2019-20, 0), received remuneration in excess of the highest-paid director.

Remuneration ranged from £12,000 to £97,000 (2019-20, £12,000 to £91,000).

**Pension Entitlements (Audited):**

Name	Accrued pension at pension age as at 31/3/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/21	CETV at 31/3/20	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Dr S McDowell CEO	45-50 plus a lump sum of 50-55	2.5-5 plus a lump sum of 0-2.5	942	857	53	-
Mrs J Kelly Director FCAD (Acting CEO from 10/12/2020)	5-10	0-2.5	86	58	19	-
Dr E Magowan Director SAFSD	20-25	0-2.5	301	268	20	-
Dr A Douglas Director VSD	25-30 plus a lump sum of 75-80	2.5-5 plus a lump sum of 2.5-5	636	575	39	-
Mr P J Schon Director EMSD (Director from 02/11/2020)	25-30	0-2.5	368	338	18	-
Mrs H Francis Director Finance and HR (Acting from 15/03/2021)	10-15	0-2.5	103	102	0	-

## Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). The alpha scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to Alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to the different schemes eg classic, alpha etc and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the Civil Service Pensions schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>

Currently new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of the pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal scheme pension age in Alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website [www.finance-ni.gov.uk/civilservicepensions-ni](http://www.finance-ni.gov.uk/civilservicepensions-ni).

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in

September 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

Employee contribution rates for all members for the period covering 1 April 2021 – 31 March 2022 are as follows:

### Scheme Year 1 April 2021 to 31 March 2022

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – all members
From	To	From 01 April 2021 to 31 March 2022
£0	£24,199.99	4.6%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.



### **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

### **Compensation for loss of office (Audited)**

No compensation has been paid to senior officers by AFBI during the year for loss of office.

## 2.2.1 Staff Report

### Staff costs (Audited):

	Permanently employed staff £'000	Others £'000	2020-21 Total £'000	2019-20 Total £'000
Wages and salaries	20,638	3,275	23,913	22,976
Social security costs	2,070	-	2,070	1,971
Other pension costs	5,851	-	5,851	5,625
<b>Sub Total</b>	<b>28,559</b>	<b>3,275</b>	<b>31,834</b>	<b>30,572</b>
Less recoveries in respect of outward secondments	(43)	-	(43)	(123)
<b>Total net costs</b>	<b>28,516</b>	<b>3,275</b>	<b>31,791</b>	<b>30,449</b>

During 2020-21 £3,275k (2019-20, £3,528k) was spent on other staff which is relates to agency staff employed on a temporary contract.

### Pension scheme details

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but AFBI is unable to identify its share of the underlying assets and liabilities. The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by

GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap mechanism is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. On completion of the consultation process the 2016 Valuation will be completed and the final cost cap results will be determined.

A case for approval of a Legislative Consent Motion (LCM) has been laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill to Northern Ireland. An LCM allows the Assembly to consent to legislation for Northern Ireland being made by the UK Parliament for devolved matters. The UK Bill will legislate how the government will remove the discrimination identified in the McCloud judgment. The Bill also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2020-21, employers' contributions of £5,851,277 were payable to the NICS pension arrangements (2019-20, £5,572,059) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £30,932 (2019-20, £30,078) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2019-20, 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £Nil (2019-20 £Nil) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

One person (2019-20: no person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2019-20: £Nil).

### Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

			2020-21	2019-20
	Permanent staff	Others	Total	Total
Directly Employed	628	119	747	727
Other	-	11	11	12
<b>Total</b>	628	130	758	739

Other directly employed staff are defined as agency staff employed on a temporary contract.

The staff turnover percentage for 2020-21 was 7.6% (2019-20: 6.7%). This figure is calculated based on permanently employed staff and therefore excludes agency. AFBI continues to monitor turnover rates and support initiatives to maintain a healthy level of turnover. Monitoring exit interview data coupled with other research, helps us to understand our people's experience of working in AFBI and take appropriate action to improve effectiveness, including where turnover becomes problematic.

## Staff Composition

As at 31 March 2021 the number of the staff employed by AFBI was as follows:

	Males	Females	Total
Board	3	7	10
Executive Management Team	3	2	5
Other staff	363	286	649
<b>Total</b>	<b>369</b>	<b>295</b>	<b>664</b>

## Reporting of Civil Service and other compensation schemes - exit packages (Audited)

There were no exit packages in 2020-21 (2019-20: Nil).

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland) (CSCS (NI)), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the Institute has agreed early retirements, the additional costs are met by the Institute and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme.

AFBI's accounting policy in respect of pensions is at Note 1 to the accounts.

## Off-Payroll Payments

The Institute had no off-payroll engagements during 2020-21 (2019-20: Nil).

## Consultancy Costs

The Institute did not incur any Consultancy costs during the year (2019-20: £Nil).

## Provision of information to and consultation with employees

AFBI ensures that all staff are kept informed of plans and developments through meetings, monthly team briefs, staff newsletters and the publication of business and training plans. Staff have access to welfare services and trade union

membership. AFBI use the established Whitley process of staff consultation. The Whitley Council and Committees provide an agreed forum for discussion and they are attended by employer and employee (trade union) representatives.

### **Career Development**

AFBI continues to promote opportunities for career development internally and during the course of this year a total of 16 staff have achieved promotion in a wide range of disciplines and grades.

One of AFBI's strategic goals is to sustain and develop our knowledge base through attracting and investing in talented people.

In support of this objective, AFBI's Learning and Development Unit provide expert advice on learning and development opportunities covering the diverse range of skills required across the organisation.

This Unit also administers AFBI's Assistance to Study programme which has provided support for 14 staff this year in their pursuit of professional qualifications specific to AFBI's business.

### **Recruitment**

AFBI continues to develop its workforce in line with its business aims and has made a total of 25 new appointments this year, covering grades across the scientific, administrative and industrial disciplines. This number reflects both permanent and temporary appointments.

