

# Department of Agriculture Environment and Rural Affairs (DAERA)

## Review of Agri-Food and Biosciences Institute (AFBI)

February 2025



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## 1. Executive Summary

### 1.1. Introduction and scope of review

Public bodies in Northern Ireland are subject to periodic review to ensure they remain efficient, effective and accountable. The Public Bodies: A Guide for NI Departments (2008) advises that a Non Departmental Public Body (NDPB) should be reviewed regularly, in line with Managing Public Money Northern Ireland (MPMNI) requirements to consider whether the body continues to be the best way to deliver the services for which it is responsible, and if it is, how delivery of these services can be improved.

This work has been commissioned by the Department of Agriculture, Environment and Rural Affairs (DAERA) to undertake a Tailored Review of the Agri-Food and Biosciences Institute (AFBI), an executive non-departmental public body (NDPB) of the Department.

The purpose of this review is primarily to assure the public, Ministers and the Principal Accounting Officer (PAO) that AFBI's functions remain useful and necessary. The review is intended to provide an independent assessment of AFBI's efficiency and effectiveness and provide an opportunity for the Department to ensure it is satisfied that AFBI is operating with a clear purpose and using an appropriate delivery model.

This review is expected to bring forward recommendations, address questions posed and provide assurance to the Minister, Department and the public that AFBI in its current format is best placed to deliver the government's objectives.

### 1.2. Key Findings

As per guidance of the Tailored Review approach, findings are presented under the four quadrants of the review methodology – efficacy; accountability; governance and efficiency.

#### Efficacy

- AFBI's strategic direction is aligned with the NI Executive's overall Ministerial Priorities, DAERA's four draft strategic priorities and delivery of DAERA's vision of 'Sustainability at the heart of a living, working, active landscape, valued by everyone'. Through its scientific work, AFBI supports the delivery of DAERA's outcomes and the wider needs of society and industry. The work is aligned to the wider Northern Ireland Executive's Ministerial and Departmental priorities, the NI Economic Strategy and the Executive's 'Green Growth' strategic direction
- In pursuit of its vision and purpose (including the overarching Departmental and PfG policy objectives), AFBI has in place corporate and business plans with objectives which contribute to the achievement of those wider objectives.
- The core activities of AFBI, specifically relating to its statutory activities and scientific research, are a key enabler for DAERA to achieve its policy and corporate objectives. There is a clear alignment between the

statutory requirements of DAERA in scientific testing and plant, animal and food health and AFBI's ability to provide these services.

- Whilst AFBI does have annual KPIs in place, these KPIs are not consistent year to year, and it is therefore difficult to assess the organisation's progress in pursuit of consistent progress and any subsequent trends. There is a sense that the organisation's stretch is low and that the KPIs set are not 'stretch targets' by any means and therefore provide an appearance of AFBI aiming too low.
- The theme of impact is recurring, as the data and evidence provided to the review team have been AFBI produced and therefore can be seen as highly subjective and not externally validated. There is no doubt that AFBI is making a social and economic impact and indeed a contribution to the Northern Ireland public, however the extent of the impact is questionable in the absence of any form of external or independent assessment of that impact.
- Feedback from a wide range of external stakeholders suggests there is not a cohesive nor collective view of AFBI, its role and purpose, as this differs dependent upon the constituency being interviewed.
- This is underpinned by a lack of agreed position within DAERA on what it is that it wants AFBI to do on its behalf (beyond the statutory requirements). DAERA and AFBI stakeholders both indicate that the scientific services being commissioned through the Assigned Work Programme (AWP) is not effective. AWP by all accounts is highly bureaucratic, resource intensive, hugely inefficient and highlights a central theme of a lack of strategic approach to the scientific needs of DAERA. We do understand though that new approaches to science commissioning and the Science Transformation Programme are underway, but in its current form, the AWP is not effective.
- The Department has developed a new Science Commissioning policy which aims to provide flexibility in how it identifies and procure science services. From an AFBI perspective, there are difficulties in reconciling this new approach as the new policy appears to contradict the founding legislation, the Partnership Agreement and practice from elsewhere. To AFBI the proposed model is akin to how external contractors would be procured and not an ALB of the Department and is at variance to expectations and the partnership approach/ideology. This difference in view is a source of significant tension in the current DAERA/AFBI relationship.
- There is recurring feedback from internal and external stakeholders that whilst AFBI does have in place a stated purpose and strategy, this is considered too broad. AFBI's span of focus covers multiple areas including animal health, sustainable livestock, crops, environmental protection, fisheries and aquatic sciences, food safety, laboratory diagnostics and more. Additional responsibilities can include delivering field sampling, laboratory testing and associated analysis and research on DAERA-led schemes such as the Soil Nutrient Health Scheme. This raises questions as to whether AFBI's broad objectives can realistically be achieved within the confines of one organisation and the alignment of broadening role, delivery functions and how this aligns to the core mission.

- Underpinning these questions on the form and function of AFBI are recurring questions on the cost of the science and laboratory testing and does AFBI represent a good use of public money. Feedback suggests that the organisation is excellent in some activities, but not across all activities.

### **Governance**

- Schedule 2 Section 1 of the Agriculture (Northern Ireland) Order 2004 sets out the governance arrangement of the Institute and our review indicates that the elements set out in the legislation are in place.
- The roles of the Board, its Committees and the Chief Executive are set out in the following documents: The Partnership Agreement 2021; The Board Operating Framework; Standing Orders and Scheduled Matters Reserved for Board and Terms of Reference of Board and committees. Review of the operation of these frameworks suggests adequate levels of compliance and adherence.
- Review and feedback suggest that AFBI has been compliant in the discharge of the Partnership Agreement.
- Annually, the Engagement Plan supports the delivery of the Partnership Agreement setting out the timing and nature of engagement between AFBI and the Department.
- The construct of the Board appears to meet the requirements of MPMNI.
- There is evidence that the Board undertakes a review of its effectiveness; its composition; skills base and knowledge with formal appraisals and reviews undertaken to ensure board effectiveness as per Partnership Agreement.
- The Board Standing Orders and Schedule of Matters reserved to the Board is reviewed annually. The Board Sub Committees' Terms of Reference are subject to regular review and approval by full Board. This is to be considered again following the recent appointment of a new AFBI Chair at a planned workshop between the Board and Executive.
- There is a consensus that the current approach to corporate governance is appropriate and that there are improvements emerging in scope, practices and culture around governance. However, this has not yet necessarily been translated into performance baseline. There is a recognition that the new Corporate Planning Framework requires time to bed in, and that the organisation needs to define and refine further its approach to data management and data production in order to effectively report on and measure performance. At that point the governance piece becomes more effective because there is more confidence around information.
- It is not clear yet that there is sufficient evidence to suggest AFBI is reflective of what works and what doesn't work well, with differing narratives from Board and senior management reporting how frameworks and policies and internal initiatives are developed and implemented.
- There is evidence of improving levels of awareness of individual roles and responsibilities within both DAERA and AFBI. The new Partnership Agreement and Engagement Plan appears to provide definition and clarity on individual input into the corporate governance framework.

- Feedback indicates that the current committee arrangements are adequate but not always necessarily effective. Whilst committee arrangements are providing members with a more transparent and effective 'whole organisation' view of the organisation, there is a sense that, the current committee structure is creating more work (for both members and the executive team), and there appear to be some blurring of boundaries in the Oversight and Governance Committee with both the Finance and Business Strategy and the Audit and Risk Assurance Committee.
- There is however a difference of vision between the former Chair and some members of the Board and the EMT. The former view is one of AFBI externally focused and pursuant of external funding, identifying and securing an increasing percentage of income as non-DAERA grant aid. This would require a sharper focus on research grants, a more strategic and proactive approach to partnership and possibly a different kind of science research which the organisational model may need to change in order to build upon the capacity and capability to attract and retain. The view of the CEO and others in EMT is that the work of the organisation reflects the Agriculture (Northern Ireland) Order 2004 which requires AFBI to prioritise DAERA's work. These are two different visions and will take the organisation on two different paths – the appointment of a new Chair is now critical in setting AFBI on its future course.

### **Accountability**

- Appropriate governance and accountability frameworks are in place including the Partnership Agreement, which provide definition and clarity around the roles and responsibilities of the partners in the relationship. The Agriculture (Northern Ireland) Order 2004 (NI) 2004 and Partnership Agreement outline the role and purpose of AFBI, provides definition of the lines of accountability and provides clarity on how the priorities and objectives of the DAERA and AFBI should align.
- The partnership document sets out the partnership arrangements between the Agri-Food and Biosciences Institute (AFBI) and the Department of Agriculture, Environment and Rural Affairs (DAERA). In particular, it explains the overall governance framework within which AFBI operates, including the framework through which the necessary assurances are provided to stakeholders. Roles/responsibilities of partners within the overall governance framework are also outlined.
- The Engagement Plan provides a template for the level of interactivity and engagement/reporting between AFBI and DAERA on an annual basis. Furthermore, there is evidence of robust governance arrangements in place (primarily driven through the schedule of meetings outlined in the Engagement Plan).
- There is further evidence of DAERA and AFBI representation on various partnership bodies to implement and deliver on DAERA policies and priorities and evidence of reporting systems in place (from EMT and Board) from AFBI into DAERA and the provision of assurance on matters.
- Whilst there is evidence of improving and strengthening personal relationships at senior levels across DAERA and AFBI, these relationships are not always effective and there is still some tension in interpersonal

relationships between the two organisations. This has an undoubted impact upon the capacity of both organisations to fully drive a partnership approach and drive added value.

- There are differing views of the DAERA/AFBI relationship with resistance from senior levels in AFBI to the 'commissioning' and 'contractual' theme of the relationship. Furthermore, there is feedback from within AFBI that the Partnership Agreement is not in fact a full partnership as AFBI remains the junior partner in the arrangements and at the behest of DAERA on all matters.
- The DAERA/AFBI relationship is paternalistic/governance heavy and the Department, for a variety of reasons, creates conditions to deliver within key line of sight. It was difficult at times to understand how either organisation defined 'good' and therefore there is limited evidence of full partnership at work.
- With a 'short' rather than a long arm as regards oversight, there can be a sense that AFBI lacks autonomy. There appear to be differing interpretations of the founding legislation, however an underpinning assumption would be that the NDPB has greater autonomy than AFBI presently enjoys. There appears to be considerable control exerted from DAERA, both through the commissioning of work and the R&D work as well as general governance approach and as a result AFBI has limited opportunity to act independently.

### **Efficiency**

- AFBI's Statement of Comprehensive Net Expenditure shows a net expenditure for the year of £57,752k (2022-23: £54,408k). Based on 2022-2023 financial information, as much as 75% of this income is derived through DAERA GIA and Programme Costs.
- Total income (excluding royalties) for the year increased from £22,347k in 2022-23 to £23,687k in 2023-24, an increase of £1,340k (6%). This is due to new projects advanced during the year, particularly the Soil Nutrient Health Scheme Project.
- Staff costs increased by £2,427k (7%) to £36,329k in 2023-24. This increase is a result of the number of permanent vacancies being filled during the year and the 2023 pay award.
- In terms of the trend, AFBI has grown its income<sup>1</sup>, excluding royalties, from £10m in 2015-16 to approximately £24m in 2023-24. The level of income received from EU grants has reduced to £1,477k (2022-23: £5,067k)
- 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. Therefore, during 2023-24 there was no royalty income received in relation to this vaccine (2022-23: £2,091k).
- AFBI requested a further £2m increase in GIA so their requirement for 2024/25 is now £69,400k.
- Our review indicates that the organisation is maximising its grant in aid income and focusing significant effort on income diversification and generation. The focus of the organisation appears to be increasingly on income

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<sup>1</sup> Excluding GIA

and income generation and perhaps less fixed on cost reduction. Reasons provided for this focus can be summarised as long-term sustainability remains uncertain due to the constraints of a one-year budget cycle, it can be difficult to create longer term efficiencies. While AFBI has several major projects in the pipeline, including the priority Lough Neagh initiative and the Soil Nutrient Health Scheme, resource limitations pose a potential challenge in being able to scale to meet these operational and delivery challenges. As a consequence, with approximately 700 full-time equivalents (FTEs), the organisation appears to find it difficult to scale at times to meet demand and cannot, according to feedback, easily reallocate staff, unlike other public bodies.

- The Comptroller and Auditor General Report for 2022/23 drew attention to the risks associated with the AFBI Financial Systems and the inability of the finance team to properly support the accounts production and audit process. The 2023/24 report showed that AFBI put in place a significantly enhanced financial reporting team, however due to the limitations of the financial systems it has been urged that AFBI continue to progress the procurement and implementation of a new financial system at the earliest opportunity – this is underway with the planned on-boarding in Autumn 2025 to AccountNI and subsequent transfer to DoF's new Integr8 platform.
- AFBI manage debt in accordance with chapter 4.6 (Receipts) of Managing Public Money Northern Ireland (MPMNI).
- AFBI uses a number of shared services [NICS Enterprise Shared Services (ESS)] and frameworks as per DAO (DFP) 06/15 - Extension of Shared Services. Being a full user of HR Connect, AFBI have been utilising ESS since 2006 – now renamed Digital, Security and Finance Shared Services (DSF Shared Services). AFBI uses NICAL as a source of compulsory/mandatory training for staff as well as routes to all other open training resources. AFBI uses IT Assist and in the past 2 years have been implementing a full transition from in-house servers and migration to IT Assist service provision. In line with DoF mandates, AFBI is committed to full use of the 'Integr8' system as a replacement of for the current finance and HR shared services i.e. Account NI and HRConnect.
- Stakeholders and partners were asked for feedback on the quality of the services provided by AFBI. Feedback is mixed, ranging from feedback suggesting that some elements of the research undertaken by AFBI are excellent and world class through to scientific services which are described as 'adequate'. There were examples of highly valued examples provided across food, plant health, marine, economics and animal science functions.
- Feedback from stakeholders expressed frustrations with bureaucratic delays that affect AFBI's ability to execute scientific work efficiently. They noted that the approval process, both within AFBI and the broader governmental system, can be slow, which hampers the ability of scientists to carry out their work in a timely manner. This can often be underpinned by a reluctance by AFBI to share data. DAERA officials strongly view that AFBI is a provider of services which are being undertaken on their behalf and as such if a DAERA official has a query or requires more information on a sample or a test result, they expect AFBI to provide this. From a DAERA perspective, AFBI in general, is reluctant to overly share information, even on test results etc for client organisations (notwithstanding any legal considerations). DAERA officials point out that the more information

they have on the back of a test, the more informed they are then in making decisions etc. There is a strong held view by DAERA consultees that AFBI appears reluctant to share this data.

- Without providing specific examples, some DAERA officials highlighted that research delays from AFBI often go unchallenged within DAERA and there appears to be limited or no consequences for missed deadlines. The same consultees suggest that whether work is completed within the agreed timeline AFBI still gets paid regardless of delivery. Officials suggest that despite overarching framework, there is limited or weak holding to account as AFBI has a monopoly of DAERA scientific services work.
- Whilst the organisation has in place a vision for its human resources, like many organisations, AFBI is struggling to attract and retain talent. With a headcount of 677 FTE, the organisation has a current attrition rate of approximately 10% (down from 17% in 2022/23). Staff surveys indicate levels of engagement at 56%. This compares to NICS engagement scores of 54% (2023) and DAERA engagement score of 55% (2023) (whilst the UK records an historically low engagement rate of 23%, private sector firms and SMEs routinely score higher than 70% engagement levels).
  - Employee engagement index of 56% (+3 AFBI'21).
  - 'My work' and 'My team' were the highest achieving theme scores (76% + 3% on DAERA 2023 survey) across the nine themes in the 2024 survey, with 'Pay & benefits' recording the lowest score at 29%, with Leadership and Managing Change at 33% (-10% in comparison to DAERA 2023 results).
- Further to the 2018 Tailored Review, DAERA has undertaken a review of AFBI Estate resulting in thirteen recommendations associated with Phase 1 of the review outputs. These recommendations range from the relocation of the AFBI headquarters, the merger of currently individual sites; the disposal of some identified current sites and ultimately decisions on the ownership of the estate. These strategic intents around AFBI estate development now form part of the AFBI Corporate Plan 2023-2027.
- Our review indicates that AFBI has in place an ICT strategy with accompanying strategies for Data and Cyber matters. It is clear that AFBI's rolling three-year Information Technology (IT) Strategy advances the Institute's mission to support industry innovation and government policy across the agri-food and rural sector. The strategy provides direction and shapes the future direction for digital initiatives, creating competitive advantage for the Institute with clear emphasis on continuous innovative improvement, service excellence and outcomes, customer focus, and an open and collaborative approach. However, the welcome presence of the strategy cannot belie the fact that this focus on ICT and digital investment is long overdue. Our review and feedback indicate that the AFBI ICT model requires further work and investment. Over the last 5 years the organisation has implemented an organisational wide electronic quality management system, an electronic document and records management system, a corporate project management system, is in the midst of replacing its laboratory management systems (DAERA-led ISLAND project) and on-boarding to AccountNI to replace the current finance system. However, it is widely accepted that the approach to ICT in the organisation has been characterised by under investment and a systemic lack of modernisation of technologies, systems, tools and

approaches. AFBI faces challenging times in the context of funding pressures, the need to maintain a high level of commercial income, re-prioritisation of scientific functions based on importance to the agri-food industry and to DAERA policy, and strategic importance to AFBI's science base.

- The EU Exit has influenced AFBI's operational framework, particularly in terms of resource management and the supply chain. AFBI has had to seek additional (INAB) Irish National Accreditation Board (INAB) accreditation along with UKAS accreditations. INAB accreditation is to ensure that its testing and laboratory services meet the standards required under the new post-Brexit trade arrangements. This dual accreditation process became more urgent following the UK's exit from the EU, as EU standards continue to apply in Northern Ireland under the framework. AFBI's ability to continue testing and ensure compliance with these standards is essential for the seamless trade of goods and agricultural products across borders.
- Furthermore, staffing levels have had to increase to handle additional testing which has arisen under the Windsor Framework, with £5 million in ring-fenced Treasury funding allocated for this purpose. Feedback suggests that AFBI has carefully assessed Brexit's impact on its mandate, adapting to meet new regulatory, operational, and strategic challenges.
- This review has carried out a reflection of other existing providers of science in Northern Ireland, and a mapping exercise of functions within the landscape that AFBI sits. Furthermore, the review team has undertaken benchmarking with other organisations in other jurisdictions to get a sense of alternative delivery and funding models concluding that there are alternative delivery models for the services which AFBI carries out.
- A Public Sector Research Establishment (PSRE) evaluation was also carried out- but this was scaled back to a light touch review due to inconsistencies in the feedback we received from both DAERA and AFBI in their perception, knowledge and approach to PSRE and funding. We also firmly believe that a PSRE assessment should only be fully carried out if a future state model AFBI retains its research functions.

### **1.3. Current state assessment**

The purpose of this review is to provide assurance to the Department that AFBI discharges its primary functions in an effective and efficient manner and that there is in place a robust system of stewardship of the organisation; sound governance, planning, performance management, reporting, financial decision making, direction setting and leadership. We are able to provide such an assurance - albeit with some caveats.

This review has identified that in the past two - three years the organisation has made progress in creating frameworks to provide improved oversight and governance across the organisation and that as a result decision making has improved, albeit with more improvements to make; there are improved internal systems in place; improved relationships with sponsor management and broadly AFBI continues to meet expectations.

However, where there is less certainty and clarity lies in how AFBI sits in its landscape, the nature of the relationship between DAERA and AFBI, the commissioning of work, the tensions in the suite of activities undertaken by AFBI.

In its current form, AFBI's span of focus covers multiple areas including animal health, sustainable livestock, crops, environmental protection, fisheries and aquatic sciences, food safety, laboratory diagnostics and more. Additional responsibilities can include delivering field sampling, laboratory testing and associated analysis and research on DAERA-led schemes such as the Soil Nutrient Health Scheme. This raises questions as to whether AFBI's broad objectives can realistically be achieved within the confines of one organisation and the alignment of broadening role, delivery functions and how this aligns to the core mission.

Furthermore, there is not a cohesive nor collective view of AFBI, its role and purpose as this differs dependent upon the constituency being interviewed. This position is further underpinned by a lack of agreed position within DAERA on what it is that it wants AFBI to do on its behalf (beyond the statutory requirements). DAERA and AFBI stakeholders both indicate that the commissioning approach through the AWP is not effective and therein lies tension between DAERA being unclear what it is commissioning at a strategic and policy level and how this is then delivered through AFBI. There is a lack of corporate or centralised commissioning within DAERA to provide oversight of the AWP. AWP by all accounts is highly bureaucratic, resource intensive, hugely inefficient and highlights a central theme of a lack of strategic approach to the scientific needs of DAERA. We do understand though that new approaches to science commissioning and the Science Transformation Programme are underway.

However, progress in the development of new approaches to Science Transformation and Science Commissioning appear slow, but we believe the Department has kept AFBI involved in all matters on any development of new approaches, including AFBI membership of all committees including the key Delivering Science Strategy (DSS) Project Board. It is our assessment that AFBI is fully cited of all discussions and developments in these matters and yet has taken a defensive stance underpinned by formal letters and challenge to progress in new approaches to commissioning. Whilst we understand – to a point – the potential impact of change on AFBI, there is nonetheless a need to recognise that challenging times require new approaches.

Ultimately what this leads to is a concern that the organisation is neither a research institute nor a scientific testing laboratory type organisation – it is a hybrid and due to the form/function/funding model/guidance provided by DAERA, it is constrained, and the Department may not in fact be getting the best value from the organisation. This concern is underpinned by recurring feedback from external stakeholders which suggests and is confirmed by our own observations, that the high levels of micro-management by DAERA of AFBI and the multiple layers of bureaucracy and administration and oversight has resulted in AFBI leadership and management focused, not necessarily on the science but on bureaucracy – constrained as it is by a lack of vision (AFBI), current relationships, delivery model and approach.

Furthermore, our research and consultation feedback suggest a peculiar tension between the two arms of AFBI's work, where the agricultural element tends to be more research based while the food and bioscience elements include both statutory and research activities, albeit the balance varies across different areas. Feedback suggests tensions in the role of AFBI and its place in the world, as it is unclear to the scientific community within AFBI whether their scientific work impacts on or relates to merely scientific testing; contribution to wider NI economy;

academic research; or informing and influencing policy or to be the independent provider of scientific advice to DAERA.

#### 1.4. Summary of Key Recommendations

It is not clear which of the following can describe AFBI:

- An ALB of DAERA providing statutory testing etc to ensure compliance with legislation.
- A Scientific Advisor to DAERA and wider NI plc.
- A Scientific Research organisation.

As a consequence, the organisation is being pulled in three directions and there is a lack of vision, direction and leadership.

- There seems to be a gap between issues NI is facing as a society – climate emergency, sustainability, biodiversity etc and AFBI's role in these challenges.
- There are tensions between AFBI's scientific research work and its role as a provider of services.
- If AFBI focuses on research and income diversification, does that dilute further the relationship with DAERA and provide DAERA with the excuse to start reducing the AWP and the funding (so that through the new Science Transformation strategy, DAERA can pursue other organisations to carry out its work?).
- Can AFBI become a smaller more discrete organisation which would allow it to become more focused on core services/activities and propel itself with a refreshed vision and delivery model?

Appendix One contains our assessment of AFBI against Cabinet Office 'Three Test' criteria and the delivery options checklist. In this assessment, it is our conclusion of the continuing need for an organisation which carries out functions which AFBI discharges currently, however we believe consideration should be given to the merger or re-imagining of these functions into other forms.

In considering the current state organisation, the current constraints and drivers which have resulted in the effectiveness of the current model, we have reflected on the future state requirements of DAERA in terms of the provision of science led services and the fulfilment of its statutory responsibilities and how a future state AFBI may support those objectives. In the following table we set out options which we believe may meet DAERA's policy, strategic, operational and scientific objectives and needs in the short and longer terms.

There are a number of options and roadmaps open to a future state AFBI, each presenting a future state AFBI with a range of opportunities and challenges, but which identify and unlock current constraints and in so doing, provide a platform for a refreshed approach to the delivery of science services in Northern Ireland. There is a unique opportunity to do things differently, to embrace the changed and changing world and to build upon the significant successes of the current AFBI model (despite its constraints) and lean into a highly volatile and complex operating environment. Importantly there are opportunities to provide refreshed platforms to link in and integrate more various disciplines and services into 'one health' approaches to the systemic issues identified throughout this review. Any of the models presented below can (in their subsequent delivery model) adopt and evolve new

and whole systems approaches to animal health for example through a much more outward focused approach to integration of data, information, resources and solutions.

Options are presented in the table below – these are presented and explored with the potential advantages and disadvantages of each discussed in section 10.3.

Option	Description
<p><b><u>Model 1 - Stay Same</u></b></p>	<ul style="list-style-type: none"> <li>a. DAERA has statutory responsibilities as regards its responsibility for the environment, farming, certain aspects of food, marine and fisheries, forestry and sustainability policy and regulation and the development of the rural sector in Northern Ireland. Through the AWP Scientific Services Programme, AFBI provides scientific testing, monitoring, and diagnostics. AFBI also provides advice and information on relevant scientific issues.</li> <li>b. AFBI also provides: <ul style="list-style-type: none"> <li>a. DAERA Directed AFBI Research Work Programme (DDARWP) - This component complements the Scientific Services Programme by detailing DAERA's specific Research and Development requirements for each Financial Year.</li> <li>b. Emergency Response: AFBI is responsible for providing rapid and effective emergency responses to protect key sectors such as animal and plant health, the food chain, fisheries, and the environment from threats like disease or contamination.</li> </ul> </li> </ul>
<p><b><u>Model 2 – Split AFBI</u></b></p>	<p>This model assumes the splitting of AFBI into two distinct and separate organisations.</p> <ul style="list-style-type: none"> <li>a. AFBI Diagnostic Centre which would focus exclusively on: <ul style="list-style-type: none"> <li>a. the testing, monitoring and diagnostic element of the current AWP programme of work.</li> <li>b. Emergency Response work.</li> </ul> </li> <li>b. AFBI Research and Innovation Institute which would house all AFBI R&amp;D services and act as an independent and commercially funded research institute specialising in key sectors/subjects where capacity and capability can be built and identified to support the wider objectives and challenges facing NI and wider global society. The primary focus of the new Institute would be to act as an independent self-funding organisation. <ul style="list-style-type: none"> <li>a. If this option were to be considered we would anticipate that the establishment of an independent and fully self-financing institute may take a number of years to establish and therefore would propose that in considering this model, that the Research Institute would initially be created as a DAERA ALB and be in receipt or access/compete for public funding (which would reduce over a 7-10 year period). This would allow the organisation to establish itself, continue to provide scientific research services to DAERA (though with a different relationship, Partnership Agreement and MoU etc), however in the longer term it becomes an independent and self-financing commercial venture.</li> </ul> </li> </ul>
<p><b><u>Model 3- Split AFBI version 2</u></b></p>	<p>As per model 2 however in this version, the model assumes:</p> <ul style="list-style-type: none"> <li>a. AFBI Diagnostic Centre which would focus exclusively on: <ul style="list-style-type: none"> <li>a. the testing, monitoring and diagnostic element of the current AWP programme of work.</li> <li>b. Emergency Response work.</li> </ul> </li> <li>b. AFBI Research and Innovation Institute would merge with another existing Institute or Research Centre such as Queen's University or University of Ulster to create a powerhouse research institute in Northern Ireland. <ul style="list-style-type: none"> <li>a. This is a model that many in the scientific research community would be familiar with, and a recent example includes the Roslin Institute in Scotland (where Dolly the Sheep was cloned), which was an animal health research institute, which is now part of the University of Edinburgh.</li> </ul> </li> </ul>
<p><b><u>Model 4 – AFBI Diagnostic Centre (no research services)</u></b></p>	<p>In this model, AFBI would retain its diagnostic and testing services as well as its Emergency Response capability, but all other research functions and activities would be removed from the organisation.</p> <p>In this model, AFBI would not be a research organisation and would therefore not be involved in the pursuit of research activities.</p> <p>For DAERA's perspective, the procurement of scientific research would be achieved through an expansion of the evolving Science Commissioning model and DAERA would pursue research procurement options as it would for any other service or activity, using the free market to procure and contract research services. It would be expected that this option would require considerable descaling of the current AFBI model. However conversely it would require DAERA to considerably upscale its commissioning and management of the procurement and management of other scientific services and research.</p>

**Model 5 – AFBI Animal Health Organisation only**

There is an opportunity to re-imagine AFBI in a different form with a scaled back version of the present organisation to become an Animal Health organisation only. This organisation would have all the functions of the current AFBI organisation – testing, diagnostics, emergency response and research – but focused only on the animal health aspect of current provision.

There is an argument, borne out by internal and external stakeholder feedback that AFBI is not maximising its contribution on all aspects of its current brief. When the review team reflect on the core societal issues facing Northern Ireland and the current Ministerial priorities, whilst there is alignment with the work of AFBI to these, there is nonetheless (based on stakeholder feedback) a view that AFBI is not as focused on the climate, biodiversity, sustainability and wider environment (carbon emission etc) that it potentially should and could be.

There is an argument that AFBI is particularly strong and visible in the animal health sector and therefore a potential model for a refreshed AFBI – probably renamed Animal Health Institute – to focus exclusively on animal testing, health, testing, emergency response as well as the alignment of animal health to wider society health and how this interacts with other agencies charged with public and human health.

The remaining current brief of AFBI would need to be either re-distributed or a new ALB created which is focused exclusively on the Environment. Notwithstanding the recently announced Ministerial review of governance in the environment, in the absence of AFBI in this space, there is a need for DAERA to scale up either existing functions or create a new body to deliver activities and functions around climate change, environmental policies, maritime, water, air, carbon emission etc to replace the gap left by a defunct AFBI.

Other recommendations include:

### **Recommendation One – Assurance on lengthening the arm**

It is our view that relationships need to be underpinned by a systematic approach to assurance. We believe that there are two broad aspects of assurance which AFBI and DAERA need to address:

- an assurance that AFBI is performing satisfactorily against the objectives, targets and performance measures agreed by Ministers – the ‘controllability’ dimension of accountability and the starting point for ‘controllability’ is establishing what success looks like for AFBI.
- secondly, an assurance that the body is meeting the requirements of legislation and guidance – the ‘transparency’ and ‘responsibility’ dimensions of accountability.

The recommendation follows that AFBI should continue to develop and embed its approach to governance, reporting and performance. This will continue to build confidence in DAERA that AFBI’s performance and reporting is transparent and there is a sense of being held fully to account. This allows the Accounting Officer in DAERA and others to progress forwards with increased confidence and assurance and therefore the current short arm approach to oversight begins to lengthen and AFBI begins to feel less controlled.

### **Recommendation Two – defining partnership working**

- Accounting Officers should ensure that the current Partnership Agreement between DAERA and AFBI is fully transparent, that roles and responsibilities are as clear as possible, but above all that the wording, language and phraseology used in the framework document is accepted and agreed to ensure a shared understanding.
- In the NIAO Code of Practice Partnerships between Departments and Arm’s Length Bodies (March 2019), the fifth principle is about engagement and suggests that partnerships work well when relationships between departments and Arm’s Length Bodies are open, honest, constructive and based on trust. There is a mutual understanding about each other’s objectives and clear expectations about terms of engagement.
  - The Department needs to re-visit its own role and responsibilities as set out in Partnership Agreement and ensure that it has in place the necessary mechanisms and processes to support and engage with AFBI. This requires DAERA supporting its public appointees; creating and maintaining effective communication channels with identified key AFBI staff; providing guidance and support as well as setting stretch strategic objectives (and monitoring these) for AFBI to strive for a new vista and vision.
  - A stable Sponsor team needs to continue developing the AFBI relationship and adopt a partnership approach to delivery and put in place a framework to develop more effective communication.

- For its part AFBI must recognise the role and contribution Sponsor team has in AFBI development and holding to account and must work collegiately with the Department in reaching its objectives.

### **Recommendation Three - AWP**

- DAERA urgently needs to dedicate time and resources to reviewing the effectiveness of the AWP and review all aspects of how the Department commissions, contracts and monitors these services. The current process is ineffective and needs fundamental change. The underlying philosophy of commissioning has also changed over time within wider public sector with a move away from transactional models and towards greater partnership working. These changes are intended to support the development of a more integrated approach and focus on five core areas; assessing needs; setting priorities; planning services; procuring services and monitoring quality. It is incumbent upon DAERA to refresh the current model and adopt a new approach which reflects needs and is effective, efficient and demonstrates a better understanding of its own science service needs.

### **Recommendation Four – Demonstrating impact**

- DAERA and AFBI should agree, in line with the Partnership Agreement, more detailed strategic objectives for AFBI that include indicators and timelines for measurement.
- AFBI should strengthen its monitoring and evaluation of its research outputs and impact, through more robust and longer-term impact reporting and a more rigorous approach to sharing evaluations and lessons learned internally and externally. This could include for example, an external peer assessment every five years.

### **Recommendation Five – Driving effectiveness**

- AFBI should, as a matter of urgency, support ongoing work to draw up a strategic workforce plan, as well as efforts to develop leadership capability (including talent management) across the organisation.
- DAERA and AFBI prioritise IT system enhancements to enable progress against the IT Strategy and improve data usage to inform and drive change.
- The review team recommend that progress is made in the scoping and finalisation of the Strategic Cost Model with full transparency on core costs. Further progress should be made in the funding model for AFBI based on core funding for essential costs and costs for commissioned work.
- Dependent upon the outcome of this review and the progress of an identified and preferred option, the Review of Estates which was finalised and agreed by both DAERA and AFBI in August 2024, should ensure future state AFBI has more control and flexibility in its estate cost, management and development.
- We recommend that AFBI review its Board Committee structure to ensure the current model is appropriate and meets current and anticipated future AFBI needs. We strongly recommend a review of the necessity of the Oversight and Governance Committee and the strengthening of the Organisational Development

and Human Resources Committee to ensure a more HR focus (with particular lens on workforce data and metrics).

We believe that by addressing these recommendations, this will lead to short – medium term improvements in the functioning of the relationships between DAERA and AFBI and support other aspects of the relationship including governance, commissioning of work and impact measurement.

## 1.5. Conclusion

It is our understanding that the health of people, animals, and the environment is interconnected, and any action in one of them affects all of them. One of the major lessons that the pandemic caused by SARS-CoV-2 has taught us is the vital importance of understanding human health, animal health, and the environment as an inseparable whole.

Furthermore, to understand the relationship between human health, animal health, and the environment, the World Organisation for Animal Health points out that humans and livestock are more likely to interact with wild animals when more than 25% of the original forest cover is lost, increasing the likelihood of disease transmission. Currently, human activity has severely altered 75% of terrestrial environments and 66% of marine environments.

The observed scenario calls for a "One Health" approach to address these challenges and multiple cross-cutting issues, such as antibiotic resistance, food security, environmental protection, climate change, or the fragility of healthcare infrastructure, among others. Solutions to these problems require new multisectoral and multidisciplinary perspectives, centred around the cornerstone that is the "One Health" concept.

It is our understanding that 'One Health' is an integrated, unifying approach that aims to sustainably balance and optimise the health of people, animals and ecosystems. It recognises that the health of humans, domestic and wild animals, plants, and the wider environment (including ecosystems) are closely linked and interdependent.

While health, food, water, energy and environment are all wider topics with sector-specific concerns, the collaboration across sectors and disciplines contributes to protect health, address health challenges such as the emergence of infectious diseases, antimicrobial resistance, and food safety and promote the health and integrity of our ecosystems.

By linking humans, animals and the environment, One Health can help to address the full spectrum of disease control – from prevention to detection, preparedness, response and management – and contribute to global health security.

This provides a powerful context and platform for the refreshed and re-vitalised AFBI (in whatever future state form), as the societal, health and policy need is well established. The future state AFBI therefore needs to address these issues around how to connect and share information; how to monitor and provide surveillance and adopt a cross agency approach to the use of that data; to support, initiate and lead standardised approaches to the assessment of risk and how these are managed successfully.

This ideal requires a fresh start, courage and imagination. It is our hope that this review will provide the platform to commence that conversation.

AFBI is undoubtedly a complex and evolving organisation. It has achieved a significant amount since its formation in 2006 and continues to be an important delivery partner of the Department in pursuit of the Ministerial priorities, Government priorities and the Department's strategic objectives. The organisation has developed into a centre of excellence in many of its services – but this is not consistent across the whole organisation and there is a sense that the organisation is not keeping up with the pace and scale of change in our external environment.

The organisation is populated by highly skilled and experience individuals who appear committed to the scientific objectives of the organisation but feel constrained and inhibited by the delivery model, which creates a belief that AFBI is not maximising its potential, that the Department (through not clear enough commissioning and scientific priorities) is not getting the best out of AFBI.

However, the world has changed and is changing at a frenetic pace, and the current AFBI delivery model which has until recently served reasonably well, now appears to be out of sync with wider society, Departmental and Government needs. The time is right for change... that time is now.

## 2. Background and Operating Context

### 2.1. Context of the Review

Public bodies in Northern Ireland are subject to periodic review to ensure they remain efficient, effective and accountable. The Public Bodies: A Guide for NI Departments (2008) advises that a Non Departmental Public Body (NDPB) should be reviewed regularly, in line with Managing Public Money Northern Ireland (MPMNI) requirements to consider whether the body continues to be the best way to deliver the services for which it is responsible, and if it is, how delivery of these services can be improved.

Furthermore, the UK Government Cabinet Office published updated guidance on the previous Tailored Review Guidance (2016)<sup>2</sup>. This guidance was used to inform previous review of AFBI. The previous review of AFBI was carried out in 2018 and the resulting report, Tailored Review of AFBI was published in September 2018.

### 2.2. Scope and Aims of the Review

This work has been commissioned by the Department of Agriculture, Environment and Rural Affairs (DAERA) to undertake a Tailored Review of the Agri-Food and Biosciences Institute (AFBI), an executive non-departmental public body (NDPB) of the Department.

As the primary provider of scientific services to the Department, AFBI plays a key role in the process of supporting the Departmental Science Strategy Framework (2020-2035) which outlines the Department's commitment to securing science that is innovative, collaborative and transformative, in order to support a healthy and sustainable economy, environment and community.

The purpose of this review is primarily to assure the public, Ministers and the Principal Accounting Officer (PAO) that AFBI's functions remain useful and necessary. The review is intended to provide an independent assessment of AFBI's efficiency and effectiveness and provide an opportunity for the Department to ensure it is satisfied that AFBI is operating with a clear purpose and using an appropriate delivery model.

This review is expected to bring forward recommendations, address questions posed and provide assurance to the Minister, Department and the public that AFBI in its current format is best placed to deliver the government's objectives.

### 2.3. Approach and Methodology

The approach undertaken in carrying out the review has adopted and adhered to well established review methods.

Reflecting the requirements of MPMNI and also the Cabinet Office Public Bodies Review Programme guidance, this review has examined AFBI in the context of the four quadrants outlined in the Cabinet Office guidance:

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<sup>2</sup> Public Bodies Review Programme

- **Efficacy** - These requirements will set out expectations to ensure AFBI meets the conditions to be an executive non-departmental public body, with a clear purpose, in the correct delivery model and the expectations that AFBI performs effectively and delivers services that meet the needs of citizens.
- **Governance** - These requirements set out the expectations of governance for AFBI's Board, chair, and non-executives.
- **Accountability** - These requirements will set out expectations on accountability, relationships between the Department and AFBI, and the support and challenge offered to AFBI via the critical partnership relationship with DAERA.
- **Efficiency** - These requirements set out expectations for financial management processes in line with current guidance, and the expectations for the identification of cashable efficiency gains made through change in practices, for example, digitisation and the workforce.

