Department of Health

Annual Report and Accounts

For the year ended 31 March 2017

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PERFORMANCE REPORT

PERFORMANCE OVERVIEW

Purpose

The purpose of this Performance Overview is to provide information as a summary that provides sufficient information to understand the Department of Health, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

Introduction and Background

The Department of Health (DoH or the Department) presents its Annual Report and Accounts for the financial year ended 31 March 2017.

DoH has a statutory responsibility to promote an integrated system of Health and Social Care (HSC) designed to secure improvement in:

- The physical and mental health of people in Northern Ireland;
- The prevention, diagnosis and treatment of illness; and
- The social wellbeing of people in Northern Ireland.

The Department is also responsible for establishing arrangements for the efficient and effective management of the Fire and Rescue Service in Northern Ireland. The Department discharges its duties both by direct Departmental action and through its 17 Arm's Length Bodies (ALBs). A list of ALBs is attached at Annexes A and B.

These accounts consolidate financial information for those bodies within the Departmental accounting boundary, namely:

- DoH Core Department;
- Health and Social Care Board (HSCB); and
- Public Health Agency (PHA).

Strategic Priorities for Health, Social Services and Public Safety

The Minister's overall aim and vision is to build a world-class health and social care service for the people of Northern Ireland. This includes a strong focus on reform and transformation initiatives in order to improve the health and wellbeing of the people of Northern Ireland, drive up the quality of health and social care for patients, clients and carers, to improve outcomes, to safeguard the vulnerable, and to ensure that patients, clients and carers have the best possible experience in every aspect of their treatment, care and support. The Minister is also committed to ensuring the delivery of an effective Fire and Rescue Service across Northern Ireland, contributing to the safety and wellbeing of the community.

The principal service objectives for HSC organisations derive from this strategic focus and are set out in detail in the Health and Social Care Commissioning Plan Direction. Objectives for the Northern Ireland Fire and Rescue Service are embodied in its agreed business plan.

The Department's Responsibilities

Under the Health and Social Care (Reform) Act (Northern Ireland) 2009, the Department is required to:

- Develop policies;
- Determine priorities;
- Secure and allocate resources;
- Set standards and guidelines;
- Secure the commissioning of relevant programmes and initiatives;
- Monitor and hold to account its ALBs; and
- Promote a whole system approach.

Throughout 2016-17, the Department has been engaged in developing, monitoring and implementing a range of health and social care strategies and policies, including:

Research and Development (R&D) Strategy

In February 2016, the Department published its 10-year R&D Strategy "*Research for Better Health and Social Care*", which indicated the following strategic priorities:

- To support research, researchers and the use of evidence from research to improve the quality of health and care and for better policy making;
- To compete successfully for R&D funding;
- To support all those who contribute to health and social care by enhancing our research infrastructure; and
- To increase the relevance of research, to the priorities of the local population.

The purpose of the strategy is to disseminate research findings in such a way as to promote understanding and knowledge.

An implementation plan has been developed by the Research Division of the PHA to address the objectives of the strategy, and key actions have been initiated. In particular in this period there has been focus on:

- Securing European Union funding;
- Growing the research-related economy by enhancing existing relationships with industry and representative organisations to ensure productive research partnerships;
- Creating the infrastructure for 'big data' research by maximising the opportunities for research using and linking routinely-collected data from health and other administrative sources;
- Supporting social care and public health research by engaging with researchers and practitioners to expand research capacity, participation and outputs; and
- Involving people and service users in research by further embedding the involvement of service users and the public as partners in the research process to help ensure our investment brings benefits for the local population.

Quality 2020

The review of the Quality 2020 Strategy and its Implementation Plan was completed in 2016-17. It refocused the Implementation Plan to reflect the key recommendations in the Donaldson Report in respect of quality improvement and patient safety. 2016-17 also saw the publication of Quality Reports by all HSC organisations to coincide with World Quality Day, outlining their achievements in quality improvement and reporting against a standardised set of core quality improvement indicators. These reports have now become mainstreamed into HSC activity.

A number of tasks are continuing which contribute to Q2020. A Never Event List has been introduced in NI. In support of this, a project is underway to consider the main categories of Never Events – wrong site surgery, wrong implant/prosthesis and retained foreign object post-operation with a view to the development of a HSC Operational Standard for invasive procedures using the National Safety Standards for Invasive Procedures (NatSSIPs). The focus of Q2020 remains on learning and the other new tasks include testing methods to learn from adverse incidents, supporting staff through adverse incidents and improving patient safety through multi-disciplinary simulation and human factors training. All of these tasks address issues identified in the Donaldson Report. Going forward, the intention is to initiate further tasks which will contribute to learning and improvement. The emphasis on the 2017-18 year will be to challenge the HSC to make better use of existing data collections such as complaints, incidents and serious adverse incidents to produce a more refined and co-ordinated analysis of existing trends and to help anticipate emerging problems.

Transformation – Health and Wellbeing 2026: Delivering Together

In October 2016 the then Health Minister, Michelle O'Neill set out her ambition for transforming health and social care over the next 10 years. '*Health and Wellbeing 2026: Delivering Together* ' drew from the findings of the independent report produced by an Expert Panel led by Professor Raphael Bengoa as well as previously commissioned reports including "*Transforming Your Care*" and Sir Liam Donaldson's report "*The Right Time, The Right Place*".

The approach which secured cross party support at the time of launch is now the single roadmap for health and social care transformation. It seeks to reform the way we access services with a focus on person centred care rather than the current emphasis on buildings and structures. Work is underway to implement the first tranche of actions set out in Delivering Together.

Public Health Strategy

"Making Life Better", Northern Ireland's strategic framework for public health, was published in June 2014. It represents the Northern Ireland Executive's commitment to creating the conditions for individuals, families and communities to take greater control over their lives, including being enabled and supported in leading healthy lives.

Making Life Better provides strategic direction to improve health and reduce health inequalities, through strengthened collaboration in a whole system approach across the broad

range of social, economic and environmental factors, which influence health and wellbeing. The strategic framework brings together actions at government level and provides direction for implementation at regional and local level. In order to achieve the aims of better health and wellbeing for everyone and reduced inequalities in health, action needs to be taken across the socio economic spectrum, to improve universal services as well as more targeted services for those experiencing greater need.

Making Life Better is also a living document to be reviewed and updated on a rolling basis in line with Programme for Government and budgetary periods. During 2016-17 the Department has been working closely with other Departments, HSC and other organisations in the development of the draft Programme for Government and delivery plans to ensure that actions are identified which enhance and build momentum around Making Life Better aspirations. Aligning the draft Programme for Government, Making Life Better and community planning is providing an opportunity for greater co-ordination around common areas for focus which will bring significant gains in the health and wellbeing of local communities, and which have the potential to be scaled up to impact on greater numbers of people.

During 2016-17 cross-departmental implementation arrangements have been refreshed in light of government restructuring. Key tasks for 2017-18 will be to refresh Making Life Better in line with the final Programme for Government and take forward the delivery of complementary Programme for Government (PfG) commitments.

Making Life Better is underpinned by a range of key policies and strategies covering areas such as obesity, alcohol and drug misuse, mental health promotion, suicide prevention and tobacco use. Progress in 2016-17 and key challenges for 2017-18 for these are set out below:

- **Alcohol and Drug Misuse**: The fourth progress report against the New Strategic Direction for Alcohol and Drugs Misuse Phase 2 (NSD Phase 2) continued to show good progress in a number of areas including bedding in newly-established alcohol and drug prevention services, raising awareness of the new Chief Medical Officer (CMO) alcohol guidelines, and ongoing work with the Home Office to monitor the effectiveness of new UK-wide legislation to ban the sale and supply of New Psychoactive Substances. Challenges for 2017-18 will include publishing a fifth update report/review on NSD Phase 2, further consideration to minimum unit pricing for alcohol depending on the outcome of the court case in Scotland, reviewing tier 3 services, and dissemination of updated Clinical Guidelines for the Treatment for Drug Misuse.

- **Obesity**: A three year review of the Obesity Prevention Strategy - A Fitter Future for All was published and outlined the priorities and actions that would be undertaken in the period 2015-2019. A yearly progress report covering the 2015-16 short term outcomes has been completed and published. Work continues on development of a further annual progress report for 2016-17, new physical activity infographics for pregnant women, work on applying behavioural techniques and methods to programmes designed to address obesity. Challenges for 2017-18 will include revising the Nutritional Standards for schools and scoping the potential impact of the introduction of a Soft Drinks Industry Levy. The final levy rates will be announced as part of the UK Budget and introduced in April 2018.

- **Mental Health and Suicide**: Consultation on the new draft suicide prevention strategy, Protect Life 2, ran from November to December 2016. Over 100 responses were received and a consultation summary report was published in March 2017. The new strategy will retain a discrete focus on frontline intervention; and have a postvention focus on the needs of families and friends who have been bereaved through suicide. It is intended that the strategy will be published in the summer of 2017. A draft Positive Mental Health Plan is being developed under Making Life Better All Departmental Officials Group. It is intended that the draft plan will be issued for public consultation in the summer of 2017.

- **Tobacco**: During the year, the Department completed public consultation on regulations banning smoking in private vehicles where children are present. It has prepared, for public consultation, regulations restricting the age of sale of nicotine inhaling products (e-cigarettes) to those over eighteen. The Department also worked with Belfast City Council on the successful establishment of a Northern Ireland Tobacco Retailers' Register.

- **Sexual health**: During 2016-17, the Department introduced a new programme to offer immunisation against the human papillomavirus (HPV) to men who have sex with men (MSM) attending Genitourinary Medicine (GUM) clinics. HPV causes a range of cancers, and MSM generally do not benefit from the protection against transmission of HPV as a result of the HPV immunisation programme for girls which was introduced in 2008.