### **Work Experience**

AFBI is committed to providing work experience opportunities for students at all levels to assist them in developing the key skills required to be successful in today's working environment.

25 students in higher education were given the opportunity to develop key work-related skills through a relevant, supervised work placement programme. Work placements of shorter duration were also given to 11 students covering a range of areas within AFBI. The number of opportunities was limited in year due to COVID-19 restrictions.

## **Sickness absence**

The average number of working days lost per staff absence was 8.1 days for 2020-21 (8.8 days in 2019-20).

## **Equal Opportunities**

AFBI's commitment to equality of opportunity and to creating and sustaining a working environment where everyone is treated with respect and dignity, free from any form of inappropriate behaviour, and one in which all employees can give of their best, is embodied in the AFBI Value 'Respecting People' and its Associated Behaviours, and in the Dignity at Work policy to which AFBI adheres. This policy is available to all staff through the Human Resources Connect (HR Connect) portal and the AFBI intranet. AFBI's commitment to equality of opportunity is embedded in the equality awareness training for all staff.

Information and guidance to staff on a wide range of equal opportunity issues is available on the AFBI Intranet.

## **Employment of People with Disabilities**

As part of the overall Equality Scheme and Disability Action Plan, AFBI is fully committed to ensuring that all of its policies and working practices meet or exceed the requirements of the Disability Discrimination Act 1995. Disability awareness is embedded in equality training for all staff.

AFBI applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all members of AFBI recruitment panels.

To maintain and promote a diverse and inclusive workforce, AFBI has policies in place to support adjustments to the working environment required by disabled persons including Personal Emergency Evacuation Plans where necessary.

AFBI engages with Ulster Supported Employment Limited (USEL) and Disability Action in the employment of disabled persons.

AFBI is committed to working towards creating a truly inclusive workplace where all colleagues feel valued.

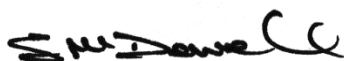
### **Security of Personal Data**

AFBI is committed to the safeguarding of personal data and has set in place appropriate technical and organisational measures to ensure its security. Staff are provided with annual training in data protection issues, reinforced by advice and guidance on the AFBI intranet. All members of staff have been advised that it is their personal responsibility to ensure that any document with sensitive information, including personal data, is appropriately secured and to ensure that, in the case of data held electronically, appropriate access controls are put in place to prevent unauthorised access, whether accidental or deliberate, by others.

AFBI's Data Protection Policy was reviewed and re-issued in December 2020. Data protection impact assessments/screening exercises are used extensively by staff to assess and reduce information risk in new work areas - AFBI teams carried out 32 of these during 2020-21.

In line with AFBI's "Encryption of External Communications" policy, staff use an "Encrypted web mailer" application to safeguard the contents of emails being shared external to the NIGOV network. These measures enhance AFBI's compliance with Article 32 of the GDPR and meets the ICO's recommendation to reduce the risk of personal information being intercepted during electronic transmission.

During 2020-21, Internal Audit reported a "satisfactory" level of assurance following a review of AFBI's compliance with data protection legislation (GDPR). Following this, eight audit recommendations were successfully implemented during 2020-21 to strengthen AFBI's compliance.



**Dr Stanley McDowell, BVM&S, MSc, DLSHTM, PhD, MRCVS**  
**Chief Executive and Accounting Officer**  
**22 March 2022**



## 2.3 Assembly Accountability and Audit Report

### 2.3.1 Assembly Accountability Disclosure Notes

The following sections are subject to audit.

#### Losses

AFBI does not have any losses to report which either individually or collectively exceed £250,000.

#### Special Payments

AFBI does not have any special payments to report which either individually or collectively exceed £250,000.

#### Audited Remote Contingent Liabilities

AFBI does not have any remote contingent liabilities to report.

#### Audited Fees and charges (Audited)

This note is for fees and charges purposes and not for IFRS 8 Operating Segments purposes.

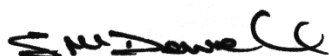
The table below summarises the range of activities undertaken by AFBI against which it receives income, in excess of £1m.

Income Source	2020-21 Income £'000	2020-21 Full Cost £'000	2020-21 Surplus/ (Deficit) £'000	Financial Objective	Commentary
Income from Commercial Contracts	2,986	2,837	149	To recover the full costs of services provided.	Overall full cost recovery achieved with marginal over recovery. Within the income from Commercial Contracts, a number of individual contracts have failed to achieve full cost recovery in the current year due to a number of factors including but not limited to the Covid-19 pandemic.
<b>Total</b>	<b>2,986</b>	<b>2,837</b>	<b>149</b>		

Income Source	2019-20	2019-20	2019-20	Financial Objective
	Income £'000	Full Cost £'000	Surplus £'000	
Income from Analytical, Diagnostic and Research work	7,126	6,948	178	Recover full cost plus rate of return in line with comparable businesses – achieved.
<b>Total</b>	<b>7,126</b>	<b>6,948</b>	<b>178</b>	

### Disclosure to Auditor

So far as I am aware, as Accounting Officer, there is no relevant audit information of which the Institute's auditors are unaware; and, as Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and establish that the AFBI's auditors are aware of that information.



**Dr Stanley McDowell, BVM&S, MSc, DLSHTM, PhD, MRCVS**  
**Chief Executive and Accounting Officer**  
**23 March 2022**

## 2.3.2 Auditors Certificate

### AGRI-FOOD AND BIOSCIENCES INSTITUTE 2020-21

#### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

##### Opinion on financial statements

I certify that I have audited the financial statements of the Agri-Food and Biosciences Institute for the year ended 31 March 2021 under the Agricultural (Northern Ireland) Order 2004. The financial statements comprise: the Statement of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Agri-Food and Biosciences Institute's affairs as at 31 March 2021 and of its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Agricultural (Northern Ireland) Order 2004 and the department of Agriculture, Environment and Rural Affairs directions issued thereunder.

##### Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

##### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of the Agri-Food and Biosciences Institute in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the Agri-Food and Biosciences Institute's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the the Agri-Food and Biosciences Institute's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for the Agri-Food and Biosciences Institute is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

### **Other Information**

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate. The Board and Accounting Officer are responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Agricultural (Northern Ireland) Order 2004 and the Department of Agriculture, Environment and Rural Affairs directions issued thereunder; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Agri-Food and Biosciences Institute and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Agri-Food and Biosciences Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Agri-Food and Biosciences Institute will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Agricultural (Northern Ireland) Order 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Agri-Food and Biosciences Institute through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included Agricultural (Northern Ireland) Order 2004;
- making enquires of management and those charged with governance on Agri-Food and Biosciences Institute's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Agri-Food and Biosciences Institute's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business; and

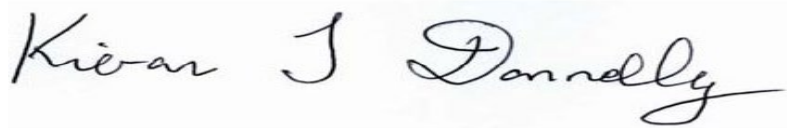
A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes

intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Report**

I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "Kieran J Donnelly". The signature is written in a cursive style with a long horizontal flourish at the end of the name.

*K J Donnelly*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*1 Bradford Court*  
*Galwally*  
*BELFAST*  
*BT8 6RB*

# 3 Financial Statements



**Statement of Comprehensive Net Expenditure for the year ended 31 March 2021**

This account summarises the expenditure and income generated and consumed on an accruals basis.

	Note	2020-21 £000	2019-20 £000
Income			
Revenue from contracts with customers	4	(7,700)	(1,259)
Other operating income	4	(4,923)	(4,967)
Total operating income		(12,623)	(6,226)
Expenditure			
Staff costs	3	31,834	30,572
Purchase of good and services <sup>1</sup>	3	16,444	15,533
Depreciation and impairment charges	3	3,898	3,793
Provision expense	3	124	887
Other operating expenditure	3	13,626	12,137
Total operating expenditure		65,926	62,922
Net operating expenditure		53,303	56,696
Corporation tax (credit)/charge	3	1,196	(940)
Net expenditure for the year		54,499	55,756
<b>Other comprehensive net expenditure</b>			
Net (gain)/loss on revaluation of property, plant and equipment	5/9	(232)	(188)
Net (gain) on revaluation of Intangible assets	6/9	(6)	(11)
Comprehensive net expenditure for the year		54,261	55,557

The notes on pages 86 to 109 form part of these accounts.

<sup>1</sup> Within these costs, £1.3m relates to COVID-19 testing, corresponding income of £1.3m is within Grant In Aid.

**Statement of Financial Position as at 31 March 2021**

This statement presents the financial position of AFBI. It comprises three main components; assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2020-21		2019-20	
		£000	£000	£000	£000
<b>Non-current assets:</b>					
Property, plant and equipment	5	16,253		15,246	
Intangible assets	6	453		468	
Biological assets	7	1,122		1,237	
Trade and other receivables	12	-		1,060	
<b>Total non-current assets</b>			17,828		18,011
<b>Current assets:</b>					
Inventories	10	509		443	
Trade and other receivables	12	9,025		9,994	
Cash and cash equivalents	11	677		2,350	
<b>Total current assets</b>			10,211		12,787
<b>Total assets</b>			28,039		30,798
<b>Current liabilities</b>					
Trade and other payables	13	(10,212)		(9,275)	
Provisions	14	(1,038)		(979)	
<b>Total current liabilities</b>			(11,250)		(10,254)
<b>Total assets less current liabilities</b>			16,789		20,544
<b>Non-current liabilities</b>					
Deferred Income	13	(1,858)		(2,565)	
Provisions	14	(24)		(56)	
<b>Total non-current liabilities</b>			(1,882)		(2,621)
<b>Total assets less total liabilities</b>			14,907		17,923
<b>Taxpayers' equity and other reserves</b>					
Revaluation Reserve			5,357		4,660
General Fund			9,550		13,263
			14,907		17,923

The financial statements on pages 81 to 85 were approved by the Board on 23 March 2022 and were signed on its behalf by:

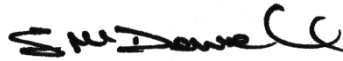
**Signed**



**Colin Coffey, CDir FloD**

**Chair**

**23 March 2022**



**Dr Stanley McDowell, BVM&S, MSc,  
DLSHTM, PhD, MRCVS  
Chief Executive and Accounting  
Officer**

**23 March 2022**

The notes on pages 86 to 109 form part of these accounts

**Statement of Cash Flows for the year ended 31 March 2021**

The Statement of Cash Flows shows the changes in cash and cash equivalents of AFBI during the reporting period.

		2020-21		2019-20	
	Note	£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Net operating expenditure			(54,499)		(55,756)
Adjustment for non-cash transactions	3	4,785		4,925	
Decrease in trade receivables	12	2,029		6,814	
(Increase) / Decrease in inventories	10	(66)		145	
(Decrease) in trade payables	13	(329)		(1,227)	
Use of provisions	14	(97)		(132)	
			6,324		10,525
<b>Net cash outflow from operating activities</b>			(48,175)		(45,231)
<b>Cash flows from investing activities</b>					
Purchase of plant and equipment	5	(2,110)		(2,349)	
Purchase of intangible assets	6	(44)		(188)	
Purchase of biological assets	7	(10)		(7)	
Proceeds of disposal of property, plant and equipment		2		58	
Proceeds of disposal of biological assets		854		697	
<b>Net cash outflow from investing activities</b>			(1,308)		(1,789)
<b>Cash flows from financing activities</b>					
Grant from sponsoring department		47,810		46,566	
<b>Net financing</b>			47,810		46,566
<b>Net decrease in cash and cash equivalents in the period</b>			(1,673)		(454)
<b>Cash and cash equivalents at the beginning of the year</b>	11		2,350		2,804
<b>Cash and cash equivalents at the end of the year</b>	11		677		2,350