Furthermore, AFBI is seeking Public Sector Research Establishment (PSRE) status and preparing an application with UK Research and Innovation (UKRI) to achieve this status. There is a recognition that AFBI's research supports a wide range of government objectives and UKRI represents an important funding stream for AFBI post-EU Exit. The review therefore is tasked with taking into account guidance for assessment of AFBI's performance using the PSRE framework including:

- **Evaluate Mission:** To identify the AFBI's roles within the Research, Development, and Innovation (RDI) landscape and assess its relevance to the department, to broader government priorities and to the wider RDI landscape.
- **Assess Impact:** To develop appropriate PSRE performance measures relevant for AFBI's role and assess the performance of AFBI with respect to its mission.
- **Assess additional value:** To identify the wider value created by AFBI beyond its core functions (for example, skill development, resilience and infrastructure, operational standards).
- **Assess further opportunity:** To think critically about how AFBI can be better utilised by the Department and across government.

#### 2.4. Governance of the Review

The review was undertaken by an external and independent team of consultants, externally commissioned through a public tender process. Baker Tilly was appointed in August 2024 to undertake the review.

A Programme Board was established and chaired by the Senior Sponsor, who was the Senior Responsible Owner (SRO) for the review. This Programme Board met monthly to review progress and provide guidance as well as discuss emerging themes. A Project Oversight Group was established comprising representatives of the DAERA Sponsor Team and Baker Tilly team, who met on a fortnightly basis to review progress to date, plan the next steps and monitor progress.

## 2.5. Methodology

The methodology and approach used adopted a tried and tested approach to Tailored Review and had a number of core stages;

- Desktop and Literature Review of materials, data and information provided by AFBI and DAERA.
- Engagement and Consultation phase which employed a range of one to one and group face to face and online meetings with the following (please refer to **Appendix 3** for list of consultees).
  - Senior DAERA and AFBI management
  - Minister and DAERA officials
  - AFBI Chair and Board members
  - DAERA and AFBI delivery teams
  - AFBI partners including other DAERA bodies
  - External stakeholders including organisations who use AFBI services, academic institutions
  - Survey with DAERA and external stakeholders to gauge their views on the effectiveness of the current AFBI delivery model
  - Identification and development of benchmarking conversations to test delivery models of AFBI services in other jurisdictions – seeking to identify synergies and how other jurisdictions approach delivery. Benchmarked organisations include:
    - Teagasc (Ireland)
    - Scottish Rural College (Scotland)
    - Rothamsted Research (UK)
    - Fraunhofer Institutes (Germany)
    - Agriculture and Agri-Food Canada (AAFC) Research Centres
    - John Innes Centre (UK)
    - Wageningen University & Research (Netherlands)
    - Aarhus University (Denmark)
- Review of collated information and validation of evidence with further calls of evidence from both AFBI and DAERA.
- Exploratory calls with AFBI and DAERA officials regarding PSRE approach with Baker Tilly Strategic Advisor.
- In addition, follow up interviews were organised with DAERA and AFBI officials to provide evidence emerging around key operational themes.

This review is intended to provide a strategic overview of the effectiveness and governance of the organisation. As such we have considered the activities and services of all directorates, meeting all key personnel responsible for the delivery of those services and reviewing key documentation and performance data on those services.

Our review report collates all information, pulling the recovered data and findings into answers addressing the questions/themes asked under the original terms of reference and then creating sub and strategic themes.

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We reference, where necessary, individual line areas, but for the main - the focus is on the performance and effectiveness of the whole organisation and an assessment of the whole entity.

## **2.6. Format of this report**

The findings of this report are divided into the sections identified in the original terms of reference.

### **Efficacy**

- The need for AFBI and its functions
- The appropriateness of the NDPB model
- Strategic contribution of AFBI
- Performance and Impact of AFBI

### **Governance**

- Corporate Governance
- AFBI vision and purpose
- Board, committee and governance arrangements
- Finance and risk management
- Business planning

### **Accountability**

- Sponsorship management
- Relationships – DAERA and AFBI
- Decision making
- Policy compliance

### **Efficiency and Effectiveness**

- Operational delivery model
- Financial management
- Current budget position
- Future opportunities and constraints
- Human resources and workforce management
- Estate management and development
- Digital and ICT
- Service Quality
- Decision Making
- Knowledge Management

### **PSRE research**

### **Recommendations**

Each section contains a summary of key documentary evidence provided, reviewed and validated; an outline of progress to date followed by a summary of findings based upon our fieldwork, consultations and engagement across those stakeholders identified in earlier sections.

Further sections of this report then contain sub-themes and strategic themes which have been identified and underpin all findings. These then are collated into a discussion chapter which in turn feeds into our recommendations.

## 3. Introduction and Background

### 3.1. Introduction

The Agri-Food and Biosciences Institute (AFBI) is an executive Non-Departmental Public Body (NDPB), sponsored by the Department of Agriculture, Environment and Rural Affairs (DAERA). AFBI was established in 2006 under the Agriculture (Northern Ireland) Order 2004 which provides AFBI with the power to undertake scientific work in the fields of agriculture, animal health and welfare, food, fisheries, forestry, the natural environment, and rural development and enterprise (the Agriculture (Northern Ireland) Order 2004).

The work which AFBI undertakes is critical to DAERA's overall vision of "sustainability at the heart of a living, working, active landscape, valued by everyone". AFBI science underpins a wide range of DAERA work programmes and policies by providing the underpinning statutory and analytical testing, monitoring and surveillance science, research and development work, emergency response capability and expert scientific advice. The Institute's work also contributes to several of the Northern Ireland Executive's Programme for Government draft outcomes such as the outcomes "we live and work sustainably – protecting the environment" and "our economy is globally competitive, regionally balanced and carbon-neutral".

In addition to AFBI's core assigned work programme for DAERA, the Institute also leverages additional income from a wide range of local, national and international research funders and other customers. This external work is intended to be complementary and synergistic to the DAERA funded science programmes. The work typically involves extensive national and international collaborations which ensures that AFBI's science remains internationally relevant while adding benefit to DAERA, the Northern Ireland industry and wider society.

### 3.2. Policy Context

The form and function of AFBI is largely set out in the founding legislation Agriculture (Northern Ireland) Order 2004. However, AFBI operates within a context of wider Departmental and Government priorities. The previous Northern Ireland Executive had committed itself to developing a long-term, strategic Programme for Government – this programme was based on a shared and strategic vision for the future which aimed to improve wellbeing for all<sup>3</sup>. Whilst a Programme for Government Draft Outcomes Framework was developed and drafted, it was not published before the end of the last Assembly mandate.

The Programme for Government Draft Outcomes Framework, developed by the previous Executive, set out an ambitious vision for society, guided by the aim of improving wellbeing for all people in Northern Ireland. It was a framework of nine strategic outcomes. Together, they were intended to form a picture of the NI Executive's aspirations for an inclusive society.

The 'New Decade New Approach' (NDNA) document set out the process and approach for developing the Executive's Programme for Government (PfG). The key points being that the Programme should:

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<sup>3</sup> <https://www.northernireland.gov.uk/programme-government-pfg-2021>

- be developed through engagement and co-design, using an outcomes-based approach;
- focus on prosperity and wellbeing for all;
- establish a shared and ambitious strategic vision for the future;
- provide for accountable and transparent monitoring and reporting arrangements.

With the restoration of the Northern Ireland Executive in February 2023, a new Draft Programme for Government 2024-2027<sup>4</sup> focusing on three missions has been developed;

- **People:** Working to support everyone at all stages of their life to ensure they have the chance to succeed by improving life opportunities;
- **Planet:** Harnessing the potential of a green growth economy while ensuring we provide an equitable transition to a sustainable and affordable society as we take responsibility for decarbonising our economy and society;
- **Prosperity:** Improving our economic productivity while making sure that we have an economy that works for everyone and our story continues to be an inspiration to others.

Underpinning all missions is a cross-cutting mission of Peace. Furthermore, these missions are supported by 9 cross cutting priorities;

- Grow a Globally Competitive and Sustainable Economy;
- Deliver More Affordable Childcare;
- Cut Health Waiting Times;
- Ending Violence Against Women and Girls;
- Better Support for Children and Young People with Special Educational Needs;
- Provide More Social, Affordable and Sustainable Housing;
- Safer Communities;
- Protecting Lough Neagh and the Environment;
- Reform and Transformation of Public Services .

The new DAERA Minister, appointed in February 2024, has set out his Ministerial Priorities which are:

1. Tackling climate change together
2. Protecting our natural environment
3. Strengthening environmental governance
4. Supporting sustainable resilient and productive, agri-food and fishing sectors
5. Safeguarding animal health and welfare and plant health
6. Building strong, sustainable and diverse rural communities

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<sup>4</sup> Our Plan: Doing What Matters. Draft Programme for Government 2024-2027.

DAERA is further committed to the outcomes of the new NI Environmental Improvement Plan which has 6 outcomes:

1. Excellent air, water and land quality;
2. Healthy & accessible environment and landscapes everyone can connect with and enjoy;
3. Thriving, resilient and connected nature and wildlife;
4. Sustainable production and consumption on land and at sea;
5. Zero waste and highly developed circular economy;
6. Net Zero greenhouse gas emissions and improved climate resilience and adaptability.

DAERA's Innovation Strategy 2020-2025 identifies the following goals:

1. DAERA identifies innovation as a Departmental priority. It has leadership, culture, capability and capacity to sustainably encourage and support innovation in all sectors. It prioritises support for innovation involving the utilisation of Big Data, Artificial Intelligence and the Transformative Bioeconomy;
2. Innovation is encouraged, supported, and facilitated by DAERA across all sectors in its remit;
3. The ultimate goal is that by 2035, Northern Ireland will be the most successful region in the UK at exploiting opportunities in the utilisation of Big Data, Artificial Intelligence and the Transformative Bioeconomy in the sectors within the DAERA remit. In line with this direction of travel, by 2025, NI will be in the top 50% of UK regions. This will be monitored through liaison with Innovate UK/UKRI.

DAERA Innovation Strategy 2020-2025 identifies that many global challenges, including climate change, land and ecosystem degradation and waste management, are threatening the environment. At a local level, environmental challenges are highlighted in the DAERA Draft Environment Strategy for Northern Ireland<sup>5</sup> and include (but are not confined to) the management of waste and development of a circular economy, waste crime, air quality, local environmental quality, biodiversity loss and soil quality. In addition, there are challenges that exist in reconciling agricultural activities and environmental consequences, particularly in areas such as greenhouse gas emissions, the effect of run off of nitrogen and phosphorous on water quality, and the impact of ammonia emissions on designated sites and priority species.

DAERA's vision is underpinned by a purpose of 'Sustainability at the heart of a living, working, active landscape valued by everyone'. DAERA is committed to deliver this by improving the quality of the natural environment and growing Northern Ireland's agri-food, fishing and forestry sectors in a more sustainable way.

DAERA envisions this support through assisting farming communities in continuing their role as custodians of land and enhance the vital role they play in maintaining the long-term health of the countryside. Through exploring the use of new technologies, DAERA will help increase productivity in a sensitive manner that does not degrade the

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<sup>5</sup> DAERA Draft Environment Strategy for Northern Ireland 2022

natural environment. As a result, DAERA seeks that farmers have confidence in their future whilst delivering multiple public benefits.

There is a wider recognition that the agri-food sector in Northern Ireland is critical for the economy and environment, and it affects everyone in the country<sup>6</sup>. DAERA has committed to focus on ensuring the continued supply of food and drink, and making sure the domestic industry grows through increased competitiveness and resilience. As such, DAERA has committed to invest in science and technology to drive sustainable innovations in food manufacturing and processing and work with others to develop a Food Strategy Framework for Northern Ireland to build a world class food sector that will continue to be central to the health of the people who live and work here and the local economy. Clearly AFBI has a role in supporting this vision.

### 3.3. About AFBI

AFBI is an executive NDPB, sponsored by the DAERA and was established in 2006 under the Agriculture (Northern Ireland) Order 2004 which provides AFBI with the power to undertake scientific work in the fields of agriculture, animal health and welfare, food, fisheries, forestry, the natural environment, and rural development and enterprise.

As per Agriculture (Northern Ireland) Order 2004, the function of the Institute is to undertake scientific work in the fields of;

- agriculture;
- animal health and welfare;
- food;
- fisheries;
- forestry;
- the natural environment; and
- rural development and enterprise.

References to scientific work in any of those fields includes research and development; the testing or analysis of any matter; the provision of advice and information on scientific matters; and the dissemination or application of the results of scientific research.

With a vision of 'scientific excellence delivering impactful and sustainable outcomes for society, economy and the natural environment', AFBI's purpose is 'to deliver trusted, independent research, statutory & surveillance science, and expert advice that addresses local and global challenges, informs government policy and industry decision making, and underpins a sustainable agri-food industry and the natural and marine environments'.

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<sup>6</sup> Independent Strategic Review of the Northern Ireland Agri-Food Sector 2021

AFBI is presently located on six DAERA owned sites across Northern Ireland and one site leased by DAERA at Bushmills. The total AFBI estate comprises 421 hectares of land and 37,000m of laboratory, office accommodation and outbuildings.

Currently AFBI has 652.32 FTE permanent staff and 56 agency workers, which is 100-120 total FTEs below 2015 levels and approximately 150 permanent FTEs below 2015 levels.

AFBI is led by a Chief Executive Officer and an Executive Management Team comprising Director of Sustainable Agri-Food Sciences Division; Director of Finance and Corporate Affairs Division; Director of Veterinary Sciences Division, and Director of Environment and Marine Sciences Division.

### 3.4. Strategic Priorities

AFBI's strategic direction is guided by five key priorities:

- **Leading improvements in the agri-food industry** to enhance its sustainability.
- **Protecting animal, plant, and human health** through targeted scientific initiatives.
- **Enhancing the natural and marine environment** to ensure long-term environmental health.
- **Delivering quality outcomes and impact** by advancing scientific excellence and improving the communication and application of research findings.
- **Enabling world-class science** through investment in people, infrastructure, and technology to support AFBI's scientific endeavours.

### 3.5. Main Functions of AFBI

According to its current Strategic Plan<sup>7</sup>, AFBI plays a pivotal role in supporting the agricultural sector in Northern Ireland. It does so through leveraging scientific research and providing various services, AFBI contributes to enhancing productivity, sustainability, and food security while addressing environmental challenges. AFBI's main functions include:

- **Research Initiatives:** Conducting extensive research in areas such as crop science, animal health, and environmental science to support innovation in the agri-food industry.
- **Technical Support:** Provides expert technical guidance and support to farmers and agribusinesses, helping them adopt best practices and improve operational efficiency.
- **Policy Development Support:** Engages in supporting the development of policies and strategies that align with the needs of the agricultural sector and promote sustainable practices.
- **Monitoring and Evaluation:** Assesses agricultural practices and policies, providing data and analysis to inform decision-making at governmental and organisational levels.
- **Emergency Response Capability:** Maintains readiness to respond to outbreaks of animal and plant diseases, ensuring public health and safety.

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<sup>7</sup> AFBI Strategic Plan

- **Collaboration and Partnerships:** Works in partnership with various organisations, including governmental bodies and academic institutions, to enhance research and service delivery.
- **Public Engagement:** Communicates research findings and agricultural advancements to the public, promoting awareness and understanding of agri-food issues.
- **Provision of Scientific Research and Services:** AFBI conducts a wide range of scientific research to support agricultural productivity and sustainability, addressing challenges such as climate change and food security.
- **Regulatory and Statutory Testing:** The Institute carries out essential statutory testing, monitoring, and surveillance programmes to ensure compliance with national and international standards.
- **Technical Support and Advice:** AFBI provides technical guidance and advice to farmers and agribusinesses, helping them implement best practices and innovative solutions.
- **Animal Health and Welfare:** The Institute plays a vital role in animal health, offering diagnostic services and contributing to national strategies for disease control.
- **Food Safety and Quality Assurance:** AFBI ensures food safety through rigorous testing and research, contributing to consumer confidence in food products.
- **Environmental Protection:** The Institute conducts research aimed at protecting the environment, including studies on biodiversity, soil health, and sustainable agricultural practices.
- **Partnerships and Collaborations:** AFBI collaborates with various organisations, including government bodies and commercial entities, to enhance the effectiveness of its research and outreach.
- **Marine Research and Aquatic Ecosystems:** The Institute undertakes marine research to support sustainable management of aquatic resources.

### 3.6. Funding

AFBI provides the statutory and surveillance science, emergency response capability and expert scientific advice which underpins many of DAERA's programmes of work as well as providing the scientific evidence and innovation to shape policy direction for the agri-food and marine sectors. To that end, AFBI is primarily funded by a grant-in-aid budget from the Department.

Further funding is derived from a range of local, national and international science funders and commercial organisations.

- **Primary Funding Source:** AFBI is mainly funded by a grant-in-aid budget from DAERA. This core funding supports AFBI's statutory functions, scientific research, and emergency response capabilities.
- **External Income Sources:** AFBI supplements its budget with external income from various local, national, and international sources. These include research grants, commercial contracts, and EU programmes such as INTERREG VA, Horizon 2020, and the European Maritime & Fisheries Fund, which constitute over 60% of AFBI's external income.

### 3.7. Budget Overview

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- AFBI's Statement of Comprehensive Net Expenditure shows a net expenditure for the year of £57,752k (2022-23: £54,408k).
- Total income (excluding royalties) for the year increased from £22,347k in 2022-23 to £23,687k in 2023-24, an increase of £1,340k (6%). This is due to new projects advanced during the year particularly the Soil Nutrient Health Scheme Project.
- Total operating expenditure (excluding royalties) for the year has increased by £3,027k in 2023-24 from £78,386k to £81,413k, an increase of 4%.

### 3.8. Assigned Work Programme

A Memorandum of Understanding (MoU) applies exclusively to the work provided by AFBI under DAERA Assigned Work Programme (AWP). Any work commissioned by DAERA that falls outside of the AWP and is not funded through Grant-in-Aid is governed by separate MoUs or written agreements between DAERA and AFBI.

In line with the Agriculture (Northern Ireland) Order 2004, AFBI and DAERA mutually agree on a programme of activities to be carried out by AFBI during each financial year (refers to the period from 1st April to 31st March of each year under this MoU.) This programme is referred to as the AWP and outlines the scientific work that DAERA assigns to AFBI.

The AWP consists of three distinct elements:

- **Scientific Services Programme:** This section of the AWP focuses on scientific testing, monitoring, and diagnostics. It ensures that AFBI maintains the necessary scientific capabilities and capacity, while also providing advice and information on relevant scientific issues.
- **DAERA Directed AFBI Research Work Programme (DDARWP):** This element complements the Scientific Services Programme by detailing DAERA's specific Research and Development requirements for each financial year.
- **Emergency Response:** AFBI is responsible for providing rapid and effective emergency responses to protect key sectors such as animal and plant health, the food chain, fisheries, and the environment from threats like disease or contamination.

### 3.9. Research

AFBI's primary research interests focus on advancing sustainable agri-food systems, environmental protection, animal and plant health, and food security. Their research spans key areas such as precision farming, climate change adaptation, biodiversity conservation, and food safety. Additionally, AFBI conducts studies in marine and freshwater ecosystems, livestock management, and bioremediation. The Institute collaborates with a range of partners, including DAERA, academic institutions, industry stakeholders, and both cross border and international organisations. These collaborations enable AFBI to align its scientific findings with practical solutions, supporting policy development and fostering innovation across the agri-food and environmental sectors.

### 3.10. The need for AFBI

A key element of this review was to assess whether all the functions and sub-functions that AFBI delivers for DAERA continue to be needed. The 2018 Tailored Review assessed functions identifying that, at that time, all but two of those functions were required. Baker Tilly submitted to DAERA a list of subfunctions, identified from the AWP and asked DAERA officials to confirm these activities were still required. AFBI officials were then asked to validate and confirm which functions and sub functions were currently active (as well as identifying leads/owners for these activities). Our findings suggest the following: (full breakdown provided in Appendix Two)

- **Overall Trend:** AFBI's total subfunctions decreased from 168 in 2018 to 143 in 2024, reflecting a net reduction of 25 subfunctions.
- **Notable Increases:** Fisheries and Aquatic Environment expanded by 6 subfunctions, signalling heightened emphasis or demand in this area.
- **Significant Reductions:**
  - 17 subfunctions are not continuing, primarily due to capability retirement and funding issues.
  - 15 subfunctions have been left blank with no response on their continuation from DAERA or AFBI.
  - Food subfunctions dropped dramatically from 24 to 6.
  - Agriculture subfunctions reduced by 4, mainly due to capability retirements.
  - Forestry and Natural Environment saw minor declines.
- **Stable Categories:** Animal Health and Welfare, and Rural Development & Enterprise maintained their subfunction levels, indicating steady operational focus.

### 3.11. About DAERA

DAERA was established in 2016, bringing functions from the former DARD, DOE, DCAL and OFMDFM into a single Department. DAERA has responsibility for the environment, farming, certain aspects of food, marine and fisheries, forestry and sustainability policy and regulation and the development of the rural sector in Northern Ireland.

The Department has a vision for a living, working, active landscape valued by everyone. It is a science based, data driven department, which invests around a quarter of its annual budget on science services. These services involve monitoring and surveillance testing and research and development (R&D). Science outputs are used to inform policy development, meet statutory obligations, measure outcomes, provide advice and information, manage risks to society and the environment, support rural affairs and promote innovation. In the context of the UK leaving the EU, the importance of the science evidence DAERA uses and provides is increased<sup>8</sup>

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<sup>8</sup> DAERA Innovation Strategy 2020-2025

The new DAERA Minister, appointed in February 2024, has set out his Ministerial Priorities which are:

1. Tackling climate change together
2. Protecting our natural environment
3. Strengthening environmental governance
4. Supporting sustainable resilient and productive, agri-food and fishing sectors
5. Safeguarding animal health and welfare and plant health
6. Building strong, sustainable and diverse rural communities

The Department has a number of key agencies supporting the delivery of its priorities including two Executive Agencies:

- The Northern Ireland Environment Agency (NIEA, previously the Environment & Heritage Service) was (prior to 2016) part of the Department of the Environment (DoE), with the marine functions originally having been part of NIEA but then separated into NIEA and Marine Division. When DoE became part of DAERA, the Marine Division became the Marine & Fisheries Division. NIEA is an Executive Agency of DAERA. NIEA's primary purpose is to protect and enhance Northern Ireland's environment, and in doing so, deliver health and well-being benefits and support economic growth.
- Under the terms of the Forestry Act (Northern Ireland) 2010, the Department is responsible for promoting the interests of forestry in Northern Ireland, the development of afforestation, the production and supply of timber and the maintenance of adequate resources of growing trees. The Forest Service became an Agency on 1 April 1998. The aims of the Agency are to supply timber, to provide public access to forests and protect forest environments, to enhance plant health and standards of production, and to work with partners to deliver public services and promote economic development.

A number of Arm's Length Bodies (ALB's) also support the delivery of DAERA objectives including:

- AFBI was created in 2006 as an Arm's-length Body (NDPB) of the then Department of Agriculture and Rural Development and remained an NDPB when DAERA was created. AFBI's remit is "undertake scientific work in the fields of agriculture, animal health and welfare, food, fisheries, forestry, the natural environment and rural development and enterprise."
- The Loughs Agency is one of six North South Implementation Bodies and aims to provide sustainable social, economic, and environmental benefits through the effective conservation, management, promotion and development of the fisheries and marine resources of the Foyle and Carlingford Areas.
- The Northern Ireland Fishery Harbour Authority (NIFHA) is also an executive NDPB which has a statutory responsibility for improving, managing, and maintaining the three fishery harbours and harbour estates of Ardglass, Kilkeel, and Portavogie and for operating the facilities which are provided at these harbours. The Authority's mission is to facilitate sustainable wealth creation in the harbour areas for which it is responsible.

- The Livestock and Meat Commission for NI (LMC) is an executive NDPB established to assist the development of the livestock and livestock products industries. The LMC mission statement is to support, examine and inform the marketing and development of the NI beef and sheep meat industry.

Currently the Department provides a range of full time and part time education as well as industry short courses at the College of Agriculture, Food and Rural Enterprise (CAFRE). The Department's statutory authority for involvement in education and training comes from the Agriculture Act (Northern Ireland) 1949 as amended by the Agriculture (Northern Ireland) Order 2004. The DAERA Knowledge Framework is a high-level document that sets out the rationale for the Department's involvement in education, knowledge and skills, what the Department seeks to achieve and the nature of its interventions.

### 3.12. Update to 2018 Report

An internal Tailored Review of AFBI was carried out in 2018. The 2018 Tailored Review followed on from previous organisational reviews (2012-2013) and followed Cabinet Office Guidance on Review of Public Bodies and the Public Bodies: A Guide for NI Department (2008) to consider whether AFBI continues to be the best way to deliver the services for which it was responsible and how these services could be improved.

The terms of reference for the 2018 review included:

- AFBI functions, the need for them and its role as a Public Sector Research Establishment;
- Is NDPB the most appropriate model;
- Relationships between AFBI and other organisations;
- AFBI's Strategic Management;
- Potential impacts on AFBI functions of UK's exit from the EU;
- The review considered AFBI's capacity for delivering services more effectively and efficiently;
- The review also considered the control and governance arrangements in place.

The review made thirty-six recommendations. The implementation of the recommendations of the review were heavily subsumed into the Science Transformation Programme which ran as a standalone programme until July 2024. The final dashboard for the review recommendations indicated 15 recommendations were to be brought forward by DAERA, 15 by AFBI and 6 were joint.

Specifically, we would highlight the following:

- **Recommendation 8** from the previous review stated *“DAERA should implement a more programme-based approach to science commissioning, which allows AFBI to take a longer-term view when investing in the future and develop complementary research initiatives.”* It is our understanding that DAERA is working on progressing towards a more thematic based R&D structure. We also recognise that for some areas, a programme-based approach is trying to be developed, such as that required for Lough Neagh. Overall progress in moving to the above position across all areas has been slow and hasn't quite reached the programme-based approach used elsewhere. Furthermore, there appears to

be more work to be done in bringing together the various strands of AFBI's remit in support of that overarching aim.

- **Recommendation 13** from the previous review stated “*DAERA must put in place a process to provide better high-level strategic direction to AFBI that clearly outlines its long-medium- and short-term priorities.*” Feedback and review would suggest this has not been achieved to the extent which it needs to be to maximise the outcomes for both AFBI and DAERA. Whilst work is underway in relation to the development of strategic documentation such as DAERA Evidence Plans and Areas of Research Interest, this work is incomplete and would need input from both parties to ensure alignment.
- **Recommendation 32** from the previous review stated “*DAERA to adapt the Assigned Work Programme so that it focuses on outcomes, with all associated processes such as commissioning, delivery, reporting and evaluation adjusted accordingly.*” It is our understanding that until very recently, the Scientific Services programme comprises approximately 270 lines. Whilst recent progress has been made, regarding draft proposals for Scientific Services to rationalise these lines and consolidate into programmes, progress is still required in relation to aspects such as the longer-term planning of the work programmes, ensuring that work programmes are sufficiently outcome and impact focused, developed and governed.

Of the 36 recommendations, 54% have been closed (and implemented), 26% are ongoing and the remainder deferred. The primary reason for deferral of recommendations stems from either a policy or funding change not yet effected to allow AFBI to move forward with any of the deferred recommendations. Many of those recommendations which have been closed or subsumed into the wider Science Transformation Programme have resulted in improved corporate planning, communication and engagement, notably all very operationally focused. The areas where there has been less progress on the 2018 Review recommendations centre around fundamental issues of AFBI's place in the wider commissioning model and science landscape and its associated funding model.

## 4. Efficacy

*This quadrant outlines the expectations on form and function, thereby ensuring that the ALB meets the conditions to be an ALB, with a clear purpose, in the correct delivery model. It also sets out the expectations that the ALB performs effectively and delivers services that meet the needs of citizens<sup>9</sup>.*

### 4.1. Introduction

AFBI is Northern Ireland's leading provider of agri-food and environmental sciences, offering essential support to the agri-food and marine industries, key economic sectors, and nature custodians in the region. AFBI advances the Northern Ireland Executive's Ministerial and Departmental priorities by delivering research, statutory science, emergency response capabilities, and expert advice for DAERA.

AFBI's work focuses on three core themes: improving the agri-food industry; protecting animal, plant, and human health; and enhancing the natural and marine environment. This supports national and international trade while fostering innovation for production efficiency and environmental sustainability.

Aligned with its updated Corporate Vision, "*Scientific excellence delivering impactful and sustainable outcomes for society, economy, and the natural environment*" AFBI collaborates extensively with scientific institutes both locally and globally. This ensures that AFBI's science addresses the pressing challenges facing the agri-food sector, such as climate change, public health, and economic impact.

AFBI's science addresses practical problems for a diverse range of funders across the public and private sectors. The organisation conducts world-class research, surveillance, and diagnostic testing in areas including animal health, sustainable agriculture, plant science, food safety, environmental protection, fisheries, and agricultural economics.

The 2023-2027 Corporate Plan outlines AFBI's strategic priorities and highlights planned investments in people and infrastructure, aiming to deliver innovative, efficient, and effective services with the support of its sponsoring department.

### 4.2. AFBI's Form

For policy/administrative purposes AFBI is classified as an executive NDPB<sup>10</sup>, which is a national or regional public body, working independently of, but still accountable to Ministers, however they are not staffed by civil servants<sup>11</sup>.

An ALB (or semi-autonomous agency) is an organisation that delivers a public service, is not a ministerial department, and which operates to some extent at a distance from Ministers. Whilst such bodies are used globally, the term in the UK context can include NDPB's, executive agencies, non-ministerial departments, public corporations, National Health Service bodies and inspectorates. NDPBs are bodies which are part of Central

<sup>9</sup> Guidance on the undertaking of Reviews of Public Bodies 2024

<sup>10</sup> AFBI Partnership Agreement

<sup>11</sup> <https://www.nidirect.gov.uk/articles/northern-ireland-executive>

Government but not government departments, or part of one, and this, along with their purported arm's length relationship with Ministers, means that they are independent, whilst operating within a framework of ministerial accountability and control (Cabinet Office 2015)<sup>12</sup>.

*“Arm’s-length bodies represent an extension of the department’s delivery, so we should think about a department and its arm’s-length bodies as a total delivery system. For the system to work well, the relationship between a department and its bodies cannot be just about oversight. An effective partnership must be based on trust, clarity of accountability, and a shared understanding of purpose and outcomes.”* John Manzoni, Chief Executive of the Civil Service and Cabinet Office Permanent Secretary<sup>13</sup>.

There is a recognition that public bodies have an important part to play in delivering the Government’s vision of high-quality services for all citizens. To do so effectively they need to be set up correctly, be well-governed, and observe high standards of transparency and efficiency<sup>14</sup>.

The test for validating the appropriateness of the NDPB model of delivery follows the tests set by the Cabinet Office Tailored Review<sup>15</sup> criteria in that an assessment should be made if the function/service:

- is still needed;
- is still being delivered;
- is carried out effectively by the organisation; and
- contributes to the core business of the organisation, the sponsor department and to the government as a whole.

AFBI’s strategic direction is aligned with the NI Executive’s overall Ministerial Priorities, DAERA’s four draft Strategic Priorities and the delivery of DAERA’s Vision of ‘Sustainability at the heart of a living, working, active landscape, valued by everyone.’ Through its scientific work, AFBI supports the delivery of DAERA’s outcomes and the wider needs of society and industry. The work is aligned to the wider Northern Ireland Executive’s Ministerial and Departmental Priorities<sup>16</sup>, the DfE Research Programme<sup>17</sup> and the Executive’s ‘Green Growth’ strategic direction<sup>18</sup>.

#### AFBI Strategic Priorities

- Leading improvements in the agri-food industry to enhance its sustainability aligns to DAERA Priority ‘Economic Growth’
- Protecting animal, plant and human health aligns to DAERA Priority ‘Economic Growth’
- Enhancing the natural and marine environment aligns to DAERA Priority ‘Natural Environment’

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<sup>12</sup> National Audit Office - Central oversight of arm’s-length bodies June 2021

<sup>13</sup> Partnerships between departments and arm’s-length bodies: Code of Good Practice

<sup>14</sup> Tailored Reviews: Guidance on Reviews of Public Bodies. Cabinet Office 2019

<sup>15</sup> Tailored Reviews: Guidance on Reviews of Public Bodies. Cabinet Office 2019

<sup>16</sup> Draft Programme for Government 2024-2027 ‘Our Plan: Doing What Matters Most’ Sept 2024

<sup>17</sup> Department for the Economy Research Programme 2024-27

<sup>18</sup> Draft Green Growth Strategy 2021. DAERA

- Delivering Quality Outcomes and Impact align to DAERA Priorities ‘Economic Growth’ and ‘Natural Environment’
- Enabling World Class Science through Excellence in People, Places & Technology aligns to DAERA Priority ‘Exemplar Organisation’.

### 4.3. Findings

It is our sense that the NDPB model relies upon confidence in the delivery model, both confidence from the sponsor department that the NDPB has the capacity and capability to deliver what is required, and confidence from the NDPB in knowing that the sponsor department provides the autonomous framework to deliver what is expected of them. Our review has identified:

- Lack of clarity and confusion: There can be ongoing confusion over the function of AFBI in the wider landscape and that the organisation’s remit is expansive and may overreach itself in trying to accommodate too many services/activities. The organisation is carrying out a very wide range of testing, diagnostics, surveillance, monitoring, and research with a wide range of Departmental and external partners. However, at the heart of this seems to lie in a lack of clarity on the expectations of what DAERA wants from AFBI, and AFBI in turn, struggling to fulfil that remit. We understand that work is due to begin on developing a refreshed Partnership Agreement between DAERA and AFBI – it is critical that this explicitly details boundaries, roles, responsibilities and accountabilities so that each organisation can be held to account for performance.
- Micro-management: On occasions, DAERA overreaches into the AFBI and this, in a way that, can damage AFBI’s ability to carry out a core function with an appropriate degree of independence.
- Increased scrutiny and requests for information: A common theme of the feedback received, was DAERA’s requests for information from AFBI. These information requests can often be poorly defined, but it can increase bureaucratic burdens for AFBI in terms of reporting on actions and decisions, resulting in AFBI representatives complaining about repeated requests for information which served no obvious purpose. Whilst we do not see any particular issue with the sponsor body requesting information from the NDPB, we recognise that any such requests should be appropriate and not a burden to the NDPB. Feedback from DAERA suggests a sense that AFBI is not always forthcoming with essential or basic information and therefore this can raise the levels of scrutiny or requests for information to ensure that the Minister (who is ultimately accountable) is not caught unaware.
- Impact of micro-management: Our research suggests that the perception of micro-management of AFBI also stems from the belief that the sponsor department will always be blamed for AFBI performance failings, which is a natural tension in the sponsor body-NDPB relationship because the sponsor department is often having to satisfy the needs of Government and political representatives and narratives.

It is our view that NDPBs are tasked with specific functions and given specific remits, often in statute. The view however from the sponsor Departments can be more fluid due to priorities changing as governments, Ministers and senior officials change. This means ensuring that there is often a danger that the expectations on an NDPB's role and about how the bodies delivering at arm's length fit into the Department's overall activities is not always articulated clearly. There is an often-unstated importance of creating a sense of how the NDPB fits into Departmental priorities and seeing it as a shared project. Additional communication and engagement, on top of more routine bilateral contacts can all help create a sense of 'common purpose'<sup>19</sup>.

This review is clearly intended to answer those questions; however, the review also asks that the AFBI delivery model is tested against alternatives set out in the Cabinet Office guidance. These options include abolition, move out of central government, creation of a commercial model, bring in-house, merge with another body, a less formal structure, delivery by a new agency or continued delivery as an NDPB. These questions are considered in subsequent sections (Appendix 1).

#### **4.4. AFBI's functions**

AFBI was created on 1st April 2006 by joining the Science Service of the then Department of Agriculture and Rural Development with the Agricultural Research Institute of Northern Ireland (ARINI). Its primary legislation is the Agriculture (Northern Ireland) Order 2004 which sets out the functions, funding, governance and management of the organisation.

AFBI has a defined purpose to deliver trusted, independent research, statutory & surveillance science and expert advice that addresses local and global challenges, informs government policy and industry decision making, and underpins a sustainable agri-food industry and the natural and marine environments.

#### **4.5. AFBI's Operating Environment, Environmental Scan and Strategic Context (PESTLEO)**

Over the next decade DAERA and its delivery bodies must be sharply focused on growing the rural economy, improving the environment and controlling plant and animal disease. AFBI is crucial for delivering these priorities. The scale and nature of the challenges faced by the global environment have changed significantly since both bodies were established. At the same time, the global economic climate has changed dramatically, requiring the Government to do all it can to stimulate sustainable economic growth. Growing the economy and improving the natural environment are not mutually exclusive; a healthy and productive environment is essential to future prosperity:

- The Northern Ireland Economic Strategy - Priorities for sustainable growth and prosperity (2012), identified five strategic themes aimed at rebalancing the local economy. The strategy also recognises agri-food, as one of the areas in Northern Ireland with greatest potential for growth.