Health Protection

Following a review of the Public Health Act 1967, completed in March 2016, in 2016-17 the Department progressed preparatory work for the introduction of a public health bill in the Assembly. The proposed new bill would modernise this area of law in a number of ways but most significantly:

- Whereas the 1967 Act is concerned with protecting the public from infectious diseases, the new bill would be designed to protect the public from the complete range of threats including various forms of contamination.
- In addition the new legislation would require authorities, in exercising intrusive powers, to do so in ways that respect the rights and dignity of the individual and that are proportionate to the threat to public health.

In February 2017 the Department began drafting instructions to the Office of the Legislative Counsel.

Emergency Preparedness and Response

The Department is the Lead Government Department (LGD) for responding to the health and social care consequences of emergencies from chemical, biological, radiological and nuclear (CBRN) incidents, the disruption of medical supply chains, human infectious diseases and mass casualty situations. Part of that LGD role also involves providing advice and guidance on health impacts to other government departments to support their response, and providing strategic support to the HSC sector in both planning and responding to emergencies. The Department also works with other multi-agency partners, such as local government, the three

emergency services and other government departments on emergency preparedness and response, and participates in multi-agency testing and exercising as required.

During 2016-17, the Department has continued to engage with HSC organisations to ensure that they have preparedness plans in place to be able to mount an effective emergency response. The Department together with colleagues from the HSCB, PHA and BSO participated in Exercise Cygnus. This was a National level exercise to assess the UK's preparedness to respond to a pandemic influenza. The emphasis was on the strategic decision making processes and was based on four Cabinet Office Briefing (COBR) meetings taking place over 3 days, involving Ministers and Officials from the participating organisations across the 4 Nations. Within the Department the exercise was led by CMO and included convening a meeting of the strategic cell in the Regional Health Command Centre to consider HSC actions to be taken to address the consequences of a moderate to severe scenario.

Oral Health - Service Delivery

The Chief Dental Officer (CDO) continues to work closely with General Dental Ophthalmic Services and HSCB colleagues on the development of new contractual models for the delivery of primary care General Dental Services (GDS) by high street dentists. Engagement continues with the British Dental Association (BDA) to build on the learning previously gained from the use of different contractual models in recent years. These include the Additional Dental Services, an Oral Surgery Pilot, waves 1 and 2 of the General Dental Services (GDS) pilot contracts and developments from the English GDS contract prototypes.

The HSCB ran the GDS contract Pilot across 11 dental practices to test a capitation-based contract model. Wave 1 began in November 2014 with two practices. Wave 2 commenced in August 2015 across the wider group and both waves ended in August 2016. Researchers from the University of Manchester are leading the evaluation of these pilots on behalf of the HSCB and this evaluation process has been funded by the National Institute of Health Research. All of the learning from these different models will help to inform the development of new contract models for Northern Ireland.

Agreement between the Department and BDA of new contractual arrangements for the Community Dental Service was reached during 2015-16, so that the contract can be modernised in a similar way that it has been in other parts of the UK. The Department is currently seeking approval to implement the new contract from the Department of Finance.

There is also a review of the dental workforce that is being carried out by Skills for Health and should be published later in 2017. This should provide useful information as we try to anticipate changing population needs, adapt to changing workforce demographics, and aim to develop effective and efficient models of care to deliver patient access to evidence-based interventions.

Although young children in Northern Ireland have historically had some of the worst oral health in the United Kingdom and Ireland, there have been impressive gains made through the use of evidence based programmes over the past 10 years.

Through preventive approaches at a community level, the Community Dental Service and health promotion staff focus services on special needs groups, including children from socioeconomically disadvantaged areas; and run fluoride toothpaste schemes for young children within target areas. Minister O'Neill launched the Happy Smiles programme in October 2016 which is aimed at pre-school children in a nursery setting. This initiative brings together best practice from existing programmes across Northern Ireland encouraging shared responsibility and combined effort between school teams, parents and their children.

Under the General Dental Services contract, one to one preventive interventions for children from socioeconomically disadvantaged areas are encouraged through enhanced capitation payments. Oral health advice, preventive care, and protective fissure sealants are thereby facilitated for children at greater risk of dental disease. The key targets in the Oral Health Strategy relating to child and adult dental health have been supported during the 2016-17 period. The Department is cognisant of the impact that good oral health can have on overall health, well-being, and quality of life. It is hoped that these improving trends will continue into future periods.

Pharmacy Developments

A Northern Ireland Medicines Optimisation Quality Framework (MOQF) launched in March 2016 is aimed at supporting better health and wellbeing for all people in Northern Ireland, through facilitating improvements in the appropriate safe and effective use of medicines. The framework sets out a new strategic approach to pharmaceutical innovation and aims to support and drive continuous improvement through the development and implementation of best practice in medicines optimisation. It also looks to opportunities presented by new models of care and new technologies that will support people to manage their own health and gain the optimal benefit from treatment with medicines.

During 2016-17, recurrent funding was secured for the regional scale up of a Medicines Optimisation Older People's model (MOOP). Previously tested in the Northern and Western HSC Trusts, the MOOP model demonstrated positive outcomes for patients and reductions in medicines costs and acute demand for HSC services. In addition, resources were secured for the new role of a mental health specialist pharmacist in every HSC Trust, previously tested in the Southern and Belfast HSC Trusts.

Two Northern Ireland Electronic Care Record (NIECR) projects were progressed to develop regional approaches to medicines reconciliation and an integrated discharge summary. Two Phase 1 Small Business Research Initiatives (SBRI) were initiated. The first initiative was to create and test the feasibility of new technology solutions for medicines optimisation in the domiciliary care setting. The second initiative was to align pharmacy workforce deployment with patient acuity in hospitals. A Phase 2 SBRI project for medicines adherence was also completed during 2016-17.

The demographic and financial pressures facing the HSC have heightened the need for the implementation of the MOQF to accelerate improvement in medicines optimisation. In particular, a need to deliver efficiencies relating to a reduction in service utilisation, demand and drug costs was identified. In that context, a Medicines Optimisation Regional Efficiency (MORE) programme was established during 2016-17. Its purpose is to support the clinical

and cost effective use of medicines, and, deliver targeted savings of £90m from the medicines budget by April 2019.

The 'Making It Better through Pharmacy in the Community' strategy aims to facilitate the fuller integration of pharmacy services across the HSC through the commissioning and delivery of HSC contracted pharmacy services. This will ensure high quality, safe and effective public health and medicines management for the people of Northern Ireland. It seeks to provide a clear direction for the delivery of pharmacy services in the community, which places the individual at the centre and aims to optimise their health and wellbeing throughout their life. An Oversight Group monitors progress against each key action within the strategy and annual progress reports are uploaded to the Department website[1]. Good progress is being made against all of the actions including development of an evidence base for pharmacy services on the HSC Knowledge Exchange and the continued rollout of the Health and Pharmacy initiative.

General Practitioner (GP)-led care

GP-led care is provided mainly from GP surgeries and from centres for Out of Hours (OOH) GP Services, drawing on multi-disciplinary teams of nurses and other specialists as well as GPs. Services provided by GP surgeries are underpinned by the General Medical Services Contract, negotiated by the Department with GP representatives. The HSCB is responsible for managing the contracts for General Medical Services and for Out of Hours services. Significant pressures exist in both these services areas, with the number of GP consultations having risen by 76% between 2004 and 2014; contacts with the OOHs service have remained broadly constant over the last few years, having previously increased by 18% between 2008-09 and 2012-13.

The General Medical Services Contract for 2016-17 included up to £7m of additional funding. This included continuing investment in the Practice Based Pharmacist scheme which will see close to 300 pharmacists in place by 2021, improving patient services and addressing GP workload issues. It will also support on-line appointment, repeat prescription booking and work with GP Federations. Additional funding was also made available for investment in premises through the Financial Transactions Capital scheme. In year, additional funding of up to £900k was announced to support the work of GP Federations.

In addition to this investment the then Health Minister announced in Autumn 2016 that the number of GP training places would expand to 111. 12 additional places will be available in 2017-18 with a further 14 available in 2018-19. Building on the previous increase in training places from 65 to 85, this will represent an increase of more than 70% in GP training places within a three year period, reflecting the fact that nearly 25% of the GP workforce is aged 55 and over.

In October 2016 the then Health Minister launched "*Health and Wellbeing 2026: Delivering Together"*. This set out the need to enhance the support provided in primary care and also a future model of primary care provision based on multi-disciplinary teams.

[1] www.health-ni.gov.uk/publications/making-it-better-through-pharmacy-community

The then Health Minister also responded to the report of the GP-led Care Working Group in December 2016, accepting its recommendations as signalling the direction of travel needed to ensure that everyone continues to have access to high quality, sustainable GP-led services.

Secondary Care

Secondary Care primarily includes those services which are delivered in hospitals covering acute, scheduled and unscheduled services (such as emergency care). The Department's strategic priority for these services is to improve the quality of services and outcomes for patients, clients and carers through the provision of safe, resilient and sustainable services. These services are commissioned by the HSCB and delivered by the HSC Trusts. Patients requiring specialist treatment can be transferred to specialist units in Great Britain, Republic of Ireland and further afield if the treatment is not available locally.

The main challenges faced by Secondary Care during the year continued to be the increase in elective care waiting times and the continuing pressures on Emergency Departments (EDs) which resulted in excessive waiting times and in some instances a reduced service being experienced by patients.

The number of people waiting has increased again with the number of patients waiting for assessment or admission for treatment now exceeding the highest numbers waiting in 2015-16. The increase in waiting times in 2016-17 has been due to a combination of under delivery of some commissioned volumes of core activity by Trusts, continuing increases in demand in a number of key areas, and the cessation of additional waiting list activity due to the constrained financial position. In February 2017, the Minister published an Elective Care Plan. The Plan reflects the findings of the report of the Expert Panel chaired by Professor Rafael Bengoa, which was tasked with developing a model for the future configuration of health and social care services which highlighted the growing demand for hospital services and the mismatch between demand and capacity. It balances the need for long term transformation with the importance of taking short term action to reduce waiting times for patients who are currently on a waiting list.