The notes on pages 86 to 109 form part of these accounts

**Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021**

This statement shows the movement in the year on the different reserves held by AFBI, analysed into 'general fund reserves'. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of AFBI, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' equity £000
<b>Balance as at 31 March 2019</b>		<b>19,757</b>	<b>5,044</b>	<b>24,801</b>
Grant from sponsoring entity		46,566	-	<b>46,566</b>
Net gain on revaluation of plant and equipment	5	-	188	<b>188</b>
Net gain on revaluation of intangible assets	6	-	11	<b>11</b>
Relifing adjustment	5/6	-	1,050	<b>1,050</b>
Release of reserves to the SoCNE		1,447	(1,447)	-
Notional charges - IT Assist	3	1,063	-	<b>1,063</b>
Transfers between reserves		186	(186)	-
Net expenditure for the year		(55,756)	-	<b>(55,756)</b>
		<hr/> <b>13,263</b>	<hr/> <b>4,660</b>	<hr/> <b>17,923</b>
<b>Balance at 31 March 2020</b>		<b>13,263</b>	<b>4,660</b>	<b>17,923</b>
Grant from sponsoring entity		47,810	-	<b>47,810</b>
Net gain/loss on revaluation of plant and equipment	5	-	232	<b>232</b>
Net gain/loss on revaluation of intangible assets	6	-	6	<b>6</b>
Relifing adjustment	5/6	-	1,935	<b>1,935</b>
Release prior years relifing		1,299	(1,299)	-
Notional charges - IT Assist	3	1,500	-	<b>1,500</b>
Transfers between reserves		177	(177)	-
Net expenditure for the year		(54,499)	-	<b>(54,499)</b>
		<hr/> <b>9,550</b>	<hr/> <b>5,357</b>	<hr/> <b>14,907</b>
<b>Balance at 31 March 2021</b>		<b>9,550</b>	<b>5,357</b>	<b>14,907</b>

The notes on pages 86 to 109 form part of these accounts.

## Notes to the accounts for the year ended 31 March 2021

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2020-21 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of AFBI for the purpose of giving a true and fair view has been selected. The particular policies adopted by AFBI are described below. They have been applied consistently in dealing with items that are considered material to the accounts. These financial statements have been prepared in sterling and are rounded to the nearest £'000.

#### Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of plant and equipment, intangible assets, biological assets and inventories.

#### Property, plant and equipment

AFBI does not own any land or buildings but leases them from the DAERA.

Other non-property assets are stated at current cost using appropriate indices to account for the effects of inflation. The date of the revaluation is the reporting date of 31 March each year.

The threshold for capitalisation is £5,000 excluding any VAT capitalised. AFBI capitalises grouped assets. "Grouped assets" are a collection of assets which individually may be valued at less than the threshold but which together form a single collective asset valued above it, because the items fulfil all the following criteria:

- The items are functionally interdependent; and
- Items are all purchased at a point in time and are all likely to be disposed off at the same point in time.

**Donated fixed assets**

Donated fixed assets are capitalised at their fair value on receipt and this value is credited to the General Fund. Donated fixed assets are valued and depreciated as described below for purchased assets. Gains and losses on revaluations are also taken to the General Fund and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset charged to the Statement of Comprehensive Net Expenditure. Any impairment on donated assets charged to the Statement of Comprehensive Net Expenditure is matched by a transfer from the General Fund.

**Depreciation**

Depreciation is charged on a straight line basis in order to write off the valuation of assets, less estimated residual value, of each asset over the expected useful life. Assets are generally depreciated from the period of acquisition and not depreciated in the period of disposal. However, an exception to this practice occurs when AFBI makes a late addition in the financial year. Where the cost of the asset remains unpaid at the date the financial statements are prepared, the depreciation charge for the asset is included in the following year's financial statements.

The useful lives of tangible assets, which are reviewed annually, are:

Plant	2 to 45 years
Equipment	2 to 30 years
Transport equipment: ship/boats	5 to 20 years
Transport equipment: vehicles	4 to 30 years
Information technology: computers	3 to 25 years

The useful lives of intangible assets, which are reviewed annually, are:

Software licences	3 to 20 years
-------------------	---------------

**Intangible assets**

Software licences are stated at current cost using appropriate indices to account for the effects of inflation. Software assets are depreciated from the period of acquisition and not depreciated in the period of disposal.

The threshold for capitalisation is £5,000 excluding any VAT capitalised.

### **Assets under construction**

Items classified as “under construction” are recognised in the Statement of Financial Position (SoFP) to the extent that money has been paid or a liability has been incurred. Assets under Construction are carried at cost. Assets under Construction are not depreciated until they are commissioned.

### **Biological assets**

Biological assets comprise cattle, sheep and pigs which are used for research purposes. They are categorised according to the attributes used in the market to facilitate their valuation at the reporting date. Cattle were further grouped as follows:

- Beef cattle are grouped by gender, breed and age.
- Dairy cattle are grouped by lactation and breed.

Biological assets are valued at fair value less estimated costs at the point of sale at the end of the reporting period. This is further disclosed in accordance with IAS 41 Agriculture, by showing the aggregate value of purchases, sales, changes in value due to changes in physical conditions of the herd and changes in the value of the herd due to changes in market price.

Changes in value due to changes in physical conditions of the herd represent births which took place during the current financial year. The economic value of these transactions is debited or credited to the Statement of Comprehensive Net Expenditure when they occur.

Changes in value of the herd due to changes in market price represent the difference between the purchase cost or the value brought forward of each animal and the market value at the end of the reporting period. The difference is recognised in the Statement of Comprehensive Net Expenditure.

Each year the market values used in the year-end valuation of the cattle are subject to an independent review by a Senior Livestock Valuation Officer within DAERA to ensure they are an accurate reflection of the current market values and therefore ensuring the biological assets are accurately valued in the accounts.



### **Inventories**

Inventories are valued at the lower of cost and net realisable value.

