



afbi

AGRI-FOOD  
& BIOSCIENCES  
INSTITUTE

AFBI Annual Report &  
Accounts

2022 - 2023

*Science with Impact – delivering scientific research and services to  
support Northern Ireland*

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under the Agriculture (Northern Ireland) Order 2004  
by the Department of Agriculture, Environment and Rural Affairs  
on  
9 November 2023

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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 2022-23.

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

On behalf of the Board, I am pleased to present the Annual Report and Accounts for AFBI for 2022-23.

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, monitoring and surveillance, research and development, emergency response and expert scientific advice required.

In recent years, the importance of the science that AFBI undertakes and the role it plays in helping provide the evidence and solutions to local and global challenges has been increasingly recognised. As an organisation we play a vital role in issues such climate change, food security, protection of our natural and marine environments, food safety and the detection and control of animal and plant diseases.

During 2022-23, AFBI has continued to deliver excellent scientific services, research and advice to DAERA and our wide range of external funders and customers. Key highlights include the successful delivery of Year 1 of the Soil Nutrient Health Scheme, a truly innovative scheme designed to deliver the twin goals of environmental and economic benefit.

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 have developed a bold new Corporate Plan for the period 2023 to 2027. In partnership with DAERA we also continue to make real and meaningful progress across a range of estate and IT projects which are vital to provide the underpinning infrastructure which the organisation needs for the future.

I would also take this opportunity to thank my non-executive colleagues on the Board for their commitment and support to the organisation. 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.

The greatest asset in AFBI is its people and it is a privilege to witness their expertise and commitment. I am incredibly proud to be part of AFBI and I acknowledge and recognise the magnificent work of AFBI staff.

Finally, I would also thank the Executive Management Team (EMT) for their hard work and commitment in delivering against our many scientific and corporate objectives.

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

**Colin Coffey, CDir FloD**  
**Chair**

### 1.1.3 Chief Executive's perspective on performance

Overall, the Institute has had another successful year in delivering our scientific work programs for DAERA and external funders. This has occurred against a challenging backdrop including the continued impact of budgetary pressures and an increasingly competitive staff recruitment and retention environment.

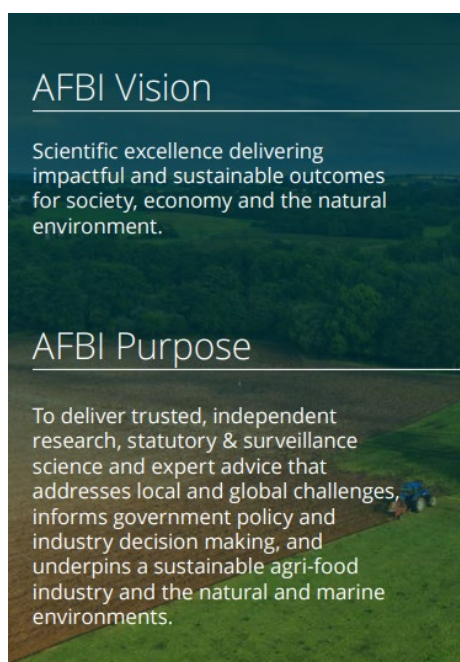


*Dr Stanley McDowell,  
AFBI Chief Executive*

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 and surveillance 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 to drive sustainability, protecting animal, plant and human health, and enhancing the natural and marine environment.

Alongside the delivery of our core science programmes, the organisation has continued to lead or contribute to a significant number of substantial infrastructural, IT and other change projects over the course of 2022/23. These include DAERA-led projects such as the new Animal Health Sciences building, replacement beef facilities and a replacement Laboratory Information Management System. Other projects progressed during the year include design work for a replacement Research Vessel, the continued roll out of an electronic quality management system, and substantial work on a new Project and Portfolio Management system. We very much welcome DAERA funding and support of these various investments which are critical to providing the facilities needed to deliver future science needs and to modernise how we operate.

During 2022/23 we updated our Vision and Purpose statements to reflect the broad spectrum of work which AFBI undertakes and a number of key aspects including the importance of scientific excellence and delivering impact. We have drafted a new Corporate Plan for 2023-2027 and have recommenced work to update our Science Strategy to 2030.



The Corporate Plan 2023-2027 outlines the high-level objectives which our science aims to achieve across our three core themes alongside our ambition to continually increase the quality and relevance of our science and the enabling investments needed in our systems, estate and people. The new Corporate Plan provides AFBI with a strong strategic direction for the coming years.

A key part of the previous and the 2023-2027 corporate plans is the investment in and renewal of key estate and infrastructural assets by our sponsoring department, DAERA. Taken together

these investments represent a major change programme for the organisation and are essential to provide the necessary facilities to enable scientific excellence and the delivery of the science needed to meet current and future challenges.

The quality, dedication and expertise of staff are pivotal to AFBI's future success. Promoting a culture of excellence, commitment, and responsibility within a considerate environment is fundamental to delivering AFBI's objectives. Like many other organisations, we faced an increasingly difficult recruitment and retention environment during 2022/23 which added significantly to the pressures on staff and the overall delivery of some objectives. AFBI is overwhelmingly dependent on attracting and retaining the best scientists and supporting staff within this increasingly competitive environment and this will be a key focus for the 2023/24 financial year.

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

The Agri-Food and Biosciences Institute (AFBI) is Northern Ireland's largest agri-food science organisation. As a non-departmental public body (NDPB) sponsored by the Department of Agriculture, Environment and Rural Affairs (DAERA), AFBI science plays a crucial role in providing the underpinning statutory and surveillance science, research and development work, emergency response capability and expert scientific advice required to support the various work programmes of our sponsoring department and the wider requirements of the agri-food industry.



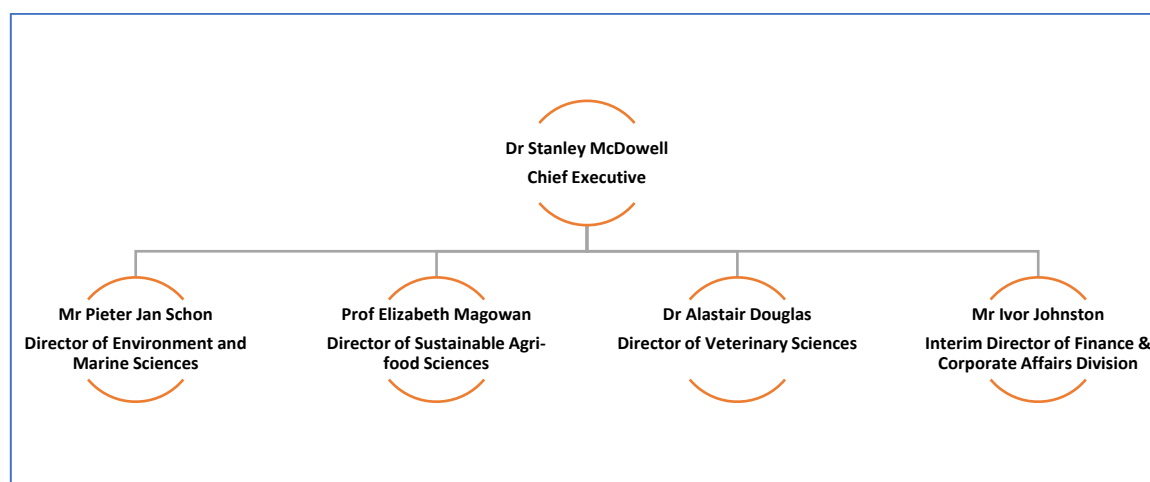
AFBI has a broad remit of work including providing vital support to an industry which is a key economic driver within Northern Ireland while delivering wider societal benefit in areas such as the environment and food safety.

Against a backdrop of global and local challenges, including the threats posed by climate change, new and emerging animal and plant diseases, and the increasing requirement to balance environmental and economic sustainability, the need for science to provide the evidence base, inform policy making and develop solutions has never been greater.

AFBI aims to meet these challenges through our work which centres on our three key themes of:

- Leading improvements in the agri-food industry to enhance its sustainability;
- Protecting animal, plant and human health;
- Enhancing the natural and marine environments.

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



Detailed information of the governance structures of AFBI, including the AFBI Board 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 branches and the policy branches in DAERA who specify DAERA's required programme of scientific services. The DAERA directed AFBI Research Evidence and Innovation 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, 13 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 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 2022-23	
<b>CR1</b>	Failure in Corporate Governance, control and/or accountability leading to reputational damage, financial irregularity or fraud.
<b>CR2</b>	Future Public Sector spending and inflationary pressures impacts on AFBI's ability to deliver work programmes.
<b>CR3</b>	Failure to deliver budget outturn within agreed budget tolerance.
<b>CR4</b>	Failure to proactively identify and respond to the increasing pace of scientific development, industry need and technological change will adversely affect AFBI's future sustainability and delivery to its funders.

AFBI Corporate Risks 2022-23	
<b>CR5</b>	Failure to provide external emergency response capability (ERC) requirements and maintain internal business continuity this will negatively impact AFBI's service
<b>CR6</b>	Failure to recruit, retain and develop AFBI's workforce and an over reliance on agency staff or ineffective hybrid working may result in AFBI being unable to deliver science needs and fulfil its business objectives.
<b>CR7</b>	Failure to have a fit for purpose AFBI Estate will negatively impact on our ability to deliver the required functions for DAERA and external funders, and negatively affect AFBI's reputation.
<b>CR8</b>	Failure to provide secure, adequate IT systems (including LIMs and FBMS) and capacity to support management decision-making will adversely impact the delivery and efficiency of AFBI's services.
<b>CR9</b>	Failure to comply with Health and Safety, Biocontainment, Waste Management and related legislation and requirements could adversely impact on the health and safety of staff and others and / or impact on the health status of NI's animal
<b>CR10</b>	Legal issues in relation to the significant royalties monies owed to the public purse could lead to significant financial and reputational impacts
<b>CR11</b>	Continued uncertainty around the impact of the NI protocol including import/export controls and the levels and types of testing required impacts on AFBI's ability to deliver on DAERA testing requirements.
<b>CR12</b>	Failure to manage the impacts of the level and pace of internal changes in systems and working practices negatively impacts AFBI staff and service delivery.
<b>CR13</b>	Failure to mitigate the threat of and effectively respond to a Cyber security attack or other interruption to business continuity negatively impacts AFBI's operations and reputation.

## Analysis of Risk Profile

AFBI's Risk Review Group meets on a regular basis to consider current and emerging issues and the impact on the risk profile 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. People

In common with many other organisations, AFBI is currently operating in a much more challenging staff recruitment and retention environment with

a very buoyant local employment market for many of the skills that the organisation requires and depends on. During the year there was a high level of recruitment activity undertaken but there continues to be a significant number of agency workers and vacant posts across the Institute. The recruitment risk is being managed through a Workforce Plan and the embedding and development of the new staff are being managed through induction processes and training.

During 2021-22 AFBI also took part in the NISRA staff survey for the first time. The survey allows benchmarking of staff engagement levels with other participating organisations including DAERA. The results of this exercise (referred to at section 1.1.6) are not



untypical of organisations participating for the first time and have indicated a number of areas of focus that are impacting on staff engagement. An action plan has been developed to address the issues raised.

### **Emerging Risk Issues for 2023-24**

#### **Public Sector Funding Pressures**

The continued high cost of utilities and inflationary pressures across many of our estate and laboratory inputs together with resource funding constraints presents a significant 2023-24 budgetary pressure. Costs versus the budget settlement for 2023-24 are 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 2022-23**

This year saw the development of a new Corporate Plan which sets out AFBI's ambitions for the period 2023-2027. AFBI's Vision, Purpose and Strategic Priorities are set out below.