The plan takes into account all the HSC's health sectors working together to transform the delivery of care. It sets out six commitments designed to deliver improvement and transformation. Each commitment has a number of associated actions. However, it will take time and significant non recurrent and recurrent investment to bring waiting lists back to an acceptable level while simultaneously increasing capacity to meet demand. Delivery of the Elective Care Plan is dependent on new investment to implement the actions which underpin transformation and reform.

During the year the Department invested £13m in measures to respond to winter pressures and the HSC Trusts were given flexibility to target this allocation at taking action to respond to specific local circumstances. HSC Trusts put in place a comprehensive range of additional or enhanced measures to manage expected winter demand, as far as possible avoiding the need for patients to go to hospital, or where necessary, avoiding the need for admission through the use of ambulatory pathways. However, in spite of these measures, EDs saw no let up in pressures, with attendances in December 2016 increasing by 5.7% compared to the same month in 2015 and emergency admissions increasing by 2.7%.

Secondary Care also brought forward a new policy governing the Individual Funding Request process in order to widen access to specialist drugs not routinely commissioned in Northern Ireland. Good progress was also made in establishing the All-Island Congenital Heart Disease Network, with the joint Ministerial approval of a business case for investment to develop the Network until 2021. Catheterisation procedures required by Northern Ireland children are carried out at the Children's Heart Centre in Dublin as part of a unified waiting list, and arrangements are in place to transfer the next cohort of surgical patients (urgent cases) from England to Dublin in 2017. The Minister also published two ten year strategies for paediatric services in hospitals and the community, and with respect to palliative care. Significant progress was also achieved in implementing the new Major Trauma Network and Helicopter Emergency Medical Service (HEMS) for NI. Work also continues on the review of imaging services which is ready to be submitted to the incoming Minister. The main challenge for Secondary Care in the year ahead is to work closely with the HSC in addressing the waiting times for elective procedures within the constrained resources available to the Department while also working closely with the Chief Medical Officer on service specific reconfiguration reviews as part of the modernisation and transformation agenda.

Quality Regulation and Improvement

A Regional Mortality and Morbidity Review System (RM&MRS) has been developed and has been in operation since November 2016. This aims to enhance assurance around death certification processes, primarily through the recording and reviewing of deaths in hospital followed by consideration at Mortality and Morbidity meetings. These multi-disciplinary meetings provide an opportunity for frontline staff responsible for the patient to consider the treatment and care provided and identify any learning that may be applicable locally or regionally. The system has been rolled out across all 5 HSC Trusts with approximately 150 Mortality and Morbidity teams now able to record, review and analyse hospital deaths.

The Department has recently consulted on a review of fees and frequency of inspection of services regulated by Regulation and Quality Improvement Authority (RQIA). Fees were set in 2005 and have not been subject to any increase since then. Some services subject to regulation from 2007 onwards have had a nil charge applied. The amendments to the regulations are designed to address the significant variations in fees and allow for a more effective, efficient and targeted approach to inspection. The consultation closed on 30 December 2016 and the analysis of responses show that the majority of respondents agree with the proposals. RQIA will lead on the implementation plan which will ensure the application of amendments with effect from 1 April 2018.

RQIA also made good progress against the milestones in its business plan in 2016-17. The review programme continued on target and RQIA is working with the Department and other stakeholders to develop a system for tracking the implementation of recommendations of reviews.

The RQIA continued its programme of inspection activity of regulated services as well as Ionising Radiation (Medical Equipment) inspections and the ongoing hygiene inspection programme. In 2016-17 RQIA continued its programme of unannounced inspections of acute hospitals and after the first tranche of inspections evaluated and revised the inspection methodology following feedback from stakeholders.

The HPSS (Quality, Improvement and Regulation) (NI) Order 2003 is now over 12 years old and a number of developments have taken place since it came into operation. The Department has initiated and is progressing a review of regulatory policy to underpin the legislation and the legislation itself. As part of this review, consideration is being given to the introduction of a statutory duty of candour for Northern Ireland. This has already been introduced in England, Scotland and Wales and it is planned to have the policy development complete in 2016-17. Preliminary work has been completed and the Department is working closely with stakeholders to develop and consult during the 2017-2018 year on principles to underpin future systems of regulation.

Nursing, Midwifery and Allied Health Professions (AHPs)

- **Nursing and Midwifery Task Group:** As part of her vision, Minister O'Neill appointed a Nursing and Midwifery Task Group in December 2016, chaired by Sir Richard Barnett. The Group have twelve months to complete a report with recommendations outlining how the contribution of nursing and midwifery can be maximised to improve population outcomes. The report must also provide direction to both professions for the next 10 years.

- **Delivering Care - Nurse Staffing in Northern Ireland**: The aim of the 'Delivering Care' policy is to support safe and effective care in hospital and community settings through the development of a framework to determine staffing ranges for the nursing and midwifery workforce in a range of major specialities. Phase 1 implementation continues to be monitored. During 2015-16 phases 2, 3 and 4 were completed, making recommendations for staffing levels within Emergency Departments, District Nursing Teams and Health Visiting Teams. Phase 5 of the project is underway for Mental Health Nursing with further phases for neonatal nursing and children's nursing to follow.

- **Public Health Nursing:** A central theme of the public health strategy 'Making Life Better' is Giving Every Child the Best Start in Life. The Family Nurse Partnership (FNP) model is an intensive, preventive programme for vulnerable, first time young parents. The programme begins in early pregnancy and ends when the child is two years old. Since 2015-16, this model has been operating in each of the five HSC Trusts. A Departmental priority for 2017-18 is to ensure that eligible mothers are offered a place on the programme.

- **Healthy Child, Healthy Future (HCHF):** Is the child health promotion programme for Northern Ireland. It is provided to all children and young people aged 0-19 years, irrespective of need. *"Health and Wellbeing 2026: Delivering Together"* has committed to the full delivery of this programme. The full programme is not being implemented due to workforce challenges and significant pressures on the health visiting service. The delivery of this programme is monitored through the Indicators of Performance on a quarterly basis. The PHA is working with the HSC Trusts to develop a regional action plan to ensure full delivery of HCHF. Recognising that there are workforce issues an interim milestone has been set to prioritise the two year contact and the antenatal contact for first time mothers.

- **Revalidation for Nurses and Midwives:** Revalidation was introduced across the UK from April 2016. Registered nurses and midwives are required to demonstrate three-yearly to the Nursing and Midwifery Council (NMC) that they remain fit for practise. In the first year, more than 200,000 UK nurses and midwives successfully revalidated with NMC, embracing the new process and placing support, development and public pro*t*ection at the heart of revalidation.

- **Advanced Nurse Practitioners:** The care of patients is becoming more complex due to many developing co-morbidities, coupled with a regional shortage of middle grade doctors. Completion of the Advanced Nurse Practitioner programme will enable the nurses to acquire advanced skills to meet these challenges in our system. Ulster Universit**y** was commissioned as the provider for delivery of this programme and work to develop the curriculum is in the final stages of completion. Three pathways have been developed for Emergency Care, Children's and Primary care. Places have been commissioned for each pathway and the programme is due to commence with registration and induction in early 2017 with formal modules and practice placements commencing in September 2017.

- **Nursing and Midwifery Workforce**: The current shortfall in the number of nurses and midwives available to take up vacant posts is impacting on the workforce in both professions. An additional 100 under graduate places were commissioned for 2016-17 and a further 100 additional places commissioned for 2017-18, including 10 places for midwifery students. An International Nursing Recruitment Campaign commenced in 2016, led by BSO on behalf of the HSC to recruit nurses from overseas to work in NI. There have been four campaigns to Europe, the Philippines and India. The process from initial job offer to arrival in NI is lengthy and can take up to 14 months. International recruitment is a necessary short term measure to maintain safe nurse staffing levels. Regionally, work is being taken forward on a range of initiatives to recruit and retain our local nurses and midwives with a particular focus on students when they completed their training.

- **Nursing, Midwifery and Allied Health Professionals (AHP) Education and Training:** Education and training remain a high priority for AHPs, nursing and midwifery professions, as it is essential to underpin the delivery of evidence based high quality care. Education and Training is also fundamental to the successful delivery of Departmental strategies including Quality 2020, Transforming Your Care, Making Life Better and the updated Public Health Strategy. As such, the review and development of education commissioning continues to be taken forward through professional education strategy and commissioning groups and a workforce review for AHPs commenced in December 2016.

- **AHP Strategy:** The current AHP Strategy for 2012-2017 is ongoing and into its fourth action plan. This strategy will be completed in late 2017 with a plan to create a new policy document for ministerial approval in early 2018.

- **AHP Prescribing:** In May 2014, the Department commissioned training for supplementary prescribing for physiotherapists and podiatrists. Independent Prescribing Legislation for podiatrists and physiotherapists came into operation in January 2015

within Northern Ireland. In January 2016, independent prescribing for therapeutic radiographers and supplementary prescribing for dieticians was approved by the Commission on Human Medicines. At the same time, exemptions for orthoptists were also agreed. Amendments were made to Independent Prescribing legislation to reflect these changes. Work is ongoing on proposals for further roll outs to other professional groupings. Further local legislation changes are being progressed to support this national work.

Family and Children's Policy

- **Autism:** There has been a significant increase in demand for autism assessment in children's services, with the number of referrals around double what the current system is designed to deal with, leading to an increase in waiting times. Tackling the waiting list position is a key priority and a new regional model for children and young people's autism services is being developed. This new model will aim to improve the diagnostic process and access to early intervention in line with current best practice and National Institute for Health and Clinical Excellence (NICE) guidelines. It will also optimise the scope for the integration of child development, emotional and mental health services, as well as closer working with the education sector to ensure the provision of coordinated and appropriate support for children with autism.