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<sup>19</sup> Institute for Government. It takes Two. How to create effective relationships between government and arm's-length bodies  
[https://www.instituteforgovernment.org.uk/sites/default/files/publications/it\\_takes\\_two\\_final\\_0.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/publications/it_takes_two_final_0.pdf)

- The Innovation Strategy for Northern Ireland 2014 – 2025 (DfE), aims to stimulate a step change in innovation across the economy. It also outlines that skills, design and collaboration between sectors locally, nationally and internationally are essential.
- DAERA has developed a draft Future Agricultural Policy Framework for Northern Ireland. This recognises that science and innovation are important drivers of long-term productivity growth; and that science assists in anticipating and mitigating the unintended consequences of innovation associated with the past.
- DAERA has also initiated work on Northern Ireland's first Environment Strategy.
- Agriculture makes an important contribution to the Northern Ireland economy, accounting for 1.4% of Gross Value Added (GVA), compared to 0.5% across the UK. It is a significant profession, with 16,964 full-time and 13,721 part-time self-employed farmers in Northern Ireland in June 2018. A further 3,411 people were employed as farm workers on a full-time basis and 4,340 on a part-time basis.
- The agri-food sector (farming and food processing taken together) contributes £1.7bn of value added to the NI economy, 3.5% of its total Gross Value Added (GVA). The equivalent figure for the whole of the UK is 2%.<sup>20</sup> Agri-food is export intensive with 77% of produce consumed outside Northern Ireland and the sector ranks No. 2 in terms of exports outside the UK with a commercial balance of +£248m<sup>21</sup>

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<sup>20</sup> Independent Strategic Review of the Northern Ireland Agri-Food Sector 2021

<sup>21</sup> Independent Strategic Review of the Northern Ireland Agri-Food Sector 2021

Context	Sub – Context	Impact to AFBI
<b>POLITICAL</b>	<b>Government Funding:</b> AFBI relies on funding from DAERA. Changes in government budgets or priorities can impact the financial stability and focus of AFBI's research.	High
	<b>Agricultural Policies:</b> Changes in agricultural policies, such as subsidies or support programmes, can influence AFBI's research direction and priorities. For example, policies promoting sustainability or innovation might align with AFBI's goals.	High
	<b>Brexit Impact:</b> The post-Brexit landscape affects trade, regulatory standards, and research collaboration with EU countries. AFBI must navigate new trade agreements and regulatory frameworks that impact agricultural research and export markets.	High
	<b>Political Stability:</b> The stability of the Northern Ireland Executive affects long-term planning and funding stability for AFBI. Political uncertainty can lead to shifts in research priorities or budget allocations.	High
	<b>Post-Brexit Trade Agreements:</b> Northern Ireland's unique position in the UK-EU trade relationship (Northern Ireland Protocol/Windsor Framework) could present both challenges and opportunities for AFBI, particularly in terms of access to European markets, research funding, and regulatory alignment.	High
	<b>Global Political Landscape:</b> International relations, particularly with major trading partners like the US, EU, and China, could affect AFBI's collaboration opportunities and the global agricultural market. Global agricultural diplomacy and policies around food security are also significant.	High
<b>ECONOMIC</b>	<b>Funding and Investment:</b> AFBI's financial stability is influenced by government funding, grants, and investments from industry partners. Economic conditions and government budget allocations directly impact its ability to conduct research and achieve objectives.	High
	<b>Economic Impact:</b> The outcomes of AFBI's research can have significant economic implications for the agrifood sector. Innovations and improvements can lead to increased productivity, reduced costs, and enhanced market competitiveness.	High
	<b>Green Finance and Investment:</b> As the agri-food sector is pressured to become more sustainable, there may be growing access to green finance and investment opportunities. AFBI can potentially leverage these to support research into eco-friendly farming practices.	Medium
	<b>Market Demand:</b> The demand for innovative agricultural solutions affects AFBI's research priorities. The institute must align its research with market needs and opportunities to ensure relevance and impact.	Medium
	<b>Cost Management:</b> Efficient management of research costs and resources is crucial. AFBI must balance its budget and allocate resources effectively to maximise research outcomes and operational efficiency.	High

	<b>Global Economic Instability:</b> Economic recessions, inflation, or supply chain disruptions can affect the agricultural industry, reducing the ability of farmers to invest in new technologies. This could indirectly impact AFBI's research funding and commercial partnerships.	Medium
	<b>EU and UK Funding:</b> UK bodies are eligible to apply for funding under Horizon Europe (the current EU funding programme and successor to H2020).	High
<b>SOCIAL</b>	<b>Public Perception:</b> There is varying public opinion on biotechnology, Genetically Modified Organisms (GMOs), and other advanced agricultural technologies. AFBI's research in these areas needs to consider and address public concerns and ethical considerations.	Medium
	<b>Consumer Trends:</b> Growing consumer demand for sustainable, organic, and locally sourced products influences research focus. AFBI responds to these trends by developing technologies and practices that align with consumer preferences.	Medium
	<b>Educational Outreach:</b> AFBI plays a role in educating the public and industry stakeholders about agricultural, environmental and marine science and technology. Engaging with schools, universities, and communities helps build scientific literacy and fosters interest in agrifood sciences.	Medium
	<b>Health and Safety:</b> Ensuring food safety and addressing concerns about agricultural practices' impact on health are central to AFBI's research agenda. Public trust in food safety and quality is crucial for the Institute's work.	High
	<b>Population Growth and Food Security:</b> Growing global and local populations will increase demand for food production, potentially intensifying AFBI's focus on sustainable intensification—finding ways to produce more food with fewer resources while protecting the environment.	High
	<b>Demographics of Agricultural Workforce:</b> Northern Ireland's farming community is ageing, and AFBI may need to address the social and economic implications of a declining rural workforce by promoting agri-tech solutions that appeal to younger generations.	High
	<b>Changing Consumer Attitudes Post-COVID-19:</b> The pandemic has increased consumer awareness around food safety, supply chain transparency, and the importance of local food systems. AFBI's work could increasingly reflect these shifts, influencing research on local and resilient food systems.	High
<b>TECHNOLOGICAL</b>	<b>Advancements in Agriculture:</b> AFBI leverages emerging technologies such as precision agriculture, remote sensing, and data analytics to enhance agricultural productivity and sustainability.	High
	<b>Biotechnology:</b> Innovations in genetic engineering, genomics, and biosciences are central to AFBI's research. Developing new crop varieties and improving livestock health through biotechnological advancements are key areas of focus.	High
	<b>Emerging Technologies in Biotechnology:</b> AFBI could explore cutting-edge areas such as CRISPR technology (gene editing), synthetic biology, and cellular agriculture, which are rapidly advancing. These fields could offer breakthroughs in crop resilience, disease resistance, and alternative protein sources.	High

	<p><b>Digital Agriculture and the Internet of Things (IoT):</b> The integration of the IoT, sensor technology, and blockchain in agriculture is revolutionising farm management and traceability. AFBI could expand its research in these areas to develop systems that enhance farm productivity and ensure food supply chain integrity.</p>	High
	<p><b>Data Integration:</b> Utilising big data and AI to analyse agricultural trends and predict outcomes supports research and decision-making processes. AFBI could incorporate these technologies to enhance the efficiency and effectiveness of its research.</p>	High
	<p><b>Collaboration Tools:</b> Implementing advanced collaboration tools and platforms facilitates partnerships with other research institutions, universities, and industry stakeholders.</p>	High
<b>LEGAL</b>	<p><b>Regulations and Compliance:</b> AFBI must adhere to stringent regulations related to food safety, environmental protection, and biotechnology. Compliance with local, national, and international standards is essential for research activities and the implementation of findings.</p>	High
	<p><b>International Trade Agreements and Standards:</b> AFBI must ensure that its research complies with evolving global trade standards, particularly in relation to food safety, environmental standards, and product labelling. Post-Brexit trade deals may involve new legal frameworks for agricultural products.</p>	High
	<p><b>Intellectual Property:</b> Protection of intellectual property rights and patents is critical for the commercialisation of research outcomes. AFBI must manage IP issues related to innovations and ensure that research is conducted within legal frameworks.</p>	High
	<p><b>Data Privacy and Security:</b> With the increasing use of digital technologies and data analytics in agriculture, AFBI must ensure compliance with data privacy laws (e.g., GDPR) while handling sensitive research and farm data.</p>	High
	<p><b>Ethical Considerations:</b> Research involving GMOs and other biotechnologies requires ethical oversight to address potential risks and societal concerns. AFBI must ensure that its research practices comply with ethical standards and regulations.</p>	High
	<p><b>Legal Challenges:</b> AFBI may face legal challenges related to research findings, environmental impacts, or regulatory compliance. Preparing for and addressing potential legal issues should be part of its operational strategy.</p>	High
<b>ENVIRONMENTAL</b>	<p><b>Climate Change:</b> AFBI must address the effects of climate change on agriculture, including changing weather patterns, extreme weather events, and their impact on crop yields and livestock. Research into climate-resilient practices is critical.</p>	High
	<p><b>Sustainability:</b> There is a growing emphasis on sustainable farming practices to reduce environmental impact. AFBI's research focuses on developing methods to improve resource efficiency, reduce carbon footprints, and promote biodiversity.</p>	High
	<p><b>Biodiversity:</b> Research on maintaining and enhancing biodiversity within agricultural systems is crucial. AFBI's work supports conservation efforts and the development of practices that benefit ecosystems and wildlife.</p>	High

	<b>Resource Management:</b> Efficient management of natural resources, such as water and soil, is essential. AFBI explores innovative methods to optimise resource use and reduce waste.	High
	<b>Net-Zero Commitments:</b> The UK's legally binding commitment to achieving net-zero emissions by 2050 places increasing pressure on agricultural research institutions to contribute to emissions reduction. AFBI's research into low-carbon farming practices, renewable energy in agriculture, and carbon sequestration in soils will be critical.	High
	<b>Environmental Disasters and Disease Outbreaks:</b> AFBI may need to respond to environmental threats like flooding, drought, and disease outbreaks in livestock or crops, requiring a flexible, rapid research response to support the agricultural sector.	High
<b>ORGANISATIONAL</b>	<b>Internal Structure:</b> AFBI's organisational structure impacts its research capabilities and efficiency. Effective management, clear roles, and coordination are essential for achieving research goals.	High
	<b>Collaboration and Partnerships:</b> Collaboration with other research institutions, universities, and industry partners enhances AFBI's research capabilities and resource access. Strategic partnerships can lead to joint projects and shared expertise.	High
	<b>Human Resources:</b> The expertise and skills of AFBI's staff are critical to its success. Recruiting and retaining talented researchers and support staff is essential for advancing its research agenda.	High
	<b>Strategic Planning:</b> AFBI's strategic planning processes determine its research priorities and long-term goals. Aligning its strategy with emerging trends and challenges ensures that its research remains relevant and impactful.	High
	<b>Institutional Culture and Change Management:</b> Adapting to the rapid pace of change in agrifood technology and research may require shifts in AFBI's internal culture and processes. Ensuring agility, fostering innovation, and enhancing collaboration across departments will be key to staying relevant.	High
	<b>Risk Management:</b> Given the diverse nature of AFBI's research, a robust risk management framework is needed to anticipate and mitigate risks—such as biosecurity threats or the unintended consequences of new technologies.	High
	<b>International Collaboration and Competitiveness:</b> With increasing global competition in agricultural research, AFBI may need to focus on enhancing its international profile and collaboration to remain competitive. This includes engaging in cross-border research with EU and global institutions despite Brexit.	High

**Table 1: Pestleo Analysis**

#### 4.6. Strategic partnerships and relationships

The ability of an organisation to effectively deliver its mandate often relies upon a range of factors, not least the effectiveness of the relationships it has with its key stakeholders. There is an accepted acknowledgement that public sector organisations face many challenges. These arise from the complex activities public sector entities undertake, their many different stakeholders, the need to plan for the longer term, resource scarcity and the wide definition of the value they create.

Public sector entities such as the AFBI work in the public interest in a range of ways: delivering on legislation or regulations, delivering services, redistributing income through mechanisms such as taxation or social security payments, or controlling assets or entities for example. As a result, such public bodies are increasingly expected to be open and transparent, particularly around how, and by whom, decisions are taken. They are also generally required to demonstrate not just that they use resources efficiently and effectively, but also that they maintain the highest standards of trustworthiness.

Underpinning any approach to service delivery is the need for service delivery collaboration and a range of stakeholders to enable the delivery organisation to meet its mandate.

It is fair to say that the breadth and reach of the AFBI is extensive. The scale and size of the organisation provides a wide platform for engagement with others and that engagement is often a critical lever in its delivery model.

The AFBI relationships with others can be characterised as follows:

Category	Key Funding Body/Customer (examples)
<b>Government and Public Bodies</b>	DAERA (Department of Agriculture, Environment and Rural Affairs)
	DEFRA (Department for Environment, Food & Rural Affairs, UK)
	Department of Business, Energy and Industrial Strategy (BEIS)
	Food Standards Agency (FSA)
	Northern Ireland Water
	Belfast Harbour Commission
	Department of Environment, Food & Agriculture, Isle of Man
	Public Body UK / NI (various public agencies)
<b>Research Councils and Institutes</b>	Research Council UK
	Research Institute UK
	Higher Education Authority (HEA) ROI
	CASE
	CIEL (Centre for Innovation Excellence in Livestock)
	Queen's University Belfast (QUB)
	University College Dublin (UCD)
Ulster University (UU)	
<b>EU and International Funding Programmes</b>	EU H2020 (Horizon 2020)
	EU INTERREG
	EU EMFF (European Maritime and Fisheries Fund)
	EU Marie Curie

	EU ERA-NET
	EMFF/NASCO
	EU MFF
<b>Commercial and Industry Partners</b>	Commercial NI (Northern Ireland)
	Commercial UK
	Commercial EU
	AFQCC (Agri-Food and Quality Control Council)
	Invest NI (Northern Ireland Investment)
<b>Agriculture and Food-Specific Levy Bodies</b>	Levy Body NI (Northern Ireland)
	Animal Health Welfare NI
<b>Irish Funding Bodies</b>	DAFM/DAERA (Department of Agriculture, Food and the Marine, Ireland / DAERA, Northern Ireland)
	Higher Education Authority (HEA) ROI
<b>Mixed Public/Private or Collaborative Partnerships</b>	Public UK / Research Institute
	Commercial UK / Research Institute
	DAERA / Levy Body NI
	Public NI / US Collaborations
	CASE / Commercial UK

Table 2: AFBI Relationships

#### 4.7. Stakeholder feedback

The need for robust and consistent relationships is a key mechanism in which to examine and control the activities of public bodies, this is an unarguable dimension of any concept of public service. The ‘Nolan Principles’ on Standards of Conduct in Public Life recognise this by stipulating that *“holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office”*.

However, the AFBI partnership model extends beyond public sector delivery as it transcends many sectors, industries and jurisdictions, in pursuit of its strategic objectives.

AFBI is a multi-partnered organisation, with a range of partners involved in delivery of activities. Whilst DAERA is AFBI’s principal partner (and customer), the table in the previous section identifies the wide range of other parties involved in AFBI activities providing a complex stakeholder landscape.

In this section, external stakeholders’ views on the effectiveness of the AFBI delivery model are shared and revolve around a number of well-rehearsed and recurring themes. Data from external stakeholders was received through one to one interviews with identified partners and a follow up external stakeholder survey (completed anonymously by participants).

- Consultation and survey feedback indicate high awareness (84% "Extremely" or "Very aware") of AFBI’s strong branding and outreach.
- While awareness of AFBI’s brand is high, knowledge of its strategic goals is lower. In the survey responses, only 30% (“Extremely” or “Very aware”) indicate strong familiarity, suggesting a need for clearer communication about strategic priorities.

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- Most stakeholders identify with AFBI's research-related activities, while lower familiarity with public health and policy guidance suggests a communication gap in those areas.
- Most consultees and a majority (60.78%) of survey respondents feel AFBI's remit aligns with regional needs, though 15.69% of survey respondents disagree. Addressing concerns and enhancing stakeholder engagement on alignment is critical.
- When asked the following question: *AFBI's vision is 'Scientific excellence delivering impactful and sustainable outcomes for society, economy and the natural environment.' To what extent do you agree that AFBI's output is closely aligned with its vision?* Many of the survey respondents struggled to articulate a clear answer on this alignment, with almost 45% of survey respondents indicating a neutral or disagreement response, suggesting respondents may need further evidence of impact.
- Survey respondents generally feel AFBI fulfils its purpose, with a combined 65% positive response rate. However, with 35% of respondents providing a neutral or disagree responses, would signal room for demonstrating greater impact.
- When questioned regarding the value for money that AFBI provides, responses were split. The survey responses indicated that only 33% viewed AFBI as offering good public value, with a high neutral group reflecting uncertainty about AFBI's cost-effectiveness.
- Survey respondents were asked to consider the quality of AFBI services and 35% stated AFBI services were "very good", 30% stated services were "good" and the remaining 35% did not rate the quality of service as good.
- In general, stakeholder feedback (consultees and survey responses) suggests that whilst AFBI is highly visible in the agricultural and veterinary sectors, it is much less visible in the environmental, climate and sustainable activities/sectors.
- Key survey findings indicate that:
  - 74.5% of respondents agree AFBI positively impacts the agri-food sector.
  - 66.7% believe AFBI supports environmental and biosciences research, but 33% remain neutral or disagree, signalling a potential communication gap.
  - 64% believe AFBI's research improves public health and food safety, with 34% unsure.
  - 68.6% consider AFBI an effective partner, but almost 30% disagree, suggesting potential areas for improvement in partnership effectiveness specifically around the quality of science; communication; the ability to work more flexibly and adopting a more partnership approach to collaboration.
- As regards future state AFBI, survey responses indicate that
  - 88.23% of respondents believe AFBI's services will be critically important in the next 5-10 years.
  - 39.21% rate AFBI as "extremely" or "very effective" in aligning with emerging needs, while 47.06% consider it "somewhat effective".
  - 52.94% of respondents view AFBI's independence as "extremely important" or "very important," while 25.49% consider it less critical.

- While independence fosters impartiality, the reliance on DAERA, could be seen to limit AFBI's true autonomy, with bureaucracy and funding constraints impacting on effectiveness. Survey respondents suggest improving governance balance, resource independence, and operational focus. Calls for AFBI to align its priorities more closely with industry and environmental needs were noted.
- Consultees and survey respondents emphasise the need for autonomy and resource optimisation, with concerns over bureaucracy and structural inefficiencies being recurrent. Positive feedback focused on AFBI's value and staff excellence, tempered by systemic challenges. Suggestions included exploring operational independence or amalgamation with other bodies.
- Many partners in the wider system stated that to be collaborative, you must be responsive to others and AFBI is not always seen to be responsive, regardless of its intent to others, and that can make collaboration difficult. Whilst many organisations were able to identify excellent collaboration, this often happened with, and between, individuals. It is noted that often the relationship is reliant upon that particular individual and doesn't translate to the corporate AFBI body.
- As noted above, decision making is seen as cumbersome and a burden, with the feedback indicating that the default position of AFBI is that it appears to be afraid to make a mistake, and is consequently risk adverse, passive and not progressing at the pace required to effect radical change in the system.
- Feedback from the wider stakeholder engagement raised queries on AFBI capacity to engage in an agile manner.

#### **4.8. Contribution to economy & society - AFBI performance & impact – context & progress to date**

AFBI has a stated purpose to deliver trusted, independent research, statutory and surveillance science, and expert advice that addresses local and global challenges, informs government policy and industry decision making, and underpins a sustainable agri-food industry and the natural and marine environments. As a result, outputs (for 2023/2024) includes:

- 268,417 tests delivered with an overall KPI agreed turnaround time of 98.7%.
- 2,591 Animal Postmortems undertaken.
- 12 Emergency Response suspect cases addressed: involving 845 tests, 100% met the agreed KPI turnaround times.
- No transboundary disease outbreaks were detected.
- Accreditation to ISO17025 maintained for 97 test methods.
- 215 DAERA meetings undertaken.
- 119 DAERA reports delivered to the required quality and on time.
- 5 DAERA/stakeholder training events delivered.
- 122 Committee representations on behalf of DAERA delivered.
- 391 Stakeholder meetings undertaken.

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- 23 National Reference Laboratory (UK and EU) meetings undertaken.
- 21 Advice or knowledge transfer articles published.
- 43 Conferences/workshops attended.
- 44 Seminars delivered.
- 52 Peer reviewed papers published.
- 396 Seed certifications delivered.
- 1,547 Plant National Lists delivered.

In 2024/25 AFBI is receiving £67m from DAERA alone<sup>22</sup> and with 677 staff (FTE) across 6 sites in Northern Ireland, AFBI provides a range of critical diagnostic, monitoring, surveillance and independent research functions, primarily to DAERA, but to other public and private sector organisations (Section 4.6).

It is our understanding that AFBI provides scientific services to other bodies including:

- DEFRA (Department for Environment, Food & Rural Affairs, UK); Department of Business, Energy and Industrial Strategy (BEIS); Food Standards Agency (FSA); Northern Ireland Water; Belfast Harbour Commission; Department of Environment, Food & Agriculture, Isle of Man and Public Body UK / NI (various public agencies); DAFM (Department of Agriculture, Food and the Marine, Ireland).

AFBI is partnered with or collaborate with various institutes in pursuit of its scientific research including;

- ROI; CASE; CIEL (Centre for Innovation Excellence in Livestock); Queen's University Belfast (QUB) and University College Dublin (UCD).

Furthermore, AFBI is in receipt of funding from various funders including:

- Research Council UK; Research Institute UK; Higher Education Authority (HEA); EU H2020 (Horizon 2020); EU INTERREG; EU EMFF (European Maritime and Fisheries Fund); EU Marie Curie; EU ERA-NET; EMFF/NASCO and EU MFF.

Other commercial relationships are in place with organisations including:

- Commercial NI (Northern Ireland); Commercial UK; Commercial EU; AFQCC (Agri-Food and Quality Control Council); Invest NI; Levy Body NI (Northern Ireland) and Animal Health Welfare NI.

The lists above demonstrate the extent of AFBI relationships, its network, ability and capacity to partner with a broad range of agencies and organisations and highlights the overarching contribution to science led research and science activities.

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<sup>22</sup> includes a sizeable amount towards the capital cost of the new marine research vessel. Operational funding from DAERA in 2024/25 is 49.1M with an additional 14.1M capital (which includes 11.1M re the Replacement Research Vessel). This excludes NI Protocol Funding (4.79 M Treasury funded).

This work takes place against an overarching policy framework (Section 3.2 and 4.10) and Ministerial priorities which include:

1. Tackling climate change together
2. Protecting our natural environment
3. Strengthening environmental governance
4. Supporting sustainable resilient and productive, agri-food and fishing sectors
5. Safeguarding animal health and welfare and plant health
6. Building strong, sustainable and diverse rural communities

The AFBI Corporate Strategy 2023-2027 presents an ambitious plan to harness AFBI's multidisciplinary scientific expertise to tackle key challenges over the next four years. Aligned with DAERA's priorities and the Northern Ireland Executive's draft Programme for Government, the strategy aims to promote sustainability across society, the economy, and the environment.<sup>23</sup>

The **Strategic Framework** in AFBI's Corporate Plan emphasises the global and local challenges shaping policy development. AFBI's strategic direction is guided by five key priorities:

1. **Leading improvements in the agri-food industry** to enhance its sustainability.
2. **Protecting animal, plant, and human health** through targeted scientific initiatives.
3. **Enhancing the natural and marine environment** to ensure long-term environmental health.
4. **Delivering quality outcomes and impact** by advancing scientific excellence and improving the communication and application of research findings.
5. **Enabling world-class science** through investment in people, infrastructure, and technology to support AFBI's scientific endeavours.

To measure progress towards the achievement of the corporate outcomes, AFBI develops KPIs, which can be seen below for the last 5 years (from 2019/2020)<sup>24</sup>. Outturn performance against these are monitored and reported to EMT, the Board and DAERA on a quarterly basis. The tables below provide a summary the number of KPIs in the last 5 years, including the percentage achieved and not achieved.

In 2019/2020 43% of the 23 KPIs were not achieved, with the main reason being the impact of the Covid-19 pandemic. The annual report for 2019/2020 highlights that Number 11 under AFBI Corporate Risks is the COVID-19 Pandemic which significantly impacted AFBI's ability to deliver work to DAERA and other customers, and furthermore reduced AFBI's ability to generate external income leading to a significant budgetary deficit.

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<sup>23</sup> AFBI Corporate Strategy 2023-2027

<sup>24</sup> AFBI Annual Reports for 2019-2020, 2020-2021, 2021-2022, 2022-2023, 2023-2024 <https://www.afbini.gov.uk/afbi-annual-reports>

The same number of KPIs were set out in 2020/2021 (23) with AFBI achieving 78% of these (increase of 35% on previous year).

AFBI achieved 74% of its 15 KPIs for the year 2021/2022, however in the subsequent 2 years the percentage of KPIs achieved have fallen to 65% in 2022/2023 (17 KPI's), and 57% in 2023/2024 of 14 KPI's (although noted that 35% were expressed as being substantively achieved).

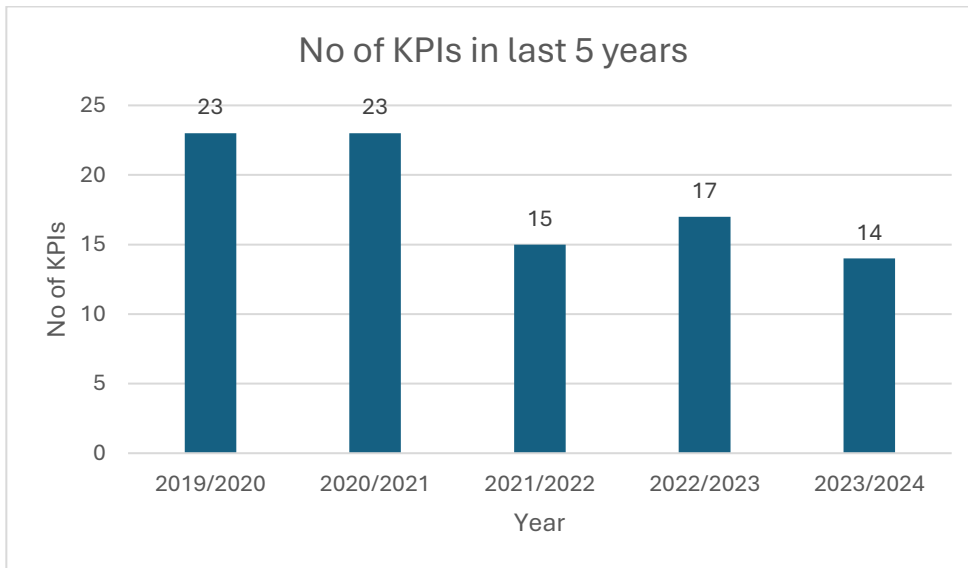


Figure 1: AFBI No of KPI's in last 5 years

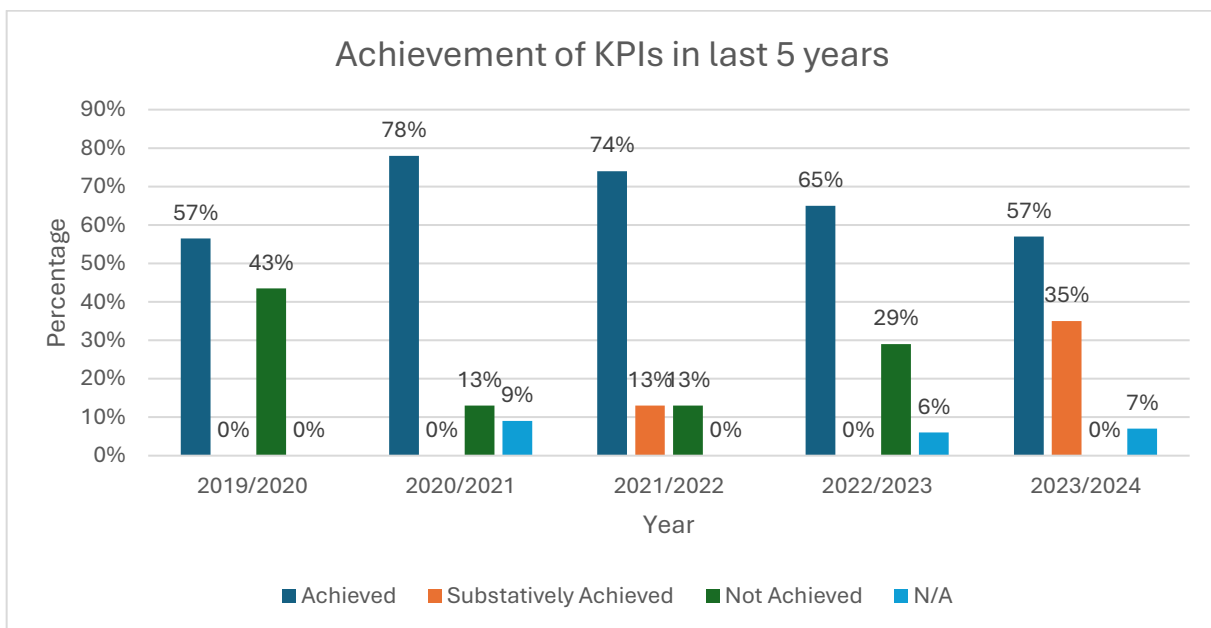


Figure 2: AFBI Achievement of KPI's in last 5 years

#### 4.9. Impact on Northern Ireland Citizens and the Wider Public

Feedback from internal and external stakeholders suggests that AFBI impacts the citizen through:

- **Animal and Public Health:** Consultees acknowledged that AFBI's work in food safety and animal health is its most notable contribution to Northern Ireland citizens. For instance, AFBI's involvement in testing for diseases such as Tuberculosis (TB) in cattle and handling animal diseases plays a crucial role in maintaining public health and supporting the agricultural economy;
- **Food Safety:** AFBI's work in ensuring the safety of food through rigorous testing was highly valued, specifically testing for chemical and microbiological contaminants in food for example. Northern Ireland has fewer food safety incidents (e.g., food poisoning or product recalls) compared to other regions, suggesting AFBI's work is effective in safeguarding public health;
- **Research and Development:** While research and development initiatives were acknowledged as important, they were not seen as directly affecting the general public in an obvious or immediate way, however they do contribute to long-term advances in agriculture, food safety, and disease prevention;
- **Environmental Contributions:** AFBI's involvement in monitoring waterways, such as their work addressing blue-green algae in Lough Neagh and their collaboration with the Northern Ireland Environment Agency (NIEA) was noted; it is clear that their environmental role is seen as important;
- **Emergency Response:** In cases of outbreaks, such as swine/avian flu, AFBI's capacity for emergency response is considered invaluable. Their preparedness for potential health crises is seen as crucial to protecting both citizens and the economy, including the ongoing threat of avian flu, bluetongue and the provision of COVID-19 testing to the Department of Health during the crises in 2020 / 2021 for example.

#### 4.10. AFBI's own Impact Report

AFBI's impact to date can be measured through its own impact statement, although it should be noted that these have not been formally externally verified<sup>25,26</sup>

Key impacts cited include (01/01/2018 – 31/12/2023):

- 2,341 Knowledge transfer events
- 778 publications
- 670 publications with at least one citation
- 8410 total citations

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<sup>25</sup> AFBI Science Impact Brochure 2024

<sup>26</sup> The numbers of publications can be verified for example using sci val, google scholar or other tools. The Annual Report and Accounts for 2023/24 had a KPI (KPI 6) on publication and scientific outputs which was verified by AFBI's Internal Audit provider. It should also be noted that the 2024 Impact Publication is the latest in a series of Impact Publications, which have issued approximately annually.

The work of AFBI can be measured in terms of its partnerships (as identified in previous sections); its collaborations and its contribution to wider PfG and DAERA work. Furthermore, the organisation has been very successful in maximising non-GIA income as evidence by the current approximate £25million level of external income.

However, the work, focus and outputs of AFBI are underpinned by a strategic direction of AFBI over the period 2023-2027 which is focused on the delivery of 5 Strategic Priorities, as previously identified. One of these key priorities relates to:

- **Leading improvements in the agri-food industry to enhance its sustainability.** Through scientific innovation, investigation and development of novel strategies and tools AFBI will improve the economic performance, environmental sustainability and resilience of agri-food systems.
  - KPI 1: Complete 10 research projects focused on reducing environmental impact and optimising economic value.
  - KPI 2: Secure 8 research projects to advance scientific knowledge for sustainability.

We have reviewed the following contributions (based on 2022/2023 outputs)

- 94.4% achievement rate across all delivery lines in AWP.
- 391 stakeholder meetings and 23 reference laboratory meetings attended.
- 21 advice articles published, 43 conferences/workshops, and 44 seminars delivered.
- 52 peer-reviewed papers published.

The 2018 Tailored Review recommended that AFBI establish a project to improve how it measures the impact of its research at the Institute, programme and project levels. We continue to concur with the 2018 review report, which identified that it can be difficult to measure the benefits of research. AFBI has nonetheless begun to produce its Annual Science Impacts Brochure which is a reasonable start to address this impact question, however, it is our experience that most research led organisations undertake peer reviews and certainly commission at least a 5-year independent review of their research inputs and outputs to determine impact. Such a step forward for AFBI would be a hugely positive change and allow the organisation to get an independent and external peer assessment of the impact of its work. The work to date, whilst progressing, remains highly subjective and difficult to reconcile to wider economic appraisals/impact for example.

#### **4.11. Value for Money**

Feedback from the many consultees suggest AFBI's work represents a justifiable use of taxpayers' money. Their contributions to animal and public health, food safety, and emergency preparedness were seen as essential services that would have more significant consequences if they were not provided. Particularly due to its crucial role in emergency responses to outbreaks, such as avian flu, even though, since time of writing, these events have not occurred. AFBI's established resources, including equipment and scientific expertise, are essential for managing these potential crises, indicating that their presence mitigates risks to the Northern Irish economy.

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However, there was not universal feedback that AFBI's work represents value for money. A significant number of stakeholders considered AFBI's costing model to be expensive, compounded by slow delivery and some organisations (DAERA included) have opted to procure and secure the services of other providers.

There is a recognition that in order to comply with MPMNI, services must be provided at Full Economic Cost which requires AFBI to assign a price to a service, which includes the direct cost of undertaking the work as well as a proportion of the overheads of the organisation. There is a well-rehearsed argument that AFBI has very high overhead rates (mostly estate), but stakeholders argue that AFBI is not clear enough in how it calculates its costs and charging/pricing model.

We are aware that work is underway as regards the Strategic Cost Model (SCM), however this approach has been in progression for some time and appears not to be progressing to a point where there is agreement on the final model. It would be in everyone's interests that an external provider work with AFBI and DAERA to determine an SCM, and to progress implementation this model at pace. Too much time has been wasted procrastinating on the current variations of the SCM.

Evaluating value for money is seen as challenging, as AFBI often operates as a monopoly in its specific areas of expertise, leaving no external benchmark for comparison. In such cases, cost comparisons are made year-on-year, and increases are typically scrutinised against inflation.

The strategic contribution of any organisation is measured in its impact. Whilst we have data on how much AFBI spends per annum, how many tests were undertaken, how many research reports were written and so forth, there is a sense that AFBI as an organisation struggles to tell its story and narrative including clearly articulating the impact it makes, fundamentally: Where does it make the difference? What difference does AFBI make to its users? and How does AFBI demonstrate its impact on individuals, society and communities?

AFBI has historically demonstrated its impact through activity including through the delivery of the services mentioned above and the provision of testing and scientific services, and whilst these are all impactful and for the most part positive experiences, they are however, mostly subjectively tested/validated. AFBI does not do sufficient communication to quantify its story and the quality of the effort. The AFBI leadership is invisible to many, the organisation does not talk about the efficiencies or savings it has made, nor does it provide a narrative on the quality of the effort of a scientific approach to issues facing our society and economy. It is our view that perhaps it is time to start telling that story and defining their narrative.

#### 4.12. Appropriateness of the NDPB model

Cabinet Office Guidance sets out "Three Tests" for Tailored Reviews to consider in deciding whether a public body should continue to be classified as an NDPB. A public body should meet at least one of these requirements to be classified as an NDPB

- **Test 1:** it performs a technical function which needs external expertise to deliver: ***AFBI meets this criterion.*** Expertise is required in the provision of various scientific services/advice, demonstrated in its

delivery of its different specialist functions, such as leading expert services in scientific testing, scientific advice and policy support. Fundamentally there is a need for scientific evidence to underpin policy development, implementation and evaluation.

- **Test 2:** its activities require political impartiality: ***AFBI meets this criterion.*** The scientific testing and research process and provision of policy advice can be subjective and subject to local interests and pressures. Both functions require objective assessments free from influence to enable impartial decision-making.
- **Test 3:** it needs to act independently to establish facts or figures: ***AFBI meets this criterion.*** It undertakes detailed research and evidence gathering which provides objectivity of science results and autonomy from the Department in coming to conclusions on the impact/findings of scientific results.

#### 4.13. Findings

- AFBI's strategic direction is aligned with the NI Executive's overall Ministerial Priorities, DAERA's four draft strategic priorities and delivery of DAERA's vision of 'Sustainability at the heart of a living, working, active landscape, valued by everyone'. Through its scientific work, AFBI supports the delivery of DAERA's outcomes and the wider needs of society and industry. The work is aligned to the wider Northern Ireland Executive's Ministerial and Departmental Priorities, the NI Economic Strategy and the Executive's 'Green Growth' strategic direction.
- AFBI has a clear vision, purpose and mission statements, which set out (from an AFBI perspective) its 'remit and rationale'. This is underpinned by the founding legislation which specifies the form and functions of the organisation and are well aligned.
- In pursuit of its vision and purpose (including the overarching Departmental and PfG policy objectives), AFBI has in place corporate and business plans with objectives in pursuit of contributing to the achievement of those objectives.
- The core activities of AFBI, specifically relating to its statutory activities and scientific research, are an important enabler for DAERA to achieve its policy and corporate objectives. There is alignment in the stated Ministerial and Departmental priorities and the work of AFBI. There is alignment between the statutory requirements of DAERA in scientific testing and plant, animal and food health and AFBI's ability to provide these services
- DAERA's vision places sustainability at the heart of a living, working, active landscape, valued by everyone. AFBI's Corporate Plan for 2023-27 sets out a future which builds on and maximises the potential of AFBI's scientific expertise to deliver key outcomes for DAERA and the local agri-food and marine sectors. Thus, demonstrating the close alignment in the two organisations' objectives.
- There is a clear need for DAERA to commission monitoring and surveillance science, which supports important government functions such as technical standards setting and regulation, emergency response provision and

important government policies in the areas of animal, plant and environmental health and animal welfare, and research and development science. AFBI's science activities are based on the three key themes of leading improvements in the agrifood industry to enhance its sustainability; protecting animal, plant and human health; and enhancing the natural and marine environment, demonstrating the close alignment of DAERA requirements and AFBI's services.

- In terms of AFBI's approach to how it approaches the Northern Ireland citizen, our review of evidence suggests that:
  - Board meeting minutes are published and available online. Complaints Procedure Policy (last updated May 2021) is available online for those unhappy with the quality of service offered by AFBI and provides an overview of the key stages, directing customers to the Ombudsman if unhappy with response from AFBI.
  - According to the Annual Report and Accounts 2023/24, AFBI received 6 corporate complaints during 2023-24 (10 during 2022-23). All complaints were recorded, investigated and concluded in line with the policy along with details of action taken and outcomes following the complaint.
  - During 2023-24 there were 18 personal data incidents investigated, up from 13 reported the previous year. All these incidents were handled under the AFBI data breach management plan and assessed as having 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.
  - Our review also indicates that AFBI has a Data Strategy 2022-2026, which provides the foundation for achieving AFBI's vision for its information assets. It will do this through delivering data governance, defining data architecture, implementing data management and realising data exploitation.
  - Furthermore, a Risk Management Strategy and Plan is in place, and evidence was identified confirming that AFBI undertakes stress testing of systems.
- As regards the performance and impact of AFBI our review has identified a number of recurring themes:
  - Whilst AFBI does have annual KPIs in place, these KPIs are not consistent year to year and are therefore difficult to assess the organisation's progress in pursuit of consistent progress and any subsequent trends. There is a sense that the organisation's stretch is low and that the KPIs set are not 'stretch targets' by any means and therefore provide an appearance of AFBI aiming too low. The lack of consistent performance indicators, and low levels of attainment suggest that AFBI still have work to do in this regard.
  - The recurring theme of impact is contentious, as the data and evidence provided to the review team have been AFBI produced and therefore can be seen as highly subjective and not externally validated. There is no doubt that AFBI is making a social and economic impact and indeed a contribution to the Northern Ireland public, however the extent of the impact is questionable in the absence of any form of

external or independent assessment of that impact. Most research institutes that we are aware of would undergo an external review on a 5-year cycle to test 'impact' and 'quality' of the research.

- As regards benchmarking AFBI, we have been informed that it is difficult to benchmark AFBI because the organisation is unique.
  - The way government science is delivered across the UK and Ireland is quite varied and there is no single organisation to which AFBI can easily benchmark.
  - AFBI has considered benchmarking, however, as above finding appropriate comparators is challenging for an organisation of its size, governance and scientific remit.
  - In terms of bench marking its science performance, AFBI is not a university and therefore cannot use the widely used Research Excellence Framework (REF) model for evaluating the impact of science.
  - AFBI's performance is benchmarked through delivery of a significant part of the monitoring and surveillance testing to international standards through accreditation to ISO 17025 by UKAS.
  - AFBI appears to perform well in external funding competitions, however its activity can be constrained by lack of capacity within scientific staff. If we consider AFBI's performance in Horizon 2020 European funding, in which the main criterion for funding is scientific excellence, AFBI was ranked 5th in UK non-university public and research organisations, with 10 projects, and €3.6M won under the thematic priority 'Food security, sustainable agriculture and forestry, marine and maritime and inland water research and the bioeconomy'.
  - AFBI benchmarks levels of staff engagement with the wider NICS through participation in the NISRA staff engagement surveys and these results, in terms of an engagement score, are published in the AFBI Annual Report and Accounts.

#### 4.14. AFBI's role

The 2018 Tailored Review identified that whilst there were significant levels of governance and process around how DAERA and AFBI interact, there was more limited strategic direction from DAERA on identification of the science priorities. The operating environment at the time focused on legacy DARD strategies, which the review team felt did not provide an overarching science strategy outlining science priorities and concluded this was a limiting factor on AFBI, as it needed to understand what DAERA was asking of it. The review concludes, and recommends, that DAERA must put in place a process to provide better high-level direction to AFBI, one that clearly outlines its long, medium and short term priorities.

It is our understanding that since then a number of initiatives have progressed including.

- Evolution and implementation of an overarching DAERA Science Transformation Programme. This programme aims to ensure that the science DAERA secures, and uses, is innovative, collaborative

and transformative and will support a healthy and sustainable economy, environment and rural community, including delivering on PfG outcomes.

- As part of the Science Transformation Programme, a DAERA Science Strategy Framework (2020-2035)<sup>27</sup> has been developed. This will guide how DAERA can optimise its use of science to help deliver Departmental and PfG objectives, including the furthering of international commitments.
- A new Sustainability Plan<sup>28</sup>, a DAERA's plan to 2050 is in place.
- An Independent Review of Internally Delivered Science for DAERA led by Professor Maggie Gill<sup>29</sup>
- DAERA Innovation Strategy 2020-2025.
- Environment Improvement Plan 2023-2027.