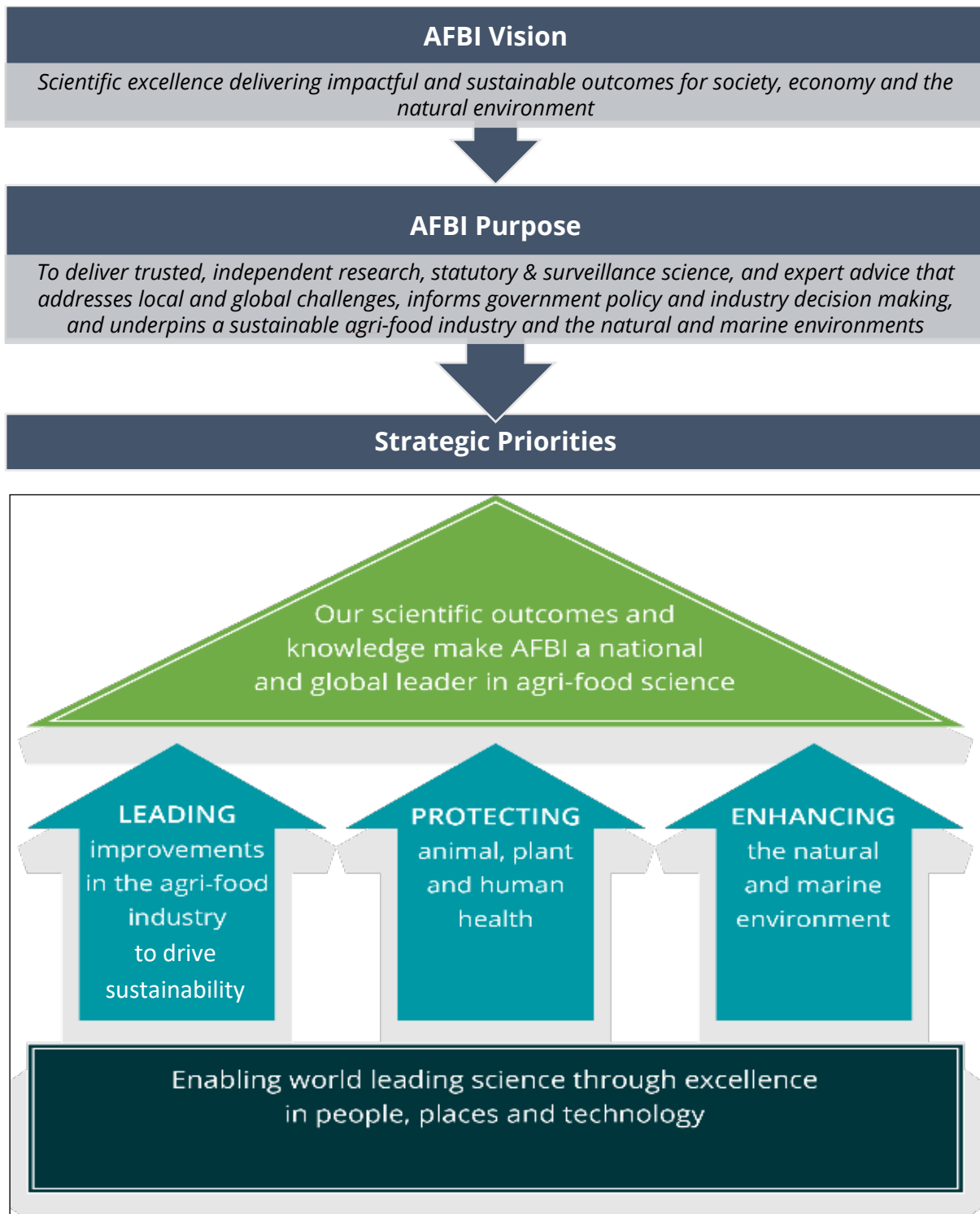


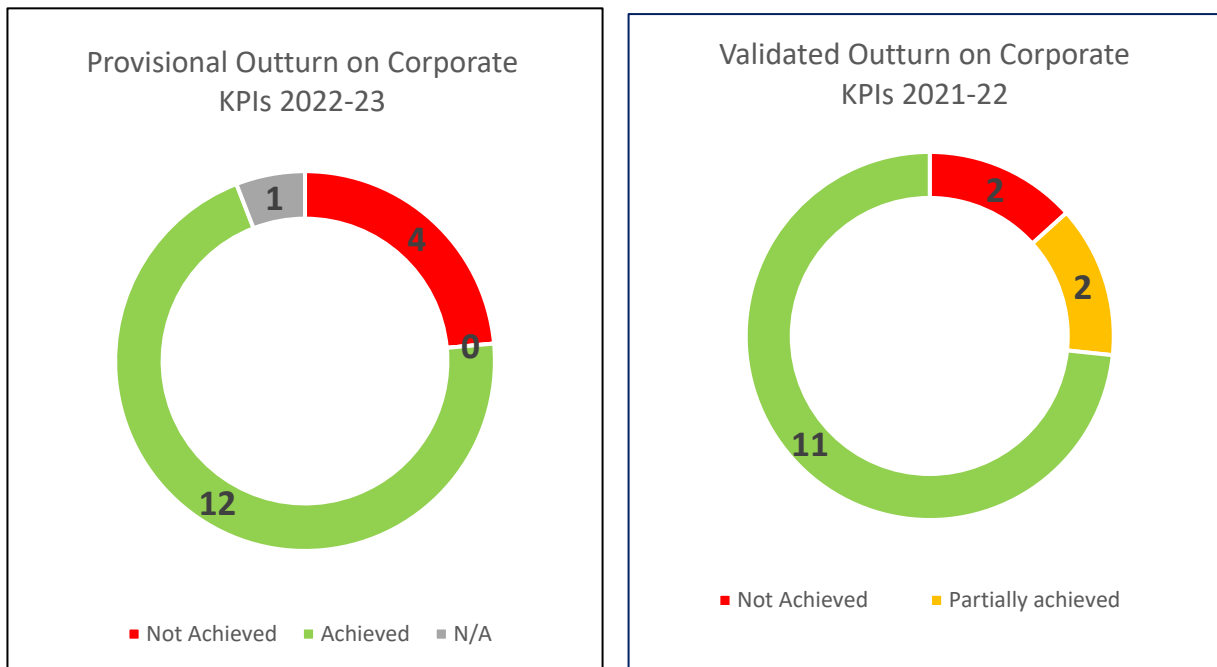
Figure 1. AFBI's vision, purpose, and strategic priorities for the period 2023-26

## Overview of Performance

**Table 1 – Summary Outturn Performance**

Status	Definition	2022-23	%	2021-22	%
<b>Red</b>	KPI's where commitments are not achieved	5	29%	2	13%
<b>Amber</b>	KPIs were commitments were partially achieved	0	0%	2	13%
<b>Green</b>	Achieved	11	65%	11	74%
<b>N/A</b>	No Longer Applicable	1	6%		-
<b>Total</b>		<b>17</b>		<b>15</b>	

There were 5 Corporate KPI's not achieved in 2022-23, representing a reduction in outturn performance in comparison with the previous year. However, this remains a positive outcome given the contextual challenges of funding uncertainty, the financial systems issues and staffing challenges faced by AFBI during the financial year.



**Figure 2 – Comparison of KPI Outturn 2022-23 and 2021-22**

## Progress towards key Strategic Priorities in 2022-23

### Leading improvements in the agri-food industry to enhance its sustainability

Over the coming years the agri-food industry must reduce its environmental footprint to help deliver long-term sustainability. A key focus of research in AFBI is therefore to reduce the emissions of greenhouse gases (methane and nitrous oxide), as well as the excretion of phosphorus and nitrogen from meat and milk production systems, as well as making better use of organic manures from livestock.

During the year there have been a number of successes in securing funding to achieve this goal, such as a project entitled 'Beyond early life programming of enteric methane emissions – BELCH<sub>4</sub>'. This is a DAERA funded project which will focus on the lifetime impact of early interventions in dairy heifer rearing to reduce the potential of the rumen to generate methane. A number of other projects have progressed well during the year with a range of funders and are now reporting outcomes which the agri-food industry can adopt. These include lower protein concentrations in dairy cow diets that reduce ammonia emissions and novel methane inhibitors to reduce methane emissions from finishing beef cattle. Revised emissions factors and data for emissions as a result of grazing and for modern poultry and pig housing were also reported and work continues to embed these in the national inventory.

AFBI has submitted a number of significant funding bids, in collaboration with others to ensure the wider programme of work in this area can continue, such as SureFoodi and Climate+ which were two major proposal submissions in response to the SFI Co-Centre call. The AFBI work within these proposals includes the use of former foods in pig diets, improvements in soil health and land use for human food production as well as alternative swards to promote biodiversity and reduce emissions and economic modelling to understand the key considerations within a just transition for food production systems.

Harnessing the power of data on this journey to develop and enhance model development and ultimately provide positive transformation within agri-food systems is also a key goal. During the year the 'Food Futures' project advanced

well moving from an initial 30 ambassador farm group, who helped direct and develop a user-friendly system, to a 130 pilot farmer project in partnership with the Livestock and Meat Commission (LMC) and the Farm Quality Assurance Scheme. An AFBI developed dairy systems model also reported initial analysis which will help enable policy makers to assess the optimum system for dairy farming in NI under a range of pricing structures and input costs. Work is now progressing on a similar beef model and will include an environmental element. For the first time a model to assess the most appropriate placement of forestry and woodlands in NI, to support policy development reported and the AFBI 'Input/Output' model is being used to support climate action plans, with a focus on all 82 sectors within Northern Ireland.

A major DAERA funded project, the Northern Ireland Farm Animal BioBank (NIFAB), was instigated during the year, this project is collating the phenotypes and genotypes of animals from both AFBI and CAFRE livestock, especially for hard to measure outputs such as feed use efficiency and methane emissions. Currently over 9 billion phenotypes have been captured within the project. This project will have a foundational role in delivering research to design new breeding traits and indexes for the NI cattle herd which will support the delivery of both productivity and environmental targets for NI farming.

Whilst livestock production dominates the NI agri-food industry, a goal of AFBI is to explore the opportunity for non-livestock based food products. During the year discussions and relationships have been fostered with potential academic and commercial partners to bring forward proposals to investigate this area.

During the year AFBI also launched a further two new grass varieties which further advance the growth and quality potential of NI grasslands. The AFBI led EU-funded Innovar Project has also progressed well; now in its third year its goal of delivering a decision support tool to support farmers across Europe select wheat varieties that have high performance at low risk is well on track. This tool is underpinned by novel science and especially drone and image technology, linked with genomics to gain a deeper understanding of crop dynamics, performance and nutrient efficiency. Overall this project has a focus on the introduction of innovations into plant variety breeding and testing to promote the inclusion of traits which drive sustainability and resilience.

Finally, the adaptation of the NI agri-food sector to the changing climate is critical. AFBI's grassland and arable programmes of research continue to explore



the adoption of multispecies swards, cover crops and novel crops, the use of conventional and novel organic manures on crop and sward productivity and soil health. Furthermore, the focus on agroforestry continues with proposals being made to explore the adoption of such platforms for young stock.

## Protecting Animal, Plant and Human Health;

The work undertaken by AFBI under this strategic priority is directed towards protecting Northern Ireland society from the threats of animal and plant diseases as well as food contaminants, both chemical and microbiological. The work is fundamental to DAERA and the agri-food industry in order to meet national and international trade requirements in relational food products, agricultural produce, plants and livestock. AFBI's work in these spheres is critical to the economy, society and the environment of Northern Ireland. Our ability to trade as a region is critically dependent on demonstrating freedom from transboundary and notifiable diseases and AFBI plays an important role in active surveillance testing programmes providing evidence of regional disease status for DAERA animal and plant health policy, supporting compliance with European legislation, supporting trade guarantees, supporting DAERA and the industry to prevent disease incursions and protecting public health through detection of diseases transmissible to humans.

During 2022/23 over 140 thousand tests were delivered by AFBI for statutory animal disease surveillance purposes alone. These surveillance programmes are coupled to capabilities for mounting an emergency response should a notifiable transboundary disease, such as avian influenza, occur in the province. During the first quarter of 2022/23 AFBI was heavily involved with providing the diagnostic evidence of freedom from avian influenza following a serious disease outbreak in commercial poultry holdings towards the end of 2021/22. In addition, during the remainder of the year AFBI scientists mounted responses to 17 avian influenza suspect events raised by DAERA and also provided testing support to DAERA for an incursion of *Maedi visna*, a notifiable disease of small ruminants.

The risk of new and emerging diseases, including those arising from or linked to changing climate conditions, will potentially bring new disease challenges to the province and it is important that AFBI has the capability and capacity to respond

to these challenges. AFBI scientists have close contacts with national and international animal disease networks as well as National Reference Laboratories to ensure we have timely knowledge and access to scientific resources, such as protocols and reagents, in order to respond to animal pathogen challenges.

Endemic diseases in animals have a negative effect on productivity, competitiveness and greenhouse gas emissions. AFBI's contribution in this area is a robust passive surveillance programme, monitoring animal diseases and changing patterns of disease, as well as supporting disease control and eradication programmes such as BVD and bovine tuberculosis. Over 2,800 post-mortems and over 65,000 tests were undertaken as part of the passive surveillance programme. The Institute also has a major on-going programme of work on bovine tuberculosis spanning both diagnosis and R&D directed at understanding the disease and the factors influencing its transmission and spread. This work includes the application of advanced genomic sequencing techniques to increase understanding of disease transmission within and between cattle and wildlife hosts.

Our food safety work provides surveillance and emergency response to chemical and microbiological contaminants in products of animal origin. AFBI work closely with both DAERA and our agri-food industry to provide scientific evidence that our food products are safe to eat and meet the stringent requirements for trade. During 2022/23 AFBI has expanded our mass spectrometer capacity and continued to develop new multi-analyte high resolution methods on these technology platforms.

Protecting and enhancing our plant health is of fundamental importance to deliver healthy environments which promote biodiversity, carbon sequestration and wider societal wellbeing. Tree diseases such as sudden oak death, *Phytophthora ramorum*, and ash dieback, *Hymenoscyphus fraxineus*, have the power to destroy native tree populations and alter the appearance of the landscape. Plant health protection has a long history in Ireland fuelled by the devastation caused by potato late blight (*Phytophthora infestans*), which was the causative agent of the Irish potato famine 1845-1852. Working closely with DAERA's plant health teams, AFBI's surveillance and emergency response capabilities underpin the health of forests and plant-based ecosystems. Northern Ireland (along with RoI) has the greatest number of plant health protected zones in the EU demonstrating our high plant health status.

As an island epidemiological unit, we have many advantages but there are constant plant health threats on the horizon. In total, there are over 1,400 plant pests and diseases listed on the UK and EU plant health risk registers. Ongoing work, concerns preparation for emerging *Phytophthora* species, such as *Phytophthora pluvialis* attacking western hemlock and Douglas fir in GB, as well as insect pests such as emerald ash borer, *Agrilus planipennis*, a destructive pest of ash, which is encroaching on eastern EU states. Invasive and endemic threats to bee health are also monitored by AFBI. Small hive beetle, *Aethina tumida*, is an invasive pest of honeybee colonies which was found in southern Italy in 2014. Due to EU-Exit, Northern Ireland has seen a greater influx of honeybees imported and intended for the GB market. We currently monitor these through visual and molecular means for signs of small hive beetle carriage.

Control of plant pests and diseases is often based on the use of pesticides. Approval and usage of pesticides is subject to alteration due to the significant environmental and human health implications of their use. AFBI monitors pesticide usage on crops by a stratified random selection of holdings followed by targeted interviews with growers. Knowledge of pesticide use is fundamental to designing policies to protect the environment and human health.

AFBI's work on plant health is supported by a targeted research programme including work in relation to state of the art analytics and advances in knowledge to support efficient and effective surveillance and monitoring work and emergency response capabilities.

## Enhancing the natural and marine environments.

Throughout 2022/23 AFBI continued to undertake work supporting this strategic priority. The AFBI Oceanography and Limnology team maintain internationally significant long-term monitoring programmes essential for understanding our freshwater lakes and marine ecosystems, notably for responses to pressures such as climate change and contaminants.

The Long-Term Ecological Research (LTER) network delivers baseline monitoring for agriculture and wastewater pollutants in our major freshwater bodies, whilst the marine monitoring programme assesses the environmental health of our

seas. This work supports DAERA by addressing emerging scientific priorities such as understanding carbon storage, climate driven coastal erosion & plankton communities. AFBI's modelling helps to forecast the recovery of lakes that have been enriched with phosphorus from agriculture. The ecosystem modelling of land-sea systems has supported improving the nation's water quality by advising Northern Ireland Water (NIW), DAERA, and the Northern Ireland Environment Agency (NIEA) on wastewater infrastructure investments.

Investigation into the impacts of climate in both marine and lake systems has led to the identification of frequent marine heatwaves in the Irish Sea.

The recent integration of Northern Ireland's Oceanographic monitoring programme into the ICES report on ocean climate contributes to pan-Atlantic observations of sea temperatures to support international climate change assessments, including those of the Intergovernmental Panel on Climate Change (IPCC).

A new observation platform for Lough Neagh has been built ready for a 2023 installation, to monitor lake water quality in an ecosystem observed to be currently undergoing rapid change, and a new real-time dissolved oxygen monitoring buoy will identify impacts associated with rising temperatures, whilst directly supporting the management of the fishery within the lough.

Enabled by long-term data collection, DAERA & EU funded projects have delivered added value to the core national monitoring and modelling programmes. Capital investment in analytical capacity during 2022/23 has also developed the capacity for understanding carbon fluxes and stores using both in-situ and laboratory equipment in survey programmes in both freshwater and marine environments.

AFBI also continues to do work covering surveillance, analytical and technical support, and specialist advice in the fields of soil, water quality, biodiversity, agro-forestry, nutrient management and environmental protection. This supports DAERA to meet legislative requirements as well as formulate policy to reduce carbon footprint and meet targets for greenhouse gas emissions and other environmental obligations.