- **Adoption:** Public consultation on a draft Adoption and Children Bill commenced in January 2017. The Bill is principally intended to modernise the legal framework for adoption in Northern Ireland and place children's welfare at the centre of the adoption decision-making process. The substance of the Bill relates to adoption, although the Bill also contains provisions which amend wider children's legislation.

- **Early Intervention Transformation Programme (EITP*)*:** The Early Intervention Transformation Programme *(*EITP) is a £30m fund directed at delivering the Social Change Signature Programme, funded jointly by the NI Executive, Delivering Social Change Fund, DoH, DE, DoJ, DSD, DEL and The Atlantic Philanthropies Charitable Foundation. The programme aims to improve outcomes for children and young people across Northern Ireland through embedding early intervention approaches. The EITP Programme Board is representative of all EITP funders and is project managed within DoH.

  As of March 2017 18 EITP projects have been approved by the EITP Programme Board and 12 were operational. Two projects had concluded during 2016-17 and four new projects were scheduled to come on-stream in 2017-18. EITP is currently operating services with the active participation of the five HSC Trusts, the HSCB, the PHA, the Education Authority, DEL, DoJ, the Youth Justice Agency and seven voluntary and community sector organisations as EITP project delivery partners.

- **Independent Guardian Service:** The Human Trafficking and Exploitation (Criminal Justice and Support for Victims) (Independent Guardian) Regulations (Northern Ireland) 2016 came into operation in December 2016. The Regulations specify the qualifications and training required by an individual to be eligible for appointment as an Independent Guardian and the support to be provided to, and the supervision of, an Independent

Guardian. Procurement of a suitable provider for the service is now being taken forward by the HSCB.

- **Innovation Scheme:** In 2015-16, the Department undertook a consultation on proposals for an Innovation Scheme which is targeted at the Voluntary, Community and Social Enterprise (VCSE) sectors. The proposals were developed by way of a co-design process involving VCSE organisations, the HSCB and PHA. Subject to the outcome of the consultation, it was intended to open the Scheme for applications in 2016-17. In January 2017, former Minister O'Neill announced her intention to halt the establishment of the Innovation scheme and instead establish a new core grant scheme with an innovative element, linked to her vision for health and social care in the north. The new scheme will support the core functions of voluntary and community sector organisations and will be open to applications for any eligible organisation which demonstrates that it meets the aims and requirements of the new scheme. It is anticipated proposals for a new core grant scheme will be developed by December 2017.

- **Sexual Exploitation of Children and Young People:** The Department has continued to work on implementation of the eight key recommendations and 24 supporting recommendations relating to Health and Social Care contained in the Marshall Report of the Inquiry into Child Sexual Exploitation in Northern Ireland. Implementation has been taken forward on a phased basis over a three year period with the majority of actions to be completed in November 2017.

- **SBNI Thematic Review:** The Safeguarding Board for Northern Ireland (SBNI) was directed in 2012 to conduct a thematic review of the cases of 22 children who had interacted with the care system and had been the subject of the police investigation known as Operation Owl. The objective of the thematic review was to focus on the management of all 22 cases to identify learning for the purpose of informing and improving future care provision and practice. The review identified a number of areas for improvement under four key themes and recommended a follow-up audit on progress against the report findings. This follow-up audit has now been completed and a composite report of its findings will be submitted to the Department shortly for consideration. The Department has also initiated a programme of work to benchmark existing data relating to child sexual exploitation, to allow the impact of the work already under way to be monitored and ensure that the system improvements being implemented are producing measurably better outcomes for young people.

  The SBNI was independently reviewed by Professor Alexis Jay during 2015-16 and a review report (the Jay Report) was published on 8 August 2016. The Jay Report contains 11 recommendations and 23 points of note, all of which were accepted by the then Minister. Many of the recommendations and points of note contained in the Report can be taken forward through changes to practice and by way of amendment to Guidance. The Department is taking forward 4 of the recommendations. The remaining 7 recommendations are being taken forward by the SBNI.

- **Looked After Children:** The Department is actively working to bring Foster Placement and Agencies Regulations to a conclusion. Once completed, the Regulations will subject independent and voluntary fostering agencies in Northern Ireland to a system of regulation

and inspection by the RQIA for the first time. These Regulations are seen as a supporting mechanism for the Department in its supervisory role within the HSC system.

Additionally, work is continuing on the draft Looked after Children Strategy, which will set the Department's strategic priorities for Looked after Children over the next 3- 5 years. Co-production work has taken place with key stakeholders with a pre-consultation period from October to December 2016. Formal consultation documentation, including young person's versions are in production.

A Care Proceedings Pilot is being taken forward jointly with the Department of Justice. The aim of the pilot is to minimise unnecessary delay for children who are the subject of care proceedings in the family courts. The pilot is running in the South Eastern and Western HSC Trust areas and Care Order applications in the 2016 calendar year, to relevant Courts, have been case tracked. Case tracking of all non-completed applications will continue until the end of May 2017. Evaluation of the Pilot has commenced with reporting due at the end of June 2017.

- **Mother and Baby Homes / Magdalene Laundries:** As a result of Executive agreement on a joint paper from the [then] Minister of Health and [then] First Minister and deputy First Minister, in October 2016, an inter-departmental group was established to review the evidence on historic Mother and Baby Homes/Magdalene Laundries and historical clerical child abuse in the north of Ireland out with the Historic Institutional Abuse Inquiry (HIAI). The group which is co-sponsored by The Executive Office (TEO) and the DoH with Norah Gibbons appointed as an independent chair, held their initial meeting on 29 March 2017.

  The overall aim of the inter-departmental group will be to review the evidence as it becomes available in respect of both Mother and Baby Homes / Magdalene Laundries and Clerical Child Abuse and in light of that evidence and the research to jointly develop and submit recommendations on the proposed way forward to the Executive for approval by December 2018.

Mental Health, Disability and Adult Older People

- **Stopping Domestic and Sexual Violence and Abuse Strategy 2016**: The Stopping Domestic and Sexual Violence and Abuse Strategy was published jointly by DoH and DoJ in March 2016. Its overall vision is to have a society in which domestic and sexual violence is not tolerated in any form; to have effective tailored preventative and responsive services; and to ensure that all victims are supported and perpetrators are held to account. Twenty priority areas have been identified for taking the Strategy forward over the coming years through a series of Action Plans and new governance and accountability arrangements have now been developed to support this implementation phase. Good progress was made in 2016-17 to deliver the Strategy's Year One Implementation Plan (published in May 2016) and work is ongoing to finalise an Action Plan for Year Two.

- **Independent Living Fund (ILF):** The UK ILF fund closed on 30 June 2015 and with effect from 1 July 2015, new arrangements were put in place for the future support of ILF recipients in Northern Ireland. An agreement was reached between the Department and

the Scottish Government, that payment to ILF recipients in Northern Ireland would be administered through the newly created Scottish ILF infrastructure, ILF Scotland. The agreement between DoH and Scottish Government is continuing using ILF Scotland's infrastructure. ILF Scotland continues to achieve an accuracy rate of 100% in respect of all payments made and they are also made on time.

- **Bamford Action Plan:** In the past decade, the direction of mental health policy development has largely been determined by the findings of the Bamford Review. The Department continued to oversee the implementation of the Bamford Action Plan 2012-15, which included 76 actions for Executive Departments, aimed at making life better for people with mental health issues or learning disabilities, and their carers. The Department has undertaken a comprehensive evaluation of the Action Plan, which is now largely complete and now requires Ministerial sign-off. The evaluation report focuses on how the Executive performed against the Action Plan, and outlines next steps for the future development and delivery of mental health and learning disability policy.

- **Mental Trauma Service:** In September 2015, the Minister announced the setting up of a world leading service to provide high quality effective treatment for people experiencing trauma-related mental health problems in Northern Ireland. This announcement followed on from the Stormont House Agreement commitment to implement the Commission for Victims and Survivors' recommendation for a comprehensive Mental Trauma Service. The intention is that the final model will be based on the internationally-recognised Stepped Care approach, with low-level interventions provided by voluntary and community organisations, integrated with more intensive interventions by qualified professionals within the Health and Social Care service under the auspices of a new Regional Specialist Service. Delivery is dependent on necessary resources being secured.

- **Eating Disorders:** Work also continues on a study, announced by the Minister in October 2015, into the possibility of establishing a specialist eating disorders unit in Northern Ireland. A preliminary report, published in March 2016, concluded that there is a definite need for further development of eating disorder services locally. Whilst there is the potential for a specialist inpatient unit, more evidence-gathering is required to allow for an informed recommendation to be made, and further study is required. This scoping study is still ongoing, however it is anticipated that this will be completed by mid 2017.

- **Mental Capacity legislation:** In March 2016, the Mental Capacity Act (Northern Ireland) 2016 received Royal Assent – an international first in that it promotes a fused system of mental health and mental capacity legislation; first proposed by the Bamford Review. Once commenced, the Act will introduce a new statutory framework governing all decision making in relation to the care, treatment or personal welfare of a person aged 16 or over who lacks capacity to make a specific decision for themselves. No commencement date has yet been decided, as this will be informed by the availability of finance, and the pace of implementation planning. Work on drafting supporting subordinate legislation and codes of practice are under way, with a first full draft of the Code of Practice and Regulations being shared with stakeholders in April 2017; completing phase 1 of the implementation on target. The Department will continue to work with a wide range of stakeholders during 2017-18 and beyond to further the implementation work.