The overarching theme emerging from these strategies and summed up in the Independent Review of Internally Delivered Science<sup>30</sup> identifies that 'as the nature of the science being used in support of policy becomes more complex, specialist and dependent on major investments in equipment, DAERA will only be able to take advantage of such advances through collaborations both internally and externally'. Furthermore, the report identifies that 'linkages on statutory issues are already strong, but effective external linkages are key to achieving the interdisciplinary collaborations and independent challenges described above in relation to policy development and implementation'.

Feedback however from within DAERA and AFBI, including the wider stakeholder groups indicates that greater clarification is required from DAERA of what it requires AFBI undertake. There is a sense that AFBI, as an ALB of the Department will always be 'on hand' to support the Department in fulfilling its statutory obligations, but of late the Department has begun to diversify its commissioning and procurement of science research resulting in AFBI feeling uncertain of its role, the surety of commissioned work under the AWP<sup>31</sup> in the Agriculture (Northern Ireland) Order 2004 and uncertainty of its future role and relationship with the Department. For its part, DAERA does not appear able to provide a collective view on its relationship with AFBI, its future vision for the organisation, typified recently through the development of AFBI's own Science Strategy which some DAERA officials suggest has been developed in isolation of DAERA and with no DAERA officials having sight of the draft strategy, but AFBI stating that drafts were shared and ASB also included in communication.

This highlights the ongoing issues at the heart of the DAERA and AFBI relationship, in that whilst there are multiple strategies, frameworks, policies, operating models etc in place, these are purely functional and the dynamic of the relationship is stifled, muted by underpinning caution and suspicion, as well as isolated relationship issues which are influencing the future shape and strategic direction of the DAERA/AFBI axis.

For its part AFBI has created business and corporate plans as well as science strategies to align to DAERA developments and emergent thinking, however given AFBI's role as the primary provider of science services to

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<sup>27</sup> DAERA Science Strategy Framework 2020-2035

<sup>28</sup> Sustainability for the Future – DAERA's Plan to 2050

<sup>29</sup> Independent Review of Internally Delivered Science 2022

<sup>30</sup> 'Independent Review of Internally Delivered Science 2022

<sup>31</sup> Section 13. Procurement MoU DAERA and AFBI

DAERA, the quality of engagement and interactions between the two organisations is poor and therefore undoubtedly holding back both organisations from making clear cut, decisive decisions on priorities and needs. There appears to be a reluctance to move out of the 'cul de sac' of inertia and an acceptance of the 'status quo', despite the frustrations of all parties.

#### 4.15. Northern Ireland Diamond

The Independent Strategic Review of the Northern Ireland Agri-Food Sector was commissioned by the NI Departments of Agriculture, Environment and Rural Affairs (DAERA); and the Economy (DfE) and led by Sir Peter Kendall (2022). This review made a total of 11 recommendations, including the establishment of a 'Northern Ireland Diamond' partnership, linking government, society, business and the 'knowledge base' (education and research institutions).

This approach is based on the 'Dutch Diamond' model in the Netherlands. In practice, it would create a partnership involving the NI Executive and local government; Queen's University (QUB) and Ulster University (UU); AFBI; CAFRE; NI business and industry including farmers, food producers and food retailers; environmental and community groups and other stakeholders.

The knowledge base would be central, to guide and provide a "collaborative science, research and education powerhouse" to support the agriculture and food sector.

It is our understanding that since the publication of the review, QUB, AFBI and UU have convened meetings to discuss how best to advance this model. The framework has been largely accepted by all partners, who were subsequently tasked with identifying their specific research priorities, however the initiative requires NI Executive support, and funding, to progress and this progress to date has been slow.

#### 4.16. Discussion

It is our observation and experience from our extensive engagement with AFBI, DAERA and external representatives that in a formal 'on paper' level, there is strong alignment between DAERA and AFBI and that AFBI's services align closely to wider government, ministerial and departmental objectives. However, what this 'paper exercise' belies is a widespread sense that the relationships are fundamentally not working as effectively as the MoU, the Partnership Agreement, the Sponsorship Manual and all other forms of agreements prescribe. The formal frameworks are all in place, however there are tensions in the delivery model which we have characterised as follows.

- There is not a cohesive nor collective view of AFBI, its role and purpose, as this differs dependent upon the constituency being interviewed.
- This is underpinned by a lack of agreed position within DAERA on what it is that they want AFBI to do on its behalf (beyond the statutory requirements). DAERA and AFBI stakeholders both indicate that the commissioning approach through the AWP is not effective and therein lies tension between DAERA being unclear what it is commissioning at a strategic and policy level and how this is then delivered

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through AFBI. There is a lack of corporate or centralised commissioning within DAERA to provide oversight of the AWP. To perpetuate the constant inability to get out of this cycle, AFBI does not 'pushback' on this programme of work and continues to work with a far from perfect system. AWP by all accounts is highly bureaucratic, resource intensive, hugely inefficient and highlights a central theme of a lack of strategic approach to the scientific needs of DAERA. We do understand though that new approaches to science commissioning and the Science Transformation Programme are underway, but in its current form, the AWP is not effective.

- The Department has developed a new Science Commissioning policy which aims to provide flexibility in how it identifies and procures science services. From an AFBI perspective, there appear to be difficulties in reconciling this new approach as the new policy appears from their perspective to contradict the founding legislation, the Partnership Agreement and practice from elsewhere. To AFBI the proposed model is akin to how external contractors would be procured and not an ALB of the Department and is at variance to expectations and the partnership approach/ideology.
- There is recurring feedback from internal and external stakeholders that whilst AFBI does have in place a stated purpose and strategy, this is considered too broad. AFBI's span of focus covers multiple areas including animal health, sustainable livestock, crops, environmental protection, fisheries and aquatic sciences, food safety, laboratory diagnostics and more. Additional responsibilities can include delivering field sampling, laboratory testing and associated analysis and research on DAERA-led schemes such as the Soil Nutrient Health Scheme. This raises questions as to whether AFBI's broad objectives can realistically be achieved within the confines of one organisation and the alignment of broadening role, delivery functions and how this aligns to the core mission.
- Underpinning these questions on the form and function of AFBI are recurring questions on the cost of the science and laboratory testing and does AFBI represent a good use of public money.
- Ultimately what this leads to is a concern that the organisation is neither a research institute nor a scientific testing laboratory type organisation – it is a hybrid and due to the form/function/funding model/guidance provided by DAERA, it is constrained and neither partner may in fact be getting the best value from the organisation. This concern is underpinned by recurring feedback from external stakeholders which suggests and is confirmed by our own observations, that the high levels of micro-management by DAERA of AFBI and the multiple layers of bureaucracy and administration and oversight has resulted in AFBI leadership and management focused, not necessarily on the science but on bureaucracy – constrained as it is by the current relationships, delivery model and approach.

## 5. Governance

### 5.1. Introduction

*In this section governance arrangements are assessed in line with the principles contained in Cabinet Office Guidance. The appropriateness and effectiveness of existing controls, processes and safeguards are also examined. This quadrant sets out the expectations to be met by ALB boards and their supporting committees<sup>32</sup>*

### 5.2. Context and progress to date

The Agriculture (Northern Ireland) Order 2004 established AFBI and sets out its form, functions and governance arrangements.

AFBI must meet the requirements of extant statutory obligations, and all of the associated standards, policies and strategies set by DAERA; the conditions and requirements set out in the MSFM (new Partnership Agreement) agreed with the Department; and other Departmental guidance and guidelines. In addition, there is a wider requirement to comply with relevant legislative provisions applicable to all corporate bodies (covering, for example, employers' responsibilities, equality and human rights requirements, confidentiality of personal data, financial probity, health and safety matters, etc.), which from time-to-time may be enacted by the NI Assembly or Westminster Parliament or through EU Directives, International Treaties or United Nations Conventions.

Schedule 2 Section 1 of the Agriculture (Northern Ireland) Order 2004 sets out the governance arrangement of the Institute.

### 5.3. Board, committee and governance arrangements

AFBI is a legal entity in its own right, employing its own staff and operating at arm's-length from the Department. As a legal entity it must comply with all associated legislation including legislation relating to its employer status<sup>33</sup>

AFBI is led by a Board made up fully of non-executive members which are appointed by Minister for the Department of Agriculture, Environment & Rural Affairs.

The Board comprises a Chair, a Vice Chair and between 8-18 members. The AFBI Board, including the Chairman, consists of non-executives only, who are appointed by the Minister in line with the Code of Practice for Ministerial Public Appointments in Northern Ireland.

The purpose of the AFBI Board is:

- to provide effective leadership and strategic direction to the organisation.
- to ensure that the policies and priorities set by the Minister for DAERA are implemented.

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<sup>32</sup> Guidance on the undertaking of Reviews of Public Bodies 2024

<sup>33</sup> DAERA & AFBI Partnership Agreement

- It is responsible for ensuring that the organisation has effective and proportionate governance arrangements in place and an internal control framework which allow risks to be effectively identified and managed.
- The Board will set the culture and values of the organisation and set the tone for the organisation's engagement with stakeholders and customers.
- Furthermore, the Board is responsible for holding the Chief Executive to account for the management of the organisation and the delivery of agreed plans and outcomes.

Section 6 of the Partnership Agreement sets out requirement for the establishment of an Audit and Risk Committee and Section 9 and 10 of the Agriculture (Northern Ireland) Order 2004 provide the legislative basis for the establishment of board committees.

A Board Operating Framework document has been drawn up by the Department and sets out the broad governance structures within which the Board of the Agri-Food and Biosciences Institute (AFBI) will operate. It defines the key roles and responsibilities which underpin the relationship between AFBI and DAERA. This Board Operating Framework is distinct from, but linked to, the Management Statement and Financial Memorandum (MSFM) dated 27 November 2013<sup>34</sup>.

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. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of AFBI within the policy and resources framework determined by the Minister and DAERA.
- constructively challenge AFBI's Executive Management Team in its planning, target setting and delivery of performance.
- ensure that the Board receives, reviews and acts upon regular financial information concerning the management of AFBI; is informed in a timely manner about any concerns relating to the activities of AFBI; and provides positive assurance to DAERA that appropriate action has been taken on such concerns.
- ensure that DAERA is kept informed of any changes which are likely to impact on the strategic direction of AFBI or on the attainability of its targets, and in conjunction with AFBI's Executive Management Team and DAERA, determine the steps needed to deal with such changes.
- ensure that all statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with DAERA, and in accordance with all other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account all relevant guidance issued by DoF and DAERA.

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<sup>34</sup> AFBI Code of Conduct – Appendix One Board Framework

- ensure high standards of corporate governance at all times and use the audit committee to provide the Board with assurance in relation to the management of key financial and other risks facing the organisation.
- appoint a Chief Executive to AFBI and, in consultation with DAERA, set performance objectives and remuneration terms linked to those objectives for the Chief Executive, which gives due weight to the proper management and use of public monies.

The AFBI Corporate Plan describes how AFBI intends to carry out its functions in order to deliver these key Ministerial priorities. The AFBI Corporate Plan also sets out key performance and quality indicators (linked to these key strategic objectives) which enables the Board to fulfil its strategic leadership role and oversee the successful delivery of the organisation's Corporate Plan.

Under the roles and responsibilities section of the Board Framework, Board members are reminded that in performing its functions, the Board must also have regard to any directions from the Minister.

#### **5.4. Governance – operational arrangements**

The roles and responsibilities of the Accounting Officer, the Chair of the Board and Board members are set out in the Board Framework. The Board Framework and the Partnership Agreement also delineates responsibilities and Standing Orders set out the operating procedures of the Board.

Key elements of the Governance Arrangements at Board and Committee level include:

- Board decision making, including setting and reviewing the organisation's long-term objectives, strategy, business plan and annual budget, overseeing operations, management of governance, risk and control.
- The Partnership Agreement which sets out the roles and responsibilities of the Accounting Officer and the Chair of the Board, including their responsibilities regarding matters to be presented to the Board.
- A governance structure which has been established through the various Committees of the Board to allow for scrutiny and challenge. Board agenda and papers which are presented in a format to ensure Members are focused on strategic matters. Members of the Executive Management Team are available at Board and Committee meetings to answer and address queries.
- All papers presented to Board and Committee meetings are accompanied by an 'executive summary' sheet which summaries the purpose of the paper, the recommendations of officers and the consequences, if any, of approving the paper.
- Workshops have been held for Board Members on corporate governance with a view to ensuring that Members are aware of their responsibilities as a corporate body.
- The Audit and Risk Assurance Committee exercises a challenge function and has requested on various occasions that exercises are undertaken to provide assurance on various matters, in addition to those identified in its Annual Audit Plan.

- The Chief Executive and Directors attend Board meetings to present papers, address queries and provide additional analysis and detail.
- Relevant Directors and Heads of Service are available at Committee meetings to present papers, address queries and provide additional analysis and detail.
- Performance reports against key targets and commitments are provided to the relevant Committee and progress is subsequently reported to the Board by the Chair of the relevant Committee.
- Each Board meeting includes information on financial performance against key targets and commitments and budget integrity.
- The Corporate Risk Register is considered by the Audit and Risk Assurance Committee, and progress is subsequently reported to the Board by the Chair of the ARAC. Furthermore, a Risk Management Strategy and Policy is in place, which is endorsed by the Chief Executive and ARAC Committee.

### **Executive Management Team**

The EMT comprises the Chief Executive and the Directors of the organisation and the role of the EMT is to:

- Advise and inform the Board on strategic direction, translating DAERA Policy and AFBI Board decisions into strategic operational direction and decisions.
- To provide strategic leadership, ensuring that corporate decisions are implemented through directorate structures.
- To provide corporate governance and decision making.
- To ensure the AFBI vision and values are central to decision making and to model those.
- Maximise the use of all resources in line with visions and values.

The overarching governance operations include:

- **Governance:** Approval of all Board / Committee Agendas / Papers / Presentations.
- **Directorate Specific Issues:** Including Directorate Management Team Notes of Meetings and Directorate updates.
- **Finance:** update on Monthly Financial Management Returns / any other issues.
- **Quarterly Planning & Performance:** review of Risk Registers / Corporate & Directorate Business Plans, Service and Audit Reports.
- **Updates on Corporate Functions:** Equality, Communications, Information Governance, Health & Safety.
- **Audit:** update and review of audit issues, review of ARAC agenda and papers.

### **5.5. Governance Arrangements with Sponsor Department**

The Department of Finance (DoF) has established, on behalf of the Assembly, a delegated authority framework which sets out the circumstances where prior DoF approval is required before expenditure can be occurred or

commitments entered into. The Accounting Officer of the DAERA has established an internal framework of delegated authority for the Department and its ALBs which apply to AFBI.

- DAERA has appointed a lead senior official (Grade 5 level) to manage the relationship with AFBI and ensure effective partnership working. Engagement between the Department and AFBI will be co-ordinated, collaborative and consistent.
- The Engagement Plan, which sits alongside the Partnership Agreement, sets out the engagement between AFBI and the Department. The engagement plan will be specific to AFBI and should not stray into operational oversight.
- The Engagement Plan is characterised by a wide range of annual, bi-annual, quarterly and monthly meetings involving a range of individuals from Ministers through to DAERA officials and AFBI management. Key meetings revolve around:
  - Annual and bi-annual policy development and delivery meetings
  - Annual ministerial engagement
  - Annual, bi-annual and quarterly strategy planning meetings
  - Joint working groups
  - Annual Assurances
  - Annual budgeting
  - Board appointments
- AFBI prepares quarterly assurance statements which are discussed and challenged at Accountability meetings and an annual Governance statement as part of the Annual Report and Accounts. This governance arrangement is supplemented by one-to-one meetings between DAERA and AFBI.
- Performance report - The Monthly Financial Management Returns are shared with DAERA to keep them apprised of the financial position.
- AFBI is monitored by internal and external audit providing the AFBI Board and the sponsor organisation with assurance regarding contracts within the organisation.

Underpinning these arrangements, the Departmental Accounting Officer is accountable to the NI Assembly for the issue of grant in aid to AFBI. He/she has designated the Chief Executive of AFBI as AFBI Accounting Officer and the respective responsibilities of the Departmental Accounting Officer and the AFBI Accounting Officer are set out in Chapter 3 of Managing Public Money Northern Ireland. As such the DAO has the right to request and seek assurances on any matter as he/she may be summoned to appear before the Public Accounts Committee to give evidence on the discharge of their responsibilities as Departmental Accounting Officer with overarching responsibility for AFBI.

Therefore, the Partnership Agreement has adopted a proportionate approach to assurance which appears to be based on AFBI's overall purpose, business and budget and a mutual understanding of risk. The approach includes an agreed process through which the AFBI Accounting Officer provides written assurance to the Department that

the public funds and organisational assets for which they are personally responsible are safeguarded, have been managed with propriety and regularity, and use of public funds represents value for money.

## 5.6. Finance and risk management

Two of the primary functions of the AFBI Board are the oversight and control of finance and risk. Key elements of finance and risk activity include:

- Finance and risk are standing items at the AFBI Board meetings.
- The Finance and Business Strategy Committee has a remit for financial matters including:
  - To consider matters of business and financial strategy and policy and recommend them to the Board for approval.
  - To consider the annual revenue and capital budgets and financial forecasts and recommend them to the Board for approval.
  - To provide overview and scrutiny over the financial information provided by the AFBI Executive in advance of a presentation to the Board.
  - Considering the Budget Monitor Report and recommend it to the Board for noting.
  - To monitor the business and financial aspects of the Institute's corporate and other plans.
  - To monitor management's achievement of and compliance with finance related corporate and business objectives.
  - To discharge any other functions of a financial nature or other matters as may be referred to it from time to time by the Board.
- The duties of the AFBI Oversight and Governance Committee includes:
  - Review the risk register and / or issues log of AFBI or specific projects.
- The Audit and Risk Assurance Committee advises the Board and Accounting Officer on the strategic processes for risk, control, governance and the Annual Governance Statement.
- AFBI follows the same budget process as the Department. All budgetary exercises are commissioned from AFBI when commissioned internally in the Department and AFBI's returns are scrutinised by ASB.
- The budget is a standing item at quarterly Accountability meetings and monthly Finance and Governance meetings to ensure AFBI is on track to meet their budget targets.
- AFBI is required to respond to various exercises relating to performance and Finance along the same timetable as core Department. AFBI's financial returns are coordinated and scrutinised by AFBI Sponsor Branch. Sponsor Branch hold quarterly accountability meetings with AFBI Senior Management to formally monitor AFBI's performance and compliance with governance and financial management requirements.

## 5.7. Findings

Key findings indicate the following:

- AFBI produces a Corporate Plan and an Annual Business Plan. The Annual Business Plan for 2024-2025 was published in December 2024.
- AFBI contributes to the achievement of the Northern Ireland Executive's Ministerial and Departmental Priorities by delivering a programme of research, statutory and surveillance science, emergency response capability and expert advice for DAERA.
- All appointments to the AFBI Board are made on merit and carried out in compliance with the Commissioner for Public Appointments for Northern Ireland's Code of Practice. In making these appointments the Department and AFBI are committed to equality of opportunity and encourage applications from all suitably qualified people irrespective of religious belief, gender, disability, ethnic origin, political opinion, age, marital status, sexual orientation or whether or not they have dependents.
- AFBI decision making takes cognisance of the needs of the NI public, evidenced during development of the 2023-27 Corporate Plan, a range of DAERA and NI Government policy documents were considered and AFBI's strategic priorities as set out in the Corporate Plan are aligned to both DAERA and NI Executive priorities. As a DAERA ALB, an Equality Screening Assessment form is used to evaluate the potential equality impacts of proposed policies, projects, or budgetary decisions.
- Schedule 2 Section 1 of the Agriculture (Northern Ireland) Order 2004 sets out the governance arrangement of the Institute.
- AFBI has been compliant in the discharge of the Partnership Agreement. All instances where delegations have to be applied are filtered through ASB and DAERA Finance. Those that require DAERA and DoF approval follow the necessary process. The delegated limits set out in the Partnership Agreement are due to be considered as part of a planned review and AFBI have expressed a wish for increased delegated limits in certain areas. There have been a few instances of failure to seek approval, when necessary, caused by oversight, however, as soon as AFBI became aware of the oversight they immediately notified the Department and followed the correct procedures for seeking retrospective approvals.
- There have been no significant issues raised in regard to the timely provision of forecasts and financial returns. AFBI are required to respond to various exercises relating to performance and Finance along the same timetable as core Department. AFBI's financial returns are coordinated and scrutinised by AFBI Sponsor Branch. Sponsor Branch holds quarterly accountability meetings with AFBI Senior Management to formally monitor AFBI's performance and compliance with governance and financial management requirements.
- The leadership roles of the Board are set out in the following documents: The Partnership Agreement 2021; The Board Operating Framework; Standing Orders and Scheduled Matters Reserved for Board and Terms of Reference of Board and committees.
- As regards AFBI's independence, independence is achieved by specifying how the agency or ALB operates, and this is set out in the Partnership Agreement. Furthermore, functional or policy independence needs to be compatible with financial oversight by the agency or ALB's sponsor department and with accountability for

the use of public resources.<sup>35</sup> Whilst recognising that each NDPB is a special purpose body charged with responsibility for part of the process of government, each has a sponsor department with general oversight of its activity. The sponsor department's report and accounts consolidate its NDPB's financial performance<sup>36</sup> Again this is set out in how DAERA reports on AFBI performance through the DAO role.

- The construct of the Board appears to meet the requirements of MPMNI, and the balance of diversity.
- There is evidence that the Board undertakes a review of its effectiveness; its composition; skills base and knowledge with formal appraisals and reviews undertaken to ensure board effectiveness as per Partnership Agreement.<sup>3738</sup>
- The Board Standing Orders and Schedule of Matters reserved to the Board is reviewed annually. The Board Sub Committees' Terms of Reference are subject to regular review and approval by full Board. These are to be considered again following the recent appointment of a new AFBI Chair at a planned workshop between the Board and Executive.
- Section 2.13 of the Standing Orders and Scheduled Matters Reserved for Board and Scheme of Delegation outline the schedule of delegation and all Committee have a Terms of Reference and members adopt a Code of Conduct adhering to the standards of service in public office.
- Regular meetings, usually monthly, between the AFBI Chair and the DAERA Deputy Secretary who sits on the DAERA Board are in place to provide for any changes in AFBI circumstances. A joint DAERA/AFBI Board meeting is held annually (next scheduled for March 2025). The AFBI Chair also regularly meets with Permanent Secretary. The Board can also write to the Department at any point.
- The CEO as AO must provide regular assurance to the Department. Assurance reports are provided quarterly in advance of Accountability Meeting. The AFBI AO is also required to provide an AO Assurance on major financial exercise (e.g. business cases, monitoring round returns) to confirm that due consideration has been given to regularity and propriety. This ensures that the AFBI CEO is acting within the authority of the Minister.
- Ongoing notification of any issues and progress are discussed and escalated through established protocol and engagement framework.
- Internal and External Audit arrangements are discussed in the first instance by the EMT through the Head of Performance, reported to the ARAC who in turn provide assurance to the Board. Further reporting to the Dept is provided through engagement sessions.
- The overarching governance regime appears transparent as Board meeting minutes published and available online. Complaints Procedure Policy (last updated May 2021) available online for those unhappy with the quality of service offered by AFBI. Gives overview of stages and directs customers to ombudsman if unhappy with response from AFBI.

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<sup>35</sup> MPMNI 7.1.3

<sup>36</sup> MPMNI 7.7.2

<sup>37</sup> Review of Board effectiveness 2023-24 - Analysis Report

<sup>38</sup> Board Member Training Policy

The evidence presented demonstrates a recognition of the importance of a robust approach to corporate governance. It is clear that the organisation's approach to governance has evolved, as the structures, processes and maturity of the organisation have developed.

Feedback from stakeholders have seen significant improvement in the governance arrangements in the past two - three years. However, some broad themes emerged from feedback and fieldwork.

- There is a consensus that the current approach to corporate governance is appropriate and that there are improvements emerging in scope, practices and culture around governance. However, this has not yet necessarily translated into performance baseline. There is a recognition that the new Corporate Planning Framework requires time to bed in, and that the organisation needs to define and refine more its data management and data production in order to effectively report on and measure performance. At that point the governance piece becomes more effective because there is more confidence around the information.
- It is not clear yet that there is sufficient evidence to suggest AFBI is reflective of what works and what doesn't work well, with differing narratives from Board and senior management reporting how frameworks and policies and internal initiatives are developed and implemented.
- There is evidence of improving levels of awareness of individual roles and responsibilities within both DAERA and AFBI. The new Partnership Agreement and Engagement Plan appears to provide definition and clarity on individual input into the corporate governance framework.
- More broadly there is a sense of an organisation which lacks confidence. This lack of confidence probably emanates from historic issues and relationships with DAERA ongoing and as we have previously suggested micro-management from the Department. Lack of confidence also tends to come from a lack of knowledge or a fear to do something wrong. Feedback from internal AFBI stakeholders did allude to the fear of making mistakes, to a fear of scrutiny. It is clear therefore that the creation of the governance frameworks is only the start of the journey, and it will take time to nurture and develop a culture of effective decision making and a confident workforce.
- A key and notable gap in accountability and the emerging governance framework is the line of accountability between AFBI and the Minister. There are clear lines of accountability and governance reporting into the AFBI and into DAERA. However, we were struck by AFBI consultees having a high sense of accountability to its own Board, but a low sense of accountability to the Minister. Under section 2.3 of the Partnership Agreement, it clearly states that the Minister is responsible for both DAERA and AFBI. We recognise that the DAERA Permanent Secretary is the Departmental Accounting Officer, but ultimately it is the Minister who is accountable to the Assembly for AFBI's performance and therefore we would expect to a greater line of accountability between AFBI and the Minister. We have however noted that the incumbent Minister has had several meetings with the Chair and Chief Executive of AFBI, though these tend to be on an ad hoc basis rather than through any formal arrangements.
- Feedback indicates that the current committee arrangements are adequate but not always necessarily effective. Whilst committee arrangements are providing members with a more transparent and effective 'whole organisation' view of the organisation, there is a sense that, the current committee structure is

creating more work (for both members and the executive team), and there appear to be some blurring of boundaries in the Oversight and Governance Committee with both the Finance and Business Strategy and the Audit and Risk Assurance Committee. It is clear that though that the committee structure does provide a more robust platform for engagement between Board members to various delivery areas and creates a more effective platform to challenge and gain assurance.

- It would appear that the quality of scrutiny and challenge is strong in some domains but less strong in others. There are not enough scientists on the Board to question the quality and approach taken as regards scientific matters. We recognise that Board appointments are through the Public Appointments process but feel that there is an imbalance in skillset with a deficiency in science skillset to offset the majority membership/skillset.
- The information flow from the organisation through EMT and into committees and Board has increased transparency and improved assurance and re-assurance.
- There is feedback from Board members and from the executive team (and from evidence presented) that the Board and committees are getting better at asking the right questions. Whilst some are still prone to delve into operational details, there is a better discipline at Board now in focusing on the strategic landscape, on AFBI's responsibilities and on performance.
- One area of concern though rests in the strategic vision and future state of the organisation. Therein lies a difference of vision between the former Chair and some members of the Board and the EMT, primarily led by the CEO. The former view is one of AFBI externally focused and pursuant of external funding and identifying and securing increasing percentage of income as non-DAERA grant aid. This would require a sharper focus on research grants, a more strategic and proactive approach to partnership and possibly a different kind of science research which the organisational model may need to change in order to build upon the capacity and capability to attract and retain. The view of the CEO and others in EMT is that the work of the organisation reflects the Agriculture (Northern Ireland) Order 2004 which requires AFBI to prioritise DAERA's work. These are two different visions and will take the organisation on two different paths – the appointment of a new Chair is now critical in setting AFBI on its future course.

## 5.8. Discussion

The governance quadrant of the Tailored Review can be characterised by a Board which has changed over the past number of years. The broad governance framework is in place – characterised by the Partnership Agreement and the Board Framework. However, boards of course are populated by individuals, and it is their experience and skills aligned to the processes and structures of a working board that create levels of effectiveness. However, what is equally important to board effectiveness and its capacity to lead effectively - is the board dynamic. More generally (not exclusive to AFBI Board) dynamics are fundamentally linked to the culture of the board. In this aspect, it is necessary to consider board pathologies. Group-think tendencies, for example, hinder effectiveness as do disruptive or dominating members of the board. A low energy level on the board, the sleepy board, is also typical. In some cases, dysfunctional dynamics are openly employed to set a board up for governance failure. Late

distribution of information and not making relevant information available are examples of intentional practices that hinder governance. This is often a symptom of a deeper issue: lack of trust, role overlap, etc. Governance is enriched by the directors' differences in opinions and constructive dissent: having a critical view of assumptions makes for an effective strategy. The Covid-19 pandemic did disrupt the AFBI board as most meetings had shifted to the remote setting. However, in a post-Covid world, the Chair and all (then) new members have been meeting face to face, and this has greatly contributed to the strategic coherence of the organisation and in doing so reflect the effectiveness of the board.

## 6. Accountability

*This quadrant sets out expectations on the lines of accountability and communication between departments and ALBs, and the support and challenge offered to ALBs via the critical ‘sponsoring’ relationship departments have with their ALB<sup>39</sup>*

### 6.1. Context

“For the system to work well, the relationship between a department and its bodies cannot be just about oversight. An effective partnership must be based on trust, clarity of accountability, and a shared understanding of purpose and outcomes.” John Manzoni, Chief Executive of the Civil Service and Cabinet Office Permanent Secretary<sup>40</sup>

The Partnership Agreement 2021 defines the relationship between DAERA and AFBI. The agreement sets out the broad framework within which the Department and AFBI work, operate and engage outlining the formal framework.

As an Arm’s Length Body of DAERA, the partnerships/relationships between Arm’s Length Bodies (ALBs) and the department are critical to ensure the delivery of high-quality public services and the current Partnership Agreement between the sponsor department and the Arm’s Length Body sets out the overall governance framework through which these bodies should operate. By extension therefore it is always critical that sponsor departments and their Arm’s Length Bodies have certain level of engagement which creates and supports the flow of assurance and decision making and ultimate use of public money.

The Partnerships between Departments and Arm’s Length Bodies: NI Code of Good Practice (the Code) sets out the overarching framework of the relationship and governance arrangements between sponsor departments and their Arm’s Length Bodies and the code provides explicit guidance that there should be strategic alignment between the aims, objectives and expected outcomes and results of the ALB and department concerned. Departments and ALBs should be clear about the outcomes they are seeking to achieve, and when planning and discussing performance focus on what high-level outcomes the ALB is required to achieve<sup>41</sup>.

The benefits that arise from an effective working partnership are clear: the right engagement and assurance avoids costly and inefficient use of time and duplication of work due to disproportionate oversight, while managing risk well.

The Code sets out the five principles which define the working relationship, and it is along the terms of this code that we will examine the working relationship between DAERA and AFBI.

The review has classified findings for this section under the five headings from the Partnerships between Departments and Arm’s Length Bodies: NI Code of Good Practice March 2019.

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<sup>39</sup> Guidance on the undertaking of Reviews of Public Bodies 2024

<sup>40</sup> Partnerships between departments and arm’s length bodies; code of good practice. The Cabinet Office 2017

<sup>41</sup> The Partnerships between Departments and Arm’s Length Bodies: NI Code of Good Practice May 2019

**Purpose<sup>42</sup>**

Partnerships work well when the purpose, objectives and roles of Arm's-Length Bodies are mutually understood; reviewed on a regular basis; and clearly set out in relevant documents. There is absolute clarity about lines of accountability between departments and Arm's-Length Bodies. In exercising statutory functions Arm's-Length Bodies have clarity about how their purpose and objectives align with those of departments.

**Findings**

- Appropriate governance and accountability frameworks are in place including the Partnership Agreement, which provide definition and clarity around the roles and responsibilities of the partners in the relationship. The Agriculture (Northern Ireland) Order 2004 and Partnership Agreement outline the role and purpose of AFBI, provides definition of the lines of accountability and provides clarity on how the priorities and objectives of the DAERA and AFBI should align<sup>43</sup>.

**Assurance<sup>44</sup>**

Partnerships work well when departments adopt a proportionate approach to assurance, based on Arm's-Length Bodies' purpose and a mutual understanding of risk. Arm's-Length Bodies have robust governance arrangements in place; departments give arm's-length bodies the autonomy to deliver effectively. Management information exists to enable departments and Arm's-Length Bodies to assess performance

**Findings**

- The Partnership Agreement sets out the partnership arrangements between the Agri-Food and Biosciences Institute (AFBI) and the Department of Agriculture, Environment and Rural Affairs (DAERA). In particular, it explains the overall governance framework within which AFBI operates, including the framework through which the necessary assurances are provided to stakeholders. Roles/responsibilities of partners within the overall governance framework are also outlined.
- The Engagement Plan provides template for the level of interactivity and engagement/reporting between AFBI and DAERA on annual basis.
- There is evidence of robust governance arrangements in place (primarily driven through schedule of meetings outlined in the Engagement Plan).
- There is further evidence of DAERA and AFBI representation on various partnership bodies to implement and deliver on DAERA policies and priorities.

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<sup>42</sup> As above

<sup>43</sup> Partnership Agreement

<sup>44</sup> The Partnerships between Departments and Arm's Length Bodies: NI Code of Good Practice May 2019

- There is evidence of reporting systems in place (from EMT and Board) from AFBI into DAERA and the provision of assurance on matters.
- There is evidence of improving collaboration between DAERA and AFBI in the development of corporate and business plans and monitoring and reporting of these plans.
- Management information does exist and is shared between DAERA and AFBI to report on matters within scope.
- However, there was significant feedback indicating that the levels of scrutiny and assurance sought by DAERA at times felt excessive and that the length of the 'arm' into AFBI felt very short at times with a tendency to micro-manage.

#### Value<sup>45</sup>

Partnerships work well when departments and Arm's-Length Bodies share skills and experience in order to enhance their impact and deliver more effectively. Arm's-Length Bodies are able to contribute to policy making and broader departmental priorities. There is a focus on innovation, and on how departments and Arm's-Length Bodies work together to deliver value for money

#### Findings

- Whilst there is evidence of improving and strengthening personal relationships at senior levels across DAERA and AFBI, these relationships are not always effective and there is still some tension in interpersonal relationships between the two organisations. This has undoubted impact upon the capacity of both organisations to fully drive a partnership approach and drive added value.
- There are differing views of the DAERA/AFBI relationship with resistance from senior levels to the 'commissioning' and 'contractual' theme of the relationship. Furthermore, there is a sense from within AFBI that the Partnership Agreement is not in fact a full partnership as AFBI remains the junior partner in the arrangements and at the behest of DAERA on all matters.
- Whilst DAERA appears to work hard to ensure AFBI is engaged in all aspects of policy development, Science Transformation Programme, the new approach to Science Commissioning etc.. AFBI whilst present, appears to make limited input into policy making and therefore from a DAERA perspective is seen (broadly) as a reluctant passenger on some initiatives the Department is trying to develop. AFBI for its part appears to lack confidence to challenge what it considers poor policy development, and this limits its influence in delivering and implementing and appears to see DAERA policy developments as a dilution of its role and influence.
- External Stakeholder feedback suggests that AFBI has high levels of visibility and engagement in areas such as veterinary and animal health but is less engaged/visible or influential in other areas including biodiversity, climate matters and sustainability. Given that these latter matters are societal and

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<sup>45</sup> As above

government priorities, there is a sense that AFBI is 'behind the curve' in some of the pressing conversations and policy matters.

#### Engagement<sup>46</sup>

Partnerships work well when relationships between departments and Arm's-Length Bodies are open, honest, constructive and based on trust. There is mutual understanding about each other's objectives and clear expectations about the terms of engagement.

#### Findings

- The quality of engagement between DAERA and AFBI is a work in progress. There is a sense that at individual director to director level, these relationships are often beneficial. However, the adjective used by most stakeholders to describe the DAERA/AFBI relationship is functional and not collaborative.
- In trying to understand the functional aspect of the relationship and the absence of collaboration, feedback indicates that:
  - The engagement at corporate level appears to be less effective than at individual levels.
  - Having said that however, there is a new dynamic in the relationship between the Sponsor Branch and AFBI with new levels of interpersonal relationships and a greater sense of support and willingness to engage.
  - DAERA is seen as operating within its own silos and not always presenting a corporate position and as a consequence, DAERA does not always present functional alignment which makes it difficult for AFBI to respond to.
  - Conversely many outside of DAERA are frustrated by inconsistent levels of engagement, how there are inconsistent levels of information provided (sometimes too much, sometimes none at all and other times the wrong information).
  - This presents a picture of priorities not aligning and no clear measures for success agreed on both sides despite the formal frameworks in place to develop, progress and monitor success. This can be quantified in the commissioning process of the AWP – which by all accounts and through agreement by all parties is exhausting, heavily bureaucratic, lacks strategic oversight and is amorphous using up extensive resources, whilst at the same time there is a lack of clear understanding of the need for some of the programme and a lack of strategic direction as to purpose and outputs.

#### Leadership<sup>47</sup>

Partnerships work well when departments and Arm's Length Bodies demonstrate good leadership to achieve a shared vision and effective delivery of public services. Strong leadership will provide

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<sup>46</sup> As above

<sup>47</sup> As above

inspiration, instil confidence and trust and empower their respective teams to deliver good outcomes for citizens.

## Findings

- There is frustration within both organisations on many levels. At times there appears limited common ground – that DAERA creates policy, and commissions work and AFBI implements (whether or not it was consulted in policy formulation).
- There is a sense that the leadership piece is still in development, because the two organisations have not developed an effective rhythm of working together. There are clear communication and leadership style differences which can lead to frustrations but probably rest in a lack of clarity of what exactly DAERA is asking of AFBI and AFBI's response and resistance to DAERA's requirements. This dynamic is not helpful to either organisation.

## 6.2. Sponsorship Management

Sponsorship is the activity that delivers effective relationships between departments and their ALBs. Effective relationships help departments and their ALBs to operate as outcome delivery systems, delivering the efficient and effective public outcomes that Parliament and the public expect.<sup>48</sup>

Sponsorship requires a whole department effort. There should be a focus on forging strong and trusting relationships between the relevant individuals at all levels of the ALB and the department. This will help to ensure both that ALBs feel supported and that departments are assured of their delivery. Working together to create trust and a culture of no surprises is the foundation of good sponsorship.

Accordingly, there are key actors in the development, delivery and maintenance of effective sponsorship arrangements including the Minister, the Board of the ALB, the Departmental Accounting Officer, the Accounting Officer, the Sponsor Branch Team.

Effective relationships help departments and ALBs to operate as outcome delivery systems that are worth more than the sum of their parts. Sponsorship enables those effective relationships, supporting the efficient and effective delivery of public outcomes.

Sponsorship plays a vital role in providing Principal Accounting Officers (PAOs) with assurance that the ALBs for which they are accountable are operating effectively, managing and escalating risks appropriately, and operating with a high degree of probity.

Conversely, ineffective sponsorship can undermine the relationships between departments and public bodies. This can in turn have a detrimental effect on the delivery of effective public outcomes that offer value for money. For example, if a public body does not have a clear set of agreed objectives for the year, it may fail to meet the expectations of the department.