AFBI drafted the scientific evaluation of the current Nutrient Action Plan (NAP) to inform the development of a revision and impact of derogations. The UK Environmental Change Network (ECN) data, and its interpretation, continues to make significant contributions to a range of projects and programmes that

underpin policy decisions across a range of science and policy areas. These include: the provision of supporting data for large-scale ecosystem assessments, such as the UK National Ecosystem Assessment (NEA); support for assessments of key impacts and predictions of responses to future scenarios, e.g. Review of Transboundary Air Pollutants (RoTAP); supporting data for monitoring networks that operate at different temporal or spatial scales, e.g. the UK Countryside Survey; support for natural resource management through provision of data on biodiversity.

The Glenwherry Hill Regeneration Partnership (GHRP) outcomes in 2022/23 include AFBI's Habitat Condition Survey Report, Irish hare population density estimates, attendance at board and subgroups meetings, RSPB Bird Counts, Raptor Population Ecology, Habitat Management techniques and Irish Grouse counts. The project had considerable attention this year with a record breeding season for curlew (*Numenius arquata*), an endangered and declining species throughout its range.

A key highlight has been the delivery of Year 1 of the DAERA-funded Soil Nutrient Health Scheme, which is one of the most comprehensive regional soil nutrient sampling schemes to be undertaken anywhere in the world and is being rolled out on a zonal basis with all the zones to be completed by 2026. In 2022/23 this Scheme was opened to farmers in Zone 1 (County Down and parts of Counties Antrim and Armagh). The information gathered is aimed at allowing farmers to optimise the application of crop nutrients to their soils with a resulting reduction in nutrient loss to waterbodies and is built on the back of many 30 years of high quality AFBI research on soil nutrients, water and air quality and carbon sequestration.

## Quality and impact of AFBI Science

The quality and impact of the science that AFBI undertakes are core to our vision and purpose. The publication of peer reviewed papers in international journals, as well as the publication of technical reports, seminars, and presentations locally, nationally and internationally to stakeholders represent important pathways to drive impact from the science the Institute conducts. The statutory testing undertaken by AFBI is delivered in accordance with rigorous international quality

standards (ISO 17025). AFBI also has ISO 9001 certification with research and development work undertaken under this standard.

During 2022-23 AFBI delivered over 700 activities which disseminated the latest research to a wide range of stakeholders by ways of pathways to impact. Within this, over 100 peer review academic papers were accepted for publication in international journals, which also reflects a mark of quality of AFBI's science being accepted by the academic community. Almost 250 knowledge transfer events were delivered, over 50 press releases were produced and AFBI experts contributed to over 130 committees which support national and international agri-food and marine industries. AFBI's scientific leaders are also directly or indirectly involved in the supervision of over 50 PhD students currently.

In 22/23 fifteen projects, directly funded by DAERA were completed and over 40 projects funded by others, such as the EU, other government funders and commercial companies were completed.

### **External Funding**

AFBI has had a successful year in securing new external contracts which complement and enhance AFBI science. The year ended with AFBI securing 40 external contracts with a value of almost £6 million.

In the past year AFBI commenced its first Horizon Europe project "NEW-HARMONICA" (Harmonised Nutrient Load Reduction Approaches Within Safe Ecological Boundaries in Catchments Located in NW EU) after successfully navigating the application process for funding from UKRI under the UK Guarantee for Horizon Europe.

2022/23 saw successes in applications submitted to funders on a local and national level. The paragraphs below provide some detail on awards by national funders.

### **Local Funding**

Following a competitive tender in 2022, AFBI is a collaborator in the DAERA funded NI Countryside Survey. The NI Countryside Survey provides a consistent long-term dataset for analysis of the effects of countryside, agricultural and other policies & pressures as drivers of change. The survey is a repeat of the previous survey, commissioned in 2007, and will include a large soils component. AFBI soil expertise makes an important contribution to the work. For the first time in the

history of the NI Countryside Survey, there will be baseline assessments of soil condition and function, in relation to vegetation cover. The survey will complement the data collected in the Soil Nutrient Health Scheme.

### **Biotechnology and Biological Sciences Research Council (BBSRC)**

Three proposals submitted to the 2022 BBSRC Endemic Livestock Diseases Initiative were successful:

Led by AFBI Virology Branch, 'Unravelling the aetiology of Stunting in UK Broiler Flocks through the use of novel Microdissection and viral meta-transcriptomic sequencing tools', this project will lean on AFBI's histopathology expertise and in AFBI's expertise in virus isolation methods.

AFBI's Economics Research Branch are partners in two projects 'Fighting Infection and AMR in broiler farming: AI, omics and smart sensing for diagnostics, treatment selection and gut microbiome improvement' and 'Factors influencing endemic disease in the Northern Ireland sheep flock'.

### **Department for Business, Energy & Industrial Strategy (BEIS)**

AFBI has had several successes this year in applications to BEIS both as lead and participating partners, the most notable being Enviro-Crops.

The BEIS Biomass Feedstocks Innovation Programme aims to increase the production of sustainable domestic biomass by funding innovative ideas that address barriers to biomass feedstock production. Enviro-Crops, an AFBI-led project will develop an app to bring together information from best practice guidance publications (such as those written by AFBI) together with information typical of a consultant's feasibility study on the suitability of growing Biomass Crops. The Enviro-Crops web app aims to fill knowledge gaps and revolutionise the Biomass Crops industry by providing the confidence that farmers and project developers need to de-risk this as an investment choice.

### **US Ireland**

AFBI was successful in securing funding through the 2022 US-Ireland Call for the Duo-Biochar project in the 2022 Tripartite US Ireland Call. Working with partners Auburn University, University of Delaware, University of New Mexico, and Trinity College Dublin, the long-term goal of Duo-Biochar is to develop a dual-function substrate that captures excess phosphorus in soils and releases it slowly to meet

plant needs. Herein, the project proposes to engineer biochar as a template to capture phosphorus (P) and release it to meet the dynamic needs of plants (hereafter, duo-biochar).

**Enabling world leading science through excellence in people, places and technology.**

The quality, dedication and expertise of staff is pivotal to AFBI's success and in 2022-23 AFBI delivered the year 3 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.

### **Staff Engagement Scores**

In 2021 AFBI took part in the NICS People Survey which was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. This enabled AFBI to benchmark scores across a range of public sector employers. A key outcome of the survey is an Employee Engagement Index (EEI) score which is based on the weighted average of responses to the five employee engagement questions. AFBI responses indicated an Employee Engagement Index of 53%.

### **Technology Update**

AFBI are committing resources to install and develop systems that will address existing AFBI end-of-life technology.

Roll-out of the electronic document and records management system (EDRMS) MicroFocus Content Manager across the Institute was completed at the end of June 2022. Work continues to embed the system in key business processes and maximise uptake.

Significant progress was made on the installation of a Project and Portfolio Management (PPM) system centred on five specific workstreams meeting AFBI specialist provision. The PPM system will deliver an automated capture, monitoring, management and performance reporting including the provision of a bespoke finance module.



AFBI are also focused on new future proofed technology to manage its financial information. AFBI are working with the Strategic Investment Board (SIB) in determining a comprehensive Service Blueprint to evidence the future Finance (FBMS) requirements and determine a preferred option with a full business requirements specification. The project will align to the Global Design Principles for Finance as recommended by HM Treasury and DoF.

### **Estate Update**

During 2022/23 work commenced on a Strategic Review of the AFBI Estate with the project being led by the Strategic Investment Board (SIB) and supported by DAERA Estate Transformation Division (ETD) and AFBI representatives. The purpose of this Strategic Review is to feed into and support DAERA's long-term Estate Strategy and to develop a clearer understanding as to how AFBI's land and property holdings can be reconfigured and reorganised over the short, mid and long-term, to serve both current and emerging policy/corporate requirements of DAERA and AFBI. By end March 2023 a draft report was submitted to the Project Board which contained a series of emergent strategy proposals and next steps. Work on the Review continues during 2023/24.

DAERA is already investing in capital infrastructure projects for the AFBI Estate on the basis of requirements associated with health and safety, animal welfare, relevant scientific policies/strategies and to underpin the AFBI scientific Assigned Work Programme (AWP). Larger examples include the current project for the AFBI Stormont Animal Health Sciences Building, AFBI/CAFRE Integrated Beef Facilities; and AFBI Hillsborough Ruminant Emissions Research Facility projects.

Maintenance of the AFBI Estate is a constant throughout the year with an annual statutory planned preventative maintenance (PPM) schedule in place for each site as well as the usual reactive (defects) maintenance, and a range of minor works projects based on business need.

## **1.2 Performance Report – Performance Analysis**

### **1.1.7 Purpose and Structure**

The purpose of the Performance Analysis is to provide a detailed view of the organisation's performance during the 2022-23 year.

#### **Performance – 2022-23 Key Performance Indicators**

To measure progress towards the achievement of the corporate outcomes, AFBI developed 17 KPIs for 2022-23. Outturn performance against these was monitored and reported to EMT, the Board and DAERA on a quarterly basis. The table set out over the following pages summarises AFBI's outturn performance against its 2022-23 business plan KPIs as validated by AFBI's Internal Audit provider.

Business Plan Target	Outcome	Analysis of Performance	Business Plan Target	Outcome	Analysis of Performance
<b>KPI 1</b> - Delivery of the DAERA Evidence & Innovation Research Programme to defined standards	<b>Not Achieved</b>	Delivery of KPI 1 was dependant on the achievement on 4 of 7 metrics. Three of these metrics were achieved including delivery of outputs as required, delivery of projects within whole life agreed budgets and delivery of projects within their annual agreed budgets	<b>KPI 2</b> - Delivery of 90 % Non-AWP research projects on time and on budget and to the satisfaction of customers	<b>Not Achieved</b>	A total of 38 projects were considered within scope for this KPI and a total of 32 were delivered on time and within budget equating to an 84% compliance rate.

Business Plan Target	Outcome	Analysis of Performance
<b>KPI 3</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 547,244 of 551,597 tests on time and to quality standards (99.2%)
<b>KPI 5</b> - Delivery of the Soil Nutrient Health Scheme in line with project plan.	<b>Achieved</b>	The SNHS project achieved a 95% uptake level which was higher than that forecast in the project plan. Any remaining analysis work being undertaken by the external contracted laboratory will be rolled into year2 of the Scheme.

Business Plan Target	Outcome	Analysis of Performance
<b>KPI 4</b> - Delivery of agreed animal and plant health, food safety and fishery emergency response requirements to DAERA.	<b>Achieved</b>	AFBI have continued to respond to the Emergency Response requirements for the department in relation to Avian Flu and a fish kill incident. In addition, all Emergency response plans have been reviewed and tested as necessary.
<b>KPI 6</b> - Retention of ISO 17025 accreditation and ISO 9001 certification.	<b>Achieved</b>	The outcomes of the audits for both AFBI's quality standards were extremely positive. The ISO 9001 certification was retained and the ISO 17025 accreditation status was confirmed.

Business Plan Target	Outcome	Analysis of Performance
<b>KPI 7</b> - By 31 March 2023 we will have achieved a score of 2500 with regard to AFBI's scientific outputs as pathways to impact	<b>Achieved</b>	Based on data extracted from the 'Outputs database' and a review of outputs as reported by the AFBI Library indicates a score of 2,852.

Business Plan Target	Outcome	Analysis of Performance
<b>KPI 8</b> - Deliver of 2022/23 targets from the AFBI Corporate Communications and Engagement Strategy	<b>Achieved</b>	AFBI achieved its Communications objectives including the delivery of its press and social media plan exceeding the target of £1m of media value. Corporate communications also successfully delivered all planned activities within its Events Planner.

Business Plan Target	Outcome	Analysis of Performance
<b>KPI 9</b> - Finalisation of the AFBI Science Strategy Framework and Action plan to 2030	<b>Not Achieved</b>	The decision was taken to prioritise the completion of a new corporate plan for 2023-27. Work on the Science Strategy aligned to the new Corporate Plan has recommenced in 2023/24.

Business Plan Target	Outcome	Analysis of Performance
<b>KPI 10</b> - To improve staff engagement through developing and implementing a staff engagement action plan and the planned 2022-23 actions from the People Strategy	<b>Achieved</b>	Actions from the people strategy action plan are complete, other than initiatives now merged into the staff engagement action plans. Overview of achievements include hybrid working and health and wellbeing policies implemented; year 2 of leadership programme; review of candidate booklets & recruitment methods; analysis of staff turnover and recruitment; Head of Branch review and achieve Diversity Mark NI Bronze Accreditation.

Business Plan Target	Outcome	Analysis of Performance	Business Plan Target	Outcome	Analysis of Performance
<b>KPI 11</b> - Achieve the Diversity Mark accreditation for AFBI	<b>Achieved</b>	AFBI achieved Bronze Diversity Mark Accreditation on 10.06.22. 	<b>KPI 12</b> - Complete implementation of the Portfolio and Project Management system in line with project plan.	<b>Achieved</b>	Go Live for the project was achieved in January 2023 following approval of second Addendum to the Business Case for the AFBI PPM granting an overall capital phase from 01 April 2021 to 01 April 2023.
<b>KPI 13</b> - Business case developed for a new Finance & Business System	<b>Not Achieved</b>	AFBI have engaged the Strategic Investment Board (SIB) to support Finance staff and provide specialist finance and digital input. The Draft Finance Scoping Study has received outline costings from Account NI to permit SIB to finalise the document. The dedicated Finance System Support Team for the FBMS project will begin operations following completion of early close out of 2022/23 accounts.	<b>KPI 14</b> - Deliver Data Strategy action plan for 2022-23	<b>N/A</b>	With Board approval this KPI was removed. AFBI have engaged the Strategic Investment Board (SIB) to Review the Data Strategy and action plan. SIB have now reported back and a revised action plan will be developed in light of their recommendations.

Business Plan Target	Outcome	Analysis of Performance	Business Plan Target	Outcome	Analysis of Performance
<b>KPI 15</b> - Provisional Resource and Capital outturn to be between 99% and 100% of Final Budget for 2021/22.	<b>Achieved</b>	Provisional Resource and Capital outturn within threshold.	<b>KPI 16</b> - Deliver Estate Strategy agreed actions for 2022-23	<b>Achieved</b>	The AFBI Estate Strategy is a rolling process and subject to interdependencies between DAERA, DoF CPD and relevant AFBI management areas. During 2022/23 the 'DAERA The Strategic Review of the AFBI Occupied Land & Property Holdings' was commenced being taken forward by DAERA Estate Transformation Division (ETD), in conjunction with AFBI and the Strategic Investment Board (SIB).
<b>KPI 17</b> - Delivery of planned Green Growth capital expenditure for 2022-23 subject to budget availability and Business Case approval	<b>Not Achieved</b>	As previously indicated, delays to the Outline Business Case approval reduced the likelihood of capital items being able to be purchased in 22/23 and an easement in respect of the funding was declared.			