- **Inter Departmental Review of Housing Adaptations Services**: The Inter-Departmental Review of Housing Adaptations Services Final Report and Action Plan 2016 includes recommendations on how Departments, agencies and others can better collaborate with each other, use resources more effectively, and deliver better services. The Final Report and Action Plan have been informed by public responses to an earlier consultation on the first Inter-Departmental Review Report, conducted in 2013. Significant work with people with disabilities, occupational therapists, housing designers and providers has been undertaken since the original consultation and this has resulted in some actions, where there was broad support, having already been progressed. This includes, for example, the development and use of an Adaptations Design Communications Toolkit which delivers across a series of design standards and governance recommendations contained in the review. Department for Communities (formerly known as Department for Social Development) and DoH have responsibility for different aspects of housing adaptations. A draft Memorandum Of Understanding (MOU) has been developed to help ensure closer working relationships and agreed areas of responsibility between departments to further the service provision. Executive agreement still needs to be sought prior to the publication of the Final Report and Action Plan.

The Office of Social Services

- **Modernising Regulation:** The Office of Social Services (OSS) completed a programme of work during 2016-17 to take forward amendments to primary legislation (the HPSS Act (NI) 2001). The amendments aim to modernise the conduct model used by the Northern Ireland Social Care Council (NISCC) so that the updated model in place reflects current regulatory best practice and is in keeping with other modern models used in Northern Ireland and the United Kingdom, such as the General Medical Council. The changes mean that the NISCC has a broader range of sanctions available to it which are more proportionate in determining and making decisions concerning a registrant's fitness to practice. A key challenge remains the effective implementation of the new model and communications so that those affected by the changes are kept informed. The OSS has also commenced work to produce amending regulations that will complete roll out of registration to the social care workforce including domiciliary and day care workers. Completion of this programme of work remains subject to a public consultation process and through negative resolution by the NI Assembly.

- **Improving & Safeguarding Social Wellbeing – A Strategy for Social Work:** This strategy aims to improve the experience and outcomes for service users by strengthening the capacity and capability of the social work workforce; reforming and modernising social work services and building public trust and confidence in the profession. 2016-17 was a Transition year for the Social Work Strategy which saw the agreement of new governance and delivery arrangements; work has commenced to establish a Local Engagement Partnership in each Trust and also a Regional Leadership Forum and work will continue in 2017-2018 to embed these arrangements.

  During 2016-17, 10 innovation projects were sponsored by the Strategy's Innovation Scheme bringing the total of Social Work Innovations sponsored from 2012-2013 to 2016-2017 to 33. A number of the innovations were related to self directed support (SDS)

and co-production which is a key theme of the Social Work Strategy. SDS is now being mandatorily rolled out across all Trusts in Northern Ireland with a target date of December 2017 for full implementation, and, will include systematic measurement of individual's quality of life scores using ASCOT, a validated measurement tool. Evaluations of 5 innovative childcare initiatives were completed and there is regional agreement to scale up and roll out two of these initiatives. Also, during 2016-2017 over 130 social workers undertook a range of training focused on quality improvement and leadership.

Prison Healthcare

The Owers Report on Prison Reform (2011) contained a series of recommendations for the reform of prisons in Northern Ireland, ten of which specifically relate to prisoner healthcare. A Joint Healthcare and Criminal Justice Strategy has been developed and consulted on by the Departments of Justice and Health. In addition to this, in November 2016 the Justice Minister announced a review of services for vulnerable prisoners. The Departments of Health and Justice are working closely with the Northern Ireland Prison Service, Probation Board, Health and Social Care Board, Public Health Agency and South Eastern Health and Social Care Trust to deliver this review.

PERFORMANCE ANALYSIS

HSC, NIAS AND NIFRS PERFORMANCE

HSC Performance

Improving waiting times continues to be one of the Department's key priorities. Demand for elective care services currently exceeds health service capacity by over 60,000 new outpatients and almost 35,000 inpatient/daycase treatments annually. Due to financial pressures, a limited amount of additional funding was available in 2016-17 to provide additional outpatient and inpatient/daycase activity. This funding was targeted at specialities where there was the greatest risk in terms of patient safety and at those patients who have been waiting the longest for assessment and/or treatment.

For Unscheduled Care demand increased regionally by 4.6% with a significant upturn in the first six months of the year. An additional £13m was invested to address winter pressures which helped meet additional demand.

Outpatient standards

By March 2017, 50% of patients should be waiting no longer than 9 weeks for their first outpatient appointment and no patient waits longer than 52 weeks.

The increase in elective waiting times seen over the year is primarily as a result of demand continuing to exceed funded health service capacity in a number of specialties and the impact of the wider financial position. The position improved during the final quarter of 2016-17. At 31 March 2017, 30.4% of patients were waiting no longer than 9 weeks for a first outpatient appointment, compared to 28% in December 2016, with the number of patients waiting longer than 9 weeks, 176,276 at 31 March 2017, compared to 178,279 at the end of the previous quarter. The number of patients waiting more than 52 weeks has however increased throughout the year to 53,113 at year end.

Diagnostic Tests standards

By March 2017, 75% of patients should wait no longer than 9 weeks for a diagnostic test and no patient waits longer than 26 weeks; and all urgent diagnostic tests are reported on within two days of the test being undertaken.

Additional funding enabled additional diagnostic activity to be undertaken during 2016/17. Whilst the target was not achieved the additional funding allocated resulted in an improved performance position by year end with 63.5% of patients waiting less than nine weeks for a diagnostic test compared to 56.3% at the end of December 2016. There was also a reduction in the number of people waiting more than 26 weeks, with figures at the 31st March 2017 showing 9,675 waiting more than 26 weeks, down from 11,012 at the end of the previous quarter. During 2016-17, 86% of urgent diagnostic tests were reported on within 2 days, this is a slight fall on the previous year when 88% was achieved.

Inpatient / Day case Treatment standards

By March 2017, 55% of patients should wait no longer than 13 weeks for inpatient/daycase treatment and no patient waits longer than 52 weeks.

The number of patients waiting less than 13 weeks for admission has fallen during the year to 44% at March 2017, with the numbers waiting more than 52 weeks rising to 9,615 despite an increase in the number of people being admitted as an inpatient or daycase throughout the year.

Unscheduled Care standards

From April 2016, 95% of patients attending any Type 1, 2 or 3 A&E Department are either treated and discharged home, or admitted, within 4 hours of their arrival in the department; and no patient attending any emergency department should wait longer than 12 hours.

By March 2017, at least 80% of patients to have commenced treatment, following triage within 2 hours.

Regionally, during 2016-17 there was a 4.6% (33,583) increase in Emergency Department attendances compared with 2015-16, with attendances in the first six months increasing by 6.5% (23,998) compared to the previous year. During 2016-17, 4 hour performance has been slightly reduced compared to the previous year 74% compared to 76%. The number of patients waiting longer than 12 hours during 2016-17 increased to 6,495 compared to 3,875, with approximately one quarter of these in January 2017 (1,814).

Despite the increased demand, 82.3% of patients attending commenced their treatment within 2 hours of being triaged in March 2017, compared to 79.5% in March 2016.

Cancer Services

From April 2016, all urgent breast cancer referrals should be seen within 14 days; at least 98% of patients diagnosed with cancer should receive their first definitive treatment within 31 days of a decision to treat; and at least 95% of patients urgently referred with a suspected cancer should begin their first definitive treatment within 62 days.

Data published by the NI Cancer Register indicates continued improvement in survival for the commonest cancers and that further improvement is expected. To ensure that patients receive the best possible service the performance standards set in relation to access to cancer services are challenging. The number of people referred to cancer services continued to increase which impacted on the ability to achieve the targets set.

Regionally, during 2016-17, 84% of urgent breast cancer referrals were seen within 14 days, which is an improvement on 76% than the previous year. The regional position has been impacted by performance in the Southern Trust (43%) due to a shortage of radiologists to support breast service clinics. To ensure services can be provided on a sustainable footing, the Health & Social Care Board and Public Health Agency are progressing work to determine

the best configuration of breast assessment services to ensure people across Northern Ireland can access appropriate diagnostics services within the 14 day standard.

Over the year the 94% of people received their first definitive treatment within 31 days which is just below the 2015-16 position of 96% despite an increase in demand for treatment.

Whilst performance against the 62 day target is down from 71% to 68% from the previous year, the total number of patients being treated for cancer following an urgent referral increased by 5% in the first nine months of 2016-17 compared to the same period last year.

Hip Fractures Standard

From April 2016, 95% of patients, where clinically appropriate, wait no longer than 48 hours for inpatient treatment for hip fractures

Regionally, performance against the standard fell slightly during the year with 89% of patients treated within 48 hours compared to 91% in the previous year.

Commencement of AHP Treatment Standard

By March 2017, no patient should wait longer than 13 weeks from referral to commencement of treatment by an AHP.

Regionally at the end of March 2017, 19,762 patients were waiting longer than 13 weeks from referral to commencement of AHP treatment compared to 15,310 in previous year. Regionally, two thirds (13,311) of the patients waiting longer than 13 weeks at the end of March 2017 were waiting for physiotherapy.

Patient discharges

From April 2016, ensure that 99% of all learning and disability and mental health discharges take place within 7 days of the patient being assessed as medically fit for discharge, with no discharge taking more than 28 days.

For learning and disability discharges there is an improved position with 87% (cumulatively 2016-17) of learning disability discharges taking place within seven days compared to 83% last year. The number of discharges taking longer than 28 days is unchanged at 24.

For mental health discharges, performance has fallen slightly with 96% of patients discharged within 7 days compared to 97% in previous year. The number of discharges taking longer than 28 days has also increased from 67 to 73.

From April 2016, 90% of complex discharges from an acute hospital take place within 48 hours, with no complex discharge taking more than 7 days; and all non complex discharges from an acute hospital taking place within six hours.