### **Research and Development Expenditure**

Research and development expenditures include all costs relating to the scientific and technical patent work, education and training necessary to ensure the development, start-up and commercialisation of new or improved products or processes.

Research expenditure is recognised as an expense when incurred.

Development expenditure on new or substantially improved products is capitalised as an intangible asset and amortised through cost of sales over the expected useful life of the product concerned. Capitalisation commences from the point at which the technical feasibility and commercial viability of the product can be demonstrated and AFBI Management is satisfied that it is probable that future economic benefit will result from the product once completed. This is usually at the point of regulatory filing in a major market and approval is highly probable. Capitalisation ceases when the product is ready for launch.

### **Cash and cash equivalents**

Cash and cash equivalents comprise of cash and deposits with commercial banks. At each year end, the carrying value of cash at bank and in hand approximates their fair value due to their short-term nature.

### **Operating income**

Operating income is in line with IFRS 15 disclosure of income as either Revenue from contracts with customers or Other Operating Income. Revenue from contracts with customers is income that relates directly to operating activities of AFBI and comprises fees and charges, to be recovered for services provided to external customers, Royalties, charter of ship and rents receivable. Other Operating Income is income received from EU initiatives and other various Grants.

### **Grant income**

Grants for revenue purposes that are received to finance the purchase of specific goods or services are reported as income in the Statement of Comprehensive Net Expenditure.

Grants for capital purposes that are received to finance the purchase of tangible non-current assets are reported as deferred income and released to the Statement of Comprehensive Net Expenditure on a systematic and rational basis over the useful lives of the related assets.

### **Employee benefits**

Under the requirements of IAS 19 Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. The figure has been based on a specific report run from the Personnel system which calculates the year end balance using leave balances on the system.

### **Leases**

Operating lease rentals are charged directly to the Statement of Comprehensive Net Expenditure over the period of the lease. There are no finance leases.

### **Financial instruments**

AFBI is not allowed to borrow or invest surplus funds as per the Management Statement and Financial Memorandum. AFBI has financial instruments in the form of trade receivables and payables and cash and cash equivalents. Financial assets and liabilities are generated by operational activities and are not held to handle the risk profile facing AFBI in undertaking its operations.

- *Liquidity risk*  
AFBI's net revenue resource requirements are financed by the Grant-In-Aid agreed with DAERA, as is its capital expenditure. It is not, therefore, exposed to significant liquidity risks.
- *Interest rate risk*  
All AFBI's financial assets and liabilities carry nil rate of interest and it is not therefore exposed to significant interest rate risk.
- *Foreign currency risk*  
The majority of AFBI's operations, assets and liabilities are denominated in sterling. Transactions in foreign currencies are translated into sterling using the rate at the date of the transactions. Balances held in foreign currencies

are translated at the rate of exchange ruling at the date of the SoFP. Exchange differences are recognised in the SoCNE in the period in which they arise. See note 8 for additional information.

### **Provisions**

AFBI makes provisions for liabilities and charges where, at the Statement of Financial Position date, a legal or constructive liability exists (i.e. a present obligation for past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made. Where the time value of money is material, AFBI discounts the provision to its present value using a standard government discount rate.

### **Critical accounting estimates and key judgements**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying AFBI's accounting policies. AFBI continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

### **Estimation techniques used and changes in accounting estimates**

Provision is made for all debts greater than 90 days old which are considered doubtful.

The effect of a change in accounting estimate is recognised by including it in the Statement of Comprehensive Net Expenditure in:

- the period of the change, if the change affects that period only; and
- the period of the change and future periods, if that change affects both.

### **Value added tax**

Value added tax (VAT) is accounted for in accordance with the Statement of Standard Accounting Practice 5, in the absence of an International Financial Reporting Standard (IFRS). Amounts are shown net of VAT and irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure, or included in the capitalised cost of fixed assets.

## **Operating segments**

IFRS 8 Operating Segments requires the identification of operating segments on the basis of internal reporting in order to allocate resources to each specific segment and assess its performance.

AFBI has completed a review against the criteria set out in IFRS 8 and considers that the disclosure format within the accounts meets IFRS 8 criteria.

## **Contingent liabilities**

In addition to contingent assets & liabilities disclosed in accordance with IAS 37, AFBI discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted.

Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

## **Reserves**

### *Revaluation Reserve*

The Revaluation Reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets other than donated assets and those funded by grants.

### *General Fund*

The General Fund represents AFBI's total assets less total liabilities which is not represented by other reserves and financing items.

## **Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)), which is a defined benefit scheme and is unfunded. AFBI recognises the expected cost of providing pensions

on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruals basis.

All pension contributions are charged to the Statement of Comprehensive Net Expenditure when incurred.

**Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2021**

The Institute has reviewed the standards, interpretations and amendments to published standards that became effective during 2020-21 and which are relevant to its operations. The Institute anticipates that the adoption of these standards will have no material impact on AFBI's financial position or results of operations.

The International Accounting Standards Board (IASB) issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014. Accounting boundary IFRSs are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on the Office for National Statistics (ONS) control criteria, as designated by Treasury. A similar review in NI, which will bring NI Departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016.

**Accounting standards, interpretations and amendments to published standards not yet effective**

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for AFBI's accounting periods beginning on or after 1 April 2022 or later periods, but which AFBI has not adopted early. Other than as outlined below, AFBI considers that these standards are not relevant or material to its operations.

<b>Standard</b>	IFRS 16 Leases (Replaces IAS 17 Leases and related interpretations)
<b>Effective date</b>	1 April 2022
<b>Summary</b>	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. This has since been revised to 1 April 2022.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that leases have on the financial position, financial performance and cash flows of the lessee.</p> <p>The lessor accounting model is substantially unchanged from its predecessor, IAS 17.</p>
<b>Comments</b>	It is AFBI's expectation that the adoption of IFRS 16 will result in an increase in reported assets (in the form of right-of-use assets) and reported liabilities (representing the obligation to make future lease payments).