Figure 5 - Business Plan Target Outcomes 2022-23



### **1.1.8 Financial Performance for the year**

AFBI's Statement of Comprehensive Net Expenditure shows a net expenditure for the year of £54,408k (2021-22: £51,297).

Total income (excluding royalties) for the year increased from £15,173k in 2021-22 to £22,347k in 2022-23, an increase of £7,174k (47%). This is due to new projects advanced during the year particularly the Soils Nutrient Health Scheme Project.

Total operating expenditure (excluding royalties) for the year has increased by £11,621k in 2022-23 to £78,386k, an increase of 17%. This is as a result of new business as identified above and general inflation.

Staff costs increased by £1,131k (3%) to £33,902k in 2022-23. This increase is a result of increased staff required to support new projects undertaken during the year.

#### **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. However, as a result of leaving the EU AFBI's involvement in EU INTERREG projects will come to an end prior to 2027.

The DAERA funded Soil Nutrient Health Scheme (SNHS) that includes soil collection, soil analysis, soil carbon analysis and aerial scanning of above ground biomass has progressed in 2022-23. The scheme will run for four years with an investment of up to £45m.

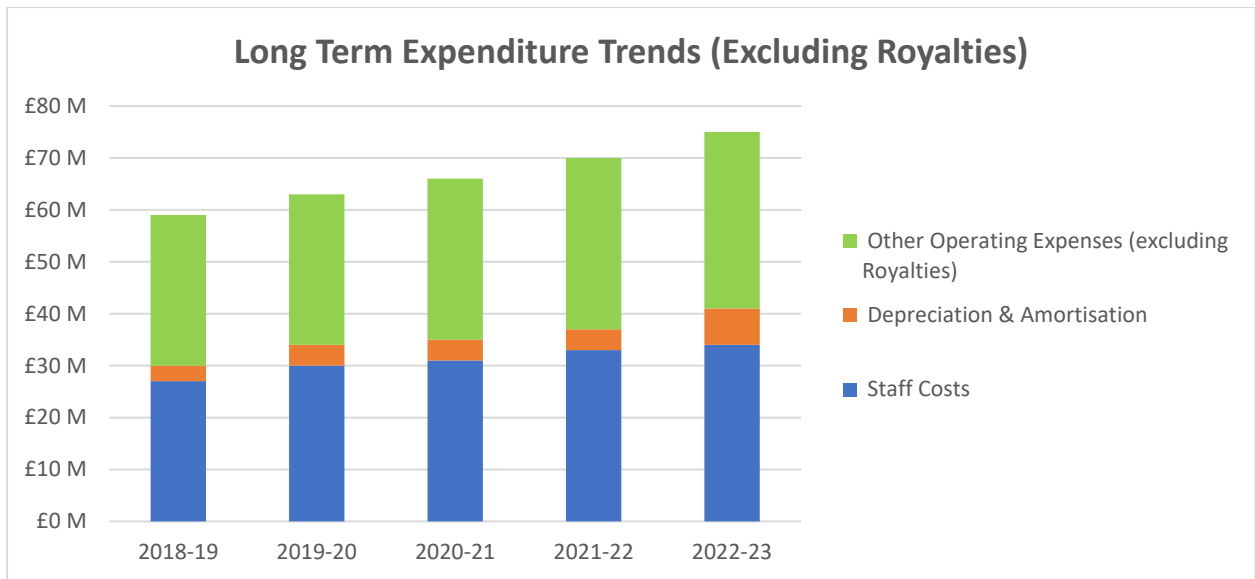


Figure 6 – Long Term Expenditure Trends

### Non-Grant-In-Aid Income

As an NDPB, AFBI has the opportunity to attract 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, AFBI has grown external income, excluding Royalties, from £10m in 2015-16 to over £22m in 2022-23. This has been achieved through significant success in securing INTERREG and other competitive funding projects.

This level of funding is expected to continue having been supplemented by the new Soil Nutrient Health Scheme (SNHS).

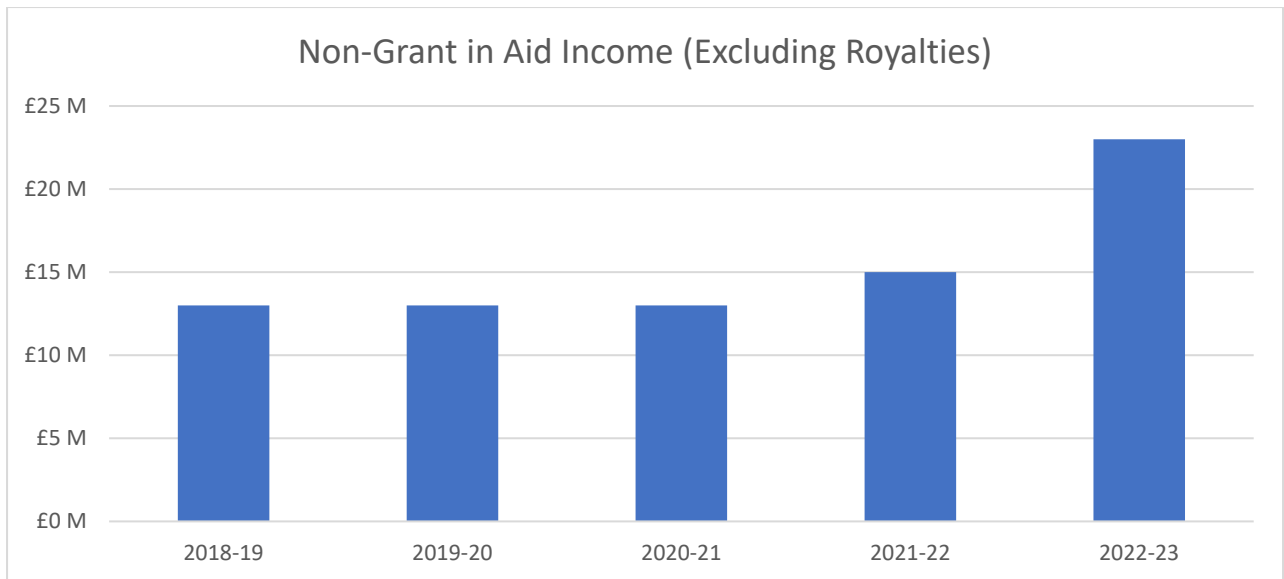


Figure 7 – Non Grant-In-Aid Revenue is shown excluding Royalties

## Royalty Income

AFBI has historically received royalty income from the sale of vaccine products in various countries worldwide. In recent years a number of the underpinning patents have come to an end with an associated reduction in royalty income. All parties to the royalties relating to the porcine vaccine have agreed a full and final settlement on these royalties relating to all outstanding liabilities.

During 2022-23 there was £2,091k (2021-22: £401k) of royalty income received in relation to vaccines.

## Going Concern

The Statement of Financial Position at 31 March 2023 shows net assets of £23,227k (2021: £19,312k).

The Northern Ireland Budget Act 2023 was passed by Parliament and received Royal Assent on 8 February 2023 which authorised the cash and use of resources for all departments and other bodies for the full 2022-23 year, and also included a Vote on Account for the early months of the 2023-24 financial year. This will be followed by a further Budget Bill which the Secretary of State will bring to Parliament in due course, following the 2023-24 Northern Ireland Budget which he set in his Written Ministerial Statement on 27 April 2023.

At the date of this report the accounting officer has no reason to believe that further support beyond 31 March 2023 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 2022-2023 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 2022-23 AFBI paid 80% (2021-22: 85%) 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 54% for 2022-23. The performance for the 2021-22 year on this 10-day target was 66%.

### **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.

## **1.1.9 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, Equality & Inclusion**

AFBI must comply with all Section 75 Equality Legislation. Diversity is promoted in AFBI to create a working environment where individual differences are valued and respected. Equality & Diversity training is a mandatory requirement of all AFBI staff. In year AFBI attained Bronze Diversity Mark NI status, and are working towards developing an Equality, Diversity, and Inclusion Strategy.

## **V. Sustainability**

The Climate Change Act (Northern Ireland) 2022 sets a clear statutory target of net zero emissions by 2050. This legislation places a statutory duty on all Government departments to exercise their functions in a manner that is consistent with achieving that target as far as possible.

The requirements contained within the Climate Change Act are underpinned by a number of additional key strategic drivers which require actions that contribute to achieving Net Zero, a clean environment rich in biodiversity and promoting a sustainable economy. These include for example Draft Programme for Government (PfG), Draft Green Growth Strategy for Northern Ireland, Draft

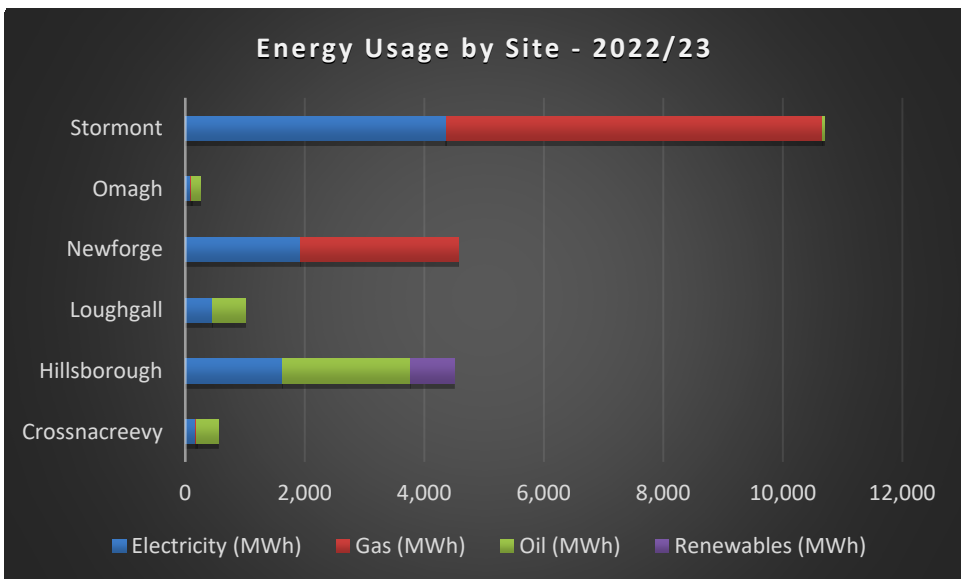
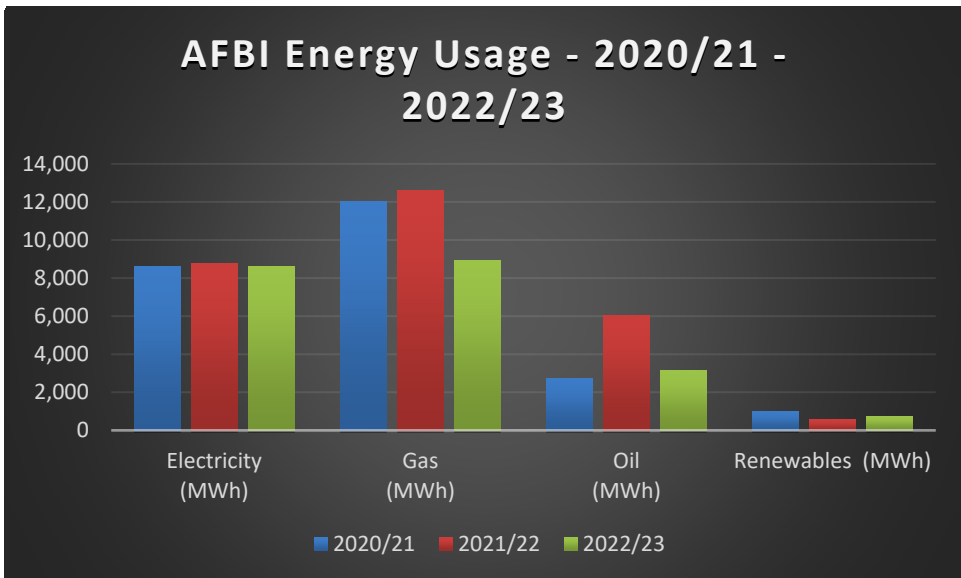
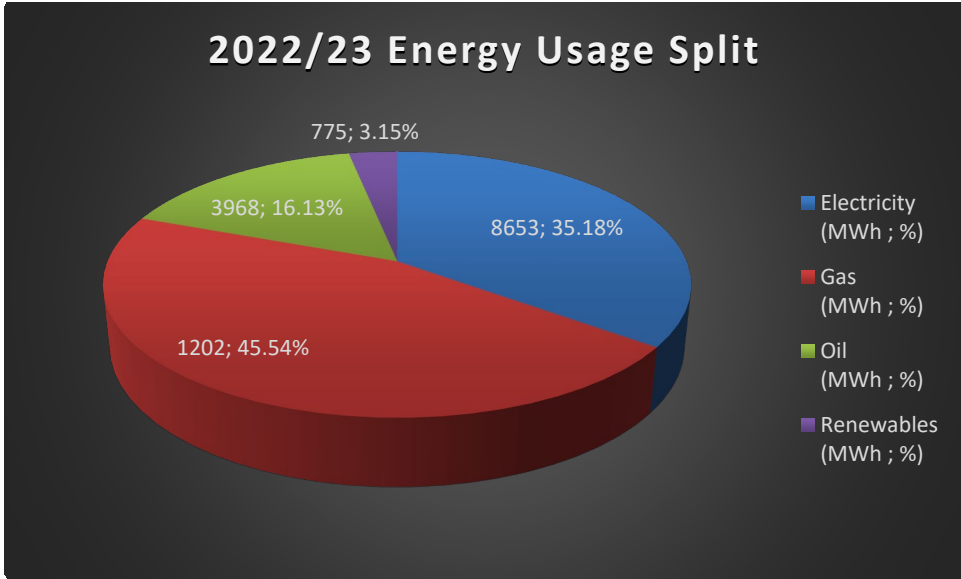
Environment Strategy and Environmental Improvement Plan, the Executive's Energy Strategy for Northern Ireland, the Energy Management Strategy; draft Circular Economy Strategy, and the UN 2030 Agenda for Sustainable Development. In addition, under the Wildlife and Natural Environment Act (Northern Ireland) 2011, the statutory duty of every public body, in exercising any function, is to further the conservation of biodiversity as far as is consistent with the proper exercise of those functions.

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.

### **Energy Management**

As reported previously, the ageing nature of the AFBI Estate building infrastructure presents significant challenges in terms of reducing energy usage and the overall carbon footprint. AFBI is a participant within the DAERA Estate Sustainability Forum and is working closely with the DAERA Estate Sustainability & Energy Efficiency Branch on a number of energy efficiency projects. During 2022/23 such projects commenced have included: (i) a DAERA pilot study for the roll out of automated metering reading (AMR) Smart Meters for electricity, heating gas and water on the two largest AFBI sites at Newforge Lane and Stoney Road (Stormont); (ii) six scoping studies for LED lighting upgrades at Hillsborough, Loughgall, Newforge and Stoney Road; (iii) Building Energy Management Systems (BEMS) upgrade at Newforge and Stoney; and (iv) review of solar photovoltaic (PV) installations at Hillsborough. These projects will continue into 2023/24 with a roll out of AMR installations across all AFBI sites, and a carbon baselining exercise for the Estate and vehicle fleet.