Regionally for complex discharges, performance has fallen with 73% of complex discharges taking place within 48 hours during 2016-17 cumulatively to the end of March 2017,

compared to 79% achieved in 2015-16. The number of complex discharges taking more than 7 days to complete has increased compared to the previous year, 1,897 in total for 2016-17 compared to 1,756 for 2015-16.

With respect to non complex discharges, while the standard has not been achieved, performance has also remained constant with rates not falling below 93% in any month and 94% being achieved cumulatively for the year. This is slightly below performance in 2015-16 of 95%.

Mental Health Services

From April 2016, no patient waits longer than 9 weeks to access child and adolescent mental health services (CAMHS); 9 weeks to access adult mental health services; 9 weeks to access dementia services; and 13 weeks to access psychological therapies.

At 31 March 2017, regionally, the standards have not been achieved, with 86 patients waiting more than 9 weeks to access child and mental health services, 806 patients waiting more than 9 weeks to access adult mental health services, 49 patients waiting longer than 9 weeks to access dementia services and 1,289 patients waiting longer than 13 weeks to access psychological therapies. In the last quarter reductions in waiting times were secured in child and adult mental health services, dementia and psychological therapies.

Northern Ireland Ambulance Service (NIAS) Performance

Against a target of 72.5% of Category A calls to be responded to within 8 minutes, NIAS achieved 51% in 2016-17. Whilst this is disappointing, it is encouraging to note that 71% of all Category A calls were responded to in less than 12 minutes.

A number of factors have impacted on performance levels during 2016-17. The demand for ambulance services has continued to increase across the Emergency, Urgent and Non – Emergency spectrum. NIAS experienced a 4.7% increase in Emergency and Urgent calls (HCP and non HCP calls) compared to the previous year with a 1.2% increase in the number of CAT A (immediately Life-threatening) calls compared to the previous year. The increase in Emergency and Urgent calls is equivalent to 26 more calls each day of the year. This increase is replicated across the non-emergency calls with a 2.9% increase in routine journeys compared to the previous year. In addition, the changes to the configuration of acute services has meant that the journey time to hospital for some patients has increased, resulting in extended periods in the care of ambulance professionals. Linked to this, the increased demand for emergency treatment means that in some cases, ambulances may need to re-divert to another hospital with capacity to treat a patient. Lastly, the congestion within Emergency Departments and other parts of the hospitals result in longer ambulance turnaround times which in turn affect the immediate availability of an ambulance response.

The extensive Workforce Stabilisation programme commenced in 2015-16 continued in 2016-17 with NIAS training 53 Emergency Medical Technicians (EMTs) of which 30 have now successfully completed their training and are fully qualified. In addition, NIAS has recruited 68 Ambulance Care Attendants (ACAs), of which 51 have now completed their training and are working across various ambulance locations in Northern Ireland. The remaining

successful candidates will be undergoing training and are expected to be in post at different stages of 2017-18.

NIAS is currently undertaking a Capacity Demand Review to better meet the needs of the populations. The final report is expected around July 2017. NIAS continues to work with educational colleagues both regionally and nationally in developing a regional Paramedic training programme in line with national ambulance services.

Performance Management going into 2017-18

The 2016-17 Commissioning Plan Direction (CPD) introduced a revised format focussed on outcomes and associated objectives to provide strategic direction for the HSC. The 2017-18 CPD refined this approach but remains in draft pending Ministerial consideration. The HSC therefore continues to report against the objectives set out in the 2016-17 CPD.

Monitoring of the achievement of objectives is supplemented by the monitoring of key HSC system indicators detailed alongside the relevant CPD outcomes.

HSCB will continue to implement a comprehensive framework for performance management and service improvement which monitors performance against relevant objectives, targets and standards and provides appropriate assurance to the Department and the Minister about their achievement. Poor performance will be addressed promptly and effectively through intervention and, where necessary, the application of sanctions. An integral part of these arrangements will be the identification and promulgation of best practice to promote consistent service improvement across the HSC.

Northern Ireland Fire & Rescue Service (NIFRS) Performance

During 2016-17, NIFRS received a total of 36,069 emergency calls for help to its Regional Control Centre (a 7.9% increase compared to 2015-16). Fire crews responded to a total 23,740 emergency incidents across Northern Ireland (a 5.7% increase compared to 2015-16).

Firefighters attended 3,187 Primary Fires rescuing 139 people during 2016-17. The number of accidental dwelling fires decreased by 2.0%: from 843 in 2015-16 to 826 in 2016-17. 9 people lost their lives as a result of accidental dwelling fires compared to the 12 people who died in 2015-16 (2 of these deaths are still subject to State Pathologist Reports to confirm cause of death). NIFRS, through its 'People at Risk' strategy, is specifically targeting its prevention work at those people considered to be at greatest risk - those aged 60 or older; or anyone with an impaired mobility.

Between April and September 2016 firefighters carried out 3,878 free home fire safety checks, fitted 4,005 smoke alarms and distributed 28,526 fire safety leaflets. They attended 433 Community Engagement Events, delivered 134 Fire Safety Talks and undertook 227 schools visits across Northern Ireland - targeting and prioritising the most vulnerable people in the community.

During 2016-17, NIFRS attended a total of 5,043 Secondary Fires of which 1,634 were gorse incidents. This increase of 3.6% on 2015-16 can be attributed to the rise in the number of

these gorse fires. Fire crews also attended 741 road traffic collisions (RTCs), a 1.5% increase in RTCs attended compared to 2015-16. NIFRS, in conjunction with its road safety partners in the Department for Infrastructure, PSNI and NI Ambulance Service, delivered numerous road traffic collision rescue demonstrations to schools, colleges and communities and took part in 14 Road Safe road shows aimed at young drivers, to highlight the consequences of road traffic collisions.

During 2016-17, NIFRS carried out 1,832 Fire Safety Audits in non-residential premises under the Fire Safety Legislation. This would appear to represent a reduction in last year's figures, however, during 2015-16 this figure included audits, follow-ups and pre/post audit visits. The 2016-17 figure is purely based on finished audits. One Enforcement Notice and four Prohibition Notices were issued to premises not compliant with the required fire safety standards. NIFRS brought one prosecution as a result of a failure to comply with the required fire safety regulations.

During 2016-17 NIFRS continued to work alongside partner agencies to ensure a coordinated response to serious widespread flooding incidents. Over this period NIFRS attended 17 flooding incidents and 25 water rescue incidents. 26 people were rescued from the water rescue incidents.

NIFRS has completed a risk assessment of each of its 68 station areas in order to manage and match resources to changing risk levels. Consultation has taken place on a number of changes that have now been agreed under the Resources to Risk Strategy. To date 6 Variable Crewed Stations and 1 Retained Duty System Station have moved to a new Day Crewing System with whole-time Firefighters carrying out specific duties including prevention activities in addition to attending emergency incidents.

Future Performance

Key targets for future performance will be a matter for agreement with the Minister for the Department of Health. They will be focussed on ensuring achievement of strategic objectives in line with available resources.

Financial Performance

2016-17 Financial Performance

The net resource outturn for the year is £4,696m, which is within the voted total Estimate cover by some £41m (0.86%). An analysis of the net resource outturn is as follows;

	£'000
Grant in Aid to HSC Bodies	3,969,714
Family Health Services (gross)	892,622
Income (Health Service contributions £496m)	(546,280)
Hospital and Paramedic Services	121,357
Social Care Services	50,570
Public Health Services	68,199
Other direct expenditure	52,025
Annually Managed Expenditure and notional costs	3,176
Grant in Aid to NIFRS and other Fire Services expenditure	84,229
Total	**4,695,612**

A detailed analysis of Net Resource Outturn against Estimate by function can be found at Note SoAS1 to the accounts on page 92.

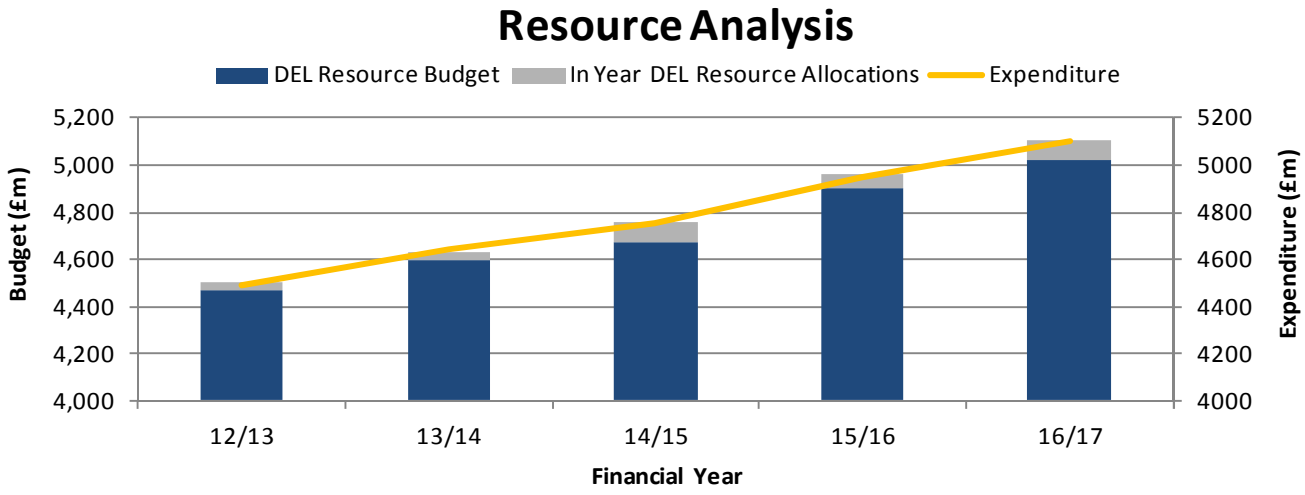
The Department continued to face significant financial challenges during 2016-17. Throughout the year, the Department sought to manage a range of unfunded pressures, in particular working closely with all Departmental ALBs in order to secure opportunities to close the funding gap. The Department also engaged extensively with the Minister and key stakeholders across the HSC and with DoF. In addition, the Department fully participated in the Executive's 2016-17 In-Year monitoring processes and was successful in securing non-recurrent funding of £71.8m cash resource funding; £20m non-cash resource funding; and £13.7m capital funding.