## 2. Statement of Operating Expenditure by Operating Segment

Segmental selection is based on the organisational structure that AFBI uses to make decisions on resource allocation as well as the availability of financial information based on that structure. AFBI has two sciences divisions supported by the Finance and Corporate Affairs Division (FCAD). The operational divisions are:

Sustainable Agri-Food Sciences Division (SAFSD) provides statutory services including certification of monitoring for DAERA of pasture, seeds and plant health, and provides specialist advice on crop plants, varieties and disease problems. SAFSD provides scientific support for the growth, sustainability and competitiveness of Northern Ireland's farming, and agri-food industries, and assists the industry to maintain high standards of environmental protection and animal welfare. SAFSD's research takes account of environmental needs and sustainable economic growth in Northern Ireland's countryside.

Veterinary Sciences Division (VSD) delivers world class veterinary science to the animal, food and fish based sectors of the agri-food industry.

### Analysis of net expenditure by segment

	2020-21				2019-20			
	SAFSD	VSD	FCAD	Total	SAFSD	VSD	FCAD	Total
Gross expenditure	26,957	15,444	24,721	67,122	26,576	13,919	21,487	61,982
Income	(9,257)	(2,906)	(460)	(12,623)	(9,804)	(3,214)	6,792	(6,226)
Net expenditure	17,700	12,538	24,261	54,499	16,772	10,705	28,279	55,756

In accordance with IFRS 8, as total assets, net assets or additional information are not reported separately to AFBI's Board, no disclosure in respect of assets and liabilities has been made.

### 3. Expenditure

	Note	2020-21 £000	2019-20 £000	
<i>Staff costs<sup>1</sup></i>				
Wages and salaries		20,638	19,448	
Other pension costs		5,851	5,625	
Agency workers		3,275	3,528	
Social security costs		2,070	1,971	
		31,834	30,572	
<i>Purchase of Goods &amp; Services</i>				
Laboratory expenditure <sup>2</sup>		5,342	4,124	
Ship operating costs		2,842	2,558	
Contracted out services		2,421	2,311	
Operating expenses		1,561	1,713	
Agriculture / Horticultural / Livestock costs		1,281	1,594	
Office Costs		1,207	908	
Maintenance of machinery and vehicles		903	1,045	
EU Interreg contractor payments		887	1,283	
		16,444	15,533	
<i>Other expenditure</i>				
Operating lease		5,784	6,319	
Accommodation costs		3,636	3,471	
Irrecoverable VAT <sup>2</sup>		2,798	2,590	
Personnel costs		445	887	
Royalty costs <sup>4</sup>		93	(1,427)	
External Audit fees <sup>3</sup>		66	51	
Internal Audit fees		38	5	
		12,860	11,896	
<i>Non-cash items</i>				
Depreciation	5	3,716	3,618	
Amortisation	6	182	175	
		3,898	3,793	

<sup>2</sup> Within these costs, £1.3m relates to COVID-19 testing, corresponding income of £1.3m is within Grant In Aid.



		2020-21	2019-20
	Note	£000	£000
Notional Charges		1,500	1,063
Indexation of fixed assets	9	(6)	(30)
Loss on disposal of biological assets		38	38
(Profit) on disposal of non-current assets		-	(11)
(Decrease) in debt provision		(1)	(185)
Changes due to changes in physical condition of biological assets		(59)	(111)
Change in market value of biological assets		(706)	(523)
		<hr/>	<hr/>
		766	1,128
Provisions provided for in year	14	150	961
Provisions not required written back	14	(26)	(74)
		<hr/>	<hr/>
		124	887
Taxation charges <sup>4</sup>			(940)
		<hr/>	<hr/>
		67,122	61,982
		<hr/>	<hr/>

<sup>1</sup>Further analysis of staff costs is located in the Staff Report (on page 66)

<sup>2</sup>VAT cannot be reclaimed on research performed for Government Departments or on work which is grant funded. As a proportion of AFBI's work is research for Government Departments and/or is grant funded, it cannot claim back all VAT. The "Irrecoverable VAT" line is the amount of VAT which AFBI cannot claim from HMRC. This VAT expense should ideally be expensed to the various Government / grant funded projects. However, the agreed process with HMRC is complex. AFBI are currently investigating means by which it can accurately allocate the expense to individual projects.

<sup>3</sup>During the year AFBI did not purchase any non-audit services from its auditor (NIAO) (2019-20: £Nil).

<sup>4</sup> Royalty income and associated costs for 2018-19 were reversed in the 2019-20 financial statements.

**4. Income**

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
<b>Revenue from contracts with customers</b>		
Income from analytical, diagnostic work and research contracts	6,591	7,125
Royalties <sup>1</sup>	350	(6,994)
Sale of milk and general produce	665	699
Charter of the ship	5	253
Refunds	3	8
Recoveries in respect of outward secondments	43	123
Rents receivable	43	45
	<u>7,700</u>	<u>1,259</u>
<b>Other Operating income</b>		
EU Grant	3,712	4,120
Other Grants	1,211	847
	<u>12,623</u>	<u>6,226</u>
Total	<u>12,623</u>	<u>6,226</u>

<sup>1</sup>No Royalty Income was recognised in 2019-20 Financial Statements and £6,994k previously reported in 2018-19 and not yet received was reversed in accordance with IFRS 15. Royalty income of £350K has been received in the 2020-21 Financial statements.