The average three-year (2020/21 to 2022/23) energy usage for the Estate is shown below along with the energy fuel split over the same period.



Heating gas represents nearly half (46%) of the total energy usage, this being for AFBI Newforge and Stormont, the two largest sites on the estate and the only sites which use gas for heating purposes. Overall heating gas usage was reduced by 30% from 2021/22 which had a positive impact on the AFBI utilities budget for 2022/23, particularly in the midst of the cost-of-living crisis. A reduction of 34% was seen at Newforge and 26% at Stormont largely due to the installation of more efficient heating boilers and closer monitoring and management of usage assisted by the new AMR installations. Going back to the first energy monitoring figures recorded for AFBI in 2014/15 (as part of the Carbon Reduction Commitment Energy Efficiency Scheme – CRCEES), there has been an overall reduction of 40% in AFBI heating gas usage.

Electricity usage still accounts for 35% of the total energy split with the largest users being Hillsborough, Stormont and Newforge which accommodate the greatest number of buildings on the estate. Electricity usage is relatively stable from year to year across sites with an overall 16% reduction from 2014/15 to 2022/23.

Oil is the main source of heating at Crossnacreevy, Hillsborough, Loughgall and Omagh. Overall, heating oil usage accounts for 16% of energy usage across the estate with the highest user in being AFBI Hillsborough given the size of the site and number of buildings compared to Crossnacreevy, Loughgall and Omagh. It should be noted there has been a 55% reduction in heating oil at AFBI Hillsborough from 2021/22 to 2022/23. During 2021/22 it was reported that the biomass heating boiler and associated hopper were out of commission due to age related problems (installed 2008) and therefore more oil had to be used to compensate. During 2022/23 works were undertaken by DAERA to rectify these issues thus the significant decrease in oil usage at the site. Further works are planned in 2022/23 to review the heating systems at AFBI Hillsborough which should result in further energy savings.

During 2022/23 the upgrade of Hillsborough Anaerobic Digester (AD) tank mixing systems to improve efficiency of energy production for the site and increase ROCs income was completed. This along with the works to resolve biomass boiler issues has resulted in an increase of the energy output from renewables at Hillsborough with an increase of 22% being seen from 2021/22 to 2022/23.

Annual AFBI energy usage figures continue to be reported to DAERA ESEEB and are used for reporting under its annual Asset Management Plan (2022/23 –



2026/27). During 2022/23, the Institute has continued to roll out information to staff in terms of energy behavioural change and will continue to do so in 2023/24.

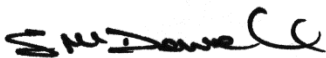
DAERA, as AFBI Landlord, fully recognises the need for modernisation of the AFBI occupied estate in order to provide the Institute with an effective and efficient facilities platform to deliver its scientific work programme for the Department and other customers. During 2022/23, DAERA and AFBI have continued to work together to develop a strategy for the estate as noted previously 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.



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

**2 November 2023**

# 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 five 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 2022-23 EMT of the Institute was made up as follows:

- Chief Executive Officer - Dr Stanley McDowell
- 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
- Director of Finance and Corporate Affairs Division (FCAD) - Mrs. Josephine Kelly<sup>1</sup>
- Interim Director of Finance and Corporate Affairs Division (FCAD) – Mr. Ivor Johnston<sup>2</sup>

EMT generally meets formally twice monthly for EMT Finance and EMT General Meetings, bi-monthly for EMT Science and quarterly for 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.

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<sup>1</sup> Mrs. Kelly left AFBI employment on 02 October 2022

<sup>2</sup> Mr. Johnston commenced the role on 30 August 2022 to facilitate handover from the outgoing Director

## **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 2022-23 there were 13 personal data incidents investigated, a significant fall from 24 reported the previous year. Of the 13, six involved error in the release of diagnostic reports, four involved mis-addressed email messages, and two involved the loss of encrypted mobile devices. All these incidents were handled under the AFBI Data Breach Management Plan and assessed as being low impact. 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 were 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 10 complaints during 2022-23 (four during 2021-22).

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

## **Health, Safety and Compliance**

Health, Safety and Compliance (HSC) are a team of professionals that provide guidance and support to AFBI. HSC assist AFBI in its compliance to applicable

legalisation. For safety, waste and the environment, while promoting a culture of excellence, commitment, and responsibility.

In conjunction with (and support from) scientific colleagues, HSC continues to enhance operational policy and procedures, and to proactively institute change towards more holistic and proactive management of health, safety, and wellbeing. This includes conducting reviews during the year ahead 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.

### **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 2022 by SGS and certification was retained. The ISO 17025 laboratory areas were audited in September 2022 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 2023 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 is made up by fully Non-Executive Board Members appointed by the DAERA Minister. There had been significant change in personnel within the Board in 2022-23 with 8 appointments leading to a temporary increase to 18 non-executive members. Seven members completed their Term of Office on 30 April 2022 and three further non-executive members were appointed on 1 May 2022 from which point the Board consisted of 14 Non-Executive Members. 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.



## 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	-	-	-	-	-
Mrs Roberta Brownlee (Deputy Chair)	11/11	-	4/4	4/4	-	4/4
Dr Michelle Costello-Smith*	1/1	-	-	-	0/1	-
Ms Theresa Cullen*	1/1	-	-	-	1/1	-
Mrs Fiona Hanna*	1/1	1/1	-	-	1/1	-
Dr Richard Horton*	1/1	-	-	-	1/1	-
Ms Joan Houston*	1/1	1/1	-	-	-	-
Mrs Sharon Smyth*	1/1	1/1	-	-	-	-
Mr Richard Solomon*	1/1	1/1	-	-	-	-
Ms Kate Burns	10/11	-	-	-	5/5	-
Mr David Campbell	10/11	-	4/4	-	4/5	-
Mrs Daphne Johnston	11/11	5/6	-	4/4	-	-
Mr Alan Moore	10/11	6/6	-	-	-	4/4
Mr Ian Murphy	11/11	6/6	4/4	-	-	1/1
Mr Tim McClelland	11/11	-	-	-	5/5	4/4
Prof Sally Shortall	9/11	-	-	2/4	2/2	-
Mr Tom Tynan	11/11	-	4/4	-	4/5	1/1
Mr Tom Wright	11/11	6/6	-	4/4	-	-
Mr Martyn Blair**	9/10	4/5	-	-	3/3	-
Ms Therese Rafferty**	10/10	-	-	3/3	-	2/3
Mr Bill Montgomery**	10/10	-	1/2	-	-	3/3

Figure 9 – AFBI Board Members Attendance at Meetings 2022-23

\*Dr Costello-Smith, Ms Cullen, Mrs Hanna, Dr Horton, Ms Houston, Mrs Smyth and Mr Solomon completed their Terms of Office on 30 April 2022.

\*\*Mr Blair, Ms Rafferty and Mr Montgomery commenced their Terms of Office on 1 May 2022.

## **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 2022-23.

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. The review indicated that the Board considered that it was operating effectively.

Furthermore, 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.

In line with best practice an external review of Board Effectiveness was completed in 2023-24 and provided a positive conclusion.

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.

## **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.

In line with the wider NICS and AFBI's hybrid working policy, many AFBI staff work securely from home for part of the week. Associated risks are managed by IT Assist network security arrangements and AFBI guidance on electronic communications.

Staff receive regular on-line bit size refresher training on IT & Information security topics on external threats such as cyber-attacks through spam / phishing emails which is tested annually, with refresher training given to those who need it. Information security guidance was available to staff alongside additional IT equipment in order to mitigate 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 and the Board. 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 4 whistleblowing cases raised and investigated within AFBI in 2022-23.

## 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 2022-23.

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. Internal Audit provided one Priority 2 recommendations in 2022-23.

Internal Audit conducted 8 audits during the year including a follow up review of all audit recommendations. 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
Validation of KPI Outturn Performance (21/22)	N/A	-	-	-
Review of Corporate Governance	Satisfactory	-	1	3
Review of Performance Management	Satisfactory	-	-	4
Review of Health & Safety	Satisfactory	1	4	2
Review of Human Resources Management	Limited	1	4	4
Review of Business Continuity Management	Satisfactory	-	2	5



Audit	Assurance Rating	No of Recommendations by Priority Rating		
		1	2	3
Accountancy system upgrade - Review of Lessons Learned	N/A	-	-	-
Follow up on Audit Recommendations	N/A	-	-	-
<b>Total</b>		<b>2</b>	<b>11</b>	<b>18</b>

Figure 10 – Internal Audit Reports 2022-23

### Audits Classified as Limited

One of the Internal Audit Reviews from the 2022-23 audit plan was provided with a Limited 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. She is head of the NIAO. She and her staff are totally independent of Government, and she reports her findings to the Northern Ireland Assembly.

The annual fee for the audit of financial statements for 2022-23 is expected to be £100,000 (2021-22: £160,000).

### 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.

### **Significant Issues**

#### **Significant issues noted by Internal Audit over the period:**

For the period Internal Audit have concluded that AFBI's systems in relation to risk management, control and governance were adequate and operated effectively thereby providing satisfactory assurance in relation to the achievement of AFBI's objectives. However, Internal Audit have highlighted the following issues:

- a. A limited assurance was provided in the review of HR management. Internal Audit reported the absence of a number of key controls from AFBI's systems for HR management, particularly regarding the completion, oversight and monitoring of mandatory training within the organisation. Internal Audit raised concerns regarding the completion rates of mandatory training as well as the availability of mandatory training modules on AFBI's systems. Their report included a Priority 1 recommendation in this respect;
- b. Internal Audit provided a satisfactory level of assurance over AFBI's wider health and safety control environment. However, a Priority 1 issue was identified regarding the oversight of health and safety risk assessments. A centralised schedule of health and safety risk assessments needs to be established so that expectations are clear in terms of the number of health and safety risks assessments that should be completed across all of AFBI's operations.

## **Significant control issues reported:**

### **Current Finance Systems – issues experienced following upgrades in March 2022**

In line with priority 1 Audit recommendations from both the Internal and External auditors, AFBI Finance have been incrementally bringing its existing Finance Systems up to date. However, following an upgrade in March 2022, issues were encountered relating to permissions, access, transactional volumes, functionality, connectivity and general system stability.

The main impact of these system failures resulted in;

- A reduction in the volume of sales and supplier invoices that AFBI Finance could process leading to significant backlogs in the processing of accounts payable and receivable;
- Inability for AFBI to complete the year end finance system roll forward; and
- Manual reporting of 2021-22 activity to enable Provisional Outturn to be completed.

Significant work was undertaken between AFBI Finance and IT teams and the software companies to resolve this with resolution of the outstanding issues achieved in early November 2022. Additional support has also been provided to the processing team to deal with backlogs and ensure a return to business as usual. Internal audit were commissioned to determine the lessons learned learnt from the March 2022 upgrade issues and how these may need to be applied to other similar projects in the future.

AFBI has also upgraded its Finance System data recovery functionality. This involved the introduction of new servers in both the live and test environments which resulted in greater overall system resilience and data recovery roll back is now a maximum 12 hours.

A Business Continuity process review is currently underway as part of AFBI's annual Business Continuity Plans, Updates and Testing Schedule.

Until a new system has been implemented AFBI are committed to maintaining existing systems and should further upgrading of these systems be required these changes will be conducted under a project framework managed and controlled by AFBI's Financial Projects Team.

## **Corporate Systems**

AFBI is also progressing a number of projects to mitigate significant risks in relation to a number of its key systems. In relation to new Finance & Business Management systems (FBMS), AFBI has put in place a dedicated Project Team and engaged external expertise from the Strategic Investment Board to investigate and advise on alternative finance systems, including the development of the required Business Case and project plans.

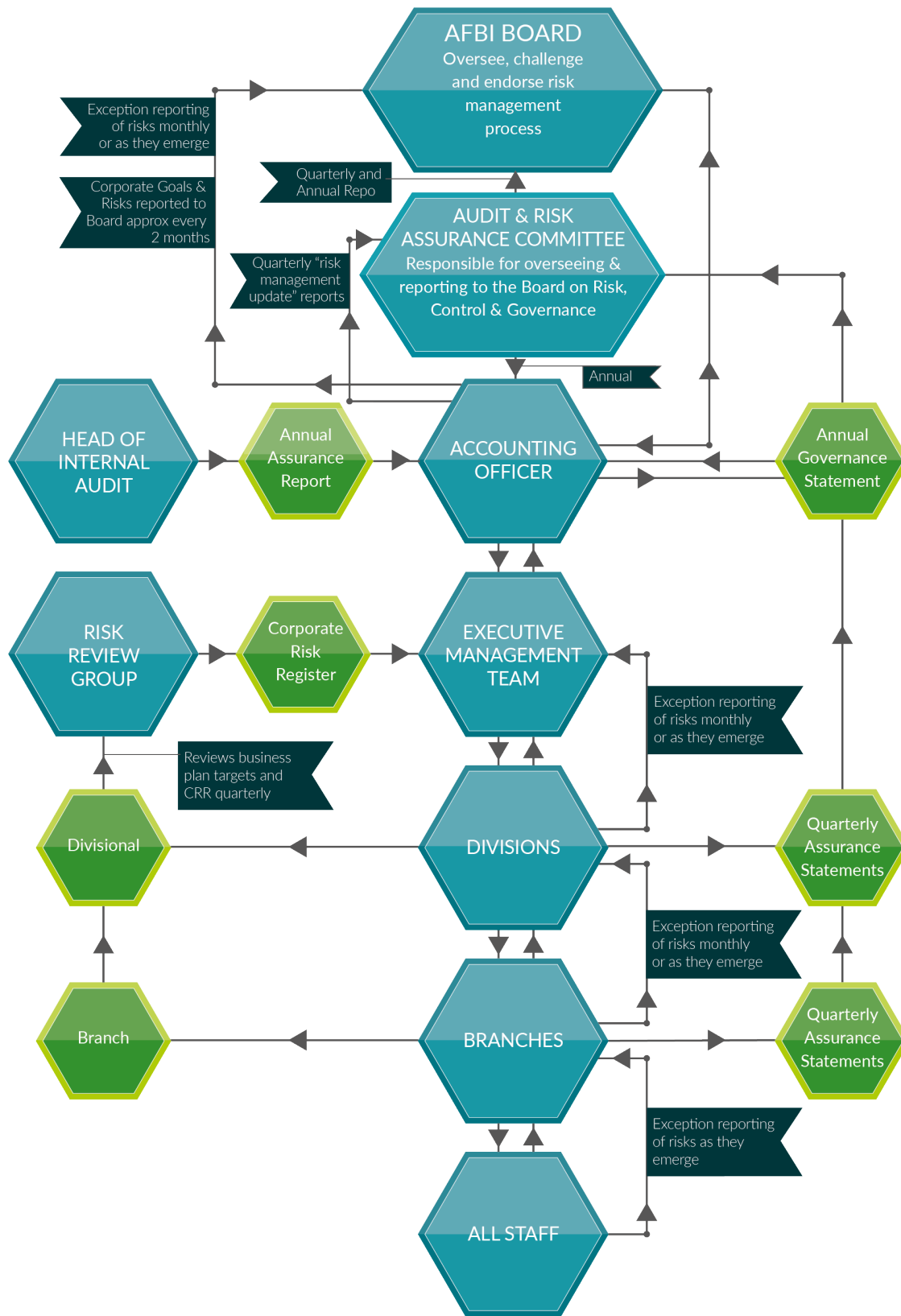
### **Any incidents of irregular/unlawful spend.**

No incidents of unlawful spend have been identified.