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<sup>48</sup> Arm's length body sponsorship code of good practice UK Government May 2022

Our review has therefore identified the following key elements of the sponsorship arrangements – however it needs to be highlighted that whilst an existing Partnership Agreement and engagement plan is in place, these have not been effectively implemented, possibly due to a high turnover of senior sponsors in recent years:

- DAERA has appointed a lead senior official (Grade 5 level) to manage the relationship with AFBI and ensure effective partnership working. Engagement between the Department and AFBI will be co-ordinated, collaborative and consistent.
  - The Partnership Agreement sets out a desire for a clear sense of collaboration and partnership will be communicated to staff in both the Department and AFBI in order to promote mutual understanding and support.
  - Quarterly Accountability meetings are held between the AFBI CEO and Senior Sponsor.
  - The Senior Sponsor is supported by AFBI Sponsor Branch and meetings are held 8 times per year between the Head of AFBI Sponsor Branch and the Heads of Governance and Finance at AFBI.
  - Given the range of policy areas influenced by the work of AFBI the lead senior official acts as an enabler for policy leads, relying on their input and understanding in relation to AFBI's business and responsibilities for policy implementation/operational delivery and the relevant audiences/stakeholders.
  - The lead senior official will ensure that where there are departmental staff changes, time is taken to ensure they have a full understanding of AFBI's business and challenges.
- Annually, the Engagement Plan sets out the timing and nature of engagement between AFBI and the Department. The engagement plan will be specific to AFBI and should not stray into operational oversight.
- The Engagement Plan is characterised by a wide range of annual, bi-annual, quarterly and monthly meetings involving a range of individuals from Ministers through to DAERA officials and AFBI management. Key meetings revolve around:
  - Annual and bi-annual policy development and delivery meetings
  - Annual ministerial engagement
  - Annual, bi-annual and quarterly strategy planning meetings
  - Joint working groups
  - Annual Assurances
  - Annual budgeting
  - Board appointments
- AFBI produces an Annual Assurance Statement (plus a Mid-Year Governance Statement) that provides assurance on the governance arrangements and their effectiveness to DAERA and the wider public. This governance arrangement is supplemented by one-to-one meetings between each DAERA and AFBI.
- Performance report - The Monthly Financial Management Returns is shared with DAERA to keep them apprised of the financial position.
- AFBI is monitored by internal and external audit providing the AFBI Board and the sponsor organisation with assurance regarding contracts within the organisation.

Underpinning these arrangements, the Departmental Accounting Officer (DAO) is accountable to the NI Assembly for the issue of grant in aid to AFBI. He/she has designated the Chief Executive of AFBI as AFBI Accounting Officer and the respective responsibilities of the departmental Accounting Officer and the AFBI Accounting Officer are set out in Chapter 3 of Managing Public Money Northern Ireland. As such the DAO has the right to request and seek assurances on any matter as he/she may be summoned to appear before the Public Accounts Committee to give evidence on the discharge of their responsibilities as departmental Accounting Officer with overarching responsibility for AFBI.

- The Partnership Agreement sets out appropriate, proportionate, clear sponsoring arrangements.
- Feedback and document evidence suggests that the Partnership Agreement is broadly adhered to by both the Department and AFBI. There have been a few instances of failure to seek approval, when necessary, caused by oversight, however, as soon as AFBI became aware of the oversight they immediately notified the Department and followed the correct procedures for seeking retrospective approvals.
- There is evidence of the Minister being apprised of AFBI performance as the AFBI report on performance to the Department and this is presented to the Permanent Secretary who acts as DAO. There are various methods by which the Permanent Secretary is kept apprised of AFBI's performance and issues. The Permanent Secretary is required to attend at least one Accountability Meeting per year (or send a deputy). A quarterly report on AFBI's performance to the DAERA Audit and Risk Assurance Committee (ARAC) which the Permanent Secretary attends. The ARAC report includes details on any major risk the Department should be aware, risk management, audit recommendations, and AFBI's financial position.
- The Minister is required to meet with the Chair of the AFBI Board annually, as set out in the Partnership Agreement. The Minister would also meet regularly with the Permanent Secretary at which he can be made aware of any issues. Any issues arising would be brought to the Minister's attention as necessary.
- Whilst no specific DAERA Non-Executive Director is assigned responsibility for AFBI, AFBI Business Plans, corporate plans and other major exercises are considered by the Departmental Board. The DAERA ARAC Chair, a Non-Executive Director of the DAERA Board, meets periodically with the AFBI ARAC Chair.
- There is widespread evidence of regular and formal accountability meetings between the Department and AFBI – at all levels of the organisation including meetings between the DAO and AFBI Chair as well as Ministerial meetings with AFBI.
- The Engagement Plan provides strong and transparent mechanisms for the Sponsor Team to provide insight into policy development and impact upon AFBI and ongoing weekly and monthly dialogue with AFBI ensures AFBI is up to date with Departmental developments.
- Sponsor Branch is involved in supporting AFBI budget setting - AFBI follows the same budget process as the Department. All budgetary exercises are commissioned from AFBI when commissioned internally in the Department and AFBI's returns are scrutinised by ASB. The budget is a standing item at quarterly Accountability meetings and monthly Finance and Governance meetings to ensure AFBI is on track to meet their budget targets.

- Regular meetings, usually monthly, between the AFBI Chair and the DAERA Deputy Secretary who sits on the DAERA Board are in place to help advise the department of any changes within AFBI. Furthermore, a joint DAERA/AFBI Board meeting is held annually (next scheduled for March 2025). The AFBI Chair also regularly meets with Permanent Secretary. The Board can also write to the Department at any point.
- Whilst a member of the Sponsor Team is not present at every AFBI Board meeting for example, the Engagement Plan highlights the ongoing and constant communication between the two organisations. It is our understanding that the Engagement Plan is still a 'work in progress', however in theory, monitoring of AFBI's activities is further achieved through:
  - Annual meetings relating to Policy Engagement between relevant DAERA Grade 3s and AFBI CEO on science programmes.
  - Annual meeting on the DAERA Scientific Work programmes - Annual meeting (Grade 5) to discuss a 3-year planning horizon for AWP, Evidence & Innovation Programme and Emergency Response requirements.
  - Bi-annual meetings on delivery of AWP, Evidence & Innovation Programme and Emergency Response requirements.
  - ALB Annual Strategic Planning Workshops – encompassing strategic planning and risk identification. Informed by input on departmental priorities/plans and risk areas.
  - Submission/presentation/approval of the AFBI Business Plan.
  - DAERA Policy and Delivery Working Groups.
  - Annual Report and Accounts.
  - Engagement on budget requirements and Forecast Expenditure for the Financial Year.
  - Departmental approval of the annual budget.
- Mechanisms are in place to ensure AFBI does not overstep Ministerial powers as the CEO as AO must provide regular assurance to the Department. Assurance reports are provided quarterly in advance of Accountability Meeting. The AFBI AO is also required to provide an AO Assurance on major financial exercise (e.g. business cases, monitoring round returns) to confirm that due consideration has been given to regularity and propriety.

### 6.3. Discussion

As a Partner Organisation of DAERA, AFBI has regular engagement with their Partner Team, the wider Science Community in DAERA and a range of Commissioning Managers. From consultations within DAERA and with the Partner Team, the Review Team find that the sponsorship/partnership arrangements are evolving. Whilst no issues were found in terms of roles and responsibilities, with clarity between the parties and regular contact built into the arrangement, the quality of the contact and communication can vary dependent upon personalities, and this does impinge upon the overall effectiveness of the relationship.

From DAERA's perspective, whilst AFBI is a well-established NDPB, nonetheless the organisation has encountered a range of governance, delivery and financial reporting issues over the past number of years which

has tended to allow the department to proceed with a certain amount of caution and re-checking – to the point that AFBI may in fact be over-governed and the length of the arm – rather short – as DAERA continues to build confidence in measures and processes put in place to redress historic issues. Whilst AFBI could not be viewed as 'low risk', its budget is predominately covering staffing costs and delivery of Scientific Services.

Furthermore, we found that:

- The relationship between DAERA and AFBI is an evolving one and there are clearly frustrations on both sides. The complex policy environment, the need for better definition of the roles of all actors in agri-food and science system and the need for better alignment of AFBI delivery planning to DAERA (changing) priorities are all causes of frustration. The legislation and Partnership Agreement provide DAERA with levers to hold AFBI to account and for its part, in the past AFBI was at times difficult to hold to account due to a number of legacy and historic issues. That situation is improving but there is still variance in the expectations of both parties in terms of delivery and working together. It is not clear that the common purpose required to enable effective working relationship is well articulated between the two bodies and a failure to establish core commissioning process and an agreement on a strategic cost model, can put a strain on the relationship and challenge confidence levels.
- There is a sense that the DAERA/AFBI relationship is paternalistic/governance heavy and that the Department, for a variety of reasons, creates conditions to deliver within key line of sight. It was difficult at times to understand how either organisation defined 'good' and therefore there is limited evidence of full partnership at work.
- With a 'short' rather than a long arm as regards oversight, there can be a sense that AFBI lacks autonomy. There appear to be differing interpretations of the founding legislation, however an underpinning assumption would be that the NDPB has greater autonomy than AFBI presently enjoys. There appears to be considerable control exerted from DAERA, both through the commissioning of work and the R&D work as well as general governance approach, and as a result AFBI has limited opportunity to act independently.
- Underpinning every aspect of the DAERA/AFBI relationship and interaction is an increasing sense of frustration on each side as the Science Transformation Programme and its outputs begin to evolve from ideas into operational plans. There is considerable resistance from AFBI to new approaches to commissioning science, and feedback from AFBI that they are not present at discussions and not involved in debates about these matters – are inaccurate as AFBI has two senior representatives on the Delivering Science Strategy (DSS) Project Board and on its working groups and it is our understanding that AFBI is fully briefed and sighted of all work, proposals and developments. However, AFBI appears to have taken a defensive position as regards commissioning. AFBI may have a position as primary provider of scientific services to DAERA but that does not give it a monopoly, nor should it constrain DAERA in adopting an evidence based approach to commissioning.
- The Partnership Agreement and other governance documents provide the formal architecture or the framework for the relationship to develop and nurture. However good the formal structures are, much of the

quality of the relationship will come down to the individuals involved and their willingness to put time and effort into creating effective relationships. There is widespread agreement that good relationships are characterised by 'trust' and 'mutual respect', by 'communication' and by "being clear about what we expect from them and what they can expect from us". Neither organisation has fully explained to the other what they can expect from each other.....as yet.

## 7. Efficiency

*Reviews should consider issues of efficiency, including the potential for efficiency savings, and make relevant recommendations. They should examine whether the public body could provide better value for money, including where appropriate, the body's contribution to economic growth. Reviews should also consider the performance of the body - the extent to which it meets its objectives.<sup>49</sup>*

### 7.1. Introduction

Public bodies have an important part to play in delivering the Government's vision of high-quality services for all citizens. To do so effectively they need to be set up correctly, be well governed, and observe high standards of transparency and efficiency<sup>50</sup>.

As such, public sector services, such as AFBI are responsible and accountable to citizens and communities as well as to the stakeholders it is set up to service.

The provision of customer-centric services in the public service is no simple task. Several significant challenges need to be overcome. Services must be delivered on a wide scale. Customer or stakeholder journeys often interface with several different public sector agencies. Diversity issues must be addressed to consider the unique attributes and channel preferences of individual customers and a detailed understanding of the costs involved in providing these services must be developed.

So, service provision is more complex in the public sector because it is not simply a matter of meeting expressed needs, but of finding out unexpressed needs, setting priorities, allocating resources and publicly justifying and accounting for what has been done<sup>51</sup>.

### 7.2. Operational Delivery model

AFBI is Northern Ireland's largest provider of agri-food and environmental sciences. It provides support to both the agri-food and marine industries, which are important economic drivers, as well as at the main custodians of nature within Northern Ireland and its shores.

AFBI contributes to the achievement of the Northern Ireland Executive's Ministerial and Departmental Priorities by delivering a programme of research, statutory and surveillance science, emergency response capability and expert advice for DAERA.

AFBI's science is based on the three key themes of leading improvements in the agrifood industry to enhance its sustainability; protecting animal, plant and human health; and enhancing the natural and marine environment.

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<sup>49</sup> Tailored Reviews: Guidance on Reviews of Public Bodies 2019

<sup>50</sup> The Cabinet Office – Tailored Reviews: Guidance on Review of Public Bodies. May 2019

<sup>51</sup> Gowan, M., Seymour, J., Ibarreche, S. & Lackey, C. (2001) "Service quality in a public agency: same expectations but different perceptions by employees, managers, and customers," Journal of QM, vol. 6, p. 275-291

AFBI's strategic direction is aligned with the NI Executive's overall Ministerial Priorities, DAERA's four draft Strategic Priorities and delivery of DAERA's Vision of 'Sustainability at the heart of a living, working, active landscape, valued by everyone.'

AFBI was established in 2006 under the Agriculture (Northern Ireland) Order 2004 which provides AFBI with the power to undertake scientific work in the fields of agriculture, animal health and welfare, food, fisheries, forestry, the natural environment, and rural development and enterprise (The Agriculture (Northern Ireland) Order 2004).

With a vision of 'scientific excellence delivering impactful and sustainable outcomes for society, economy and the natural environment', AFBI's purpose is 'to deliver trusted, independent research, statutory & surveillance science, and expert advice that addresses local and global challenges, informs government policy and industry decision making, and underpins a sustainable agri-food industry and the natural and marine environments'

### **7.3. Management Structure**

AFBI is led by a Chief Executive Officer and an Executive Management Team comprising; Director of Sustainable Agri-Food Sciences Division; Director of Finance and Corporate Affairs Division; Director of Veterinary Sciences Division and Director of Environment & Marine Sciences Division.

### **7.4. Locations**

AFBI is presently located on six DAERA owned sites across Northern Ireland and one site leased by DAERA at Bushmills. The total AFBI estate comprises 421 hectares of land and 37,000m of laboratory, office accommodation and outbuildings.

### **7.5. Staffing**

Currently AFBI has 677 staff FTE employed across four directorates

- Environment & Marine Services -138 (20.4%)
- Sustainable Agri-Food Sciences -184 (27.2%)
- Veterinary Sciences - 259 (38.3%)
- Finance & Corporate Affairs - 96 (14.1%)
- Total - 677 FTE

Staff costs increased by £2,427k (7%) to £36,329k in 2023-24. This increase is a result of a number of permanent vacancies being filled and the 2023 pay award.<sup>52</sup>

### **7.6. AFBI functions**

AFBI's main functions include:

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<sup>52</sup> AFBI Annual report 2023

- **Research Initiatives:** Conducting extensive research in areas such as crop science, animal health, and environmental science to support innovation in the agri-food industry.
- **Technical Support:** Provides expert technical guidance and support to farmers and agribusinesses, helping them adopt best practices and improve operational efficiency.
- **Policy Development Support:** Engages in supporting the development of policies and strategies that align with the needs of the agricultural sector and promote sustainable practices.
- **Monitoring and Evaluation:** Assesses agricultural practices and policies, providing data and analysis to inform decision-making at governmental and organisational levels.
- **Emergency Response Capability:** Maintains readiness to respond to outbreaks of animal and plant diseases, ensuring public health and safety.
- **Collaboration and Partnerships:** Works in partnership with various organisations, including governmental bodies and academic institutions, to enhance research and service delivery.
- **Public Engagement:** Communicates research findings and agricultural advancements to the public, promoting awareness and understanding of agri-food issues.
- **Provision of Scientific Research and Services:** AFBI conducts a wide range of scientific research to support agricultural productivity and sustainability, addressing challenges such as climate change and food security.
- **Regulatory and Statutory Testing:** The Institute carries out essential statutory testing, monitoring, and surveillance programmes to ensure compliance with national and international standards.
- **Technical Support and Advice:** AFBI provides technical guidance and advice to farmers and agribusinesses, helping them implement best practices and innovative solutions.
- **Animal Health and Welfare:** The Institute plays a vital role in animal health, offering diagnostic services and contributing to national strategies for disease control.
- **Food Safety and Quality Assurance:** AFBI ensures food safety through rigorous testing and research, contributing to consumer confidence in food products.
- **Environmental Protection:** The Institute conducts research aimed at protecting the environment, including studies on biodiversity, soil health, and sustainable agricultural practices.
- **Partnerships and Collaborations:** AFBI collaborates with various organisations, including government bodies and commercial entities, to enhance the effectiveness of its research and outreach.
- **Marine Research and Aquatic Ecosystems:** The Institute undertakes marine research to support sustainable management of aquatic resources.

## 7.7. Funding

**Primary Funding Source:** AFBI is mainly funded by a grant-in-aid budget from the Department of Agriculture, Environment and Rural Affairs (DAERA). This core funding supports AFBI's statutory functions, scientific research, and emergency response capabilities and amounts to approximately 75% of total income.

**External Income Sources:** AFBI supplements its budget with external income from various local, national, and international sources. These include research grants, commercial contracts, and EU programmes such as INTERREG VA, Horizon 2020, and the European Maritime & Fisheries Fund, which constitute over 60% of AFBI's external income.

## 7.8. Financial management

As an Arm's Length Body of DAERA, the main focus is the delivery of the DAERA Assigned Work Programme (AWP) of scientific services and R&D. The need for AFBI to prioritise DAERA's requirements is referenced in the Agriculture (Northern Ireland) Order 2004.

Notwithstanding the need to prioritise DAERA work requirements, the organisation has an active policy of seeking to attract non-GIA income. The primary focus of that is to attract publicly funded R&D such as EU funding (Interreg / Peace Plus / Horizon Europe), UKRI and DAERA competitive co-funded initiatives. The organisation also provides scientific services for other Government bodies (e.g. FSA; Defra). Smaller amounts of pure commercial R&D and scientific services work are undertaken for commercial companies as well.

AFBI provides the statutory and surveillance science, emergency response capability and expert scientific advice which underpins many of DAERA's programmes of work as well as providing the scientific evidence and innovation to shape policy direction for the agri-food and marine sectors. To that end, AFBI is primarily funded by a grant-in-aid budget from the Department.

Further funding is derived from a range of local, national and international science funders and commercial organisations.

- **Primary Funding Source:** AFBI is mainly funded by a grant-in-aid budget from the Department of Agriculture, Environment and Rural Affairs (DAERA). This core funding supports AFBI's statutory functions, scientific research, and emergency response capabilities
- **External Income Sources:** AFBI supplements its budget with external income from various local, national, and international sources. These include research grants, commercial contracts, and EU programmes such as INTERREG VA, Horizon 2020, and the European Maritime & Fisheries Fund, which constitute over 60% of AFBI's external income.

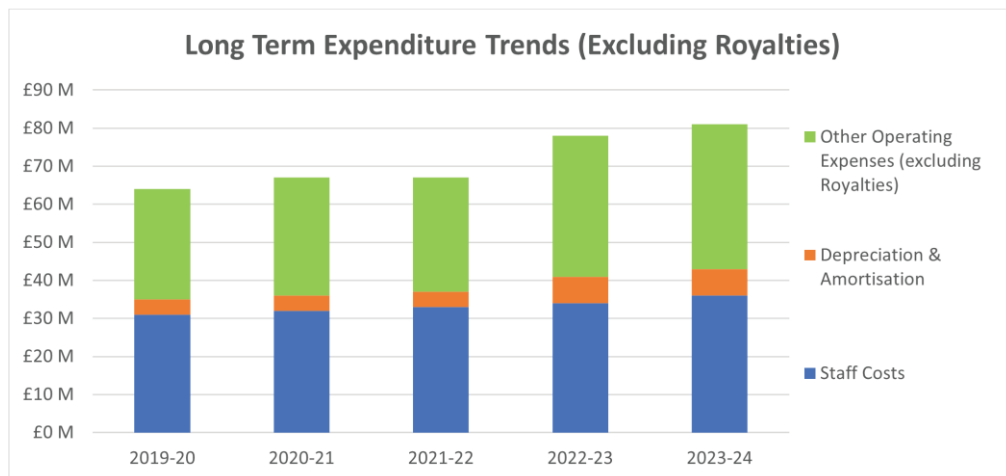
## 7.9. Budget Overview<sup>53</sup>:

- AFBI's Statement of Comprehensive Net Expenditure shows a net expenditure for the year of £57,752k (2022-23: £54,408k).

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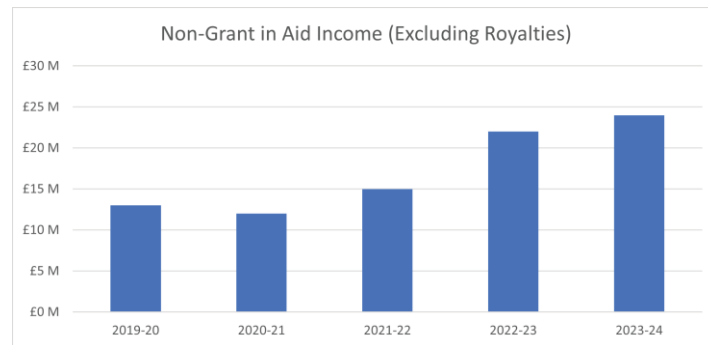
<sup>53</sup> AFBI Annual Report 2023-2024

- Total income (excluding royalties) for the year increased from £22,347k in 2022-23 to £23,687k in 2023-24, an increase of £1,340k (6%). This is due to new projects advanced during the year particularly the Soil Nutrient Health Scheme Project.
- Total operating expenditure (excluding royalties) for the year has increased by £3,027k in 2023-24 to £81,413k, an increase of 4%. This is as a result of new business as identified above and general inflation.



**Figure 3: Long Term Expenditure Trends**

- Staff costs increased by £2,427k (7%) to £36,329k in 2023-24. This increase is a result of a number of permanent vacancies being filled during the year and the 2023 pay award.
- 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 approximately £24m in 2023-24. This has been achieved through success in securing INTERREG and other competitive funding projects.
- The level of income received from EU grants has reduced to £1,477k (2022-23: £5,067k)
- 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. Therefore, during 2023-24 there was no royalty income received in relation to this vaccine (2022-23: £2,091k).



**Figure 4: Non-Grant Aid Income (Excluding Royalties) in last 5 years**

AFBI has three sciences divisions supported by the Finance and Corporate Affairs Division (FCAD)<sup>54</sup>. The operational divisions are:

- Sustainable Agri-Food Sciences Division (SAFSD) - through scientific innovation, investigation and development of novel strategies and tools aims to improve the economic performance, environmental sustainability and resilience of agri-food systems.
- Veterinary Sciences Division (VSD) - role is to protect animal and human health against current and future threats to animals and food safety by applying innovative scientific solutions for the detection, control and prevention of diseases and other threats and by doing so supporting and enabling agricultural trade for Northern Ireland.
- Environment and Marine Sciences Division (EMSD) - role is to deliver a holistic approach toward sustainable management, protection and enhancement of terrestrial freshwater and marine ecosystems through innovative science and a sound evidence base, underpinning the prosperity and growth of the NI economy and societal wellbeing.

Analysis of net expenditure by segment

**2023-24**

	EMSD £000	FCAD £000	SAFSD £000	VSD £000	Total £000
Gross expenditure	23,992	27,638	14,295	15,533	81,458
Income	(16,496)	(98)	(4,045)	(3,067)	(23,706)
Net expenditure	7,496	27,540	10,250	12,466	57,752

**Table 3: Income and Expenditure per Directorate 2023/2024**

<sup>54</sup> AFBI Annual Report 2023-2024

## 7.10. The current budget position

AFBI's short-term financial situation is stable<sup>55</sup>.

- AFBI submitted its October Monitoring Round return on 9 August. It was reviewed by AFBI Sponsor Branch and submitted to DAERA Finance along with the AFBI Sponsor Branch return.
- AFBI requested a further £2m increase in GIA so their requirement for 24/25 is now £69,400k.
- AFBI's MR return included bids of £1,000k to renew capital assets needed to deliver AFBI science work programmes and £653k for analytical equipment, the majority of which will be allocated to the development of their new Finance System, an important step in addressing their remaining priority one audit recommendation.

Our review indicates that the organisation is maximising its grant in aid income and focusing significant effort on income diversification and generation. The focus of the organisation appears to be increasingly on income and income generation and perhaps less fixed on cost reduction. Reasons provided for this focus can be summarised as long-term sustainability remains uncertain due to the constraints of a one-year budget cycle, it can be difficult to create longer term efficiencies. While AFBI has several major projects in the pipeline, including the priority Lough Neagh initiative and the Soil Nutrient Scheme, resource limitations pose a potential challenge in being able to scale to meet these operational and delivery challenges. As a consequence, with approximately 700 full-time equivalents (FTEs), the organisation appears to find it difficult to scale at times to meet demand and cannot, according to feedback, easily reallocate staff, unlike other public bodies.

Operating costs are increasing, in line with external pressures (inflation and cost of living as well as resourcing costs).

## 7.11. Future opportunities and constraints

AFBI is exploring additional sources of research and development (R&D) funding including the forthcoming PEACE Plus initiative, and eligibility to the UKRI funding through Public Sector Research Establishment status. This level of funding is expected to continue having been supplemented by the new Soil Nutrient Health Scheme (SNHS).

Like many organisations across the public sector, the longer-term trends indicate continued pressure on fiscal. There are no signals either to move to multi-year budgets which means that AFBI finances will continue to face a downward pressure and a need to strengthen the external income generated. Furthermore, as a result of leaving the EU, AFBI's involvement in EU INTERREG projects will come to an end prior to 2027.

However, new and emergent opportunities continually arise and AFBI continues to seek funding from a variety of local, national and international research funding bodies and commercial organisations including EU Horizon Europe funding. In addition, the DAERA funded Soil Nutrient Health Scheme (SNHS) that includes soil collection,

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<sup>55</sup> Finance and Major Projects Committee August 2024

soil analysis, soil carbon analysis and aerial scanning of above ground biomass has progressed in 2023-24. The scheme will run for four more years and result in an approximate investment of £45million.

### 7.12. Financial management in AFBI

AFBI's budgeting and financial management processes are well-established and function effectively. However, there are constraints related to funding availability, which is common for similar bodies. Furthermore, existing systems for financial communication and risk management between AFBI and the department are seen as effective, with no immediate strategic-level improvements identified. Key features of AFBI approach to financial management include:

- The Comptroller and Auditor General Report for 2022/23 drew attention to the risks associated with the AFBI Financial Systems and the inability of the finance team to properly support the accounts production and audit process. The 2023/24 report showed that AFBI put in place a significantly enhanced financial reporting team, however due to the limitations of the financial systems it has been urged that AFBI continue to progress the procurement and implementation of a new financial system at the earliest opportunity – this is underway with the transfer to the new DoF Integr8 platform in the next two years.
- AFBI manage debt in accordance with chapter 4.6 (Receipts) of Managing Public Money Northern Ireland (MPMNI). Debt management systems and procedures are in place for identifying, collecting and recording all trade receivable amounts due promptly and in full. Outstanding amounts are followed up diligently. The debt management procedure is included in ABFI Financial Procedures manual. The table below shows AFBI level of debt at end of September 2024:

Months	£'000
Current	334
1-3 Months	312
4-6 Months	69
7-12 Months	152
13-24 Months	343
Over 24 Months	288
<b>Total 2024</b>	<b>1,498</b>

Table 4: Level of Debt in AFBI (September 2024)

- AFBI has a range of commercial contracts for goods and services, which have all been administered in line with the Northern Ireland Procurement Policy (NIPPP). Contracts would typically include contracts for various supplies such as laboratory consumables, farm supplies, maintenance of equipment etc. The organisation avails of NICS wide contracts or purchasing agreements where possible (e.g. supply of utilities; security and cleaning contracts).
- All contracts are administered in line with NIPPP which provides evidence of best value for money. Procurement strategies are agreed at the outset to choose the best route to obtain best value for money in line with the regulations. Re-negotiation is not common practice as both parties are tied into a legally binding

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contract following award, however at contract review (and following periodical benchmarking exercises) pricing is looked at to ensure that best value for money is being achieved. If there is disagreement at the review stage and VFM is not being addressed, it is possible to decline a renewal option and go back out to the marketplace.

- AFBI operates a “zero tolerance” policy with regard to fraud. AFBI has a Counter Fraud Strategy and Fraud response plan in place which aligns with NIAO best practice guidance. AFBI maintain Fraud Risk Assessments to identify potential fraud risks across the organisation and mitigations in place for prevention and detection. AFBI also participates in the National Fraud Initiative exercises.
- Fraud is a standing item on Board, ARAC and Executive Team meetings to ensure that is an area of focus.
- As an Arm’s Length Body of DAERA, the main focus is the delivery of the DAERA Assigned Work Programme (AWP) of scientific services and R&D. The need for AFBI to prioritise DAERA’s requirements is referenced in the Agriculture (Northern Ireland) Order 2004. Notwithstanding the need to prioritise DAERA work requirements, the organisation has an active policy of seeking to attract non-GIA income. The primary focus of that, is to attract publicly funded R&D such as EU funding (Interreg / Peace Plus / Horizon Europe), UKRI and DAERA competitive co-funded initiatives. The organisation also delivers scientific services for other Government bodies (e.g. FSA; Defra). Smaller amounts of true commercial R&D and scientific services work are undertaken for commercial companies.
- Overall, the organisation has been very successful in maximising non-GIA income as evidence by the current ~£25M level of external income.
- With a Communications budget of approx. £100k per annum, the return on investment as measured independently as an Advertising Value Equivalent figure is approximately £1m of positive comms and media coverage for the AFBI corporate brand.
- AFBI use a number of shared services [NICS Enterprise Shared Services (ESS)] and frameworks as per DAO (DFP) 06/15 - Extension of Shared Services. Being a full user of HR Connect, AFBI has been utilising ESS since 2006 – now renamed Digital, Security and Finance Shared Services (DSF Shared Services). AFBI uses NICAL as a source of compulsory/mandatory training for staff as well as routes to all other open training resources. AFBI use IT Assist and in the past 2 years have been implementing a full transition from in-house servers and migration to IT Assist service provision. In line with DoF mandates, AFBI is committed to full use of the ‘Integr8’ system as a replacement of for the current finance and HR shared services i.e. Account NI and HRConnect. Project Integr8 has an expected implementation plan scheduled for delivery across NICS and ALBs by November 2027. Subject to DoF approval of the OBC, the Institute is planning to initially onboard to Account NI in October 2025, which will in turn allow the organisation to be migrated across to Intergr8 as part of the wider NICS migration.

It is our understanding, gained through review of materials and stakeholder feedback that AFBI has encountered issues with financial management and reporting in the recent past. It is our understanding that the issues primarily centred upon the failing of an upgrade to their current system which did not work effectively resulting in the system running slowly and with reduced functionality. Regardless of the source of the issue it does appear to emanate from an untested programme which worked in pilots but not on a real organisation. The result of the systems

failure was a catalogue of financial arrears, reporting issues and ultimately governance failures which were reported through Accountability meetings and NIAO. The impact of this failure included DAERA not being able to submit its annual accounts on time.

We understand that the in house AFBI Finance team has now largely resolved all these issues but has managed to do it on its own and has demonstrated remarkable resilience in the face of constant pressure and criticism. Furthermore, AFBI is about to embark on a new change programme in the transfer of the whole finance system from the current accounting system Opera and Compleat, moving to AccountNI and then Integr8. This change process is likely to happen within the next two years but will result in increased automation and digitisation of financial services and will result in a requirement to review the current finance team resourcing requirements.

### 7.13. Assigned Work Programme<sup>56</sup>

In accordance with the Agriculture (Northern Ireland) Order 2004, The Institute and the Department agree an annual programme of the Institute's proposed activities to deliver the scientific work assigned by DAERA to AFBI in each Financial Year. This will form the Assigned Work Programme.

There are 3 distinct programmes of work within the Assigned Work Programme, as described below:

- i. **Scientific Services Programme:** The Scientific Services section of the AWP articulates primarily the testing, monitoring and diagnostic programme, maintenance of relevant scientific capability and capacity, and the provision of advice and information on scientific matters.
- ii. **DAERA Directed AFBI Research Work Programme (DDARWP):** The DDARWP element of the AWP for each Financial Year compliments the Scientific Services Programme and clearly and fully articulates DAERA's Research & Development<sup>57</sup> requirements.
- iii. **Emergency Response:** The Institute is tasked by DAERA to protect defined elements within the industry such as animal and plant disease; food chain; fisheries and environmental threats through the provision of rapid, effective, local emergency responses.

An MoU is in place which sets out the key principles upon which the DAERA and AFBI partnership relationship will operate including how both Parties will work together to develop, deliver and monitor implementation of the Assigned Work Programme. The key elements of the MoU include:

- DAERA and AFBI will meet annually (Grade 5 Level) to discuss a 3-year planning horizon for AWP, DAERA Directed AFBI Research Work Programme (DDARWP) and Emergency Response requirements. From this DAERA and AFBI will work together each Financial Year to agree a programme of AFBI's proposed activities in that year in carrying out its assigned work (this aspect of the plan has yet to be actioned by DAERA).

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<sup>56</sup> MoU between DAERA and AFBI

- At a corporate level, ASB is responsible for co-ordinating the development of the Scientific Services element of the Assigned Work Programme to be assigned to AFBI. However, at an operational level, detailed discussions and agreement between DAERA commissioning branches and AFBI providers on the precise nature of the Assigned Work Programme must take place not later than 31st July for the following Financial Year.
- DAERA will, by 31st December each year, supply AFBI with an Assigned Work Programme for the following Financial Year that has been clearly articulated by:
  - Scientific Services requirements signed off by DAERA and AFBI G5 Heads of Division.
  - ERC requirements signed off by DAERA and AFBI G5 Heads of Division.
- AFBI will provide ASB with their estimated costs for delivery of the Scientific Services element of the AWP by 31 January, assuming that DAERA has delivered the AWP by the agreed date. The costs will include both direct and indirect costs. These costs will be shared with commissioning branches to assist with their monitoring of AFBI's delivery.
- DAERA requires AFBI to deliver the diagnostic and analytical test to agreed time and quality standards and in line with agreed KPIs for the test. This will be reported via the annual outturn report of the Assigned Work Programme provided by the AFBI CEO.
- DAERA requires AFBI to deliver DDARWP projects in line with the agreed metrics of success.
- Whilst AFBI may undertake commercial or grant funded activities i.e. all work other than assigned work, this must not prejudice its agreed assigned work programme for DAERA.

Feedback suggests:

- Commissioning of work through the AWP is seen as arduous, lengthy and cumbersome and from an AFBI perspective limited corporate approach from DAERA into the commissioning of services. Most work is commissioned by a cyclical and consistent nature, but the rationale is not always clear.
- From a DAERA perspective there is an acknowledgement that the AWP commissioning process is heavily bureaucratic and lacks a centralised approach, though ASB has a coordinating role in oversight of the AWP. Nonetheless there are inherent frustrations with DAERA that the AWP is cumbersome and expends significant effort and energy.
- Existing processes are extensive and granular, involving between 250 to 280 lines annually.
- There are several ongoing challenges with budgeting and accountability within the Assigned Work Programme (AWP). While there is no major overarching budget issue, a significant concern lies in the lack of clear budget accountability at the branch level. The process of costing the AWP is extensive, involving overhead assessments and time allocations, but there are discrepancies with account codes, which complicate accurate budgeting. Staff question the necessity of this process, as it doesn't seem to impact on their funding directly. Although the AWP eventually provides an out-turn report for accountability, it often comes several months after the work is completed.

- Concerns about costing and overheads: While the overall sentiment is positive, some concerns were raised regarding the costing structure of AFBI's services, particularly in relation to the Assigned Work Programme (AWP). There is concern that certain lines of work under the AWP are subject to full cost recovery, which includes overhead rates that can make the work appear more expensive than it truly is. This issue is particularly prominent where joint funding and co-funding arrangements are in place, leading to concerns that overhead allocation might inflate the perceived cost of the work.
- The AWP, despite its imperfections, allows for performance measurement. However, the level of detail in objective setting and alignment with departmental goals requires improvement. Clear objectives are still a work in progress but are being developed over time to align better with overall departmental and executive objectives. Efforts are underway to simplify this process to make it more fit for purpose, aiming for better costing and clearer outcomes.
- There is a broad recognition that AFBI charging model can be a challenge. The costs and the difficulties encountered with service delivery are acknowledged by some DAERA officials and AFBI leaders, but the benefits of AFBI's local expertise and support are also valued.
- Although there are established processes for engaging with AFBI under the AWP, challenges remain. The current costing model and decision-making processes, particularly within the PMB (Project Management Board), are problematic. The competitive bidding model is criticised for its complexity and inefficiency in getting research projects approved. This complexity, along with issues such as uneven representation and frequent project changes, can hinder the successful delivery of projects.
- The Assigned Work Programme has been digitised, which is helpful despite some flaws. However, decision-making for PMB projects remains manual. AFBI has successfully assisted in designing technology for in-field diagnostics and information transmission, demonstrating their technical support capabilities.
- Concerns were raised about the quality and timeliness of AFBI's reports. Some consultees believe there is a need for clearer real-time information to monitor the progress of tests requested by Veterinary Services.

#### **7.14. Costs**

Feedback from a range of stakeholders, including internal DAERA representatives, has suggested that the cost of AFBI services is a source of concern. Feedback suggests that AFBI charges or broader cost model for diagnostic tests is high and not as cost effective than other service providers. It is our understanding that costs for R&D are based on the SCM as outlined above.

To that end, our team has carried out some preliminary benchmarking of costs to establish how AFBI charges compared to other providers for the same services/tests. Full details are provided in Appendix 4, but it is our assessment, based on the evidence collated, that AFBI tests are broadly more expensive across all diagnostic tests than Department of Agriculture, Food and the Marine (DAFM), but broadly more cost effective across most diagnostic tests than APHA, Bio Best and SRUC. These results come with a number of caveats.

- Lack of clarity on whether individual tests / services provided are directly comparable at a scientific / operational level.

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- Lack of clarity on whether other organisations charge Full Economic Cost (FEC) for the relevant tests / services.
- Lack of clarity on how costs are derived and what overheads are / are not included.
- AFBI's costs included irrecoverable VAT whereas costs for other organisations are typically quoted as excluding VAT.
- AFBI's costs can include time spent on providing advice to and liaison with DAERA, which may not be the case for other organisations.

Therefore, some caution needs to be advised on the cost effectiveness of AFBI's tests, however on base charging (supplied by all provides), AFBI cost model is competitive.

#### **7.15. Service Quality**

Consultees from within DAERA and external stakeholders and partners were asked for feedback on the quality of the services provided by AFBI. Feedback is mixed, ranging from feedback suggesting that some elements of the research undertaken by AFBI is excellent and world class through to scientific services which are described as 'adequate'. There were highly valued examples provided across food, plant health, marine, economics and animal science functions. Whilst many consultees indicated AFBI science services met their needs, there was nonetheless direct feedback in relation to the following:

- From a DAERA perspective there can be concerns – at times – on AFBI's capacity to deliver some services due to insufficient staff with specialist skills (e.g. DNA testing); outdated equipment or in some cases a dependency on a single individual (with a particular specialism in skin testing) to undertake work leaving AFBI and DAERA vulnerable. DAERA feedback suggests some low level outsourcing of some tests/diagnostics to other providers which AFBI has interpreted the rationale for this approach is that the low levels of testing are uneconomic for them to run.
- Feedback from DAERA expressed frustrations with bureaucratic delays that affect AFBI's ability to execute scientific work efficiently. They noted that the approval process, both within AFBI and the broader governmental system, can be slow, which hampers the ability of scientists to carry out their work in a timely manner.
- Concerns on the lack of sharing data – DAERA officials strongly view that AFBI is a provider of services which are being undertaken on their behalf and as such if a DAERA official has a query or requires more information on a sample or a test result, they expect AFBI to provide this. It appears to be the case that AFBI, in general is reluctant to overly share information, even on test results etc for client organisations. From a DAERA perspective, AFBI in general, is reluctant to overly share information, even on test results etc for client organisations (notwithstanding any legal considerations). DAERA officials point out that the more information they have on the back of a test, the more informed they are then in making decisions etc. There is a strong held view by DAERA consultees that AFBI appears reluctant to share this data.

- Without providing specific examples, some DAERA officials highlighted that research delays from AFBI often go unchallenged by DAERA and there appears to be limited or no consequences for missed deadlines. Feedback suggests that whether work is completed within agreed timeline AFBI still gets paid regardless of delivery. Officials suggest that despite overarching framework, there is limited or weak holding to account as AFBI has a monopoly of DAERA scientific services work.
- More broadly some external partners suggested that AFBI was too tied up in its and DAERA’s bureaucracy to focus more on the scientific research and that at times AFBI was passive and being led by others.
- There were generic concerns on the timeliness of AFBI deliverables and a lack of customer centric approach to meeting deadlines.