## 5. Property, Plant and Equipment

### 2020-21

	Information Technology	Plant & Machinery <sup>1</sup>	Transport Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2020	1,666	35,868	5,207	1,373	44,114
Additions	350	1,247	145	926	2,668
Disposals	(4)	(43)	(15)	-	(62)
Reclassification	12	635	-	(652)	(5)
Revaluations & Impairments	-	505	134	-	639
<b>At 31 March 2021</b>	<b>2,024</b>	<b>38,212</b>	<b>5,471</b>	<b>1,647</b>	<b>47,354</b>
<b>Depreciation</b>					
At 1 April 2020	1,016	23,810	4,042	-	28,868
Charge for the year	265	3,050	401	-	3,716
Relieving adjustment	(87)	(1,495)	(239)	-	(1,821)
Disposals	(4)	(43)	(15)	-	(62)
Revaluations & Impairments	-	291	109	-	400
<b>At 31 March 2021</b>	<b>1,190</b>	<b>25,613</b>	<b>4,298</b>	<b>-</b>	<b>31,101</b>
<b>Carrying amount</b>					
At 31 March 2020	650	12,058	1,165	1,373	15,246
<b>Carrying amount</b>					
At 31 March 2021	834	12,599	1,173	1,647	16,253
<b>Asset financing:</b>					
Owned	834	12,599	1,173	1,647	16,253
Finance leased	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-
Carrying amount at 31 March 2021	834	12,599	1,173	1,647	16,253

<sup>1</sup> Plant & Machinery includes a donated asset of scientific equipment with a now carrying value of £19k (2019-20 £21k).

## 5. Property, Plant and Equipment

### 2019-20

	Information Technology	Plant & Machinery <sup>1</sup>	Transport Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2019	1,485	35,978	5,267	-	42,730
Additions	252	593	108	775	1,728
Disposals	(97)	(642)	(229)	-	(968)
Reclassification	-	(598)	-	598	-
Revaluations & Impairments	26	537	61	-	624
<b>At 31 March 2020</b>	<b>1,666</b>	<b>35,868</b>	<b>5,207</b>	<b>1,373</b>	<b>44,114</b>
<b>Depreciation</b>					
At 1 April 2019	874	21,743	4,185	-	26,802
Charge for the year	248	2,971	399	-	3,618
Reliefing adjustment	(25)	(639)	(373)	-	(1,037)
Disposals	(97)	(605)	(219)	-	(921)
Revaluations & Impairments	16	340	50	-	406
<b>At 31 March 2020</b>	<b>1,016</b>	<b>23,810</b>	<b>4,042</b>	<b>-</b>	<b>28,868</b>
<b>Carrying amount</b>					
At 31 March 2019	611	14,235	1,082	-	15,928
<b>Carrying amount</b>					
At 31 March 2020	650	12,058	1,165	1,373	15,246
<b>Asset financing:</b>					
Owned	650	12,058	1,165	1,373	15,246
Finance leased	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-
Carrying amount at 31 March 2020	650	12,058	1,165	1,373	15,246

<sup>1</sup> Plant & Machinery includes a donated asset of scientific equipment with a carrying value of £21k (2018-19 £18k).

## 6. Intangible assets

Intangible assets comprise of software licences.

	<b>2020-21</b>	<b>2019-20</b>
<b>Cost or valuation</b>	<b>£000</b>	<b>£'000</b>
At 1 April	1,320	1,130
Additions	44	188
Disposals	(22)	(30)
Reclassification	5	
Revaluation & Impairments	19	32
At 31 March	<u>1,366</u>	<u>1,320</u>
<b>Amortisation</b>	<b>£000</b>	<b>£'000</b>
At 1 April	852	700
Charge for the year	182	175
Relifing	(114)	(14)
Disposals	(20)	(30)
Revaluations	13	21
At 31 March	<u>913</u>	<u>852</u>
<b>Carrying amount</b>		
At 31 March	<u>453</u>	<u>468</u>

## 7. Biological Assets

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
Valuation as at 1 April	1,237	1,337
Purchases	10	7
Decreases due to sales	(890)	(741)
Changes in value of herd due to changes in physical condition		
- Deaths	(72)	(73)
- Births	131	184
Changes in value due to changes in market price	706	523
Valuation as at 31 March	<u>1,122</u>	<u>1,237</u>

## 8. Financial Instruments

As the cash requirements of AFBI are met through Grant-In-Aid provided by DAERA and commercial income received, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with AFBI's expected purchase and usage requirements and AFBI is therefore exposed to little credit, liquidity or market risk. AFBI has taken steps to mitigate the exchange rate risk by setting up a Euro bank account and making payments in Euro to EU partners and sub-contractors where appropriate.

## 9. Indexation

### Breakdown of impairments/indexation by category

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
Charged to statement of comprehensive net expenditure	(6)	(30)
Charged to revaluation reserve	(238)	(199)
	<u>(244)</u>	<u>(229)</u>

## 10. Inventories

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
Feedstuffs and sundry stocks	282	220
Consumables at Newforge and Stoney Road sites	227	223
	<u>509</u>	<u>443</u>

**11. Cash and cash equivalents**

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	2,350	2,804
Net change in cash and cash equivalent balances	(1,673)	(454)
Balance at 31 March	<u>677</u>	<u>2,350</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	<u>677</u>	<u>2,350</u>
Balance at 31 March	<u>677</u>	<u>2,350</u>

**12. Trade receivables and other current assets**

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year</b>		
Prepayments and accrued Income	4,662	3,586
EU accrued income	2,589	3,289
Trade receivables	1,372	1,609
Other receivables	402	1,510
	<u>9,025</u>	<u>9,994</u>

**Amounts falling due after more than one year**

Accrued Income	<u>-</u>	<u>1,060</u>
	<u>-</u>	<u>1,060</u>

**13. Trade payables and other current liabilities**

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year</b>		
VAT	179	142
Trade payables	360	566
Other payables	5	45
Capital creditors	1,180	621
Accruals	7,419	6,860
Deferred Income	1,069	1,041
	<u>10,212</u>	<u>9,275</u>
<b>Amounts falling due after more than one year</b>		
Accruals and deferred income	<u>1,858</u>	<u>2,565</u>
	<u>1,858</u>	<u>2,565</u>

Within accruals and deferred income, £2,409k (2019-20: £2,929k) relates to grant funding secured for the purchase of capital assets and has been treated as deferred income. The method of income recognition is in line with the depreciation of these assets. During this financial year, depreciation of £542k (2019-20: £538k) was charged on these assets and an equivalent amount of income was released to SoCNE.