In terms of irregular spend, one case was reported to DAERA in relation to an HR efficiency dismissal payment which was subsequently regularised through the approval of a business case.

Additionally, AFBI sought and received retrospective approval from the DAERA Permanent Secretary for an amendment to a Direct Award Contract.

## 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 2022-23, the remuneration for members of the Board was:

Board Member	2022-23				2021-22			
	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 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	10-15	-	-	10-15

Board Member	2022-23				2021-22			
	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 nearest £'000)	Pension Benefits (to nearest £'000)	Total (to nearest £'000)
Dr Michelle Costello-Smith*	0-5	-	-	0-5	5-10	-	-	5-10
Ms Theresa Cullen*	0-5	-	-	0-5	5-10	-	-	5-10
Mrs Fiona Hanna*	0-5	-	-	0-5	10-15	-	-	10-15
Dr Richard Horton*	0-5	-	-	0-5	5-10	-	-	5-10
Ms Joan Houston*	0-5	-	-	0-5	10-15	-	-	10-15
Mrs Sharon Smyth*	0-5	-	-	0-5	5-10	-	-	5-10
Mr Richard Solomon*	0-5	-	-	0-5	10-15	-	-	10-15
Ms Kate Burns	5-10	-	-	5-10	5-10	-	-	5-10
Mr David Campbell	5-10	-	-	5-10	0-5	-	-	0-5
Mrs Daphne Johnston	5-10	-	-	5-10	0-5	-	-	0-5
Mr Tim McClelland	5-10	-	-	5-10	0-5	-	-	0-5
Mr Alan Moore	5-10	-	-	5-10	0-5	-	-	0-5
Mr Ian Murphy	5-10	-	-	5-10	0-5	-	-	0-5
Prof Sally Shortall	5-10	-	-	5-10	0-5	-	-	0-5
Mr Tom Tynan	0-5	-	-	0-5	0-5	-	-	0-5

Board Member	2022-23				2021-22			
	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 nearest £'000)	Pension Benefits (to nearest £'000)	Total (to nearest £'000)
Mr Tom Wright	5-10	-	-	5-10	0-5	-	-	0-5
Mr Martyn Blair**	5-10	-	-	5-10	-	-	-	-
Mr Bill Montgomery**	5-10	-	-	5-10	-	-	-	-
Ms Thérèse Rafferty**	5-10	-	-	5-10	-	-	-	-

\* Dr Costello-Smith, Ms Cullen, Mrs Hanna, Dr Horton, Ms Houston, Mrs Smyth and Mr Solomon concluded their Terms of Office on 30 April 2022.

\*\* Mr Blair, Mr Montgomery and Ms Rafferty began their Terms of Office on 1 May 2022.



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

### **Remuneration Policy**

The pay remit for the Northern Ireland Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 24th November 2022 Written Ministerial Statement (WMS) on the Budget and the NI (Executive Formation) Act receiving Royal Assent on the 6th December 2022, the NI public sector pay policy guidance was published on 8th December 2022.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS non-industrial staff, including SCS, for 2022/23 has been finalised and paid in June 2023. The pay award for NICS industrial staff has not been agreed yet and negotiations continue with unions.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum 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	2022-23				2021-22			
	Salary (£'000)	Benefits in kind (to nearest £'000)	Pension Benefits* (to nearest £'000)	Total (£'000)	Salary (£'000)	Benefits in kind (to nearest £'000)	Pension Benefits* (to nearest £'000)	Total (£'000)
Dr S McDowell CEO**	95-100	-	(45)	50-55	90-95	-	56	145-150
Mrs J Kelly Director FCAD**	45-50 (FTE 75-80)	-	20	65-70	90-95	-	34	120-125
Dr E Magowan Director SAFSD	75-80	-	(3)	72-77	80-85	-	36	115-120
Dr A Douglas Director VSD	75-80	-	(26)	49-54	75-80	-	42	120-125
Mr Pieter-Jan Schon Director EMSD	75-80	-	(4)	71-76	75-80	-	62	135-140
Mrs Hannah Francis Director Finance and HR (Acting to 31/07/2021)	-	-	-	-	25-30 (FTE 70-75)	-	(1)	25-30

\*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.

\*\*In the year 2021-22 as reported 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. The appointment ended on the 31 July 2021.

\*\*Mrs Josephine Kelly resigned as FCAD Director on 2 October 2022.

Mr Ivor Johnston was appointed interim FCAD Director on 30 August 2022. Mr Johnston is a temporary staff member employed via an agency with salary costs equivalent to NICS Grade 5 band (£75-80k FTE).

### 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.

### Fair pay disclosure [Audited Information]

	2022-23	2021-22
Band of Highest Paid Director's Total Remuneration* (£'000)	95-100	90-95
Median Total Remuneration* (£)	£29,307	£29,007
Ratio**	3.33:1	3.19:1

\*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.

\*\*In the year 2021-22 AFBI's Chief Executive Dr Stanley McDowell had leave of absence. This impacts the Median Remuneration ratio shown.

AFBI are required to disclose the relationship between the mid-point remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in AFBI in the financial year 2022-23 was £95,000 - £100,000 (2021-22, £90,000 - £95,000). This was 3.33 times (2021-22, 3.19) the median remuneration of the workforce, which was £29,307 (2021-22, £29,007).

The relationship between the mid-point of the highest pay band and the remuneration of the organisation's workforce is disclosed below.

2022-23	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile
Total Remuneration <sup>3</sup> (£)	£23,955	£29,307	£35,450
Pay Ratio	4.07:1	3.33:1	2.75:1

2021-22	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile
Total Remuneration (£)	£23,955	£29,007	£33,459
Pay Ratio	3.86:1	3.19:1	2.76:1

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

For 2022-23, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2022-23, no employees (2021-22, 0), received remuneration in excess of the highest-paid director.

Remuneration ranged from £19,121 to £97,500 (2021-22, £9,582 to £92,500).

### Percentage Change in Remuneration

The percentage change in respect of AFBI is shown in the following table. The change in ratio between current year and prior year is due to change in the staff composition. The mid-point of the highest paid director has been used to calculate the highest paid director change.

Percentage Change For	2022-23 v 2021-22
Mean employee salary and allowances	(0.53%)
Highest paid director's salary and allowances*	5.41%

\*In the year 2021-22 AFBI's Chief Executive Dr Stanley McDowell had leave of absence. This impacts the percentage change reported in 22-23.

<sup>3</sup> 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.

No performance pay or bonuses were payable to the highest paid director in these years.

### Pension Entitlements (Audited):

Name	Accrued pension at pension age as at 31/03/23 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/23	CETV at 31/03/22	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Dr S McDowell CEO	50-55 plus a lump sum of 50-55	0 plus a lump sum of 0	1,113	1,043	(60)	-
Mrs J Kelly Director FCAD	10-15	0-2.5	130	114	12	-
Dr E Magowan Director SAFSD	25-30	0-2.5	368	338	(10)	-
Dr A Douglas Director VSD	30-35 plus a lump sum of 80-85	0 plus a lump sum of 0	760	709	(38)	-
Mr P J Schon Director EMSD	30-35	0-2.5	476	435	(13)	-

### 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 pension scheme was initially 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 members of the Classic, Premium, Classic Plus and Nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS (NI)]) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) 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 (tapered protection).

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps are being taken by the Department of Finance to remedy those 2015 reforms, making the pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members.

The second part is to put right, 'remedy,' the discrimination that has happened between 2015 and 2022. We are currently working on new scheme regulations and processes in readiness for this.

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 relate to the alternative schemes e.g., legacy PCSPS (NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completed Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS (NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022.

At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

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%.

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 who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS (NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen 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% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of 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. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. Further details about the NICS pension schemes 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 2022 was 10.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2023.

Employee contribution rates for all members for the period covering 1 April 2023 – 31 March 2024 are as follows:

#### **Scheme Year 1 April 2023 to 31 March 2024**

<b>Annualised Rate of Pensionable Earnings (Salary Bands)</b>		<b>Contribution rates – all members</b>
<b>From</b>	<b>To</b>	<b>From 01 April 2023 to 31 March 2024</b>
£0	£25,049.99	4.6%
£25,050.00	£56,999.99	5.45%
£57,000.00	£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	Others	2022-23 Total	2021-22 Total
	£'000	£'000	£'000	£'000
Wages and salaries	21,629	4,016	25,645	24,456
Social security costs	2,216	-	2,216	2,255
Other pension costs	6,041	-	6,041	6,060
<b>Sub Total</b>	<b>29,886</b>	<b>4,016</b>	<b>33,902</b>	<b>32,771</b>
Less recoveries in respect of outward secondments	(95)	-	(95)	(195)
<b>Total net costs</b>	<b>29,791</b>	<b>4,016</b>	<b>33,807</b>	<b>32,576</b>

During 2022-23 £4,016k (2021-22, £3,725k) was spent on other staff which relates to agency staff employed on a temporary contract.

Additional staff costs were capitalised during the year of £791k (2021-22: £840k).

### 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) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act 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 2022-23, employers' contributions of £6,041k were payable to the NICS pension arrangements (2021-22, £6,060k) 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 £32,791 (2021-22, £32,672) 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% (2021-22, 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 (2021-22 £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 (2021-22: no person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £8,862.95 (2021-22: £Nil).

## Average number of persons employed

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

	Permanent staff	Others	2022-23	2021-22
			Total	Total
Directly Employed	653	90	743	729
Other	-	14	14	12
Staff engaged on capital projects	4	9	13	14
<b>Total</b>	657	113	770	755

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

The staff turnover percentage for 2022-23 was 16% (2021-22: 7.2%). 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 2023 the number of the staff employed by AFBI was as follows:

	Males	Females	Total
Board	9	5	14
Executive Management Team	3	1	4
Other staff	356	301	657
<b>Total</b>	<b>368</b>	<b>307</b>	<b>675</b>

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

There were 2 exit packages in 2022-23 (2021-22: Nil).

Prior year comparatives are shown in brackets.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	2 (-)	- (-)	2 (-)
£10,000 - £25,000	- (-)	- (-)	- (-)
£25,000 - £50,000	- (-)	- (-)	- (-)
£50,000 - £100,000	- (-)	- (-)	- (-)
£100,000 - £150,000	- (-)	- (-)	- (-)
£150,000 - £200,000	- (-)	- (-)	- (-)
<b>Total number of exit packages</b>	<b>2 (-)</b>	<b>- (-)</b>	<b>2 (-)</b>
<b>Total resource cost/£</b>	<b>10,762 (-)</b>	<b>- (-)</b>	<b>10,762 (-)</b>

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. The table above shows the total cost of exit packages agreed and accounted for in 2022-23 and 2021-22. £10,762 exit costs were paid in 2022-23, the year of departure (2021-22, £0). 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 2022-23 (2021-22: Nil).

### **Consultancy Costs**

The Institute did not incur any Consultancy costs during the year (2021-22: Nil).

### **Sickness absence**

The average number of working days lost per staff absence was 12.6 days for 2022-23 (8 days in 2021-22).

### **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 recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

AFBI continues to promote opportunities for career development internally and during the course of this year a number of 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 staff this year in their pursuit of professional qualifications specific to AFBI's business.

Training is delivered using a variety of delivery channels (including on-line, webinars) providing flexible access to learning. Coherent pathways are aligned to both corporate needs and the wider NICS Competency Framework.

## **Recruitment**

AFBI continues to develop its workforce in line with its business aims and has made a number of new appointments this year, covering grades across the scientific, administrative and industrial disciplines. These reflect 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.

A number of 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 students covering a range of areas within AFBI. The number of opportunities was limited in year due to COVID-19 restrictions.

## **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.



## **Staff Engagement Scores**

In 2021 AFBI took part in the NICS People Survey which was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. This enabled AFBI to benchmark scores across a range of public sector employers. A key outcome of the survey is an Employee Engagement Index (EEI) score. The score is established based on the weighted average of responses to the five employee engagement questions. AFBI responses indicated an Employee Engagement Index of 53%.

## **Security of Personal Data**

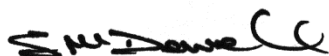
AFBI is committed to the safeguarding of personal data and has set in place appropriate technical and organisational measures to ensure its security. Staff are provided with annual training in data protection issues, reinforced by advice and guidance on the AFBI intranet. All members of staff have been 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. This is aided by the roll-out of a new electronic document and record management system (EDRMS) across a significant proportion of the organisation during 2021-22. Full roll-out will be completed during 2022-23. All staff have a data protection-related performance target set in their annual reports.

Data protection impact assessments/screening exercises are used extensively by staff to assess and reduce information risk in new or changing work areas - AFBI teams carried out 54 of these during 2021-22.

In May 2021, a new protocol was published for staff to improve data sharing arrangements between AFBI and DAERA. This protocol sets out the roles, responsibilities and timeframes to ensure these are understood and adhered to when creating data sharing agreements.

Updated guidance on the use of non-disclosure or confidentiality agreements was published for staff in January 2022 to ensure the involvement of appropriate expertise in drafting such documents.

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.

A handwritten signature in black ink, appearing to read "S McDowell".

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

**Date: 2 November 2023**

## 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.

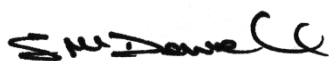
The table below summarises the range of activities undertaken by AFBI against which it receives income, in excess of £1m.