**7.16. Human Resources**

AFBI has a People Vision which aims to “Attract, empower and grow purpose-driven staff with passion and capability to pursue excellence, to embrace technology, innovation and change, ultimately supporting great science”<sup>58</sup>

A range of changes in the external environment have resulted in fundamental changes in the way people work and engage with their work. In a post-Covid era, there has been a reset of where and how works gets done which aligns or coincides with fundamental demographic shifts and shortages in talent availability. This is resulting in widespread labour market concerns around the availability of suitable talent, the retention, development and remuneration of that talent – further exacerbated through recent cost of living crisis and significant inflationary wage pressures. The result is that organisations are facing significantly higher levels of staff turnover, higher levels of staff dis-engagement, lower morale (due to higher expectations) and increased vacancies as organisations struggle to retain and motivate their human resources.

**i. Grading and Distribution of Staff**

Currently AFBI has 677 staff FTE employed across four directorates

- Environment & Marine Services -138 (20.4%)
- Sustainable Agri-Food Sciences -184 (27.2%)
- Veterinary Sciences - 259 (38.3%)
- Finance & Corporate Affairs - 96 (14.1%)
- Total - 677 FTE

Grade	Total	% Total	FTE	% FTE	Male		Female	
Administrative Assistant/Support Grade Band II/Industrial 1	17	2.51%	16.11	2.47%	11	65%	6	35%

<sup>58</sup> AFBI People Strategy 2020-2022

Administrative Officer/Assistant Scientific Officer/ Support Grade Band II/Industrial 2	210	31.02%	199.7	30.61%	119	57%	91	43%
Executive Officer II Assistant/Industrial 3/ ICT Support Officer (ICT Level3)	26	3.84%	24.44	3.75%	13	50%	13	50%
Executive Officer Scientific Officer/ ICT Support Officer (ICT Level4)	127	18.76%	121.65	18.65%	69	54%	58	46%
Staff Officer/Higher Scientific Officer/ ICT Support Officer (ICT Level5)	130	19.20%	127.58	19.56%	70	54%	60	46%
Deputy Principal/Senior Scientific Officer/ ICT Support Officer (ICT Level6)	91	13.44%	88.46	13.56%	49	54%	42	46%
Grade 7/Principal Scientific Officer/ ICT Support Officer (ICT Level7)	59	8.71%	57.38	8.80%	34	58%	25	42%
Grade 6	13	1.92%	13	1.99%	8	62%	5	38%
Senior Civil Service/Servant (Grade 5 upwards)	4	0.59%	4	0.61%	3	75%	1	25%
<b>Overall Totals</b>	<b>677</b>	<b>100.00%</b>	<b>652.32</b>	<b>100.00%</b>	<b>376</b>	<b>56%</b>	<b>301</b>	<b>44%</b>

**Table 5: Grade, FTE and Male / Female split within AFBI**

It is our understanding that the level of staff resources AFBI is determined by its annual budgetary envelope. AFBI request the level of funding which it believes is needed to deliver on annual business plan objectives, but effectively get allocated what is available based on an adjusted baseline. The resource baseline in particular was effectively flatline for a number of years (prior to 2023/24). Feedback suggests that these annual budgetary constraints and operating on a single year budget (as all of NI does) limits AFBI's ability to implement long term staffing plans.

At a high level, pre the voluntary exit scheme which was implemented across the NICS and part of the public sector in NI in 2015/2016, AFBI had a staff compliment of circa 850 permanent staff, with a staff in post figure slightly below that at approximately 800-820. Currently AFBI has some 100-120 total FTEs below 2015 levels and some ~150 permanent staff.

AFBI currently is going through major transformational change which includes a number of digital, data and technology driven changes as well as large estate infrastructural projects. Despite these additional challenges AFBI is working within a constrained resource environment versus what as an organisation were expected to deliver on 8-10 years ago and with the complication of an ageing estate and systems which are at end-of-life or no longer fit for purpose.

## ii. Staff Turnover

There are widespread difficulties in recruiting and retaining staff across all sectors and industries. The result is that organisations are facing significantly higher levels of staff turnover, higher levels of staff dis-engagement, lower morale (due to higher expectations) and increased vacancies as organisations struggle to retain and motivate their human resources.

AFBI is not immune to these societal issues and current data for staff turnover indicates staff turnover: 23/24 10% (71 staff), 22/23 17% (108 staff). Some other comparable organisations are:

- Animal and Plant Health Agency 10.8% (22/23) [an agency of Defra]
- Pirbright Institute 22.7% (22/23) [a BBSRC sponsored research institute]
- NIEA 5.7% (23/24) [an agency of DAERA]
- NICS 4.8% (23/24)

Staff attraction and attrition is registered on the AFBI Corporate Risks 2023-24 (CR6) which highlights; 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. The organisation appears to be constantly working to identify new ways of working to create flexible and hybrid working arrangements to accommodate current staff and make AFBI an attractive employer for potential talent. However the organisation is working within the constraints of a public pay model, which highlights the challenges the organisation faces in attracting and retaining resources.

## iii. Staff Engagement<sup>59</sup>

AFBI, like many organisations, benchmarks its people indicators and to that end has engaged NISRA to undertake its People Survey. The NISRA survey in 2024-25 results indicate:

- Employee engagement index of 56% (+3 AFBI'21).
- An Engagement Action Plan has been developed and the Annual report identifies significant progress was made in 2023-24 (35 actions, 20 are Green, 10 are Amber, and 5 are Red).
- 36% positively agree that investing in learning and development activities is given a propriety in their Branch.
- 31% positively agree that senior manager (Grade 5 and above) in AFBI will take action of the results of the 2024 survey (+11 on AFBI'21).
- 23% positively agree that where they work they feel that effective action has been taken on the results of the last survey (+14 on AFBI'21).
- 'My work' and 'My team' were the highest achieving theme scores (76% + 3% on DAERA 2023 survey) across the nine themes in the 2024 survey, with 'Pay & benefits' recording the lowest score

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<sup>59</sup> AFBI People Survey 2024

at 29%, with Leadership and Managing Change at 33% (-10% in comparison to DAERA 2023 results).

#### iv. Training and Development

With an annual training budget of approx £260,000, our review indicates that all staff have access to the NICS LInKS system for learning and development – providing both mandatory and discretionary training. Access to other training is provided. Furthermore, there is evidence produced of:

- Mandatory training (96% completion rate).
- Other job specific training during 2023/24:
  - 69 courses were administered and attended by 345 staff, topics included: Forklift Training, Animal Handling, First Aid, Pesticides Training, Tractor Driving and IOSH Managing Safely.
  - 1,719 course completions were recorded for 36 different e-Learning modules on the LInKS portal during the reporting period 23/24.
  - Carbon literacy training – through DAERA, AFBI staff have availed of online climate change training offered by Climate Smart, in conjunction with Keep Northern Ireland Beautiful. Following on from the successful pilot of Climate Smart, the sessions are live on the NICS LInKS system from March 2024.
- According to the NISRA 2024 People survey, 36% positively agree that investing in learning and development activities is given a priority in their Branch:
  - 62% positively agree ('strongly agreed' or 'agreed') that they are able to access the right learning and development opportunities when they need to (+10 on AFBI'21).
  - 35% positively agree that there are opportunities to develop their career in AFBI (+10 on AFBI'21).
  - 38% positively agree that learning and development activities they have completed whilst working for AFBI are helping to develop their career (+7 on AFBI'21).
  - 91% of staff positively agree that they have the skills they need to do their job (+3 on AFBI'21).

#### v. Salary Benchmarking

As part of a Recruitment and Retention Review carried out in 2024, AFBI salaries were benchmarked against a number of other similar organisations. The Recruitment and Retention Review was prompted by the significant increase in staff exits over the last 2-3 financial years following COVID pandemic and problems recruiting to specific posts.

Overall, the review indicated that AFBI salaries were lower, and in many cases substantially lower, than similar posts in other similar organisations. This was particularly marked at the higher ends of salary scales and with Teagasc (reflecting the generally higher salaries in the public sector in Ireland and Teagasc's much longer salary scales).

**Assistant Scientific Officer (ASO) or equivalent**

Organisation	Bottom	% Difference	Top	% Difference
AFBI	£24,225		£24,507	
QUB	No Equivalency			
TEAGASC	€33,970 (£28,688)	18.4%	€44,900 (£37,918)	54.7%
Pirbright Institute	£24,824	2.5%	£29,323	19.7%

Table 6: Salary Benchmarking of Assistant Scientific Officer (ASO)

**Scientific Officer (ScO) or equivalent**

Organisation	Bottom	% Difference	Top	% Difference
AFBI	£30,721		£31,352	
QUB	£32,024	4.2%	£36,744	17.2%
TEAGASC (Technologist)	€38,558 (£32,562)	6%	€74,094 (£63,256)	101.8%
Pirbright Institute	£31,209	1.6%	£37,069	18.2%

Table 7: Salary Benchmarking of Scientific Officer (ScO)

**Higher Scientific Officer (HSO) or equivalent**

Organisation	Bottom	% Difference	Top	% Difference
AFBI	£34,524		£35,712	
QUB	£37,841	9.6%	£45,148	26.4%
TEAGASC	€38,558 (£32,562)	-5.7%	€74,094 (£63,256)	77.1%
Pirbright Institute	£37,089	7.4%	£44,611	24.9%

Table 8: Salary Benchmarking of Higher Scientific Officer (HSO)

**Senior Scientific Officer (SSO) or equivalent**

Organisation	Bottom	% Difference	Top	% Difference
AFBI	£42,315		£45,351	
QUB	£46,497	9.9%	£57,141	26%
TEAGASC	€71,180 (£60,111)	42.1%	€99,636 (£84,142)	85.5%
Pirbright Institute	£45,134	6.7%	£55,031	21.3%

Table 9: Salary Benchmarking of Senior Scientific Officer (SSO)

**Principal Scientific Officer (PSO) or equivalent**

Organisation	Bottom	% Difference	Top	% Difference
AFBI	£52,207		£59,049	
QUB	£58,850	12.7%	£68,194	15.5%
TEAGASC	€89,089 (£75,235)	44.1%	€122,041 (£103,603)	75.5%
Pirbright Institute	£54,256	3.9%	£75,651	28.1%

Table 10: Salary Benchmarking of Principal Scientific Officer (PSO)

In terms of Staff Grades in AFBI: DAERA Science Scoping Study (2017) contains information of the grade structure of scientific posts in the core Department and in effect provides a benchmark re the grading structures. This study indicated that the majority of scientific posts in DAERA are within EMFG (Environment and Marine Fisheries

Group). A comparison of that data indicated a marked a staff grade structure which is different from AFBI i.e. that there is grade disparity in that there are very few or none of the lower technician grade (ASO) with DAERA / NIEA.

#### **vi. Trade Union Feedback**

Trade Union representatives were consulted as part of this review and made a number of claims in the consultation including.

- There are significant staff turnover issues – we have confirmed this has fallen from 16% in 2023 to 10% in 2024, which is still high, but the organisation is clearly addressing the issue.
- The organisation is characterised by low levels of staff morale – the NISRA staff survey indicates that the staff engagement level is 56% (+3% since last survey), which on balance is low. However, we did not engage directly with staff so have no way of quantifying this feedback.
- Trade Union representatives fed back (quoting a range of examples) that staff felt afraid to speak out as they had low levels of confidence in management.
- A claim from Trade Union representatives of combative relationship between H&S and SMT resulting in the resignation of almost all H&S team in 2022 – primarily due to adversarial relationships and obstructionism from SMT. This was referenced in consultations with SMT but characterizing the cause as being due to adversarial and obstructive relationships was not agreed with and suggested that individuals left for their own reasons. Again, we have no way of confirming or denying these claims.

#### **7.17. Estate management and development<sup>60</sup>**

The AFBI occupied estate is owned by the Department. The arrangements for managing the AFBI estate are set out in the Lease agreement (2019 – 2030) between the Department and AFBI. Maintenance responsibilities for the AFBI estate are managed through a Service Level Agreement (SLA) between DAERA ETD and AFBI (2019 – 2030). The Institute is currently based on six specialised DAERA owned sites (and one leased) across Northern Ireland:

- Newforge Lane (Headquarters)
- Stormont
- Hillsborough
- Crossnacreevy
- Loughgall
- Omagh
- Bushmills (small presence at the Salmon Station),

In total, the AFBI occupied estate comprises of 420 hectares of land, and 102,000m<sup>2</sup> of laboratory, office accommodation, research farm buildings, etc and accommodates circa 760 AFBI staff (February 2023).

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<sup>60</sup> Strategic Review of AFBI Estate – Emergent Strategy Proposals 2023

The issue of the AFBI estate can trace its origins back to 2010 when a Strategic Outline Case was submitted to 'right size the estate'.

The AFBI occupied estate is currently owned by DAERA and leased to AFBI (2019 – 2030). The Review Team understands that is an unusual arrangement as an NDPB normally owns the estate that it occupies. Views from the stakeholders were sought on where best ownership of the Estate should reside, either with DAERA or AFBI. In its current state, the Review Team has heard that ownership would not be an attractive proposition for AFBI at this time – primarily due to the anticipated excessive cost to restore the estate to functional standards. However, there was a majority view from the DAERA stakeholders that the Estate at some point should be transferred to AFBI. The latter view was based on providing AFBI with greater autonomy regarding decisions affecting future science delivery and commercial opportunities.

The issue of ownership was raised during the 2018 Tailored Review of AFBI undertaken by DAERA. The Review Report under paragraph 3.18 stated that *"If AFBI owned the estate, it would have greater autonomy over its development and a greater incentive to ensure it is right-sized and configured to minimise costs while delivering against needs. There is a need to shorten decision-making chains and bring decision-making closer to where its impact is felt."* Recommendation 25 from the report was for DAERA, as a priority, to conduct an economic appraisal for the transfer of the science estate to AFBI. However, this was not followed through and was deferred to the next five-year AFBI Review to be undertaken in 2023.

DAERA has undertaken that review resulting in thirteen recommendations associated with Phase 1 of the review outputs. These recommendations range from the relocation of the AFBI headquarters, the merger of currently individual sites; the disposal of some identified current sites and ultimately decisions on the ownership of the estate. These strategic intents around AFBI estate development now form part of the AFBI Corporate Plan 2023-2027.

Underpinning the estate management issue is the impact on AFBI's cost model and its strategic cost model, with AFBI's model absorbing estate costs, that analysis suggests other DAERA bodies are not carrying. AFBI suggests that the current estate model is punitive and impacts directly on its ability to allocate costs equitably and impacts further its ability to demonstrate value for money and effective resource allocation – in particular with regard to UKRI funding applications. By way of comparison, at Animal and Plant Health Agency (PHA), within the estate's costs, the full cost of occupation is reflected in relation to buildings that are either owned or leased by Defra or specialised properties held on APHA's Statement of Financial Position (SoFP). The costs are proportionate to occupation and include rates, utilities, management overheads, facilities management and associated capital charges. For Defra leasehold properties, this also includes rental costs. There are no rental costs for Defra freehold properties<sup>61</sup>

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<sup>61</sup> APHA Annual Report 2023

### 7.18. Digital and ICT

Our review indicates that AFBI has in place an ICT strategy<sup>62</sup> with accompanying strategies for Data and Cyber matters<sup>63</sup><sup>64</sup>. AFBI's rolling three-year Information Technology (IT) Strategy advances the Institute's mission to support industry innovation and government policy across the agri-food and rural sector. The strategy shapes the future direction for digital initiatives, creating competitive advantage for the Institute with clear emphasis on continuous innovative improvement, service excellence and outcomes, customer focus, and an open and collaborative approach.

Our review and feedback indicate that the AFBI ICT model requires further work and investment. There has to be recognition that in the last 5 years the organisation has implemented an organisational wide electronic quality management system, an electronic document and records management system, a corporate project management system, is in the midst of replacing its laboratory management systems (DAERA-led ISLAND project) and on-boarding to AccountNI and subsequent transfer to DoF's new Integr8 platform to replace the current finance system. However, it is widely accepted that the approach to ICT in the organisation has been characterised by a lack of investment and a systemic lack of modernisation of technologies, systems, tools and approaches.

AFBI faces challenging times in the context of funding pressures, the need to maintain a high level of commercial income, re-prioritisation of scientific functions based on importance to the agri-food industry and to DAERA policy, and strategic importance to AFBI's science base. Allied to this is ongoing and planned large scale investment in AFBI's estate over the next few years, and the availability of a "critical mass" of staff.

AFBI provides high-end scientific research and services to public and private sector organisations including statutory and emergency response functions for its sponsor department DAERA. In so doing, the Institute generates large volumes of complex scientific data which, along with other management and business data, needs to be appropriately managed (compliant with all current legislation) and auditable (NI Audit Office).

Information Systems Branch (ISB) within Finance and Corporate Affairs Division (FCAD) provides bespoke assistance to staff in resolving problems relating to the operations of AFBI line-of-business IT systems. This service is offered in conjunction with IT Assist which provides support for centralised IT infrastructure hardware and software platforms across NICS departments and the wider public sector.

ISB also designs, develops, and maintains high-quality bespoke software solutions for a range of internal and external clients in support of the agri-food industry in science support; corporate support and DAERA/Industry support.

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<sup>62</sup> AFBI ICT Strategy 2024

<sup>63</sup><sup>63</sup> ISB Business Plan 2024

<sup>64</sup> AFBI Information Security Policy 2023

### **i. IT cost**

ISB has a staffing budget of circa £2m (DRC) comprising 28FTE supplemented with agency as required. This is a major annual commitment as it supports all AFBI programmes and requires in-depth consultation with Branch Heads, Heads of Service, DAERA Policy Leads, and External Contract Managers.

ISB is responsible for managing the SLA with IT Assist for provision of IT Managed Services (circa £1.2m per annum). Involves active monitoring, verification, and challenge to ensure that AFBI receives the appropriate range and quality of services and that all impacts are considered and taken account of.

ISB has an IT Programme Budget of circa £700k (covering infrastructure, IT Assist charges, software/database licensing), a Digital Research Library budget of circa £600k comprising contracted services with QUB and subscriptions to scientific journals, and a direct (primary) Income Budget of circa £13k comprising contracts with industry bodies. Indirect (secondary) income related to chargeable ISB support for Scientific Services and E&I activities is ~£272k, however, to date it is our understanding that it has not been possible to implement a process to recover this for ISB routinely.

ISB has an IT Capital Budget which varies depending on need and financial affordability e.g., server refresh, network improvements, video conferencing and security tools.

### **ii. IT Team and functions**

ISB has a permanent complement of 27 FTE across five grades.

ISB is structured into 3 sections:

#### IT Infrastructure & Technical Support

- Responsible for supporting and maintaining line of business IT infrastructure and aiding end-users in resolving problems relating to the operations of their computers or applications running on them, in conjunction with managed services provider IT Assist.
  - Permanent FTE 11

#### System Development/Support

- Responsible for designing, configuring, integrating, implementing and supporting end-user systems, including LIMS (Laboratory Information Management System) deployment.
  - Permanent FTE 12

#### Database/Data Management

- Responsible for managing and supporting data storage/retrieval systems and data-related tasks.
  - Permanent FTE 4

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### iii. Data Management

AFBI is a data driven organisation with two primary types of data: scientific data and corporate data. Data is at the core of virtually all work throughout AFBI.<sup>65</sup>

In line with the 2018 Tailored Review recommendation 28, AFBI has developed a new Data Strategy which provides an initial position as regards AFBI's approach to the management, delivery and governance of data.

AFBI has an existing and intertwining framework of information systems, policies and strategies (aligned to NICS) which govern the use of data in the organisation. AFBI has recently invested time and effort in supporting the development of its approach to data management and the Data Strategy represents the evolution of that approach articulating the internal governance, management and use of data. The 2018 review identified that limitations in recording and sharing of science data were raised by stakeholders as an internal concern. This has been developed, as the new Data Strategy appears to focus on science data only – which appears a missed opportunity as the organisation creates significant corporate data which needs to be covered by the new strategy. There are still ongoing issues in access to data – particularly from external stakeholders and DAERA officials – it is hoped that the new approach to Data Strategy will be matched by a more open approach to sharing data, as the implementation of the new strategy can only be effective if matched by a recognition that AFBI exists in a shared environment and the sharing of data is integral to everyone's success.

### iv. Current focus and priorities

The ISB annual business plan and its accompanying/overarching strategies identify a range of challenges and opportunities for the organisation which range from how AFBI interacts with its customers and stakeholders in a digital world through to data integration and management as well as the functionality of the underpinning systems to support a modern and interactive digital infrastructure. Other developments include:

- AFBI engaged a Digital, Data and Technology (DDaT) specialist from the Strategic Investment Board in early 2024, and who is leading a programme of DDaT initiatives.
- The majority of AFBI's work and hence many of AFBI systems are not citizen-facing due to the nature of the work. As part of the ongoing deployment of a new cloud-based laboratory information management system (ISLAND), a new customer portal will be implemented to streamline end to end processes for customers and staff adhering to digital-first approach where feasible.
- AFBI also leads on the Soil Nutrient Health Scheme (SNHS) which helps farmers manage their nutrient applications and is a condition for receipt of the new Farm Sustainability and Farming with Nature Payments. Registration and access to results is provided digitally in conjunction with DAERA.
- AFBI also provide a number of digital benchmarking tools such as BOVIS and PIGIS which provide farmers with a means to benchmark key animal performance indicators.

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<sup>65</sup> AFBI Data Strategy 2022-2026

- Most AFBI IT services are delivered via the IT Assist Hosted Platform, however some legacy laboratory-based services will be retained until replaced through the ISLAND project, and Hillsborough animal databases are being assessed ahead of migration to IT Assist by March 2025.

Early indications from the SIB team suggest significant underinvestment in this area over the years and need to be redressed. The impending Digital and Technology Needs Project will answer questions around how any shift to digital will impact AFBI's delivery model (infrastructure, estate needs, resourcing, customer interaction) and highlight the urgent need to see this project progressing.

In the meantime, however significant investment is currently underway in terms of the DAERA-led ISLAND project for a new laboratory information system. In recent years AFBI has also invested in the Q-Pulse and CORA systems. Significant further investment is however required. In terms of corporate systems, this will include the on-boarding to the AccountNI finance system as prelude to joining the NICS-wide Integr8 project.

In summary therefore, in science areas and as outlined above investment in infrastructure and DDaT skills is needed to allow AFBI to make best use of advances in science and to ensure that the science being delivered to DAERA is in line with practice elsewhere.

#### **7.19. Impact of EU Exit**

The EU Exit has influenced AFBI's operational framework, particularly in terms of resource management and the supply chain. AFBI has had to seek additional Irish National Accreditation Board (INAB) accreditation along with UKAS accreditations. INAB accreditation is to ensure that its testing and laboratory services meet the standards required under the new post-Brexit trade arrangements. This dual accreditation process became more urgent following the UK's exit from the EU, as EU standards continue to apply in Northern Ireland under the framework. AFBI's ability to continue testing and ensuring compliance with these standards is essential for the seamless trade of goods and agricultural products across borders.

Furthermore, staffing levels had to be increased to handle testing under the Windsor Framework, with £5 million in ring-fenced Treasury funding allocated for this purpose.

Feedback suggests that AFBI has carefully assessed Brexit's impact on its mandate, adapting to meet new regulatory, operational, and strategic challenges.

1. **Regulatory Dual Compliance** - Under the Northern Ireland Protocol, Northern Ireland must follow both UK and EU regulations. For AFBI, this dual compliance impacts agriculture and food safety operations, adding complexity to its statutory obligations and increasing administrative burden.
2. **AFBI Role as National Reference Laboratory (NRL)** - AFBI holds the designation of the UK National Reference Laboratory (UK-NRL) for marine biotoxins and banned veterinary medicines, a role mandated by EU legislation. As an NRL, AFBI provides specialised testing, guidance, and coordination in critical areas like animal health and food safety, ensuring compliance with both national and international standards. In large part AFBI operates as Official Control Laboratory but with an NRL role in some areas. The UK is no longer

beholden to EU legislation (i.e. the UK is now classified as a 3rd Country). The UK NRL functions therefore relate to UK legislation purposes. However, AFBI is an Official Laboratory (as mandated by OCR EU2017/625) with DAERA as the Competent Authority. Because of the Windsor Framework (superseding the NI Protocol) DAERA must be compliant with EU2017/625 and hence AFBI also, as their Official Laboratory. This dual role highlights the complexities of (AFBI & DAERA) being compliant with both UK (3rd country) and EU legislation.

3. **Accreditation Requirements** - To ensure compliance across UK and EU standards, AFBI sought dual accreditation. UKAS certifies testing for the GB market, while INAB (Irish National Accreditation Board) accreditation, recently achieved in September 2024, enables EU market compliance. Expanded accreditation needs increased AFBI's operational scope, resulting in additional hires to support port inspection and compliance.
4. **Collaboration with DAERA** - Although the EU Exit had a greater impact on DAERA, AFBI's collaboration with DAERA's policy leads was crucial for ensuring compliance. Feedback highlighted some coordination difficulties within DAERA's policy teams, with a recognised need for DAERA to acknowledge AFBI as an Arms-Length Body (ALB), rather than viewing it solely as a contractor.
5. **Animal and Plant Health Operations** - New EU Exit-related import and export checks at ports have heightened AFBI's workload, especially in animal and plant health testing, driving a need for additional staffing and resources.
6. **Funding and Research Opportunities** – EU Exit limited AFBI's access to EU funding programmes like Horizon 2020, which may potentially have constrained its ability to engaged in wider programmes, though this has been resolved.
7. **Regulatory Divergence and Dual Accreditation Requirements** - Diverging UK-EU standards necessitate that AFBI manages dual research streams to fulfil both regulatory requirements. Dual accreditation, through both UKAS and INAB, enables service provision across the UK and EU but demands additional compliance, audits, and reporting.
8. **Increased Operational Costs** - New administrative and compliance requirements have raised AFBI's expenses, compounded by some EU Exit -induced supply chain disruptions. Sourcing lab supplies and materials from the EU is more costly and time-consuming.
9. **Recruitment Challenges** - New immigration rules restrict skilled EU talent recruitment, potentially impacting AFBI's ability to attract researchers. AFBI currently does not sponsor work visas but is reviewing this policy.
10. **Data Sharing and GDPR Compliance** - Ensuring GDPR compliance across varying regulatory frameworks may necessitate additional data management protocols.

In summary, the EU Exit has imposed significant regulatory and operational demands on AFBI, requiring new accreditations, additional staffing, and greater collaboration with DAERA to meet dual compliance and research needs. While these changes offer opportunities for global partnerships, they also introduced funding constraints, resource strains, and recruitment challenges.

## **7.20. Benchmarking**

Benchmarking AFBI costs has been an ongoing narrative between AFBI and DAERA for a number of years and it is our understanding that AFBI and DAERA previously tried to benchmark the cost of selected Scientific Services tests against those obtained from similar organisations – e.g. – DAFM Labs, APHA, SRUC. However, there were significant limitations to attempted comparison due to the following factors to other similar organisations either not having such data and / or being unwilling to share.

A comparison report was subsequently produced by DAERA's CSA based on published prices but had a number of acknowledged limitations.

- Lack of clarity on whether individual tests/services provided are directly comparable at a scientific/ operational level.
- Lack of clarity on whether other organisations charge Full Economic Cost (FEC) for the relevant tests / services.
- Lack of clarity on how costs are derived and what overheads are / are not included.
- AFBI's costs include irrecoverable VAT whereas costs for other organisations are typically quoted as excluding VAT.
- AFBI's costs can include time spent on providing advice to and liaison with DAERA, which may not be the case for other organisations.

The available comparisons demonstrated that there was no clear singular trend in AFBI unit costs compared to other organisations - many costs were broadly comparable, while AFBI's unit costs were lower in some instances and higher in others.

AFBI reviewed the unit cost variances and suggested possible operational reasons for these based on our knowledge of the comparator organisations. However, the overarching outcome of the review was that direct comparisons could not be made due to differences in scale and operational procedures, as well as a lack of clarity on the scope of the work included in comparator costings.

In order to facilitate the benchmarking of corporate overheads, AFBI was a member of the CIPFA Benchmarking Club for a number of years up to 2018/19 and participated in reviews of Human Resources, Finance (Debtors) and Finance (Accountancy). Participants in the CIPFA Benchmarking Club are from Local Government, Education, Housing and Nursing Homes, with Local Government Organisations comprising some 75% of the members of the Benchmarking Club. The average number of employees of the members is 5,622 with average Payroll of £214M compared with AFBI's 736 employees (2023/24) and Payroll of £36m (2023/24). As a result, the CIPFA Corporate

Benchmarking Club results were of very limited value to AFBI, as the organisations were not sufficiently comparable, therefore AFBI did not renew its membership.

### 7.21. Strategic Cost Model

The Strategic Cost Model (SCM) adopted by AFBI has been developed to allocate the total overhead costs that AFBI incurs to chargeable projects. Key features of the SCM include:

- Direct costs – AWP. Includes staff costs, consumables and income – these are the costs required to deliver AWP projects.
- Direct costs – Non-AWP. Includes staff costs and consumables – these are the costs required to deliver non-AWP projects and are charged to the customer of each project.
- Irrecoverable VAT - VAT that AFBI is unable to reclaim on grant-in-aid funded projects.
- Corporate Platform - Costs charged centrally that relate to accommodation (e.g. lease, rates, utilities, security).
- Corporate Overheads - Costs that cannot be attributed to a specific business area, and which are applicable to all branches (e.g. FCAD staff and corporate management).
- Branch Management - Local management costs incurred by each branch.
- Local Platform - Costs that are specific to a branch that relate to facilities and expertise, but which cannot be allocated to a single project (e.g. method development, scientific networking and writing papers).

Based on a variety of apportionment methods the SCM allocates AFBI's total overheads to individual branches. Key points to note regarding the SCM include:

- Price for work to be undertaken by AFBI is set at a minimum, at the Full Economic Cost.
- Where the customer is in the private sector, or when the services offered are in competition with the private sector, consideration must be given to charging a profit (above Full Economic Cost).
- The AWP is issued from DAERA as per the Commissioning timeline agreed between AFBI and DAERA. The AWP is classified into Statutory, Non-statutory and Advice & representation categories and is costed on a full cost recovery basis and in accordance with the AWP Memorandum of Understanding (MoU). The AWP is costed in line with the overall AFBI budget via the Annual Budget Information System (ABIS) process whereby budgeted income and expenditure figures are collated from branches for all projects across AFBI.
- DAERA outlines its priority needs for Evidence and Innovation (E&I) projects on an annual basis and invites research proposals from AFBI to address these.
- AFBI submit Full Format Proposals (FFP) and costs are calculated using a standard DAERA template. Costs are profiled as accurately as possible over the lifetime of the project and include staff time (by grade and days), direct costs (e.g. consumables, travel & subsistence) and indirect costs (overhead charges and irrecoverable VAT). The relevant AWP overhead rates are applied to staff costs to calculate overhead costs

(derived from SCM) and the irrecoverable VAT percentage is applied to specific direct cost expenditure lines to calculate the irrecoverable VAT expense.

## **7.22. Knowledge Model**

It is our understanding that an objective of DAERA is to ensure that the wider Northern Ireland agri-food and environment industry is up to date and aware of developments within the sectors. These developments might include new techniques, new policies, training or development that support skills development or any initiative which supports the competitiveness and sustainability of the sectors. There is therefore a desire on behalf of the Department to ensure this knowledge is effectively transferred across its operations and reach.

The College of Agriculture, Food and Rural Enterprise (CAFRE) is the primary vehicle through which this knowledge dissemination takes place. The 2018 Tailored Review identified that the knowledge dissemination process was extremely complex, especially the link between AFBI and the CAFRE.

CAFRE focuses on education, training, and support for the agriculture, food, and rural sectors in Northern Ireland. It offers a range of academic programmes, vocational training, and practical workshops aimed at enhancing skills and knowledge within the agricultural community. CAFRE also plays a vital role in promoting rural development and sustainability initiatives.

In contrast, the AFBI specialises in scientific research and technical support related to agriculture and food. AFBI conducts research that informs policy and practice, offering expertise in areas like animal health, crop management, and food safety. While there may be some overlap in their activities, particularly in research and sustainability initiatives, their distinct focuses create opportunities for collaboration.

The synergy between the two operations is clear and stakeholder feedback from previous reviews and this review have suggested that whilst the formal building blocks are in place to ensure smooth knowledge transfer between the organisations (in pursuit of DAERA objectives), this still does not appear to be working as effectively as it could. A recommendation in the 2018 report suggested the implementation of a planned and flexible knowledge transfer arrangement between AFBI and CAFRE and whilst this appears to be have 'subsumed' into the ongoing Science Transformation Programme, the evidence suggests that this recommendation has stalled and as a consequence the transfer of knowledge inter and intra agency/department and its service users is not effective and therefore the Department cannot be achieving the levels of knowledge out to sector as required.

## **7.23. Decision making**

There are a number of underpinning foundations to decision making and process within AFBI:

- The Agriculture (Northern Ireland) Order 2004 and the Partnership Agreement between DAERA and AFBI.
- The Minister's role in approving business and corporate plans.
- The Board Framework provides overarching decision-making framework.
- AFBI Standing Orders regulate the conduct of AFBI business to ensure fair and accountable decision-making. They also provide for the delegation of authority, functions and decision-making to committees and

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sub-committees established by AFBI. Since 2006 many of the Standing Orders have been updated to reflect the evolving nature and role of the organisation<sup>66</sup>.

- The Scheme of Delegation sets out the decisions and powers reserved to the Board of AFBI and the matters delegated to the Board's sub-committees and the AFBI Executive.
- Within the Executive, the levels of operational delegation are defined within the following key governance documents:
  - The Partnership Agreement between DAERA and AFBI (superseding the Management Statement and Financial Memorandum (MSFM));
  - Sponsorship Manual; and
  - AFBI's Financial Procedures.
- AFBI is required, as a designated Public Authority, to assess the impacts of its policies and decisions for particular communities. This duty is called the Equality of Opportunity duty and is a key aspect of its Screening Policy – this duty extends to a requirement to carry out Equality Quality Impact Assessments and supports decision making within AFBI.
- The Executive Management Team meets weekly, and this formal meeting provides an opportunity to monitor, plan and progress decision within the organisation and to follow through on decisions made at Board levels and DAERA meetings.
- All Directorates have their own reporting structures which provides framework of decision making and information sharing.
- Scheme of Financial Delegation (by Grade) contained within the Board Scheme of Delegation
- AFBI Corporate Plan and Annual Business Plans set out the key performance metrics and reporting arrangements.

It is clear that AFBI has put in place a framework which provides transparency and openness, and this demonstrates significant improvement from previous times. There is certainly a sense of a formal structure in place and a process through which decisions progress; there is a clear sense of decision-making architecture. It is our observation that there are many layers involved in some aspects of decision making. Recognising the need for transparency and assurance, effective decision making also needs to be agile. In essence AFBI does not demonstrate agile decision making – decisions tend to go through the various processes outlined above, but also tend to funnel to the Chief Executive and feedback suggests a tendency to prevaricate and micromanage all aspects of decisions, resulting in a backlog of decision making and frustrations inside and outside the organisation.

Decision making within any organisation is aligned to and rooted in broader cultural and governance considerations. The decision-making architecture identified demonstrates the decision-making principles and the process, however, does not provide insight into the quality of information or conversations that often determine the decision making process. Key to this, for example, is the development and presentation of business cases within the organisation and the subsequent compliance and the development of each stage of the process. The

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<sup>66</sup> AFBI Standing Orders. Schedule of Matters Reserved for the Board and Scheme of Delegation v1.4 May 2024

review findings indicate from a wide range of internal and external sources that whilst work within AFBI generally align with strategic plans, that alignment does not always extend to deliverables, the degrees of control and reporting. Whilst the decision-making framework provides AFBI with ultimate decision-making authority, it has in fact limited involvement in the prioritisation and subsequent working through of identified projects or initiatives. As a result, reporting updates through to the EMT and Board Committees are not consistent and belies the often-prolonged process for decisions to get made. This in turn raises questions on oversight and the associated corporate ability to identify, manage and mitigate risk. Whilst we are conscious of ongoing efforts to adapt governance arrangements, the current approach identifies certain limitations and risks.

#### **7.24. Relationship with other providers**

There is an accepted acknowledgement that public sector organisations face many challenges. These arise from the complex activities public sector entities undertake, their many different stakeholders, the need to plan for the longer term, resource scarcity and the wide definition of the value they create.

It is fair to say that the breadth and reach of the AFBI is extensive. The scale and size of the organisation provides a wide platform for engagement with others and that engagement is often a critical lever in its delivery model. In Section 4.6 we have outlined the wide range of partnerships and delivery models that AFBI is involved with.

In this section we are assessing whether or not there is duplication in the landscape – as our initial stakeholder analysis indicates that AFBI and other organisations are often engaged with or engaging similar or the same customers; can be funded to carry out similar services and that DAERA is often the commissioning agent. To that end we have tried to map the current scientific and agri-food and biosciences landscape in Northern Ireland and to understand these organisations functions, services and funding.

The table below highlights that there are a number of actors in the local market, but none are comparable to AFBI in terms of its scale or range of services. However, the critical issue is that DAERA, as the commissioning organisation of scientific services, through its Science Transformation Programme and its statutory and other requirements, is commissioning similar services from a range of bodies in Northern Ireland. Furthermore, there are similarities in the provision of services between some organisations – e.g. NIEA and AFBI – recognising that there may be overlaps in the regulation and monitoring of environmental factors, particularly in terms of air and water quality. The two organisations could also have shared areas of focus, especially in environmental monitoring, climate change research, and regulatory compliance. Furthermore, AFBI alongside the two local universities are often competing for similar scientific awards – however these other institutions believe that the current closed procurement process as AFBI is an ALB denies them the opportunity to bid or tender for additional work/research.

We do recognise that the ongoing new approach to DAERA Science, will make impact in how science is commissioned and a more commercial or competitive approach to the procurement of scientific services – much to AFBI's chagrin. However there still appears to be overlaps in the current landscape, with DAERA as the primary funder and the Department, as a priority, should ensure it is not procuring duplicate services.