**14. Provisions for liabilities and charges****2020-21**

	<b>Legal £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Balance at 31 March 2020	362	673	1,035
Provided in the year	66	84	150
Provisions not required written back	(26)	-	(26)
Provisions utilised in year	(81)	(16)	(97)
Balance at 31 March 2021	321	741	1,062

*Analysis of expected timing of discounted flows*

	<b>Legal £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Not later than one year	321	717	1,038
Later than one year and not later than five years	-	24	24
Later than five years	-	-	-
Balance at 31 March 2021	321	741	1,062

**2019-20**

	<b>Legal £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Balance at 1 April 2019	190	91	281
Provided in the year	312	649	961
Provisions not required written back	(74)	-	(74)
Provisions utilised in year	(66)	(67)	(133)
Balance at 31 March 2020	362	673	1,035

*Analysis of expected timing of discounted flows*

	<b>Legal £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Not later than one year	362	617	979
Later than one year and not later than five years	-	56	56
Later than five years	-	-	-
Balance at 31 March 2020	362	673	1,035

Provisions have not been discounted as the time value of money is not material.

**Legal**

This relates to personal injury legal cases and intellectual property claims. Legal claims are assessed by independent solicitors and a provision of 100% of the likely maximum claim value is made. This percentage is to be reviewed on an ongoing basis to ensure it continues to represent a reasonable estimate of the expenditure on such claims.

**Other**

Other Provisions reported mainly relate to an overtime holiday backpay provision. Following a 17 June 2019 of the Court of Appeal in respect of a Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay.

Due to uncertainties with this case and the fact that the Supreme Court case due to be heard in June 2021 has been adjourned, the only change to last year's provision relates to an update for the rates provided by Department of Finance.

**15. Capital commitments**

AFBI had no capital commitments during 2020-21 (2019-20: £Nil).

**16. Leases****16.1 Operating leases**

AFBI has an operating lease with DAERA for the land and buildings it occupies. During 2020-21, £5,784k (2019-20: £6,319k) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure. Total

future minimum lease payments under operating leases are given in the table below for each of the following periods:

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
<b>Obligations under operating leases comprise:</b>		
<b><i>Land and buildings</i></b>		
Not later than one year	5,562	5,784
Later than one year and not later than five years	22,250	23,138
	<u>27,812</u>	<u>28,922</u>
	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
<b><i>Photocopiers</i></b>		
Not later than one year	23	22
Later than one year and not later than five years	23	39
	<u>46</u>	<u>61</u>

## **16.2 Finance leases**

AFBI had no finance lease commitments at the year-end (2019-20: £Nil).

## **17. Commitments under PFI contracts**

AFBI had no PFI contracts during 2020-21 (2019-20: £Nil).

## **18. Other financial commitments**

AFBI had no other financial commitments at the year-end (2019-20: £Nil).

## **19. Contingent Assets disclosed under IAS 37**

### **Royalty Income**

AFBI has historically received royalty income from the sale of vaccine products in various countries worldwide in accordance with Patent and licensing agreements.

Royalty income in respect of unpatented territories is currently subject to discussion regarding the interpretation of the licence agreement. AFBI received royalty income of £323k during 2020-21, the first to be received since June 2018. No Royalty Income was recognised in 2019-20 Accounts and those amounts previously reported in 2018-19 and not yet received have been reversed in accordance with IFRS 15.

The issue has not sufficiently progressed for further disclosure to be made.

### **Deferred tax loss credit**

AFBI have an unrecognised deferred tax asset of £980k which relates to 2019-20 tax losses of £5.1m relating to the reversal of royalty income from 2018-19. The tax asset is unrecognised as due to ongoing legal action Royalty income is being treated as a contingent asset as outlined above.

## **20. Related-party transactions**

### **Government**

DAERA is the sponsor department of AFBI with which it had various material transactions during the year and is regarded as a related party. DAERA's executive agencies also had transactions with AFBI.

In addition AFBI had some transactions with other government departments and central government bodies. Most of these transactions have been with Northern Ireland departments and their executive agencies such as DoF (including CPD and Pensions Branch), Department for Communities, FSA (NI) and Northern Ireland Water.

### **CIELivestock Limited (CIEL)**

AFBI is a Category A member of the Centre for Innovation Excellence in Livestock Limited (CIEL). CIEL is one of a number of Centres for Agricultural Innovation, a collaborative model between the agri-tech sector and government. These centres have been set up to help the UK turn agricultural innovation into commercial opportunities for UK businesses, encourage inward investment and improve farming practice.

Becoming a member in 2015-16, this enabled AFBI to be part of a wider group of highly regarded research bodies. To date it has allowed AFBI to avail of income from CIEL which it has used to purchase equipment to promote, develop and facilitate the advancement of the UK livestock industry.

Below is a summary of the financial transactions between AFBI and CIEL during the financial year.

AFBI issued sales invoices with supporting claim information totalling £201,588 to CIEL in year to 31 March 2021 (2019-20: £97,797).

During 2020-21, £Nil of assets were purchased using the CIEL income (2019-20: £Nil). In 2020-21 AFBI received £280,182 plus VAT (2019-20: £1,173,423) from CIEL decreasing the amounts owed by CIEL to AFBI at 31 March 2021 to £81,788 including VAT (2019-20: £176,000).

### **Other**

A review of the conflict of interest declarations completed during the year was carried out and other than those noted above, no Board member, key manager or other related party has undertaken any material transactions with AFBI during the year.

Any other compensation payments issued to the AFBI Board in relation to IAS 19 Employee Benefits are disclosed within the Remuneration Report.

### **21. Third-party assets**

AFBI does not hold any third party assets.

### **22. Events after the Reporting Period**

AFBI does not have any events after the reporting period to disclose.

### **Date of authorisation for issue**

The Chair and Accounting Officer authorised these financial statements on 23 March 2022.

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