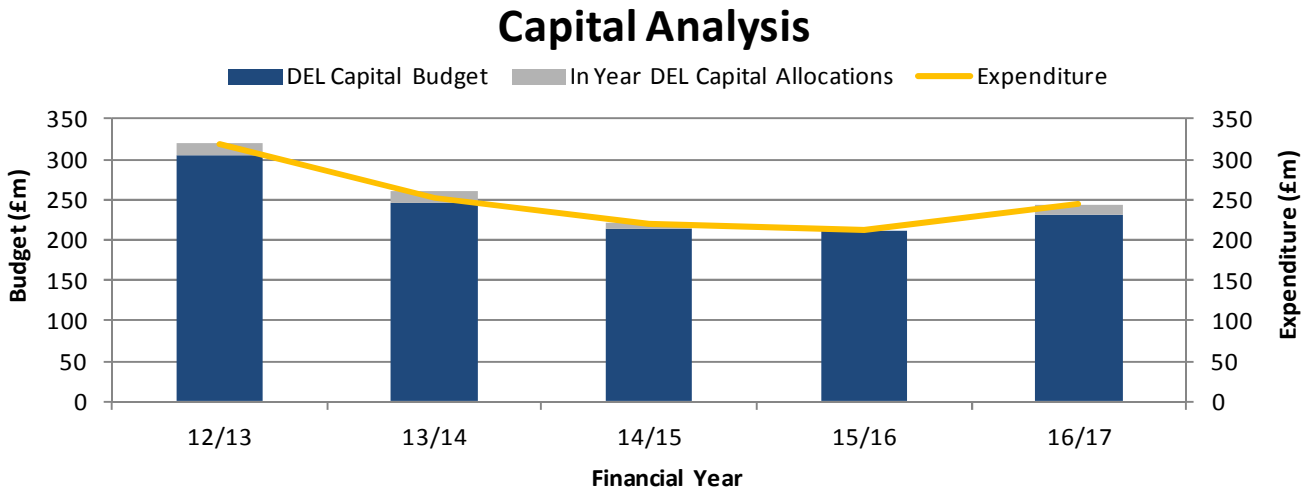
As a result of these actions, the Department reported an overall resource underspend against final budget of £0.5m (0.009%). This reflects an underspend of £3.8m against the cash resource budget (0.08%), offset by an overspend of £3.3m on the non-cash resource budget (2.4%). The non cash overspend arose due to an increase in depreciation charges across the HSC in the later stage of the year. The Department bid for additional non cash funding in the January Monitoring round. However, in the absence of an Executive this bid could not be met. In respect of capital the Department reported an overall underspend against final budget of £0.2m (0.1%).

HSC Capital Investment

The Capital DEL budget available for 2016-17 amounted to £242,834k, against a provisional expenditure of £242,547k. A further £0.75m FTC for the GP Loans scheme was available, which was fully spent.

Long Term Expenditure Trend Analysis





During the period 2012-13 to date, the Department of Health has received recurrent real terms uplifts ranging from 1.5% to 4.5% to its Resource budgets. Whilst the Department's allocation has increased each year over the Budget period, these uplifts are required to fund inflationary cost pressures, demography pressures from an increasing and ageing population and the cost pressures associated with new treatments and patient expectation and therefore represent real terms decreases.

The Department has also received additional in year non recurrent current funding of £306.2m and £82m capital funding across the budget period 2012-13 to date through the Executive's monitoring round processes. However, in order to maximise Health outcomes for the population of Northern Ireland it is strategically important that there is not an over reliance on non recurrent funding sources but recurrent stability.

Although the Department has been afforded protection from budgetary cuts, closing the gap between projected demand/need and available budget has meant implementing a significant programme of efficiency measures.

As illustrated in the diagrams above, during the period 2012-13 to 2016-17, the Department has demonstrated sound financial management as measured by provisional outturn which has been 99.6% to 100 % of the resource budget.

Looking ahead to 2017-18 and beyond financial constraints are expected to continue, the trajectory set out in the independent report produced by an Expert Panel led by Professor Raphael Bengoa is that in the absence of significant transformation the Department is likely to consume 90% of the overall NI Block over the next 10 years. Transformation of Health and Social Care will require financial investment, and a period of parallel running which will determine the pace of change.

RESOURCES

Risks and Uncertainties

The Departmental Board is committed to maintaining a sound system of internal governance including comprehensive and effective risk management systems. The Department works within a comprehensive framework for business planning, risk management and assurance. The Department maintains a Departmental Risk Register to record, monitor and report on the management of risk, and the Departmental Board receives formal quarterly reports on the status of Departmental risks, with individual risks considered on an exception basis where necessary.

Twelve principal risks have been identified in relation to the successful discharge of the Department's statutory obligations. These risks reflect the possible high level threats to which the Department must respond in terms of its own business and the agenda it sets for its Arms Length Bodies. The risk descriptions set out below:

- That the potential impact of poor population health and wellbeing on the demand for health and social care services may be exacerbated by an ineffective contribution by the Department to the cross-government priority on improving health and wellbeing in terms of policy, legislation and standards;
- That the commissioning and delivery of good quality health and social care services may be jeopardised by ineffective policy, legislation and standards for clinical and social care governance;
- That the quality of health and social care services may be adversely affected because patients, clients, carers and communities are not appropriately involved in their design, delivery and evaluation;
- That appropriate standards of probity and governance are not maintained because of ineffective internal control and sponsorship of Arms Length Bodies;
- That the Department's statutory responsibilities for Families in Need, Looked After Children, vulnerable adults and children and young people in NI may not be adequately discharged because of inadequate policy, legislation standards, guidance and resourcing;
- That available resources are not sufficient to deliver the strategic objectives for health, social care and public safety and the necessary quality and productivity improvements may not be delivered because of ineffective planning, prioritisation and deployment of resources;
- That the necessary quality and productivity improvements for health and social care services may not be delivered because of a lack of innovation;
- That the Department's response to those emergencies for which it is the Lead Government Department may not be adequate to manage the emergency and maintain essential health and social care services;
- That the health and social care workforce may not meet the future requirements of changing service profiles and patient and client needs;
- That core services may not be safe and effective because buildings, equipment, vehicles and ICT are not maintained, refurbished or replaced in line with prevailing standards;

- That the Department's procurement arrangements may not be carried out in line with EU and national law resulting in legal challenge and/or failure to deliver best value for money; and
- That the benefits of the Business Services Transformation Programme, including savings, may not be realised with an adverse impact on patients, clients and services.

Corporate Governance

The Code of Good Practice on Corporate Governance in Central Government requires the Department to report on its approach to corporate governance and in particular on the role and operation of the Departmental Board.

Board Membership

In 2016-17, the Departmental Board had eight members; including two Independent Board Members. Board Members are listed within the Directors' Report on pages 39 - 42. Executive membership of the Departmental Board is restricted to holders of those posts in acting or actual capacity. Senior management posts are filled in line with and according to NI Civil Service processes and procedures.

Meetings

The Departmental Board meets monthly. Within the overall policies and priorities established by the Minister, the remit of the Board is to:

- Set the Department's standards and values;
- Agree the Department's strategic aims and objectives as set out in the Corporate Business Plan;
- Oversee sound financial management and corporate governance of the Department in the context of the Corporate Business Plan;
- Oversee the allocation and monitoring of the Department's financial and human resources to achieve aims and objectives set out in the Corporate Business Plan;
- Monitor and manage the Department towards the achievement of agreed performance objectives as set out in the Corporate Business Plan;
- Scrutinise the governance and performance of ALBs; and
- Set the Department's 'risk appetite' and ensure appropriate risk management procedures are in place.

Independent Membership

The Departmental Board has two Independent Non Executive Board Members (IBMs). Dr C King was appointed on 25 September 2010 and her appointment will run to 24 December 2017. Mr M Little was appointed on 10 February 2014 and his appointment will run to 9 November 2017.

The IBMs, like all Board members, are fully aware of the need to declare any personal or business interests which may, or may be supposed to, influence their judgement in performing their functions.

Departmental Audit and Risk Assurance Committee (DARAC)

The DARAC is a Committee of the Departmental Board, established to support and advise the Board and the Accounting Officer on issues of internal control, governance and assurance. The Committee consists of four members - the Department's two Independent Board Members, (one as Chair), and two external members. These two external audit committee members are employees of other public sector organisations. The Committee met four times in 2016-2017, and the Chair formally reported to the Departmental Board after each meeting.

The composition of the DARAC is entirely independent of the Department's senior management team. Under its terms of reference, the DARAC gives detailed and explicit attention to, and advises the Board and the Accounting Officer on:

- Internal control i.e. the quality of risk management, corporate governance and internal control within the Department;
- Cross-boundary issues affecting the Accounting Officer e.g. in respect of the adequacy of the accountability and assurance arrangements linking him to the Accounting Officers in subordinate bodies; and
- Systems for responding to recommendations made by authoritative external bodies e.g. Public Accounts Committee, the Northern Ireland Audit Office, and the RQIA.

DARAC regularly conducts a self-assessment against the guidelines issued by the National Audit Office. The findings of the self-assessment are presented to DARAC for action as appropriate.

Oversight and Relationship with Arm's Length Bodies (ALBs)

The Department has 17 Arm's Length Bodies (ALBs) which collectively comprise the health, social care and public safety system in Northern Ireland. The Department has continued to ensure effective governance procedures are in place with regards to oversight of its ALBs.