Collaborative & Overlapping Functions in Research: Partners and Counterparts to AFBI in Northern Ireland and Beyond					
Location	Organisation	Function	Collaboration / Overlap	Type of Organisation	Funding Stream
Northern Ireland	Queen's University Belfast (QUB)	Research in agriculture, food safety, environmental sustainability, and biosciences, primarily through its Institute for Global Food Security (IGFS)	QUB and the AFBI have established a strategic alliance to enhance collaboration in research and innovation within the agri-food sector. This partnership leverages the strengths of both institutions, focusing on addressing key challenges in agriculture, food security, and environmental sustainability. Their collaboration encompasses joint research initiatives that combine QUB's academic expertise with AFBI's applied research capabilities, fostering innovative solutions and ensuring that research aligns with industry needs.	University	QUB is funded through government grants, student fees, research grants, alumni donations, and commercial activities, enabling it to support education and research.
Northern Ireland	Ulster University	Offers research and academic programmes in environmental sciences, public health, and biomedical sciences.	Potential overlaps in environmental sciences and biotechnology research, especially water quality, ecological studies, and climate impact studies.	University	Ulster University is funded by government grants, student tuition fees, research grants, donations from alumni and foundations, and income from commercial activities.
Northern Ireland	Department of Agriculture, Environment and Rural Affairs (DAERA)	Provides policy direction, funding, and support services in agriculture, rural development, and environmental protection.	AFBI functions as a DAERA-aligned research and policy advisor, although DAERA also conducts studies that may overlap with AFBI's data collection and policy analysis.	Government Department	Government budget allocations from NI Executive's budget.
Northern Ireland	Northern Ireland Environment Agency (NIEA)	Oversees environmental regulation, conservation, and protection, with research in biodiversity, pollution	There may be overlaps in the regulation and monitoring of environmental factors, particularly in terms of air and water quality. The two organisations could also have shared areas of focus, especially in environmental monitoring, climate change research, and regulatory compliance. AFBI primarily focuses on agricultural and food-related research. Its monitoring and surveillance activities are often centred on agricultural practices, animal health, plant health, and food safety. AFBI conducts studies to understand the impacts of agriculture on the environment, including soil health and water quality as they	Executive Agency / Statutory ALB	Government grants, fees and charges for permits and services, research grants, and contributions from other organisations for specific

		control, and climate change.	relate to farming practices. NIEA appears to have a broader mandate focused on environmental protection and regulation. Its monitoring efforts are primarily concerned with overall environmental health, including air quality, water quality across various sectors, biodiversity conservation, and pollution control.		environmental projects.
<b>Northern Ireland</b>	Forest Service		<p>The Forest Service Northern Ireland does not primarily focus on conducting original research like a dedicated research institution. Instead, it engages in applied research and gathers data related to forestry management, biodiversity, and sustainability practices. This information is often used to inform policy, improve forest management practices, and support conservation initiatives.</p> <p>While the Forest Service may collaborate with research institutions and utilise existing studies to guide its activities, its main role is centred on implementing forestry policies and managing public forests rather than being a primary research entity.</p> <p>Overall, while both organisations have distinct primary mandates—AFBI in agricultural and food research and the Forest Service in forestry management—their goals regarding sustainability, biodiversity, and environmental health present opportunities for collaboration and data sharing.</p>	Executive Agency/ Statutory ALB	Funding comes from grants by the Northern Ireland Executive, income from forest products and services, and fees for forestry permits and licenses.
<b>Northern Ireland</b>	Northern Ireland Food and Drink Association (NIFDA)	Represents food and drink businesses, focusing on food safety standards, sustainability, and innovation.	<p>NIFDA is an industry body that represents the food and drink sector in Northern Ireland. It advocates for the interests of food producers, processors, and retailers while providing guidance, resources, and support to its members, particularly in policy advocacy and best practices. NIFDA collaborates with organisations like the AFBI to leverage research and expertise on food safety, agricultural practices, and industry standards.</p> <p>While NIFDA may compile industry data and conduct surveys, it does not typically conduct extensive research like AFBI. Instead, it uses research findings from AFBI to inform its initiatives and support the food and drink industry in Northern Ireland.</p>	Industry Body	Membership fees, industry contributions
<b>Northern Ireland</b>	British Geological Survey (BGS) Northern Ireland	Geological and environmental monitoring, including groundwater, soils, and land resources.	<p>BGS is dedicated to a range of geological and environmental research areas. BGS conducts detailed geological mapping and research to gain a comprehensive understanding of the region's geology, which includes the study of rock formations, mineral resources, and geological hazards. Additionally, the organisation monitors groundwater resources and quality, assessing contamination issues and sustainability, while also examining the interactions between geology and land use construction, agriculture, and environmental management. There may be areas overlap and potential collaboration between BGS and the AFBI, particularly concerning soil and land quality, where both organisations study soil health, land use, and agricultural practices. While</p>	Executive Agency/ Statutory ALB	Government grants, from Dept for Business, Energy & Industrial Strategy (BEIS), and income from research contracts, commercial activities, and services provided to

			BGS focuses on geological aspects, AFBI addresses agricultural productivity and environmental impacts. Moreover, BGS's monitoring of groundwater quality and resources intersects with AFBI's work on water quality in agriculture and its implications for food production. Both organisations also contribute to understanding environmental sustainability issues, with BGS providing geological insights that inform land use planning and AFBI focusing on sustainable agricultural practices.		public and private sector clients.
<b>Northern Ireland</b>	Health and Safety Executive for Northern Ireland (HSENI)	Regulates workplace health and safety, with a focus on agricultural safety.	Aligns with AFBI's work in animal health and welfare, especially in farm safety and zoonotic disease control.	Executive Agency / Statutory ALB	Government grants along with income generated from fees for services, such as licensing and inspections.
<b>Northern Ireland</b>	The College of Agriculture, Food, and Rural Enterprise (CAFRE)	Provides education, training, and research for agriculture, food, and rural enterprise.	CAFRE's training and research programmes in agriculture may overlap with some of AFBI's applied research and advisory services for farmers. CAFRE focuses on education, training, and support for the agriculture, food, and rural sectors in Northern Ireland. It offers a range of academic programmes, vocational training, and practical workshops aimed at enhancing skills and knowledge within the agricultural community. CAFRE also plays a vital role in promoting rural development and sustainability initiatives. In contrast, the AFBI specialises in scientific research and technical support related to agriculture and food. AFBI conducts research that informs policy and practice, offering expertise in areas like animal health, crop management, and food safety. While there may be some overlap in their activities, particularly in research and sustainability initiatives, their distinct focuses create opportunities for collaboration.	Part of DAERA	Government grants, student tuition fees, external funding, and income from commercial activities.

<p><b>Northern Ireland</b></p>	<p>AgriSearch</p>	<p>Farmer-funded organisation that supports agricultural research, practical applications, and innovation in livestock, dairy, and crop production.</p>	<p>The principal activity of AgriSearch is to commission research and development in the agricultural industry. The Charity's objectives are to advance education, for the public benefit, in particular, by conducting and commissioning research into the improvement and development of sheep, beef and dairy farming and to disseminate and publish the useful results of such research and also to promote the improvement of animal health and welfare in sheep, beef and dairy farming in Northern Ireland.</p>	<p>Industry Body</p>	<p>Membership fees from farmers</p>
<p><b>Northern Ireland</b></p>	<p>Animal Health and Welfare Northern Ireland (AHWNI)</p>	<p>Involved in various activities related to animal disease research, welfare standards, biosecurity, education, and regulatory support.</p>	<p>AHWNI monitors livestock health and implements control measures for animal diseases, collaborating closely with farmers and veterinary practitioners to manage outbreaks and prevent the spread of illnesses. In addition to disease surveillance, AHWNI offers advisory services to farmers, providing guidance on best practices for animal husbandry, disease prevention, and biosecurity measures. The organisation also delivers veterinary services to livestock producers, which include vaccinations, diagnostic testing, and treatment of diseases, ensuring the overall health of the livestock population in Northern Ireland.</p>	<p>Industry Body</p>	<p>Government funding, industry contributions</p>
<p><b>Northern Ireland</b></p>	<p>Dairy Council for Northern Ireland (DCNI)</p>	<p>Supports dairy farmers through research on dairy production, food safety standards, and nutritional research while promoting best practices.</p>	<p>DCNI does not primarily focus on conducting research like a dedicated research institution; however, it engages in several research-related activities. This can include conducting market research to understand consumer trends and preferences within the dairy sector, which informs their promotional strategies and advocacy efforts. Additionally, DCNI collaborates with academic institutions and research organisations to support studies on the nutritional benefits of dairy products. Furthermore, DCNI collaborates with organisations like the AFBI to leverage scientific research, helping them stay updated on the latest developments in dairy science, animal health, and sustainability practices. This collaboration enables DCNI to effectively communicate valuable information to its members and the wider public. Overall, while DCNI does not conduct original research, its focus on advocacy, promotion, and collaboration with research institutions supports the advancement of the dairy industry in Northern Ireland.</p>	<p>Industry Agency</p>	<p>Membership fees, industry contributions</p>

<p><b>Northern Ireland</b></p>	<p>Livestock and Meat Commission (LMC)</p>	<p>Supports the livestock and meat sector through research, marketing, and policy advice, focusing on animal welfare, quality standards, and industry development.</p>	<p>LMC is an industry body that primarily focuses on promoting and developing the beef and sheep meat sectors in Northern Ireland. While the LMC does not conduct original research to the same extent as a research institution like AFBI, it engages in various research with the aim of 'securing benefits to and improvement in the livestock industry'.</p>	<p>Industry Agency/ALB of DAERA</p>	<p>Membership fees, industry contributions</p>
<p><b>Northern Ireland</b></p>	<p>Northern Ireland Pork &amp; Bacon Forum (NIPBF)</p>	<p>Represents and supports the pork and bacon industry, focusing on research, quality assurance, sustainability, training, and policy advocacy.</p>	<p>NIPBF itself does not typically conduct primary research, it may collaborate with research organisations such as the AFBI, which conducts research relevant to the industry, including animal health, welfare, production efficiency, and sustainability practices. NIPBF utilises the research findings to inform its advocacy efforts and support industry practices, but its focus remains on representation and facilitation rather than direct research activities. AFBI's work informs industry practices that NIPBF promotes, particularly in enhancing production efficiency within the pork sector. NIPBF emphasises quality assurance schemes in pork production, while AFBI conducts research on food safety and quality standards.</p>	<p>Industry Agency</p>	<p>Membership fees, industry contributions</p>
<p><b>Northern Ireland</b></p>	<p>Northern Ireland Fish Producers' Organisation (NIFPO)</p>	<p>Represents fish producers, focusing on sustainable fishing practices and high-quality standards in fish production.</p>	<p>NIFPO may engage in initiatives that involve collaborating on research projects or utilising research findings from other organisations (like AFBI or other research institutions), its primary function is not to conduct research independently. Instead, it relies on research conducted by organisations like AFBI and other academic and scientific entities to inform its advocacy and operational strategies.</p>	<p>Industry Agency</p>	<p>Membership fees, grants from government bodies, service charges for various member services, and contributions from partnership projects.</p>

<p><b>Northern Ireland</b></p>	<p>Northern Ireland Grain Trade Association (NIGTA)</p>	<p>Represents and supports the grain trade sector, including aspects like grain production, trading, and marketing, as well as ensuring quality standards in grain supply.</p>	<p>NIGTA functions primarily as an industry body that advocates for policy, establishes industry standards, and provides support to its members in the grain and feed sectors. While it actively promotes best practices and offers guidance to the industry, NIGTA does not engage directly in scientific research, laboratory testing, or surveillance activities. Instead, NIGTA might collaborate with research organisations like the AFBI to stay informed on key developments in feed quality, animal nutrition, and sustainability. AFBI conducts the scientific testing, research, and monitoring required for the industry, and NIGTA uses these findings to inform its members and guide policy.</p>	<p>Industry Agency</p>	<p>Membership fees, industry contributions</p>
<p><b>Northern Ireland</b></p>	<p>Office for Environmental Protection (OEP)</p>		<p>OEP serves primarily as an independent watchdog and regulator, overseeing compliance with environmental laws, reviewing government policies, and ensuring environmental standards are upheld across Northern Ireland. Its focus is on enforcing environmental regulations, handling complaints, and holding public bodies accountable for environmental protection.</p>	<p>Independent Agency / Statutory ALB</p>	<p>Government budget allocations</p>

**Table 11: Collaborative and Overlapping Functions in Research: Partners and Counterparts to AFBI in Northern Ireland and Beyond**

### 7.25. Other delivery models

A recurring feature of feedback – from all stakeholders has been around the functions and delivery model of AFBI. Many stakeholders have observed a peculiar tension as Agri Food tends to be focused on the statutory element of fulfilling DAERA's work and the AWP, but the Biosciences element is more research led and is more closely aligned to universities and research institutions. There is recurring feedback from internal and external stakeholders that whilst AFBI does have in place a stated purpose and strategy, this is considered too broad. AFBI's span of focus covers multiple areas including animal health, sustainable livestock, crops, environmental protection, fisheries and aquatic sciences, food safety, laboratory diagnostics and more. Additional responsibilities can include delivering field sampling, laboratory testing and associated analysis and research on DAERA-led schemes such as the Soil Nutrient Health Scheme. This raises questions as to whether AFBI's broad objectives can realistically be achieved within the confines of one organisation and the alignment of broadening role, delivery functions and how this aligns to the core mission.

There is a sense that AFBI, as an ALB of the Department will always be 'onhand' to support the Department in fulfilling its statutory obligations, but of late the Department has begun to diversify its commissioning and procurement of science research resulting in AFBI feeling uncertain of its role, the surety of commissioned work under the AWP<sup>67</sup> and in the Agriculture (Northern Ireland) Order 2004 and uncertain of its future role and relationship with the Department.

In light of this context, we have sought to identify other agencies/bodies within Ireland, Great Britain and more widely who have a similar remit to that of AFBI in any or combination of the following:

- Regulatory and Statutory Testing
- Technical Support and Advice
- Scientific Research Services
- Animal Health and Welfare
- Food Safety and Quality Assurance
- Environmental Protection
- Climate and sustainability policy, research and action
- Maritime scientific testing, regulation and research
- Research and Development
- Policy Development Support
- Monitoring and Evaluation
- Emergency Response Capability
- Education and Training
- Collaboration and Partnerships

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<sup>67</sup> Section 13. Procurement MoU DAERA and AFBI

Delivery Model	Examples	Context
<b>Research Institutes as Arm's Length Bodies</b>	Rothamsted Research (UK), Teagasc (Ireland)	Non-departmental public bodies (NDPB) receiving both government and external funding, with a focus on agriculture and biosciences.
<b>Public Private Partnerships</b>	Fraunhofer Institutes (Germany), Agriculture and Agri-Food Canada (AAFC) Research Centres	Blend of public funding for basic research with private sector contracts for applied research.
<b>University Affiliated Research Institutes</b>	John Innes Centre (UK), Wageningen University & Research (Netherlands)	Independent research centres with strong university ties or integration within a university structure
<b>Public Corporation/Non-Profit Model</b>	CSIRO (Australia), CIMMYT (Mexico)	Public corporations or non-profit organisations with operational flexibility, funded by government, industry partnerships, and philanthropic donations.
<b>Hybrid Educational and Research Institution</b>	Scottish Rural College (SRUC, Scotland)	A hybrid model combining education, applied research, and consultancy services under one umbrella.

Table 12: Examples of Delivery Models

## Key Takeaways

### 1. Integration of Research, Education, and Consultancy

Models like SRUC (Scottish Rural College)<sup>68</sup> and Teagasc (Ireland) exemplify the benefits of integrating research, education, and consultancy into one unified institution. This holistic approach not only appears to strengthen the agricultural research ecosystem but also ensures that knowledge is effectively transferred to stakeholders in the agricultural sector. Should AFBI adopt a similar model, combining its research with practical farmer education, consultancy services, and extension programmes to ensure more direct societal impact?

### 2. Strong University Partnerships

Universities such as Aarhus University (Denmark)<sup>69</sup> and Wageningen University & Research (Netherlands) demonstrate the importance of academic partnerships for enhancing research capabilities and attracting

<sup>68</sup> Receives funding from the Scottish Funding Council (SFC) for educational activities and Scottish Government for research, alongside income from its commercial arm, SAC Commercial Ltd., which provides consulting and training services. This hybrid funding structure enhances financial stability. AFBI could similarly explore expanding its commercial advisory services or creating a specialised consultancy division to generate additional revenue.

<sup>69</sup> Its Faculty of Technical Sciences has an annual budget of €160 million. This level of funding enables significant investment in research areas like green innovation and digital technologies, which AFBI could aim to replicate through strategic academic and commercial partnerships

international funding. By forming strong academic collaborations and engaging in joint research projects, AFBI could expand its research potential and enhance its visibility on the global stage. This could also help secure funding from international sources, creating a more sustainable research environment.

### **3. Hybrid Funding Models**

Institutions like Rothamsted Research (UK) and Wageningen University & Research rely on hybrid funding models that blend public, private, and international funding sources. In such a model, AFBI could benefit from diversifying its funding base, balancing government support with private-sector collaborations, EU funding, and international research grants. Such a hybrid approach would increase its financial resilience, reduce dependency on single funding streams, and enhance long-term sustainability.

### **4. Other observations**

- Institutions like Aarhus University and Rothamsted Research excel in this area by producing high-impact publications in areas like sustainability and food security.
- Aarhus and Rothamsted also measure efficiency by tracking patents and the commercialisation of their research.
- Successful institutions like Teagasc and SRUC place a strong emphasis on outreach and training programmes for farmers.
- Rothamsted adopts a cost control system, ensuring that expenditures align with measurable outcomes like new technologies, research programmes, and advisory services.

### **7.26. Discussion**

By integrating successful elements from any of the models above, AFBI could potentially adapt its operational strategies to enhance research, financial sustainability, and societal impact. Fundamentally, AFBI is a two-function organisation – diagnostic/testing and research. Feedback suggests that whilst there is some complementarity in the two functions in the one organisation, there is undoubted tensions in the scale and scope of the AFBI functions – spread as they are across a wide and diverse range of activities, subject matters and requiring a range of capabilities. This section of the report there is designed to illustrate that other models exist, there are alternative ways in delivering the services that DAERA requires and there are opportunities for AFBI as a research body to perhaps focus on diversifying funding, improving partnerships, and aligning research with national priorities. The result of which could be that AFBI can strengthen its role as a leader in agricultural and biosciences research in Northern Ireland.

## 8. PSRE status

### 8.1. Context

The terms of reference for this review highlight that AFBI is seeking Public Sector Research Establishment (PSRE) status and preparing application with UK Research and Innovation (UKRI) to achieve this status. There is a recognition that AFBI's research supports a wide range of government objectives and UKRI represents an important funding stream for AFBI post-EU Exit'. The review therefore was tasked with taking into account guidance for assessment of AFBI's performance using the PSRE framework including;

- **Evaluate Mission:** To identify the AFBI's roles within the Research, Development and Innovation (RDI) landscape and assess its relevance to the department, to broader government priorities and to the wider RDI landscape.
- **Assess Impact:** To develop appropriate PSRE performance measures relevant for AFBI's role and assess the performance of AFBI with respect to its mission.
- **Assess additional value:** To identify the wider value created by AFBI beyond its core functions (for example, skill development, resilience and infrastructure, operational standards).
- **Assess further opportunity:** To think critically about how AFBI can be better utilised by the department and across government.

### 8.2. Progress to date

Public Sector Research Establishments are a loosely defined population of organisations. The Government Office for Science has adopted the Royal Society's description of PSREs<sup>70</sup>: "PSREs are a diverse collection of public bodies carrying out research. This research supports a wide range of government objectives, including informing policy making, statutory and regulatory functions and providing a national strategic resource in key areas of scientific research. They can also provide emergency response services. They interact with businesses around a wide array of innovation-related functions."

The Royal Society published a list of organisations that fall within this scope - that list includes AFBI.

PSREs also fall within the GO-Science Value Framework. This provides guidance on how to align Cabinet Office reviews with the distinctive characteristics of PSREs. The GO-Science Framework says: "This framework should be used during the Cabinet Office's Arms-Length Body (ALB) review process to ensure a consistent standard of reviews of PSREs across departments, but it is also recommended that future reviews of PSREs conducted separately to the ALB reviews, should make use of this framework." PSRE status does not, in itself, provide eligibility for funding from UKRI.

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<sup>70</sup> <https://royalsociety.org/topics-policy/publications/2020/uk-research-organisations/>  
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In our consultations with DAERA and AFBI representatives, we did not and could not get to a common agreed understanding of AFBI's current position as regards PSRE. As far as our research is concerned, the Royal Society recognise AFBI as a PSRE, however from an AFBI/DAERA perspective there seems to be differing interpretations on the language of eligibility for funding in order to qualify for funding as a standalone organisation.

### **Eligibility for UKRI funding**

Our research indicates that UKRI publish guidance on eligibility for funding. That guidance includes a list of PSREs that are already eligible and a further list of PSREs that are "Potential eligible establishments".

"... we have developed an initial list of public sector research establishments, not already classed as eligible, which could also potentially be able to bid for UKRI grant funding under selected programmes. This is in addition to the list of public sector research establishments already accredited as eligible. Inclusion in this list does not make the public sector research establishment eligible. You will still be required to apply for eligibility to receive UKRI grant funding and meet the criteria of the specific funding opportunity." UKRI's list of potential eligible PSREs includes AFBI. Some PSREs have already qualified for eligibility.

### **8.3. Evaluation**

Based on the current state situation and we believe decisions to be made about a future state AFBI and whether or not it will continue to be a research led organisation, we have approached this phase of the review with a light touch. We believe that this evaluation aspect of AFBI's PSRE status is academic and does not actually add value to the situation. Our steer for this review has been to focus on AFBI's role, functions and how it should work with DAERA both now and in the future and subsequent sections will provide more outline on that future function/relationship. Therefore, we do not believe that, at this point, a forensic assessment of AFBI's PSRE's readiness or otherwise actually supports the organisation – given the confusion and lack of consensus on AFBI's PSRE status with both AFBI and DAERA providing differing views on the current situation.

We recognise and understand that PSREs are driven by a set of defined missions, outcomes, or responsibilities, which enables long-term strategic thinking about specific ideas. It also gives them a clear pitch to potential partners about the value of engagement, especially those in industry. Their missions shape their research and innovation activity, allowing them to focus on translating evidence into real world impact. They may be contracted by government or involve the provision of vital infrastructure to academia and industry. Access to these capabilities drives business engagement, by playing a crucial role in de-risking business research and innovation.

In order to satisfy the terms of reference of this review, throughout the whole review process, we have built in the four quadrants of the PSRE review guidance and provide a summative update on AFBI's progress to date against those quadrants, however we re-state our case that our principal focus is on AFBI's current and future state and PSRE status should be clarified/settled once the future form and function of the organisation is agreed.

Quadrant	AFBI evidence
<p><b>Evaluate Mission:</b> To identify the AFBI's roles within the Research, Development, and Innovation (RDI) landscape and assess its relevance to the department, to broader government priorities and to the wider RDI landscape.</p>	<p>AFBI's vision of scientific excellence delivering impactful and sustainable outcomes for society, economy and the natural environment, align well to the wider DAERA priorities, mission and PfG priorities (as outlined in earlier sections).</p> <p>AFBI's Corporate Strategy 2023-2027 sets out an ambitious plan that has been designed to capture the organisations aims and ambitions for the period. It envisages a future for AFBI which maximises the potential of their multidisciplinary scientific expertise to address the key challenges of the next four years and beyond and deliver applied and impactful outcomes for society, the economy and the environment.</p> <p>The strategy seeks to deliver an organisation that will provide inspiration to its staff and funders through demonstrable successes, an organisation built on scientific excellence, with the necessary supporting infrastructure and systems, and an organisation that instils pride amongst its staff and stakeholders.</p> <p>The strategy is aligned with the key priorities and that of DAERA and the NI Executive's draft Programme for Government. It is therefore aligned to the Department's Strategy to 2050 and delivery of DAERA's Vision of 'Sustainability at the heart of a living, working, active landscape, valued by everyone.'</p> <p>As such, AFBI's purpose which is to deliver trusted, independent research, statutory &amp; surveillance science, and expert advice that addresses local and global challenges, informs government policy and industry decision making, and underpins a sustainable agri-food industry and the natural and marine environments, provide a focus for this contribution.</p> <p>The corporate strategy, in alignment with the as yet unreleased Science Strategy provide a strong platform for AFBI's ambitions and role in the R&amp;D landscape.</p>
<p><b>Assess Impact:</b> To develop appropriate PSRE performance measures relevant for AFBI's role and assess the performance of AFBI with respect to its mission.</p>	<p>AFBI's impact to date can be measured through its own impact statement. These have not been externally verified and therefore are subjective.</p> <p>Key impacts cited include (01.01.2018-31.12.2023);</p> <ul style="list-style-type: none"> <li>• 2,341 Knowledge transfer events</li> </ul>

	<ul style="list-style-type: none"> <li>• 778 publications</li> <li>• 670 publications with at least one citation</li> <li>• 8410 total citations</li> </ul> <p>The work of AFBI can be measured in terms of its partnerships (as identified in previous sections); its collaborations and its contribution to wider PfG and DAERA work.</p> <p>Furthermore, the organisation has been very successful in maximising non-GIA income as evidence by the current ~£25M level of external income.</p> <p>However, the work, focus and outputs of AFBI are underpinned by a strategic direction of AFBI over the period 2023-2027 which is focused on the delivery of 5 Strategic Priorities. One of these key priorities relates to:</p> <p>Leading improvements in the agri-food industry to enhance its sustainability. Through scientific innovation, investigation and development of novel strategies and tools AFBI will improve the economic performance, environmental sustainability and resilience of agri-food systems.</p> <ul style="list-style-type: none"> <li>- KPI 1: Complete 10 research projects focused on reducing environmental impact and optimising economic value</li> <li>- KPI 2: Secure 8 research projects to advance scientific knowledge for sustainability.</li> </ul> <p>We have identified the following contributions (based on 2022/2023 outputs)</p> <ul style="list-style-type: none"> <li>• 94.4% achievement rate across all delivery lines in AWP</li> <li>• 391 stakeholder meetings and 23 reference laboratory meetings attended</li> <li>• 21 advice articles published, 43 conferences/workshops, and 44 seminars delivered.</li> <li>• 52 peer-reviewed papers published.</li> </ul>
<p><b>Assess additional value:</b> To identify the wider value created by AFBI beyond its core functions (for example, skill development, resilience and infrastructure, operational standards).</p>	<p>The additional value presented and delivered by AFBI ranges across a wide number of themes including (but not limited to):</p> <ul style="list-style-type: none"> <li>• the capacity and capability of scientific knowledge within the one organisation and its ability to leverage support, collaboration and input across wide range of inter and intra governmental priorities and non-governmental research and policy development.</li> </ul>

	<ul style="list-style-type: none"> <li>• the reach of AFBI’s institutional infrastructure – housing the whole cycle of diagnostics, testing, surveillance, monitoring, reporting, research, development and policy development.</li> <li>• the capacity of the organisation (and its resources) to support across a broad remit of research subjects including; animal and plant health; sustainability; climate action; biodiversity; marine studies.</li> </ul> <p>Furthermore, through its corporate strategy Strategic Priority 4 Enhancing AFBI’s Science Quality and Impact, the organisation is committed to strengthening that impact and reach through:</p> <ul style="list-style-type: none"> <li>- KPI 8: Implement Year 1 of the AFBI Science Strategy action plan to 2030.</li> <li>- KPI 9: Achieve a score of 2500 for scientific outputs and impact.</li> <li>- KPI 10: Establish a Science Advisory Panel.</li> <li>- KPI 11: Apply for eligibility for UK Research and Innovation funding.</li> </ul> <p>In pursuit of supporting the organisational infrastructure meet the current and future state challenges, Strategic Priority 5 Enabling World-Leading Science Through Excellence in People, Places, and Technology sets out a number of key targets for the organisation including:</p> <ul style="list-style-type: none"> <li>- KPI 12: Conduct a staff engagement survey and develop an updated action plan.</li> <li>- KPI 13: Develop a new people strategy.</li> <li>- KPI 14: Obtain approval for a new Finance &amp; Business Management System.</li> <li>- KPI 15: Achieve budget expenditure within 99% to 100% of the final budget for 2024/25.</li> </ul> <p>These objectives, if achieved, will continue to embed stronger platforms from which AFBI can pursue and develop its R&amp;D ambitions.</p>
<p><b>Assess further opportunity:</b> To think critically about how AFBI can be better utilised by the department and across government.</p>	<p>Ultimately, a PSRE should generate public value where the capabilities, expertise and assets it holds, and the activities it performs, mean that it plays a unique or distinctive role in policy/regulatory, science or economic/innovation systems. This public value may manifest itself by supporting the missions (goals, priorities, operations and service delivery) of the sponsor or other departments or may accrue to the wider science and economic/innovation systems.</p>

	<p>AFBI clearly plays a central role in the science led policy development and implementation within DAERA and there are indications (as identified in previous sections of the report) of further evolving relationships with other statutory and government agencies.</p> <p>If we are to truly embrace the challenges of climate change, sustainability and biodiversity, then the capability, capacity, resources and research of AFBI needs to be further integrated into the wider pan-governmental approach in addressing these systemic, societal and global challenges.</p> <p>Within a Northern Ireland context, the NI Diamond model has been proposed and the progression of that model appears stalled. This model (funded and directed at a pan government level) creates the opportunity for AFBI and other agencies to work together in a multi-agency and cross collaborative approach to address the issues our planet faces. AFBI has a role in this future and its research should be a fundamental pillar of that work.</p>
<p><b>Assessment</b></p>	<p><b>AFBI has clearly made progress against all the quadrants of the PSRE Evaluation Framework, it operates as a Research Institute and is involved in collaborative arrangements in funding programmes under UKRI. The organisation is well placed for future PSRE eligibility (for funding), however key decisions on the future form and function should be made in advance of pursuit of that status.</b></p>

Table 13: AFBI's progress against quadrants

## 9. Current State Assessment

### 9.1. Introduction and summary of findings

This review has taken the form of a Tailored Review, as set out by Cabinet Office guidance and has considered the efficacy, accountability, governance and efficiency of AFBI. The review has also considered the organisation's PSRE status, and its ambitions as regards the further development of its R&D programme.

The current state assessment has therefore identified a range of key assurances for DAERA, AFBI and wider stakeholders as regards the form, function and delivery of AFBI services. The review has highlighted and recognises the contribution AFBI makes to DAERA policy and strategic objectives and wider PfG priorities as well as the economic benefits of the organisation (though these are less tangible). Fundamentally we have tried to collate our current state assessment and would bring forward the following key points as matters to shape/inform the future state development of the organisation.

- AFBI has a monopoly in some areas of agricultural research, but the department has increasingly turned to alternative providers like universities for more competitive and cost-effective solutions where relevance and quality are also key factors. Furthermore, there is a perception that competition would improve service quality and reduce costs.
- There is an ongoing shift in public sector delivery models, moving from a "money to recover" to a "money to deliver" approach. This would involve clearer resource allocation, strategic direction, and funding mechanisms, enabling AFBI to respond effectively to urgent issues like water quality, air quality, and climate change.
- While AFBI has strong relationships with government departments, particularly DAERA, there is an opportunity to strengthen these partnerships further. A more integrated approach would allow for better prioritisation of tasks and faster responses to pressing issues.
- AFBI also faces conflicts between supporting agricultural interests and addressing environmental concerns. It must play a role in providing objective, science-based evidence to navigate these challenges effectively.
- AFBI's primary strategic priority is to support the work of the department and the Minister. However, there are differing views within AFBI regarding its broader strategy. While AFBI aims to provide world-class services, some stakeholders within the organisation have a slightly different perspective on its strategic direction
- Communication issues exist primarily at the senior level, despite adequate engagement at the operational level across different parts of the organisation. It appears the root of this tension is linked

to personal relationships and fundamental differences in opinion and outlook on science transformation and new approaches to commissioning.

- Senior AFBI officials appear resistant to changes that might introduce more competition or reduce AFBI's role – they interpret changes to commissioning akin to an 'existential' risk to the organisation.
- Recent attempts to engage and communicate have not been effective. For instance, AFBI often comes to meetings with pre-prepared statements, indicating a defensive stance. This approach has been viewed negatively by some within the department, further straining relations
- An existing Partnership Agreement and engagement plan is in place, but it has not been effectively implemented, possibly due to a high turnover of senior sponsors in recent years.
- While the legislation delineates AFBI's allowed activities, ambiguity remains around the term "assign," which is interpreted differently by AFBI and DAERA. DAERA views it as commissioning work, whereas AFBI sees it as a collaborative decision-making process. There are fundamental differences in opinion on the interpretation of the act, the discharge of duties, the definition of partnership and the balance of power/direction.
- It is our sense that ongoing changes related to the Science Transformation Programme are evolving towards categorising the type of work and, in some cases, requiring a procurement process. From an AFBI perspective, could this shift be seen as a potential risk, increasing the workload and perhaps causing concern within AFBI, as it may affect their partnerships and efficiency?
- There is a strong desire for AFBI to be seen as a state-of-the-art, high-functioning organisation that staff and stakeholders can be proud of. Current sentiment focuses on issues such as building maintenance and resourcing challenges, but these are acknowledged as part of managing a large organisation
- There is significant potential for AFBI to make valuable contributions in climate and the environmental space, but this potential is limited by a belief that the Institute is not sufficiently visible or actively engaging in these areas.
- AFBI needs to better define its role and reposition itself more strategically as the operating environment has changed and will continue to change. The Department is not solely reliant on AFBI's services, as it is increasingly engaging with other institutions like Queen's University Belfast (QUB), Ulster University (UU), and University College Dublin (UCD), which some stakeholders view as more innovative and forward-thinking.
- There are many opportunities for AFBI to lead in the R&D sector, particularly in critical areas like agriculture and environmental sustainability. However, the current leadership appears to lack the strategic focus and alignment needed to effectively support the Department's goals and the broader

priorities outlined in the Programme for Government (PfG). For example, the significant role agriculture plays in climate change -29% of emissions are linked to this sector. Could AFBI take a more active and visible role in tackling these pressing challenges, but at present, it is falling short and not fully engaging in this space where its expertise is most needed, they are not involved in conversations. If left unchecked there are concerns that AFBI's credibility will diminish over time, and that they will be left behind.

- Although AFBI is visible in the agricultural sector, its visibility in the environmental sector is not matched, noting that they are not at the table during important environmental discussions. Stakeholder concern that since agriculture and the environment are deeply intertwined with sustainability, AFBI needs to carve out its space in this area. If they fail to do so, they could be left behind.
- Of note though, AFBI has requested to be kept more informed about key policy decisions, highlighting this as an area for improvement that could potentially enhance the relationship between the two organisations.
- Feedback from within AFBI suggest that culturally the organisation is 'behind the curve'. The organisation is populated by many people who have been in AFBI a long time and are very wedded to how they work.
- Is there a peculiar tension between the two arms of AFBI's work, where the agricultural element tends to be more research based while the food and bioscience elements include both statutory and research activities, albeit the balance varies across different areas.
- There are tensions in the role of AFBI and its place in the world. It is unclear to the scientific community within AFBI whether their scientific work impacts on or relates to merely scientific testing; contribution to wider NI economy; academic research; or informing and influencing policy or to be the independent provider of scientific advice to DAERA.
- Apparent lack of direct discussion between the Minister and AFBI regarding scientific inquiries, with questions primarily directed to scientists within DAERA. As a result, messages being communicated to the Minister are one-sided, does this result in AFBI's scientific voice being muted?
- The dynamics, culture, and communication between AFBI and DAERA, largely hinge on individual relationships and personalities. There is clearly a need for a collective focus on shared objectives, as everyone involved should be working toward a common goal.
- The relationship between the Department's priorities and AFBI outputs is interesting as feedback suggest that policy sets the science, rather than science leading the debate, creating the conversation and setting or establishing/refining the policy does this dilute the integrity of the science offer and reinforce the point that DAERA is not clear on what it wants from AFBI.

- Underlying frustration that due to a range of legacy views, personality issues, funding constraints and lack of vision, that AFBI is not playing its fullest part nor contributing to the extent it could in significant NI challenges.
- This results in a SWOT analysis of AFBI (in the table below) which summarises some of the key points raised throughout the review and current state assessment but importantly presents future state opportunities.

Strengths	Weaknesses
<b>Diversified Funding</b> - Access to public, private, and philanthropic funding increases financial sustainability.	<b>Potential Loss of Focus</b> - Multiple objectives (research, education, consultancy) may reduce focus on core research.
<b>Innovation and Collaboration</b> - Strong ties with industry, universities, and international partners could enhance research impact and relevance.	<b>Operational Complexity</b> - Managing diverse funding sources and partnerships increases operational complexity.
<b>Independence with Accountability</b> - A balanced structure (e.g., NDPB, Public Corporation) maintains operational flexibility while ensuring accountability to the government.	<b>Bureaucratic Oversight</b> - Depending on the model, government involvement might limit operational flexibility.
<b>Talent Pipeline</b> - University-affiliated models offer access to a steady stream of academic talent and expertise.	<b>Government Dependence</b> - Heavy reliance on government funding may limit AFBI's independence and long-term sustainability.
Opportunities	Threats
<b>Broader Impact</b> - Hybrid models (e.g., SRUC, Teagasc) can enhance AFBI's impact by combining research, education, and practical services.	<b>Loss of Influence</b> - Public-private partnerships may risk prioritising industry needs over broader public goals.  Furthermore, a failure to work with DAERA on new approaches to commissioning etc jeopardises future operating models.
<b>International Collaborations</b> - Models with strong international ties (e.g., Wageningen, INRAE) position AFBI to become a leader in global agricultural research.	<b>Mission Drift</b> - In non-profit or commercial models, there is a risk that financial pressures could shift the organisation's focus away from its public mission.
<b>Enhanced Policy Alignment</b> - Direct government ties (e.g., Teagasc, INRAE) ensure alignment with national agricultural and rural development priorities.	<b>Financial Sustainability Risks</b> - Over-reliance on specific funding streams could compromise long-term sustainability.
<b>Opportunities for Specialisation</b> – AFBI has a unique opportunity to focus on key strengths, such as animal health.	<b>Failure to adapt</b> – in a changed world, old models don't fit the new operating environment, AFBI needs to adapt.

Table 14: SWOT Assessment

## 10. Recommendations

### 10.1. Introduction and a future state AFBI

The purpose of this review is to provide assurance to the Department that AFBI discharges its primary functions in an effective and efficient manner and that there is in place a robust system of stewardship of the organisation; sound governance, planning, performance management, reporting, financial decision making, direction setting and leadership. We are able to provide such an assurance - albeit with some caveats.

This review has identified that in the past two - three years the organisation has made progress in creating frameworks to provide improved oversight and governance across the organisation and that as a result decision making has improved, albeit with more improvements to make; there are improved internal systems in place; improved relationships with sponsor management and broadly AFBI continues to meet expectations.

However, where there is less certainty and clarity lies in how AFBI sits in its landscape, the nature of the relationship between DAERA and AFBI, the commissioning of work, the tensions in the suite of activities undertaken by AFBI.

AFBI is populated by hugely committed and talented individuals, many of whom have worked in the Institute for many years – they have provided years of services to their areas of expertise and specialism. However, the organisation is not evolving at the pace and rate that society is evolving and is not positioning itself with agility nor solution focused approach that organisations need to do in this era of increasing complexity, challenges and ongoing disruption and change.

AFBI as an organisation can be obsessed with its own science, with its legacy and history and this can be a detriment, creating an inward focus and not sufficient external focus – at a time when we need our public bodies facing up and guiding the citizen through enormous change and challenge. AFBI can be too obsessed with the ‘process’ and needs to become more responsive to the needs of stakeholders. DAERA for its part needs to be better at communicating what it wants from AFBI and create less ‘process’.

Fundamentally though one of the most challenging aspects that this review has identified is that the problems we have found are inherent in the systems, processes and culture of how AFBI and DAERA view each other. They are interdependent and mutually reinforcing – and therefore they demand equally interlinked solutions. This ultimately reverts to working culture and there is an urgent need for both organisations to invest in developing relationships which are responsive to their needs and can enable the transformation in service delivery which is required.

AFBI is a hugely beneficial asset to NI plc, but in its current form, we have to ask is it reaching its fullest potential? and our review has considered whether this rests with the form/function of the organisation and how it is designed/managed or is it more akin to the relationships/communication and management of expectations between DAERA and AFBI that is actually the issue.

It is our assessment that it is a combination of both;

- In its current form, AFBI's span of focus covers multiple areas including animal health, sustainable livestock, crops, environmental protection, fisheries and aquatic sciences, food safety, laboratory diagnostics and more. Additional responsibilities can include delivering field sampling, laboratory testing and associated analysis and research on DAERA-led schemes such as the Soil Nutrient Health Scheme. This raises questions as to whether AFBI's broad objectives can realistically be achieved within the confines of one organisation and the alignment of broadening role, delivery functions and how this aligns to the core mission.
- There is not a cohesive nor collective view of AFBI, its role and purpose as this differs dependent upon the constituency being interviewed.
- This is underpinned by a lack of agreed position within DAERA on what it is that they want AFBI to do on its behalf (beyond the statutory requirements). DAERA and AFBI stakeholders both indicate that the commissioning approach through the AWP is not effective and therein lies tension between DAERA being unclear what it is commissioning at a strategic and policy level and how this is then delivered through AFBI. There is a lack of corporate or centralised commissioning within DAERA to provide oversight of the AWP. AWP by all accounts is highly bureaucratic, resource intensive, hugely inefficient and highlights a central theme of a lack of strategic approach to the scientific needs of DAERA. We do understand though that new approaches to science commissioning and the Science Transformation Programme are underway.
- Underpinning these questions on the form and function of AFBI are recurring questions on the cost of the science and laboratory testing and does AFBI represent a good use of public money. Feedback suggests that the organisation is excellent in some activities, but not in all activities.