Income Source	2022-23 Income £'000	2022-23 Full Cost £'000	2022-23 Surplus/ (Deficit) £'000	Financial Objective	Commentary
Income from Commercial Contracts	12,015	11,770	245	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.
<b>Total</b>	<b>12,015</b>	<b>11,770</b>	<b>245</b>		

Income Source	2021-22 Income £'000	2021-22 Full Cost £'000	2021-22 Surplus/ (Deficit) £'000	Financial Objective	Commentary
Income from Commercial Contracts	3,932	3,876	56	To recover the full costs of services provided.	Marginal over recovery
<b>Total</b>	<b>3,932</b>	<b>3,876</b>	<b>56</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**  
**2 November 2023**

## 2.3.2 The Certificate 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 2023 under the Agricultural (Northern Ireland) Order 2004. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. 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 2023 and of the Agri-Food and Biosciences Institute's 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 and Regularity of Public Sector Bodies 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 that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, 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 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 Financial 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 and report. The Board and the 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 Department of Agriculture, Environment & Rural Affairs directions made under the Agricultural (Northern Ireland) Order 2004; 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;
- ensuring the annual report, which includes the Remuneration and Staff Report is prepared in accordance with the applicable financial reporting framework; and
- assessing 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 the 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 the Agricultural (Northern Ireland) Order 2004;
- making enquires of management and those charged with governance on the 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 the 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, 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.

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**

My report on the risks associated with the AFBI financial systems is attached to the financial statements at pages 122 to 123.



*Dorinnia Carville*

*Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU*

*07<sup>th</sup> November 2023*

# 3 Financial Statements

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

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

	Note	2022-23 £000	2021-22 £000
Income			
Revenue from contracts with customers	4	(18,447)	(7,818)
Other operating income	4	(5,991)	(7,756)
Total operating income		<u>(24,438)</u>	<u>(15,574)</u>
Expenditure			
Staff costs	3	33,902	32,771
Purchase of good and services	3	24,557	16,341
Depreciation and impairment charges	3	7,183	4,212
Provision expense	3	(131)	138
Other operating expenditure	3	13,056	14,310
Total operating expenditure		<u>78,567</u>	<u>67,772</u>
Net operating expenditure		<u>54,129</u>	<u>52,198</u>
Corporation tax charge/(credit)	3	279	(901)
Net expenditure for the year		<u>54,408</u>	<u>51,297</u>
<b>Other comprehensive net expenditure</b>			
Net (gain)/loss on revaluation of property, plant and equipment	5/10	(1,123)	(942)
Net (gain) on revaluation of Intangible assets	6/10	(54)	(29)
Comprehensive net expenditure for the year		<u>53,231</u>	<u>50,326</u>

The notes on pages 96 to 121 form part of these accounts.

## Statement of Financial Position as at 31 March 2023

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	2022-23		2021-22	
		£000	£000	£000	£000
<b>Non-current assets:</b>					
Property, plant and equipment	5	17,241		16,390	
Intangible assets	6	2,509		1,703	
Right of Use Asset	7	26,881		-	
Biological assets	8	1,393		1,181	
Trade and other receivables	13	-		341	
<b>Total non-current assets</b>			48,024		19,615
<b>Current assets:</b>					
Inventories	11	601		711	
Trade and other receivables	13	16,496		13,592	
Cash and cash equivalents	12	199		1,680	
<b>Total current assets</b>			17,296		15,983
<b>Total assets</b>			<u>65,320</u>		<u>35,598</u>
<b>Current liabilities</b>					
Trade and other payables	14	(13,444)		(12,529)	
Lease Liability	14	(3,594)		-	
Provisions	15	(830)		(1,101)	
<b>Total current liabilities</b>			(17,868)		(13,630)
<b>Total assets less current liabilities</b>			<u>47,452</u>		<u>21,968</u>
<b>Non-current liabilities</b>					
Lease Liability	14	(22,294)		-	
Deferred Income	14	(1,919)		(2,631)	
Provisions	15	(12)		(25)	
<b>Total non-current liabilities</b>			(24,225)		(2,656)
<b>Total assets less total liabilities</b>			<u>23,227</u>		<u>19,312</u>
<b>Taxpayers' equity and other reserves</b>					
Revaluation Reserve			3,909		4,253
General Fund			19,318		15,059
			<u>23,227</u>		<u>19,312</u>

The financial statements on pages 91 to 95 were approved by the Board on 2<sup>nd</sup> November 2023 and were signed on its behalf by:

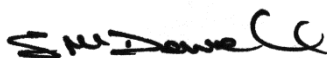
**Signed**



**Colin Coffey, CDir FloD**

**Chair**

**2 November 2023**



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

**2 November 2023**

The notes on pages 96 to 121 form part of these accounts

## Statement of Cash Flows for the year ended 31 March 2023

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

	Note	2022-23		2021-22	
		£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Net operating expenditure			(54,408)		(51,297)
Adjustment for non-cash transactions	3	8,031		4,607	
(Increase) / Decrease in trade receivables	13	(2,613)		(4,919)	
(Increase) / Decrease in inventories	11	110		(202)	
Increase / (Decrease) in trade payables	14	1,010		1,855	
Use of provisions	15	(153)		(74)	
			6,385		1,267
<b>Net cash outflow from operating activities</b>			(48,023)		(50,030)
<b>Cash flows from investing activities</b>					
Purchase of plant and equipment	5	(3,917)		(2,182)	
Purchase of intangible assets	6	(888)		(1,264)	
Introduction of IFRS 16		(8,514)		-	
Purchase of biological assets	8	(12)		(13)	
Proceeds of disposal of property, plant and equipment		111		83	
Proceeds of disposal of biological assets		922		709	
<b>Net cash outflow from investing activities</b>			(12,298)		(2,667)
<b>Cash flows from financing activities</b>					
Grant from sponsoring department		55,000		53,700	
Payment of Lease Liability		3,560			
Payment of Interest		280			
<b>Net financing</b>			58,840		53,700
Net increase (decrease) in cash and cash equivalents in the period			(1,481)		1,003
<b>Cash and cash equivalents at the beginning of the year</b>	12		1,680		677
<b>Cash and cash equivalents at the end of the year</b>	12		199		1,680

The notes on pages 96 to 121 form part of these accounts

### Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

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 at 31 March 2021</b>		<b>9,550</b>	<b>5,357</b>	<b>14,907</b>
Grant from sponsoring entity		53,700	-	<b>53,700</b>
Net gain on revaluation of plant and equipment	5	-	942	<b>942</b>
Net gain on revaluation of intangible assets	6	-	29	<b>29</b>
Relifing adjustment	5/6	-	-	-
Release prior years relifing		1,670	(1,670)	-
Notional charges - IT Assist	3	1,031	-	<b>1,031</b>
Transfers between reserves		405	(405)	-
Net expenditure for the year		(51,297)	-	<b>(51,297)</b>
<b>Balance at 31 March 2022</b>		<b>15,059</b>	<b>4,253</b>	<b>19,312</b>
Grant from sponsoring entity		55,000	-	<b>55,000</b>
Net gain/loss on revaluation of plant and equipment	5	-	1,123	<b>1,123</b>
Net gain/loss on revaluation of intangible assets	6	-	54	<b>54</b>
Right of Use Asset equity addition	7	1,273	-	<b>1,273</b>
Release of Lease equity	7	(159)	-	<b>(159)</b>
Relifing adjustment	5/6	-	-	-
Release prior years relifing		480	(480)	-
Notional charges - IT Assist	3	1,032	-	<b>1,032</b>
Transfers between reserves		1,041	(1,041)	-
Net expenditure for the year		(54,408)	-	<b>(54,408)</b>
<b>Balance at 31 March 2023</b>		<b>19,318</b>	<b>3,909</b>	<b>23,227</b>

The notes on pages 96 to 121 form part of these accounts.

## Notes to the accounts for the year ended 31 March 2023

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2022-23 *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, and 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.

**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 yearend balance using leave balances on the system.

### **Leases**

IFRS 16 Leases has been implemented from 1 April 2022. It largely removes the distinction between operating and finance leases and introduces a single lease accounting model for lessees. A lessee is required to recognise ('right-of-use') assets and liabilities for all leases (apart from the exemptions listed below). This replaces the previous standard, IAS 17 Leases, representing a change in accounting policy applied in accordance with IAS 1 and IAS 8 as adapted by the FReM.

### **Implementation and Assumptions**

AFBI has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. The cumulative effect of adopting IFRS 16 is included as an adjustment to equity at the beginning of the current period. IAS 17 operating leases are included within the Statement of Financial Position (SoFP) as a lease liability and right of use asset for the first time with changes made through the General Fund as a cumulative catch-up adjustment where necessary. There are no new leases after implementation of IFRS 16.

AFBI has no:

- low value assets, with an assessment performed on the underlying asset when new (and
- leases with a lease term of 12 months or less.

## **Previous treatment**

Leases other than finance leases were classified as operating leases. Assets previously held as operating leases were not recognised in AFBI's SoFP. Payments were recognised in the SoCNE on a straight-line basis over the term of the lease. Lease incentives were recognised as an integral part of the total lease expense, over the term of the lease.

Policy applicable from 1 April 2022

At inception of a contract, AFBI will assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time. To assess whether a contract conveys the right to control the use of an identified asset, AFBI assesses whether:

- the contract involves the use of an identified asset;
- AFBI has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- AFBI has the right to direct how and for what purpose the asset is used for.

The policy is applied to contracts entered into, or changed, on or after 1 April 2022.

## **Right of use assets**

AFBI recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease. The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- a longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and;
- the fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property, plant and equipment assets.

AFBI applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

### **Lease liabilities**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (0.95% for leases recognised in 2022).

The lease payment is measured at amortised cost using the effective interest method. It will be re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in AFBI's estimates of the amount expected to be payable under a residual value guarantee, or if AFBI changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;

At the commencement of a lease (or on the date of transition to IFRS 16, if later), AFBI recognises a right of use asset and a lease liability.

### **Impact on financial statements**

On transition to IFRS 16, AFBI recognised an additional £30m of right of use assets (Notes 7 and 17) and £29m of lease liabilities at 1 April 2022.

At 31 March 2022 there was £30.722m of operating lease commitments and following adoption of IFRS 16 at 1 April 2022 there was £29.449m of lease

liabilities, reconciled as £1.273m impact of discounting by HM Treasury rate as outlined above.

### **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.

### **Trade Receivables**

Trade receivables are recognised and carried at fair value less a provision for non-recovery. AFBI applies the simplified approach for expected credit losses as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable.

### **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 2023**

The Institute has reviewed the standards, interpretations and amendments to published standards that became effective during 2022-23 and which are relevant to its operations. Outside of IFRS 16, the Institute anticipates that the adoption of these standards will have no material impact on AFBI's financial position or results of operations.

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

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025.

## 2. Statement of Operating Expenditure by Operating Segment

AFBI has three sciences divisions supported by the Finance and Corporate Affairs Division (FCAD). The operational divisions are:

Sustainable Agri-Food Sciences Division (SAFSD) provides statutory services and provides specialist advice to DAERA. Further SAFSD provides scientific support for the growth, sustainability and competitiveness of Northern Ireland's farming, and agri-food industries.

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

Environment and Marine Sciences Division (EMSD) focuses on evidence based science, which is key to addressing the significant environmental challenges whilst ensuring the sustainable use of natural resources and the future prosperity of the agri-food sector.

### Analysis of net expenditure by segment

#### 2022-23

	<b>EMSD</b>	<b>FCAD</b>	<b>SAFSD</b>	<b>VSD</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Gross expenditure	21,194	29,008	14,070	14,574	78,846
Income	(14,271)	(2,204)	(5,278)	(2,685)	(24,438)
Net expenditure	<u>6,923</u>	<u>26,804</u>	<u>8,792</u>	<u>11,889</u>	<u>54,408</u>

#### 2021-22

	<b>EMSD</b>	<b>FCAD</b>	<b>SAFSD</b>	<b>VSD</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Gross expenditure	13,569	23,890	14,819	14,593	66,871
Income	(6,857)	(685)	(4,904)	(3,128)	(15,574)
Net expenditure	<u>6,712</u>	<u>23,205</u>	<u>9,915</u>	<u>11,465</u>	<u>51,297</u>

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	2022-23 £000	2021-22 £000	
<i>Staff costs<sup>4</sup></i>				
Wages and salaries		21,629	20,731	
Other pension costs		6,041	6,060	
Agency workers		4,016	3,725	
Social security costs		2,216	2,255	
		33,902	32,771	
<i>Purchase of Goods &amp; Services</i>				
Laboratory expenditure		4,127	3,529	
Ship operating costs		3,673	2,549	
Contracted out services		9,523	3,849	
Operating expenses		1,552	1,568	
Agriculture / Horticultural / Livestock costs		2,048	1,408	
Office Costs		1,199	1,094	
Maintenance of machinery and vehicles		1,310	1,095	
EU Interreg contractor payments		1,125	1,249	
		24,557	16,341	
<i>Other expenditure</i>				
Accommodation costs <sup>5</sup>		8,259	4,538	
Irrecoverable VAT		3,062	3,087	
Personnel costs		883	661	
Royalty costs		460	106	
Lease Interest Costs – RoUA		280	-	
External Audit fees <sup>6</sup>		212	70	
Internal Audit fees		36	31	
Operating lease		-	5,562	
		13,192	14,055	

<sup>4</sup> Further analysis of staff costs is located in the Staff Report (on page 77)

<sup>5</sup> Buildings maintenance costs of £2,385k (£1,985k 2021-22) previously included within Operating Lease

<sup>6</sup> During the year AFBI did not purchase any non-audit services from its auditor (NIAO) (2021-22: £ Nil).

*Non-cash items*

Depreciation	5	3,365		4,029	
Amortisation	6	137		183	
RoUA depreciation	7	3,681		-	
			7,183		4,212

	<b>Note</b>	<b>2022-23</b> <b>£000</b>		<b>2021-22</b> <b>£000</b>	
Notional Charges		1,032		1,031	
Indexation of fixed assets	10	(19)		(9)	
Loss on disposal of biological assets		14		27	
(Profit) on disposal of non-current assets		(77)		(24)	
Increase / (Decrease) in debt provision		50		12	
Changes due to changes in physical condition of biological assets		(64)		(48)	
Change in market value of biological assets		(1,072)		(734)	
			(136)		255
Provisions provided for in year	15	46		181	
Provisions not required written back	15	(177)		(43)	
			(131)		138
Taxation charge / (credit)			279		(901)
			78,846		66,871

## 4. Income

	<b>2022-23</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>
<b>Revenue from contracts with customers</b>		
Income from analytical, diagnostic work and research contracts	14,952	6,221
Royalties	2,091	401
Sale of milk and general produce	1,235	954
Charter of the ship	20	-
Refunds	-	3
Recoveries in respect of outward secondments	95	195
Rents receivable	54	44
	<u>18,447</u>	<u>7,818</u>
<b>Other Operating income</b>		
EU Grant	5,067	6,089
Other Grants	924	1,667
	<u>24,438</u>	<u>15,574</u>
Total		

## 5. Property, Plant and Equipment

### 2022-23

	Information Technology	Plant & Machinery	Transport Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2022	1,952	40,462	5,404	2,246	50,064
Additions	30	2,417	192	470	3,109
Disposals	(152)	(2,122)	(59)	-	(2,333)
Reclassification	(8)	807	215	(1,014)	-
Revaluations & Impairments	55	3,118	352	-	3,525
<b>At 31 March 2023</b>	<b>1,877</b>	<b>44,682</b>	<b>6,104</b>	<b>1,702</b>	<b>54,365</b>
<b>Depreciation</b>					
At 1 April 2022	1,309	27,770	4,595	-	33,674
Charge for the year	243	2,903	219	-	3,365
Relifing adjustment	-	-	-	-	-
Disposals	(146)	(2,112)	(39)	-	(2,297)
Reclassification	(2)	(148)	148	-	(2)
Revaluations & Impairments	40	2,036	308	-	2,384
<b>At 31 March 2023</b>	<b>1,444</b>	<b>30,449</b>	<b>5,231</b>	<b>-</b>	<b>37,124</b>
<b>Carrying amount</b>					
At 31 March 2022	643	12,692	809	2,246	16,390
<b>Carrying amount</b>					
At 31 March 2023	433	14,233	873	1,702	17,241
<b>Asset financing:</b>					
Owned	433	14,233	873	1,702	17,241
Finance leased	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-
Carrying amount at 31 March 2023	433	14,233	873	1,702	17,241

## 5. Property, Plant and Equipment

### 2021-22

	Information Technology	Plant & Machinery	Transport Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2021	2,024	38,212	5,471	1,647	47,354
Additions	84	1,787	10	1,535	3,416
Disposals	(183)	(2,447)	(237)	-	(2,867)
Reclassification	15	779	-	(936) <sup>7</sup>	(142)
Revaluations & Impairments	12	2,131	160	-	2,303
<b>At 31 March 2022</b>	<b>1,952</b>	<b>40,462</b>	<b>5,404</b>	<b>2,246</b>	<b>50,064</b>
<b>Depreciation</b>					
At 1 April 2021	1,190	25,613	4,298	-	31,101
Charge for the year	291	3,330	408	-	4,029
Relieving adjustment	-	-	-	-	-
Disposals	(182)	(2,400)	(226)	-	(2,808)
Revaluations & Impairments	10	1,227	115	-	1,352
<b>At 31 March 2022</b>	<b>1,309</b>	<b>27,770</b>	<b>4,595</b>	<b>-</b>	<b>33,674</b>
<b>Carrying amount</b>					
At 31 March 2021	834	12,599	1,173	1,647	16,253
<b>Carrying amount</b>					
At 31 March 2022	643	12,692	809	2,246	16,390
<b>Asset financing:</b>					
Owned	643	12,692	809	2,246	16,390
Finance leased	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-
Carrying amount at 31 March 2022	643	12,692	809	2,246	16,390

<sup>7</sup> Software asset under construction of £142k have been reclassified to intangibles



## 6. Intangible assets

Intangible assets comprise of software licences.

<b>2022-23</b>	<b>Software</b>	<b>Asset Under</b>	<b>Total</b>
<b>Cost or valuation</b>	<b>£'000</b>	<b>Construction</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>
At 1 April	1,575	1,091	2,666
Additions	28	860	888
Disposals	(14)	-	(14)
Reclassification	(97)	97	-
Revaluation & Impairments	147	-	147
At 31 March	<u>1,639</u>	<u>2,048</u>	<u>3,687</u>
<b>Amortisation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April	(963)	-	(963)
Charge for the year	(136)	-	(136)
Relifing	-	-	-
Disposals	14	-	14
Revaluations	(93)	-	(93)
At 31 March	<u>(1,178)</u>	<u>-</u>	<u>(1,178)</u>
<b>Carrying amount</b>			
At 31 March	<u>461</u>	<u>2,048</u>	<u>2,509</u>
<b>2021-22</b>	<b>Software</b>	<b>Asset Under</b>	<b>Total</b>
<b>Cost or valuation</b>	<b>£'000</b>	<b>Construction</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>
At 1 April	1,366	-	1,366
Additions	315	949	1,264
Disposals	(162)	-	(162)
Reclassification	-	142 <sup>8</sup>	142
Revaluation & Impairments	56	-	56
At 31 March	<u>1,575</u>	<u>1,091</u>	<u>2,666</u>
<b>Amortisation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April	(913)	-	(913)
Charge for the year	(183)	-	(183)
Relifing	-	-	-
Disposals	160	-	160
Revaluations	(27)	-	(27)
At 31 March	<u>(963)</u>	<u>-</u>	<u>(963)</u>
<b>Carrying amount</b>			
At 31 March	<u>612</u>	<u>1,091</u>	<u>1,703</u>

<sup>8</sup> Software asset under construction of £142k have been reclassified to intangibles from Property, Plant and Equipment

## 7. Right of Use Asset

<b>Cost or valuation</b>	<b>Buildings £'000</b>	<b>2022-23 Total £'000</b>	<b>2021-22 Total £'000</b>
At 1 April	-	-	-
Additions	30,721	30,721	-
Release from General Fund	(159)	(159)	-
Depreciation	(3,681)	(3,681)	-
At 31 March	<u>26,881</u>	<u>26,881</u>	<u>-</u>

IFRS 16 Leases has been implemented from 1 April 2022 which introduces a single lease accounting model that requires a lessee to recognise assets and liabilities for all leases. This replaces the previous standard, IAS 17.

## 8. Biological Assets

	<b>2022-23 £000</b>	<b>2021-22 £000</b>
Valuation as at 1 April	1,181	1,122
Purchases	12	13
Decreases due to sales	(936)	(736)
Changes in value of herd due to changes in physical condition		
- Deaths	(54)	(76)
- Births	118	124
Changes in value due to changes in market price	1,072	734
Valuation as at 31 March	<u>1,393</u>	<u>1,181</u>

## 9. 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 too 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.

## 10. Indexation

### Breakdown of impairments/indexation by category

	<b>2022-23</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>
Charged to statement of comprehensive net expenditure	(19)	(9)
Charged to revaluation reserve	(1,177)	(971)
	<u>(1,196)</u>	<u>(980)</u>

## 11. Inventories

	<b>2022-23</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>
Feedstuffs and sundry stocks	406	520
Consumables at Newforge and Stoney Road sites	195	191
	<u>601</u>	<u>711</u>

## 12. Cash and cash equivalents

	<b>2022-23</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	1,680	677
Net change in cash and cash equivalent balances	(1,481)	1,003
Balance at 31 March	<u>199</u>	<u>1,680</u>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	<u>199</u>	<u>1,680</u>
Balance at 31 March	<u>199</u>	<u>1,680</u>

### 13. Trade receivables and other current assets

	2022-23	2021-22
<b>Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>
Prepayments and Accrued income	7,568	4,741
EU accrued income	5,763	4,857
Trade receivables	2,551	2,717
Other receivables	344	1,277
VAT	270	-
	<u>16,496</u>	<u>13,592</u>
<b>Amounts falling due after more than one year</b>		
Accrued Income	-	341
	<u>16,496</u>	<u>13,933</u>

### 14. Trade payables and other current liabilities

	2022-23	2021-22
<b>Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>
VAT	-	208
Other Taxation and Social Security	273	-
Trade payables	281	1,327
Other payables	279	7
Lease Liability	3,594	-
Capital creditors	1,607	2,414
Accruals	10,233	7,862
Deferred Income <sup>9</sup>	771	711
	<u>17,038</u>	<u>12,529</u>
<b>Amounts falling due after more than one year</b>		
Lease Liability	22,294	-
Deferred income	1,919	2,631
	<u>24,213</u>	<u>2,631</u>

<sup>9</sup> Within accruals and deferred income, £1,754k (2021-22: £2,059k) 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 £510k (2021-22: £501k) was charged on these assets and an equivalent amount of income was released to SoCNE.

## 15. Provisions for liabilities and charges

### 2022-23

	<b>Legal £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Balance at 31 March 2022	363	763	1,126
Provided in the year	27	19	46
Provisions not required written back	(149)	(28)	(177)
Provisions utilised in year	(136)	(17)	(153)
Balance at 31 March 2023	<u>105</u>	<u>737</u>	<u>842</u>

#### *Analysis of expected timing of discounted flows*

	<b>Legal £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Not later than one year	105	725	830
Later than one year and not later than five years	-	12	12
Later than five years	-	-	-
Balance at 31 March 2023	<u>105</u>	<u>737</u>	<u>842</u>

### 2021-22

	<b>Legal £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Balance at 31 March 2021	321	741	1,062
Provided in the year	142	39	181
Provisions not required written back	(43)	-	(43)
Provisions utilised in year	(57)	(17)	(74)
Balance at 31 March 2022	<u>363</u>	<u>763</u>	<u>1,126</u>

#### *Analysis of expected timing of discounted flows*

	<b>Legal £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Not later than one year	363	738	1,101
Later than one year and not later than five years	-	25	25
Later than five years	-	-	-
Balance at 31 March 2022	<u>363</u>	<u>763</u>	<u>1,126</u>

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**

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for June 2021 but this was subsequently adjourned, the Supreme made it's ruling on 4 October 2023. Department of Finance (NI) is currently considering this decision and will advise Departments and ALB's as to the financial implications and next steps required. Holiday Pay provision has been estimated and covers the period from November 1998 to 31 March 2018. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

1. The DoF response to the Supreme Court (as detailed above);
2. Lack of accessible data for years previous to 2011;
3. Ongoing negotiations with Trade Unions.

**16. Capital commitments**

AFBI had no capital commitments during 2022-23 (2021-22: £Nil).

## 17. Leases

### 17.1 Operating leases

AFBI has an operating lease with DAERA for the land and buildings it occupies. IFRS 16 has been implemented from 1 April 2022.

	<b>2022-23</b>	<b>2021-22</b>
	<b>£0</b>	<b>£0</b>
<b>Buildings</b>		
Not later than one year	3,594	-
Later than one year and not later than five years	14,722	-
Later than five years	7,572	-
Present Value of obligations	<u>25,888</u>	<u>-</u>
<b>Other*</b>		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Less interest element	-	-
Present Value of obligations	<u>-</u>	<u>-</u>
<b>Total Present Value of obligations</b>	<u>25,888</u>	<u>-</u>
Current Portion	<u>3,594</u>	<u>-</u>
Non-current Portion	<u>22,294</u>	<u>-</u>

	<b>2022-23</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>
<b>17.2 Cash Outflow for Leases</b>		
Total Cash flow outflow for Lease	30,721	-
Present Value of Cash flow outflow	29,449	-

## 18. Commitments under PFI contracts

AFBI had no PFI contracts during 2022-23 (2021-22: £Nil).

## 19. Other financial commitments

	2022-23	2021-22
	£000	£000
<b>Photocopiers</b>		
Not later than one year	8	18
Later than one year and not later than five years	6	13
	<u>14</u>	<u>31</u>

## 20. Contingent Liability disclosed under IAS 37

### Public Sector Pensions - Injury to Feelings Claims

The Department of Finance (DoF) is a named Respondent in a class action affecting employers across the public sector and is managing claims on behalf of the Northern Ireland Civil Service (NICS) Departments. This is an extremely complex case and may have significant implications for the NICS and wider public sector. However the cases are at a very early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

## 21. 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), Invest NI, 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 £158,219 to CIEL in the year to 31 March 2023 (2021-22: £248,527).

In 2022-23 AFBI received £162,912 net of VAT (2021-22: £215,068) from CIEL. The amount owed by CIEL to AFBI at 31 March 2023 was £96,653 net of VAT (2021-22: £101,346).

### **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.

## **22. Third-party assets**

AFBI does not hold any third party assets.

## **23. 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 2<sup>nd</sup> November 2023.

## **4 Report by the Comptroller and Auditor General to the Northern Ireland Assembly**

### **Introduction**

1. In May 2023, as part of the audit of the AFBI Annual Report and Accounts for 2021-22, I issued a report drawing attention to the risks associated with the financial systems in use within the organisation, together with the inability of the finance team to properly support the 2021-22 accounts production and audit processes.
2. A relatively short time has passed since my previous report in May 2023. Whilst I am encouraged by AFBI's response to the issues I highlighted in my report, there remain significant challenges associated with fully addressing the findings in my previous report and with the updated financial system in use.

### **Summary of Findings**

3. NIAO determined in April 2023 that AFBI was not in a position to produce its 2022-23 financial statements and support the audit in a timeframe that would meet the NI Assembly pre-summer recess deadline. AFBI had experienced problems with its financial system following an unsuccessful software update in March 2022 and the problems persisted until September 2022. As a result of this, the audit of the prior year (2021-22) accounts could not be completed until May 2023. A timeline was therefore set out in the audit strategy which included delivery of the draft 2022-23 accounts and supporting information in July 2023 and completion of the audit scheduled for early November 2023.
4. AFBI undertook a series of measures including the completion of an independent pre audit preparedness assessment and increased the capacity of its Finance Team since the issue of my previous report. Additional staff have been recruited to the Team and the Team has remained largely stable throughout the ensuing period. This has resulted in a significant improvement in the responsiveness of the AFBI Finance Team throughout the audit. Consequently, AFBI has been able to support the revised timetable for the 2022-23 audit as set out in the NIAO audit strategy.
5. The IT system now operates using a current version of the software and there has been 12 months of stable processing. However, the financial systems are inefficient and the AFBI Finance Team are required to continue with a series of manual processes and workarounds to ensure production of reliable financial reports for budgeting, management and accounts information. The use of manual processes reduces the reliability of controls and creates an increased workload. This places an additional burden on the finance staff and reduces capacity for more productive activities, impacting on the effective operation of the overall financial control environment.
6. The problems with the stability of the financial system in the first half of the financial year, together with the ongoing need for system workarounds, significantly increased the risk of errors and reduced the level of audit reliance that could be placed on the integrity of transaction processing during the year. As a result of the audit risk this carried, levels of audit testing and resources used needed to be significantly greater than normal to provide the required level of audit assurance.

7. These factors also present risks to AFBI's accountability and governance arrangements going forward which may impact the future delivery of certified accounts by the summer recess. Enhanced levels of work will continue to be required to give audit assurance on AFBI's 2023-24 accounts.
8. AFBI has advised me that:
  - It is optimistic that the current financial system will continue to operate on a stable basis throughout 2023/24;
  - It is currently in the final stages of assessing the options available for replacement of the current system; and
  - by the end of the current financial year, it anticipates submission of a business case to DAERA with a preferred option for a system replacement.

### Conclusions

9. Whilst progress has been made, significant further work is required to fully address the issues highlighted in my previous report.
10. The continued use of the current financial system and associated financial processes means that production of draft accounts for 2023-24 and AFBI's ability to support completion of the audit in advance of the NI Assembly summer recess will be extremely challenging.
11. I would urge AFBI to:
  - take steps to address the financial control weaknesses identified and to progress procurement and implementation of a new financial system at the earliest possible opportunity; and
  - consider how it might streamline its accounts preparation process and support delivery of certified accounts prior to summer recess.
12. I will continue to keep this area under consideration.



**Dorinnia Carville**

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7<sup>th</sup> November 2023

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