Ultimately what this leads to is a concern that the organisation is neither a research institute nor a scientific testing laboratory type organisation – it is a hybrid and due to the form/function/funding model/guidance provided by DAERA, it is constrained and neither partner may in fact be getting the best value from the organisation delivery model. This concern is underpinned by recurring feedback from external stakeholders which suggests and is confirmed by our own observations, that the high levels of micro-management by DAERA of AFBI and the multiple layers of bureaucracy and administration and oversight has resulted in AFBI leadership and management focused, not necessarily on the science but on bureaucracy – constrained as it is by the current relationships, delivery model and approach.

## 10.2. Future State AFBI

It is not clear which of the following can describe AFBI:

- Is AFBI an ALB of DAERA providing statutory testing etc to ensure compliance with legislation?

- Is AFBI a Scientific Advisor to DAERA and wider NI plc?
- Is AFBI a Scientific Research organisation?

As a consequence, the organisation is being pulled in different directions and being undermined by a lack of vision, direction and leadership

- There seems to be a gap between issues Northern Ireland is facing as a society – climate emergency, sustainability, biodiversity etc and AFBI's role in these challenges.
- There are tensions in the model between AFBI's scientific contribution as a research body and as a diagnostic laboratory providing 'services' to the Department.
- If AFBI focuses on research and income diversification, does that dilute further the relationship with DAERA and provide DAERA with the excuse to start reducing the AWP and the funding (so that through the new Science Transformation strategy, DAERA can pursue other organisations to carry out its work)?
- Can AFBI become a smaller more discrete organisation which would allow it to become more focused on core services/activities and propel itself with a refreshed vision and delivery model?

### 10.3. Options Development

Appendix One contains our assessment of AFBI against Cabinet Office 'Three Test' criteria and the delivery options checklist. In this assessment, we affirm the continuing need for an AFBI like organisation, but that consideration should be given to the merger or re-imagining of AFBI in another form.

In considering the current state organisation, the current constraints and drivers which have resulted in the effectiveness of the current model, we have reflected on the future state requirements of DAERA in terms of the provision of science led services and the fulfilment of its statutory responsibilities and how a future state AFBI may support those objectives. In the following table we set out options which we believe may meet DAERA's policy, strategic, operational and scientific objectives and needs in the short and longer terms.

There are a number of options and roadmaps open to a future state AFBI, each presenting a future state AFBI with a range of opportunities and challenges, but which identify and unlock current constraints and in so doing, provide a platform for a refreshed approach to the delivery of science services in Northern Ireland. There is a unique opportunity to do things differently, to embrace the changed and changing world and to build upon the significant successes of the current AFBI model (despite its constraints) and lean into a highly volatile and complex operating environment. Importantly there are opportunities to provide refreshed platforms to link in and integrate more various disciplines and services into 'one health' approaches to the systemic issues identified throughout this review. Any of the models presented below can (in their subsequent delivery model) adopt and evolve new and adopt a whole systems approach to animal health for example through a much more outward focused approach to integration of data, information, resources and solutions.

For this reason, we have identified options which fundamentally re-shape a future state AFBI – a purely diagnostic centre; a split of the research arm to create a new standalone institute (this could be built in various guises); or even remodelling AFBI to a purely animal health centre/research institute to build upon that strong brand for which AFBI is well known. There are a range of possibilities, each will require significant investment, leadership, resilience, courage but above all – vision and an acceptance that the current model does not meet evolving needs and therefore must change. Many organisations do not get the opportunity to change in such a transformative way – this is a unique opportunity which poses undoubted challenges, but equally presents untold opportunities and reward.

Option	Description	Potential Advantages	Potential Disadvantages
<p><b><u>Model 1 - Stay Same</u></b></p>	<p>a. DAERA has statutory responsibilities as regards its responsibility for the environment, farming, certain aspects of food, marine and fisheries, forestry and sustainability policy and regulation and the development of the rural sector in Northern Ireland. Through the AWP Scientific Services Programme, AFBI provides scientific testing, monitoring, and diagnostics. AFBI also provides advice and information on relevant scientific issues.</p> <p>b. AFBI also provides</p> <p>a. DAERA Directed AFBI Research Work Programme (DDARWP) - This component complements the Scientific Services Programme by detailing DAERA's specific Research and Development requirements for each Financial Year.</p> <p>b. Emergency Response: AFBI is responsible for providing rapid and effective emergency responses to protect key sectors such as animal and plant health, the food chain, fisheries, and the environment from threats like disease or contamination.</p>	<ul style="list-style-type: none"> <li>- This is a well-established relationship based on the founding legislation.</li> <li>- An established MoU and Partnership Agreement exists between DAERA and AFBI.</li> <li>- AFBI provides a 'one stop' shop for DAERA scientific services.</li> <li>- DAERA current investment in AFBI and DAERA animal testing estate is unaffected.</li> </ul>	<ul style="list-style-type: none"> <li>- The review has highlighted issues around the quality of the relationships; the effectiveness of the Partnership Agreement; tensions in the scoping and delivery of work.</li> <li>- The effectiveness of the commissioning, monitoring and reporting of the AWP.</li> <li>- The cost effectiveness of AWP.</li> <li>- The lack of corporate commissioning model in DAERA.</li> <li>- Lack of strategic direction provided by DAERA on priorities.</li> <li>- AFBI views Science Transformation Programme and new approach to Science Commissioning as dilution of the Partnership Agreement.</li> </ul>
<p><b><u>Model 2 – Split AFBI</u></b></p>	<p>This model assumes the splitting of AFBI into two distinct and separate organisations.</p> <p>a. AFBI Diagnostic Centre which would focus exclusively on:</p> <p>a. the testing, monitoring and diagnostic element of the current AWP programme of work.</p> <p>b. Emergency Response work.</p> <p>b. AFBI Research and Innovation Institute which would house all AFBI R&amp;D services and act as an independent and commercially funded research institute specialising in key sectors/subjects where capacity and capability can be built and identified to</p>	<ul style="list-style-type: none"> <li>- In creating a publicly funded diagnostic centre DAERA continues to be able to have access to a local and fully scaled Diagnostic and Testing Centre which will support DAERA meet its statutory obligations.</li> <li>- The new Diagnostic Centre will require a re-configuration from the current operational delivery model and therefore present opportunities to drive increased improvement and cost effectiveness by radically reviewing the cost structures and resourcing of the Diagnostic Centre.</li> </ul>	<ul style="list-style-type: none"> <li>- The most significant disadvantage to this model is that the organisation in its current form is split becoming two separate and distinct organisations.</li> <li>- There is a need for a refresh of existing MoU and Partnership Agreements to ensure these meet current and future needs and address current state assessment issues.</li> <li>- An assessment of demand would need to be carried out to understand the new Diagnostic Centre capacity and resourcing requirements and the full financial model</li> </ul>

	<p>support the wider objectives and challenges facing NI and wider global society. The primary focus of the new Institute would be to act as an independent self-funding organisation.</p> <p>a. If this option were to be considered we would anticipate that the establishment of an independent and fully self-financing institute may take a number of years to establish and therefore would propose that in considering this model, that the Research Institute would initially be created as a DAERA ALB and be in receipt or access/compete for public funding (which would reduce over a 7-10 year period). This would allow the organisation to establish itself, continue to provide scientific research services to DAERA (though with a different relationship, Partnership Agreement and MoU etc), however in the longer term it becomes an independent and self-financing commercial venture.</p>	<ul style="list-style-type: none"> <li>- This Centre will be able to provide DAERA with Emergency Response work to fulfil its statutory requirements.</li> <li>- A new MoU will provide a new approach to commissioning and delivery of work (including a new Strategic Cost Model).</li> <li>- The creation of a new independent Research Institute would provide the R&amp;D facility within the legacy AFBI with the freedom and independence to pursue commercial and income generating opportunities currently denied to the organisation (through its status as an ALB).</li> <li>- The new independent research institute can forge with new partnership, income diversification strategies, capability and capacity building to build a centre of world class innovation to meet global challenges and not be constrained through the current model.</li> <li>- However, if a 'tiered' governance and funding model is adopted for the initial 5-7-10 years (as a DAERA ALB for example), this provides a stable platform to establish and develop.</li> </ul>	<p>addressing efficiencies and any surplus resourcing</p> <ul style="list-style-type: none"> <li>- The creation of a new Institute whilst presenting significant opportunities nonetheless present challenges in terms of scalability of research interests; the form and function of the institute; the governance and commercial model; the resourcing as well as an urgent need to secure funding quickly.</li> <li>- The Department and the new Institute would have to agree a new Partnership Agreement and MoU etc to set the basis for any arrangement where public funding is used to support the early years of the Institute and all the governance arrangements of an ALB would need to be put in place, which would require additional resource and effort by DAERA.</li> </ul>
<p><b><u>Model 3- Split AFBI version 2</u></b></p>	<p>As per model 2 however in this version, the model assumes:</p> <p>a. AFBI Diagnostic Centre which would focus exclusively on:</p> <ul style="list-style-type: none"> <li>a. the testing, monitoring and diagnostic element of the current AWP programme of work.</li> <li>b. Emergency Response work.</li> </ul> <p>b. AFBI Research and Innovation Institute would merge with another existing Institute or Research Centre such as Queen's University or University of Ulster to create a powerhouse research institute in Northern Ireland.</p>	<ul style="list-style-type: none"> <li>- The advantages of the Diagnostic Centre for this model are as per Model 2.</li> <li>- In terms of the advantages of creating a merged Research Institute with either QUB or UU, there are advantages to such as model including: <ul style="list-style-type: none"> <li>o Creating a 'super' research centre in Northern Ireland which will add capability, capacity and kudos to the wider NI plc offer in these fields and by doing so support</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- The disadvantages for the Diagnostic Centre for this model are as per Model 1.</li> <li>- In terms of disadvantages of merging AFBI R&amp;D capability with another Institute: <ul style="list-style-type: none"> <li>o There are risks in duplication of current research opportunities and therefore legacy AFBI could lose talent or capability and not all resource transfer into a new body</li> <li>o There are governance, management and delivery risks associated with the integration of a legacy organisation which has</li> </ul> </li> </ul>

	<p>c. This is a model that many in the scientific research community would be familiar with, and a recent example includes the Roslin Institute in Scotland (where Dolly the Sheep was cloned), which was an animal health research institute, which is now part of the University of Edinburgh.</p>	<p>the attractiveness of the new organisation to identify and secure additional and new sources of income.</p> <ul style="list-style-type: none"> <li>o Creates synergy and alignment between existing players in this space by creating fullest synergy in research outputs and research capacity. This potential merger would create synergy and alignment rather than self-interest and competition; underpin DAERA's approach to scientific excellence; is the natural next step of the current partnership models.</li> <li>o Furthermore, there is an opportunity to realise significant efficiencies as either QUB or UU would have significant corporate and back office support functions in place, so the merger or integration would be primarily focusing on research capability and opportunities exist to either re-deploy or remove surplus resourcing.</li> </ul>	<p>its own values, culture, identity and ways of working.</p>
<p><b><u>Model 4 – AFBI Diagnostic Centre (no research services)</u></b></p>	<p>In this model, AFBI would retain its diagnostic and testing services as well as its Emergency Response capability, but all other research functions and activities would be removed from the organisation. In this model, AFBI would not be a research organisation and would therefore not be involved in the pursuit of research activities. For DAERA's perspective, the procurement of scientific research would be achieved through an expansion of the evolving Science Commissioning model and DAERA would</p>	<ul style="list-style-type: none"> <li>- This model presents the opportunity for DAERA to continue to have a publicly funded and accessible testing and diagnostic centre which support it discharge its statutory responsibilities.</li> <li>- The option redefines AFBI as a diagnostic centre only and therefore provides clarity and definition on its purpose, role, functions and presumably cost and how services are</li> </ul>	<ul style="list-style-type: none"> <li>- It is recognised that this proposal does present challenges in terms of the potential re-scaling of AFBI, as per previous options.</li> <li>- From a DAERA perspective there would be considerable hurdles in a new governance regime for the commissioning and procurement of all other services (out of AFBI's scope).</li> <li>- For DAERA there is a challenge in sourcing suppliers and providers to service DAERA</li> </ul>

	<p>pursue research procurement options as it would for any other service or activity, using the free market to procure and contract research services.</p> <p>It would be expected that this option would require considerable descaling of the current AFBI model. However conversely it would require DAERA to considerably upscale its commissioning and management of the procurement and management of other scientific services and research.</p>	<p>commissioned i.e. through a more effective or refreshed AWP or similar programme.</p> <ul style="list-style-type: none"> <li>- With AFBI as a purely Diagnostic Centre, DAERA has the opportunity to expand its Science Transformation Programme and the Science Commissioning approach to a new scale to encompass all scientific research.</li> <li>- The existing Partnership Agreement with AFBI would have to be revised to remove research, and therefore DAERA could create a new approach to the commissioning and procurement of scientific research across core areas of environment, climate, sustainability, plant health, water, air etc..</li> <li>- There are opportunities for efficiency and driving process and system improvement through integration, better shared data and data and information management leading to better decision making.</li> </ul>	<p>needs. AFBI provided a one stop shop for many DAERA services, if AFBI was a purely diagnostic centre and not providing research, DAERA's ability to identify and supply its own scientific service needs would require a refresh and significant extension of the current approach.</p>
<p><b><u>Model 5 – AFBI Animal Health Organisation only</u></b></p>	<p>There is an opportunity to re-imagine AFBI in a different form with a scaled back version of the present organisation to become an Animal Health organisation only.</p> <p>This organisation would have all the functions of the current AFBI organisation – testing, diagnostics, emergency response and research – but focused only on the animal health aspect of current provision.</p> <p>There is an argument, borne out by internal and external stakeholder feedback that AFBI is not maximising its contribution on all aspects of its current brief. When the review team reflect on the core societal issues facing Northern Ireland and the current Ministerial priorities, whilst there is alignment with the work of AFBI to these, there is nonetheless (based on stakeholder feedback) that AFBI is not as focused on the</p>	<ul style="list-style-type: none"> <li>- This model presents AFBI with the opportunity to define itself as a specialist organisation with a focus on animal health. Feedback suggests that the organisation has too many activities under its remit and is constrained by resourcing challenges and ability to scale up to meet fluctuating demands. Furthermore, feedback suggests the organisation is more effective and visible in the animal health space than it is in the environmental, climate, bi-diversity space etc.</li> <li>- A re-defined animal health focus allows AFBI to continue to provide both</li> </ul>	<ul style="list-style-type: none"> <li>- There are disadvantages (and probably initial costs) to the split of AFBI functions to realise this model. However, it is our understanding that the bulk of AFBI's work revolves around animal health and associated activities and therefore a new model will retain the core of AFBI's existing expertise, experience and resourcing.</li> <li>- There are disadvantages for DAERA in that AFBI is no longer a one stop shop, however this situation has been evolving for a period now and DAERA is increasingly turning to other suppliers for scientific services.</li> </ul>

	<p>climate, biodiversity, sustainability and wider environment (carbon emission etc) that it potentially should and could be. There is an argument that AFBI is particularly strong and visible in the animal health sector and therefore a potential model for a refreshed AFBI – probably renamed Animal Health Institute – to focus exclusively on animal testing, health, testing, emergency response as well as the alignment of animal health to wider society health and how this interacts with other agencies charged with public and human health.</p> <p>The remaining current brief of AFBI would need to be either re-distributed or a new ALB created which is focused exclusively on the Environment. Notwithstanding the recently announced Ministerial review of governance in the environment, in the absence of AFBI in this space, there is a need for DAERA to scale up either existing functions or create a new body to deliver activities and functions around climate change, environmental policies, maritime, water, air, carbon emission etc to replace the gap left by a defunct AFBI.</p>	<p>diagnostic testing, monitoring and surveillance but also allows the organisation to continue in its pursuit of research in these domains – an area of particular strength.</p> <ul style="list-style-type: none"> <li>- This model would also retain the linkages between diagnostic testing and research.</li> <li>- From a DAERA perspective, there is an opportunity to have an ALB with a dedicated and sole focus on animal health and this can build on the strong foundations developed through the current AFBI form.</li> <li>- However, DAERA also has the opportunity to re-configure the other core and priority services that it requires (as identified through this report) and create a new delivery body with an exclusive focus on these matters thus bringing new insight, thinking, science and assurance on these critical matters.</li> </ul>	<ul style="list-style-type: none"> <li>- DAERA would have to establish and scale up another ALB or equivalent to house the core services around climate, water, carbon emissions, biodiversity etc that a new AFBI would not be fulfilling, and this will require investment, effort and resource.</li> </ul>
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#### 10.4. Discussion

It is our understanding that the health of people, animals, and the environment is interconnected, and any action in one of them affects all of them. One of the major lessons that the pandemic caused by SARS-CoV-2 has taught us is the vital importance of understanding human health, animal health, and the environment as an inseparable whole.

Furthermore, to understand the relationship between human health, animal health, and the environment, the World Organisation for Animal Health points out that humans and livestock are more likely to interact with wild animals when more than 25% of the original forest cover is lost, increasing the likelihood of disease transmission. Currently, human activity has severely altered 75% of terrestrial environments and 66% of marine environments.

The observed scenario calls for a "One Health" approach to address these challenges and multiple cross-cutting issues, such as antibiotic resistance, food security, environmental protection, climate change, or the fragility of healthcare infrastructure, among others. Solutions to these problems require new multisectoral and multidisciplinary perspectives, centred around the cornerstone that is the "One Health" concept.

We understand that there is increasing traction to address the challenges that One Health approaches present and that in a 'reset' post Covid-19 world, we now have an unprecedented opportunity to strengthen collaboration and policies across these many areas and reduce the risk of future pandemics and epidemics while also addressing the ongoing burden of endemic and non-communicable diseases. We understand therefore that surveillance that monitors risks and helps identify patterns across these many areas is needed. In addition, new research should integrate the impact of these different fields, particularly on the drivers that lead to crises.

It is our understanding that 'One Health' is an integrated, unifying approach that aims to sustainably balance and optimise the health of people, animals and ecosystems. It recognises that the health of humans, domestic and wild animals, plants, and the wider environment (including ecosystems) are closely linked and interdependent.

While health, food, water, energy and environment are all wider topics with sector-specific concerns, the collaboration across sectors and disciplines contributes to protect health, address health challenges such as the emergence of infectious diseases, antimicrobial resistance, and food safety and promote the health and integrity of our ecosystems.

By linking humans, animals and the environment, One Health can help to address the full spectrum of disease control – from prevention to detection, preparedness, response and management – and contribute to global health security.

The approach can be applied at the community, subnational, national, regional and global levels, and relies on shared and effective governance, communication, collaboration and coordination. Furthermore, having the One

Health approach in place makes it easier for people to better understand the co-benefits, risks, trade-offs and opportunities to advance equitable and holistic solutions<sup>71</sup>.

This provides a powerful context and platform for the refreshed and re-vitalised AFBI (in whatever future state form), as the societal, health and policy need is well established. The future state AFBI therefore needs to address these issues around how to connect and share information; how to monitor and provide surveillance and adopt a cross-agency approach to the use of that data; to support and initiate and lead standardised approaches to the assessment of risk and how these are managed successfully.

This ideal requires a fresh start, courage and imagination. It is our hope that this review will provide the platform to commence that conversation.

## 10.5. Additional Recommendations

In addition to our structural recommendations above, whilst we are conscious that the form and function of a future state AFBI may change, there are nonetheless some other key areas that require attention, and we bring forward some recommendations for consideration.

### **Recommendation One – Assurance to lengthen the length of the arm**

It is our view that relationships need to be underpinned by a systematic approach to assurance. We believe that there are two broad aspects of assurance which AFBI and DAERA need to address.

- an assurance that AFBI is performing satisfactorily against the objectives, targets and performance measures agreed by Ministers – the ‘controllability’ dimension of accountability and the starting point for ‘controllability’ is establishing what success looks like for AFBI.
- secondly, an assurance that the body is meeting the requirements of legislation and guidance – the ‘transparency’ and ‘responsibility’ dimensions of accountability.

The recommendation follows that AFBI should continue to develop and embed its approach to governance, reporting and performance. This will continue to build confidence in DAERA that AFBI’s performance and reporting is transparent and there is a sense of being held fully to account. This allows the Accounting Officer in DAERA and others to progress forwards with increased confidence and assurance and therefore the current short arm approach to oversight begins to lengthen and AFBI begins to feel less controlled.

### **Recommendation Two – defining partnership working**

- Accounting Officers should ensure that the current Partnership Agreement between DAERA and AFBI is fully transparent, that roles and responsibilities are as clear as possible, but above all that the wording,

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<sup>71</sup> WHO One Health Fact Sheet October 2023

language and phraseology used in the framework document is accepted and agreed to ensure a shared understanding.

- In the NIAO Code of Practice Partnerships between Departments and Arm's Length Bodies (March 2019), the fifth principle is about engagement and suggests that partnerships work well when relationships between departments and Arm's Length Bodies are open, honest, constructive and based on trust. There is a mutual understanding about each other's objectives and clear expectations about terms of engagement:
  - The Department needs to re-visit its own role and responsibilities as set out in the Partnership Agreement and ensure that it has in place the necessary mechanisms and processes to support and engage with AFBI. This requires DAERA supporting its public appointees; creating and maintaining effective communication channels with identified key AFBI staff; providing guidance and support as well as setting stretch strategic objectives (and monitoring these) for AFBI to strive for a new vista and vision.
  - A stable Sponsor team needs to continue developing the AFBI relationship and adopt a partnership approach to delivery and put in place a framework to develop more effective communication.
  - For its part AFBI must recognise the role and contribution Sponsor team has in AFBI development and holding to account and must work collegiately with the Department in reaching its objectives.

### **Recommendation Three - AWP**

Despite ongoing efforts to address issues identified with the effectiveness of the Assigned Work Programme, progress to date in 'fixing' this process so that DAERA is commissioning services required, these services are centrally commissioned, centrally costed, monitored, reported on and evaluated and procured from AFBI has been slow. The review has identified that the AWP has become a burdensome and cumbersome and all-consuming and ineffective process which neither party appears to derive any satisfaction from. Consequently, we are strongly recommending that in a future state:

- DAERA urgently needs to dedicate time and resources to reviewing the effectiveness of the AWP and review all aspects of how the Department commissions, contracts and monitors these services. The current process is ineffective and needs fundamental change. The underlying philosophy of commissioning has also changed over time within wider public sector with a move away from transactional models and towards greater partnership working. These changes are intended to support the development of more integrated approach and focus on five core areas; assessing needs; setting priorities; planning services; procuring services and monitoring quality. It is incumbent upon DAERA to

refresh the current model and adopt a new approach which reflects needs and is effective, efficient and demonstrates a better understanding of its own science service needs.

#### **Recommendation Four – Demonstrating impact**

- DAERA and AFBI should agree, in line with the Partnership Agreement, more detailed strategic objectives for AFBI that include indicators and timelines for measurement.
- AFBI should strengthen its monitoring and evaluation of its research outputs and impact, through more robust and longer-term impact reporting and a more rigorous approach to sharing evaluations and lessons learned internally and externally. This could include for example, an external peer assessment every five years.

#### **Recommendation Five – Driving effectiveness**

- AFBI should, as a matter of urgency, support ongoing work to draw up a strategic workforce plan, as well as efforts to develop leadership capability (including talent management) across the organisation.
- DAERA and AFBI prioritise IT system enhancements to enable progress against the IT Strategy and improve data usage to inform and drive change.
- The review team recommend that progress is made in the scoping and finalisation of the Strategic Cost Model with full transparency on core costs. Further progress should be made in the funding model for AFBI based on core funding for essential costs and costs for commissioned work.
- Dependent upon the outcome of this review and the progress of an identified and preferred option, the Review of Estates which was finalised and agreed by both DAERA and AFBI in August 2024, will ensure future state AFBI has more control and flexibility in its estate cost, management and development.
- We recommend that AFBI review its Board Committee structure to ensure the current model is appropriate and meets current and anticipated future AFBI needs. We strongly recommend a review of the necessity of the Oversight and Governance Committee and the strengthening of the Organisational Development and Human Resources Committee to ensure a more HR focus (with particular lens on workforce data and metrics).

We believe that by addressing these recommendations, this will lead to short – medium term improvements in the functioning of the relationships between DAERA and AFBI and support other aspects of the relationship including governance, commissioning of work and impact measurement.

## 11. Conclusion

Over the next decade DAERA and its delivery bodies must be sharply focused on growing the rural economy, improving the environment and controlling plant and animal disease. The services of a body such as AFBI is crucial for delivering these priorities.

The scale and nature of the challenges faced by the global environment have changed significantly since both bodies were established. At the same time, the global economic climate has changed dramatically, requiring the Government to do all it can to stimulate sustainable economic growth.

Growing the economy and improving the natural environment are not mutually exclusive; a healthy and productive environment is essential to future prosperity.

AFBI is a large and complex organisations with a wide range of functions and diverse customers and stakeholders. The Review considered all of the bodies' functions in detail, assessing them against the Government's tests for whether an activity was appropriate to be carried out by an NDPB. As part of the process, the Review considered whether there were alternative delivery models or other opportunities for reform.

Throughout the Review, the Review Team have engaged extensively with the full range of stakeholders to ensure that their views were taken into consideration. Opportunities were also provided for stakeholders to offer their views in structured workshops and meetings. The Review Team is grateful to the many organisations and individuals who took time to offer their views, which have been taken into account in the evidence for the Review.

Fundamentally we believe that the time is right for change.

In wider public service, the challenges that organisations are facing, and will continue to face, are unprecedented. The operating environment in which AFBI and its leaders work is complex and requires increasing need for working across departmental, organisational and sectoral boundaries and often relies upon co-production in order to deliver services. As a result, the complexity of these challenges requires adaptive leaders – in other words, those who can deal with uncertainty and ambiguity and are able to tackle issues where there is often no simple management solution. When we refer to leaders, we are not just talking about those senior management cadres but those people throughout the organisation who are responsible for providing services and managing teams. Leaders at all levels will need to be open to different ways of working, including collaboration or co-production, and to focusing on societal outcomes. As a consequence, they will need to mobilise their organisations and resources to make changes real.

There is increasing recognition that public bodies have to demonstrate added value to the public purse. There is a recognition that public sector organisations such as AFBI face many challenges. These arise from the complex activities public sector entities undertake, their many different stakeholders, the need to plan for the longer term, resource scarcity and the wide definition of the value they create.

However, underpinning these challenges is a fundamental accountability to the stakeholder base that the organisation has been set up to serve. Public bodies, such as AFBI are expected to be open and transparent, particularly around how, and by whom, decisions are taken. They are also generally required to demonstrate not just that they use resources efficiently and effectively, but also that they maintain the highest standards of trustworthiness and accountability. They also need to establish effective, efficient and sustainable operations. A further challenge in achieving added value to the public purse is the ability to maintain a longer-term perspective, while delivering in the short term. Many of the responsibilities delegated to AFBI can be judged to be longer term, so there is a need to define and plan the delivery of outcomes carefully and make sure that operations will be sustainable, but it is often difficult to get a sense of sustainability when the underpinning financial model is annualised.

This poses the question of affordability, which is clearly a significant concern to the system and AFBI can appear at times defensive when addressing issues around finance and budget matters. Managing funding is as much about managing expectations and AFBI needs to get better at this and needs to put in place a more effective communication strategy to mitigate against these perceptions. Furthermore, it is our experience that, affordability also determines the ambition of an organisation and influences the organisation's priorities.

In a post financial crisis context, public sector bodies are coping with the ongoing consequences, including making themselves more effective under fiscal pressure. Organisations, such as AFBI need to balance existing commitments while ensuring fiscal sustainability, fairness and landscape awareness. This involves fostering innovation and resolving trade-offs between short-term gain and long-term needs and responsibilities. This also requires AFBI to build trust, by strengthening transparency and accountability, and improving responsiveness to stakeholder needs.

AFBI is undoubtedly a complex and evolving organisation. It has achieved a significant amount since its formation in 2006 and continues to be an important delivery partner of the Department in pursuit of the Ministerial priorities, Government priorities and the Department's strategic objectives. The organisation has developed into a centre of excellence in many of its services – but this is not consistent across the whole organisation and there is a sense that the organisation is not keeping up with the pace and scale of change in our external environment.

The organisation is populated by highly skilled and experienced individuals who appear committed to the scientific objectives of the organisation but feel constrained and inhibited by the delivery model, which creates a belief that AFBI is not maximising its potential, that the Department (through not clear enough commissioning and scientific priorities) is not getting the best out of AFBI.

However, the world has changed and is changing at a frenetic pace, and the current AFBI delivery model which has up until recently served reasonably well, now appears to be out of sync with wider society, Departmental and Government needs. The time is right for change... that time is now.

### 11.1. Acknowledgements

We would like to record our thanks to everyone in DAERA and AFBI for their support in arranging and facilitating this review. We are deeply grateful for the readiness with which DAERA officials, AFBI Board members, management and staff, as well as wider stakeholders have responded to our demands on their time and to our requests for information. The frankness and cooperation that we have encountered have been exemplary in an exercise that we hope will have been of significant benefit to all.

## Appendices

### Appendix One – NDPB Model

Under Annex A Cabinet Office Guidelines the 'Three Tests' criteria was applied:

- Is this a technical function, which needs external expertise to deliver?
- Is this a function which needs to be, and be seen to be, delivered with absolute political impartiality?
- Is this a function that needs to be delivered independently of ministers to establish facts and/or figures with integrity?

AFBI carries out a statutory and regulatory function on behalf of the Minister and therefore meets the second bullet point above.

Furthermore, the Cabinet Office guidance provides a checklist which sets out a range of delivery options that should be considered when reviewing the functions of a public body. These delivery model options have been applied to this review of AFBI:

a. **Abolish.** This option has been discounted. There remains a continued need for the provision of scientific expertise. This was unanimously recognised by all questionnaire respondents. Furthermore, DAERA has a statutory requirement to carry out a range of duties and the need has been established.

b. **Move out of central government.** AFBI is already an established ALB, and further consideration has been given to contracting out the testing and diagnostic services carried out by AFBI. To be effective this model would need to be able to provide the depth and breadth of expertise available in the current model, avoiding conflicts of interest so that advice given was independent and impartial. It was also considered if there were advantages in this way of provision by contracting the function out to a single contractor. At present there are no DAERA procured contractors who are able to provide the multi-disciplinary yet specific knowledge and breadth of expertise that is needed to give full range of advice of value. Initial indications indicate it is highly unlikely that the function could be delivered this way for lower cost. Whilst this would remove the function even further from Government it may result in less transparency regarding expert appointments and conflicts of interest. This option has been discounted.

c. **Bring in-house.** This option could be considered in a way as to bring all statutory services and AWP scientific services provided by AFBI into DAERA. We have previously identified that independence and impartiality is a key part of the current AFBI set up. It distances advice from any commercial activity or perceived influence or gain. Being distinctly separate from DAERA enables a clear line of sight between advice given that may have policy impact elsewhere in Government. Additionally, the breadth and depth of expertise that is available in the current model would be difficult to maintain in a DAERA setting as it would require a fundamental re-assessment of DAERA internal science services, and a recent review recommended no structural changes to the delivery of

DAERA delivered internal sciences. Furthermore, the provision of advice by an independent expert advisory body is a common model of seeking expertise used in government. The highly contentious nature of the impact of some of the advice and outcomes of resulting decisions, both in commercial, policy and perhaps political terms negates this model as providing the independence and impartiality that the function requires. On account of this, this option is discounted.

**d. Merge with another body.** AFBI has two distinct set of activities – its scientific monitoring, surveillance and testing activities and its Research and Development activities. The only body identified with any synergies with its functions as regards the former is NIEA. Initially this appears an attractive model due to similarities of function and the ability to deliver efficiencies. Furthermore, both AFBI and NIEA are delivery agents of DAERA creating more synergies. Through consultation with the stakeholders and our own research it becomes clear that the roles of NIEA and AFBI whilst not mutually incompatible. However, NIEA is an agency of the Department and is not a statutory organisation or body in its own right and therefore would take considerable changes to the form and function of NIEA to effect such a change. Nonetheless these two bodies are the two arms of DAERA's scientific testing, surveillance and monitoring activities and by bringing both bodies under one organisation whilst creating synergy and alignment, may in fact disrupt the independence and impartiality. As regards AFBI's research and development activities, its status as a research institute is one which the organisation is rightly proud, and the organisation is already an effective partner and collaborator across a range of programmes and delivery agencies in the delivery and management of both publicly and privately funded research and innovation. There are certainly synergistic possibilities in merging the R&D functions to an academic institution and allowing that part of the organisation to focus more exclusively on its research programme. However, to do so would effectively split the organisation leaving legacy services split into two separate organisations. Further work would be required to establish if merger would be in the interests of the AFBI stakeholders and if this would represent good use of public money (unless it was driving significant efficiency – which an absorption of R&D activities into a well-established and funded academic institution would do by eradicating many back office and support functions currently in AFBI). There is still a strong case to change, and this option was carried forward and explored in our options development (along with other variants on a split function model).

**e. Delivery via a new Executive Agency.** This option is brought forward to allow the possibility of a split AFBI (future state) and the creation of a new vehicle to allow DAERA continue to deliver legacy AFBI services.

## Appendix Two – AFBI Functions

Category	2018 Subfunctions	2024 Returns by AFBI and DAERA	2024 Subfunctions Required	Change Since 2018	Assessment
<b>Agriculture</b>	46	48	42	↓ Decreasing (-4)	Reduction of subfunctions due to capability retirement not replaced/funding issue.
<b>Animal Health and Welfare</b>	30	30	30	→ Stable (0)	No change; functions appear necessary.
<b>Food</b>	24	24	6	↓ Decreasing (-18)	Significant reduction; this includes 9 subfunctions removed due to retired capability/no funding and an additional 9 subfunctions left blank with no response received on the need for continuation.
<b>Fisheries and Aquatic Env.</b>	36	42	42	↑ Increasing (+6)	Expansion; suggests growing emphasis or demand.
<b>Forestry</b>	7	7	5	↓ Decreasing (-2)	Reduction aligns with shifted priorities or less demand.
<b>The Natural Environment</b>	19	23	18	↓ Decreasing (-1)	Minor decrease of 1 subfunction in 2024. 5 subfunctions added to 2024 list with no response received on whether they should continue.
<b>Rural Development &amp; Enterprise</b>	6	6	6	→ Stable (0)	Stable; consistent delivery of these functions.
<b>Total</b>	168	180	143	↓ Decreasing (-25)	Overall decline in subfunctions delivered.

## Summary of Key Findings

- **Overall Trend:** AFBI's total subfunctions decreased from 168 in 2018 to 143 in 2024, reflecting a net reduction of 25 subfunctions.
- **Notable Increases:** Fisheries and Aquatic Environment expanded by 6 subfunctions, signalling heightened emphasis or demand in this area.
- **Significant Reductions:**
  - 17 subfunctions are not continuing, primarily due to capability retirement and funding issues.
  - 15 subfunctions have been left blank with no response on their continuation from DAERA or AFBI.
  - Food subfunctions dropped dramatically from 24 to 6.
  - Agriculture subfunctions reduced by 4, mainly due to capability retirements.
  - Forestry and Natural Environment saw minor declines.
- **Stable Categories:** Animal Health and Welfare, and Rural Development & Enterprise maintained their subfunction levels, indicating steady operational focus.

## Appendix Three – Consultation

### DAERA Senior Staff Consultations

Role	Number of Consultations
DAERA Senior Executive (1:1)	14
DAERA Grade 5 – Head of Division (1:1)	9
DAERA Grade 7/Grade 6 – Head of Branch (1:1)	8
DAERA_Group_Consultations	3 Groups, 8 Participants

### AFBI Senior Staff Consultations

Role	Number of Consultations
AFBI Senior Staff (1:1)	10
AFBI Board (1:1)	5

### External Groups

Organisation	
Food Standards Agency	Dairy Council for Northern Ireland
Queen's University Belfast	Ulster University
Agri-Research	Northern Ireland Grain Trade Association
North of Ireland Veterinary Association	Teagasc
Animal Health and Welfare Northern Ireland	Northern Ireland Marine Taskforce
Ulster Wildlife	Office for Environmental Protection
Strategic Investment Board	

### External Groups

Group Type	Details
External Groups	5 Groups, 13 Participants
External Stakeholders (1:1)	8

**Total Stakeholders Consulted: 75**

## Appendix Four – Testing Costs (Sample)

Disease	AFBI	Department of Agriculture, Food and the Marine (DAFM)	AFBI is More / Less Expensive	APHA	AFBI is More / Less Expensive	Bio Best	AFBI is More / Less Expensive	SRUC (April 2024)	AFBI is More / Less Expensive
<b><u>Bovine Viral Diarrhoea (BVD)</u></b>									
BVDV antibody by ELISA (blood)*	6.00	€ 5.05	More Expensive	7.20	Less Expensive	6.00	Same Price	5.04	More Expensive
BVDV by antigen ELISA (blood)	5.95	€ 5.05	More Expensive			7.35	Less Expensive	7.10	Less Expensive
BVDV individual real time RT-PCR (serum, tissue )	20.00	€ 10.15	Less Expensive					25.81	Less Expensive
BVDV pooled serum sample real time RT-PCR (maximum 25 animals) *	29.00	€ 30.00	Less Expensive					36.20	Less Expensive
BVDV bulk tank milk real time RT-PCR *	27.00							41.50	Less Expensive
<b><u>Infectious Bovine Rhinotracheitis (IBR)</u></b>									
Infectious bovine rhinotracheitis (IBRV) whole virus (ELISA)*	5.00			7.20	Less Expensive	6.60	Less Expensive	6.68	Less Expensive
Infectious bovine rhinotracheitis (IBRV) gE marker (ELISA)*	7.00	€ 5.05	More Expensive			9.55	Less Expensive		
<b><u>Johne's Disease</u></b>									
Johne's faecal PCR*	30.00	-	-			38.60	Less Expensive	33.92	Less Expensive
Johne's (Mycobacterium avium subsp. paratuberculosis) (ELISA)*	5.00			6.60	Less Expensive				

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Johne's disease (ELISA)*	5.00	€ 7.60	Less Expensive	6.30	Less Expensive	6.00	Less Expensive	6.41	Less Expensive
<b><u>Leptospirosis</u></b>		-	-						
Leptospira Hardjo (MAT)	6.85	€ 3.80	More Expensive					7.10	Less Expensive
Leptospira Pomona (MAT)	6.85	€ 3.80	More Expensive	11.90	Less Expensive				
Leptospira Icterohaemorrhagiae (MAT)	6.85	€ 3.80	More Expensive	15.90	Less Expensive				
Leptospira Bratislava (MAT)	6.85	€ 3.80	More Expensive	11.90	Less Expensive				
Leptospira Hardjo (ELISA)*	6.00	€ 3.80	More Expensive	7.20	Less Expensive	7.00	Less Expensive	7.10	Less Expensive
<b><u>Neosporosis</u></b>		-	-						
Neospora caninum (ELISA)*	6.50	€ 5.05	More Expensive	7.20	Less Expensive	9.20	Less Expensive	8.06	Less Expensive
Ringworm Culture	9.50			83.40	Less Expensive			22.84	Less Expensive
Salmonella Dublin (ELISA)	8.60	€ 3.80	More Expensive			15	Less Expensive	23	Less Expensive

When asked had AFBI conducted benchmarking against other organisations costs they responded there was a

- Lack of clarity on whether individual tests / services provided are directly comparable at a scientific / operational level.
- Lack of clarity on whether other organisations charge Full Economic Cost (FEC) for the relevant tests / services.
- Lack of clarity on how costs are derived and what overheads are / are not included.
- AFBI's costs included irrecoverable VAT whereas costs for other organisations are typically quoted as excluding VAT.
- AFBI's costs can include time spent on providing advice to and liaison with DAERA, which may not be the case for other organisations.

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WHO One Health Fact Sheet October 2023

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