The Department's stewardship arrangements for its ALBs are reinforced through biannual Ground Clearing and Accountability meetings which take place between Departmental and ALB representatives. These meetings cover performance against targets; finance issues; policy issues; and corporate governance issues.

The Department's relationships with its ALBs is explained in Annex A and B on pages 149-155.

The Department's Legislative Programme

The following pieces of primary legislation all completed their required stages in the Assembly and were granted Royal Assent as indicated below;

- Health and Social Care (Control of Data Processing) Act (11 April 2016)
- Mental Capacity Act (9 May 2016)
- Health and Personal Social Services (Amendment) Act (12 May 2016)
- Health (Miscellaneous) Act (12 May 2016)

Environment and Sustainability

During 2016-17, the Department continued to demonstrate, both in the carrying out of its functions and in maintaining a policy environment, due regard to its Statutory Duty for sustainable development.

The Department continues to lead on the sustainable development of health and social care by its ongoing work to transform the delivery of services, in line with the Deliver Together strategy.

Other areas of work carried out include:

- The Department continued to participate in the Carbon Reduction Commitment (CRC). . However since the launch of the scheme the Department has shown an overall reduction of 27% in reportable emissions. This reflects the ongoing work of all staff in managing energy use in the areas of Castle Buildings occupied by the Department.

- The Department was represented on the adaption and mitigation sub-committees of the Cross Departmental Working Group on Climate Change assisting in the development of the NI adaption programme to address the identified risks of climate change and in the development of cross departmental actions to mitigate against climate change.

- The Department also fully engaged with the Strategic Investment Board through facilitating SIB and the HSC Trusts on the initial development of an energy efficiency programme. In support of this initiative, the Department has also sought HSC Trusts to continue to identify projects for energy efficiency to be delivered through no-cost and low-cost interventions funded through their existing funding allocation in addition to the identification of larger scale energy efficiency schemes to be developed through third party funding sources or explored through the capital development programme.

In the scrutiny and approval of business cases for capital expenditure the Department has also ensured that due regard to Sustainable Development had been explored within the case.
In 2017-18, the Department will continue to carry out its functions while providing due regard to its duty for Sustainable Development. The Department shall actively engage in potential cross governmental policy developments in environmental and sustainable matters.

Asset Management

A key requirement for the Department in 2016-17 was to continue to implement the actions contained in the Executive approved Asset Management Strategy, aimed at improving asset management processes to reduce the net cost of service delivery through the efficient use of public assets and to promote effective asset management processes that unlock value. Key initiatives in this area included:

- Continued application of Departmental asset management related policy and guidance;
- Completion of annual Departmental ALBs Property Asset Management Plans;

- Completion of the Department's annual Asset Management Plan, which highlighted key achievements delivered in 2015-16, progress in this function in 2016-17 and identified five main priority areas which the Department propose to take forward in 2017-18;
- Completion of the Department's annual State of the Estate report which provides the Department and its ALBs with invaluable data on the condition and performance of the estate; and
- Completion of the quarterly NICS wide centralised Property Information Mapping System (e-PIMS).

Continued implementation of robust asset management processes by Departmental ALBs has delivered savings and improved strategic and investment planning processes. There has been an ongoing reduction in the number of underperforming property assets in the estate; the Department's annual disposal target has been delivered; associated revenue savings have been achieved and asset management processes and systems are becoming more robust. There have been limited improvements in Key Performance Indicators such as physical condition. However, it is expected that improvements will be delivered as mitigation strategies are taken forward and investment is targeted to areas of greatest need in the estate.

Health and Safety

The Department discharges its responsibilities under the Health and Safety at Work (NI) Order 1978 and other relevant legislation, and works to ensure the health, safety and welfare of its employees. All staff are kept up-to-date with the latest developments in health and safety standards, and compliance with these standards is assessed through an ongoing audit programme. Three health and safety audits were carried out in 2016-17.

Annual refresher First Aid at Work training was delivered to 8 first aiders during 2016-17.

During 2016-17, 16 staff (including secondees) completed the Department's H&S Induction Training for new entrants. The annual DSE Risk Assessment programme is due to be rolled out in April 2017. NICS online Fire Awareness training was rolled out in July 2016 with 87% compliance.

There were a total of 13 accidents / near misses during 2016-17, which was an increase of five on the previous year. There were 17 specialist assessments carried out during 2016-17, including: ergonomic assessments; temperature, humidity, new and expectant mothers' assessments; and lighting and noise surveys.

Learning and Development

In line with its Learning and Development Plan, the Department supported a wide range of development opportunities for staff during 2016-17. Generic training was provided by the Centre for Applied Learning, and business specific training was provided by a range of external providers and healthcare specialists. Other development opportunities included, employer supported volunteering, assistance to study academic qualifications and access to a range of ad hoc leadership opportunities. In addition, a range of e-learning training packages were available and during 2016-17, all staff received training in anti- fraud awareness, fire safety and public interest disclosure (whistleblowing).

Staff

The Department directly employs some 407 (WTE) staff as at 31 March 2017. The NI Fire and Rescue Service employs some 2,056 people and around 73,000 people work in the Health and Social Care sector (including 'bank/as and when required' staff, career breaks and Board members).

The Department is committed to supporting the development and management of its staff so that they can effectively contribute to the achievement of Departmental and personal objectives.

The table below shows estimated absence figures for 2016-17 and also for 2015-16 for comparison purposes based on whole time equivalent (WTE) staff numbers. This shows a decrease of 134 days lost to the Department and a decrease of 1.2 average working days lost per person. An action plan for 2016-17 aimed at minimising absence levels was implemented throughout the 2016-17 year.

Financial Year	Average Total number of staff	Total days lost	Average working days lost per person	Absence rate
2016-17	407 WTE	3,203	8.8	3.9%
2015-16	440 WTE	3,337	7.6	3.4%

The following tables detail the breakdown of staff gender within DoH, this analysis is on headcount:

Staff Gender Breakdown within DoH 2016-17 all grades	
Female	243
Male	171

Staff Gender Breakdown within DoH 2016-17 Senior Management (excl. Board Members)	
Female	8
Male	9

Staff Gender Breakdown within DoH 2016-17 Board Members incl. Independent Board Members	
Female	4
Male	5

Equal Opportunities / Disabled Persons

The Department follows the NI Civil Service Equal Opportunity Policy which states that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. The policy aims to foster a culture which encourages every member of staff to develop his or her potential and which rewards achievement.

The Department aims to provide access to the full range of recruitment and career opportunities for all people with disabilities, to establish working conditions which encourage the full participation of disabled people and seek to ensure the retention of existing staff that are affected by disability through rehabilitation, training and reassignment. The Disability Liaison Officer, and the Department's HR Business Partners, work closely with individuals and their line managers to identify and implement appropriate reasonable adjustments.

Employee Engagement

The DoH staff engagement programme "Deliver Together" aims to engage our people, create a great place to work, improve performance and deliver results. During 2016-17 the Department continued to develop the programme. Activities carried out included regular internet blogs from senior staff, a programme of informative seminars and the publication of an in house online e-zine, the Pulse. These help promote a learning culture, create opportunities for open communications and promote information about issues which affect staff on a personal and work related basis.

The Department holds the Investors in People Bronze status.

All staff have access to welfare services, Carecall and to Trade Union membership; the Department uses the established Whitley process of staff consultation and meets regularly with Trade Unions on matters of interest.

Complaints

The Department is committed to providing the highest standard of service to all its customers and aims to get things right first time. The Department received three formal complaints during 2016-17. If a complaint against the Department is received, any lessons will be shared with staff to increase awareness and improve the standard of service.

If members of the public are not entirely satisfied with any aspect of the Department's service, they are advised to inform the Department and the matter will be addressed as quickly as possible. The Department operates an informal and formal process as follows:

- **Informal Procedure** – The Department's aim is to resolve any complaint quickly and any matter of concern should be brought to the attention of the Departmental official with whom members of the public have been interacting with at the earliest opportunity. However, if they are still dissatisfied after this approach, a formal complaint in writing should be submitted.

- **Formal Procedure** - Full details of any complaint should be submitted in writing. The Department will arrange for the complaint to be investigated and aim to provide a full written reply within 20 working days of receipt. If a full reply cannot be given within this timescale, details will be advised as appropriate.

If these steps do not provide a suitable response to the initial complaint the following procedures apply:

- **Formal Procedures – follow up process** – Any follow up to initial complaints should be in writing to the Department's Complaints Officer, providing full details of any complaint and reasons for continuing dissatisfaction. The Complaints Officer will ask a Senior Officer to review the matter and respond within 20 working days of receiving the complaint. If a full reply cannot be given within this timescale, details will be advised as appropriate.

- **Subsequent Actions** – Members of the public also have the right to follow up issues through the NI Public Services Ombudsman, with the internal procedures not representing a substitute for their right to complain to the Ombudsman's Office.

ACCOUNTABILITY REPORT

1. Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the make-up of the PCC, its governance structures and how they support the achievement of the DoH's objectives. The Corporate Governance Report is comprised of:

a) Directors Report
b) Statement of Accounting Officer Responsibilities
c) Governance Statement

2. Remuneration and Staff Report

The remuneration and staff report sets out the DoH remuneration policy for its Non-Executive Directors, reports on how that policy has been implemented and sets out the amounts awarded to its directors and those senior staff key to the organisation's accountability.

3. Accountability and Audit Report

The Accountability and Audit report brings together key accountability documents on DoH funding, expenditure and accountability disclosures as set out in Managing Public Money Northern Ireland. The Accountability and Audit report is comprised of:

a) Funding Report
b) Certificate of the Comptroller and Auditor General

CORPORATE GOVERNANCE REPORT

Directors' Report

The Department of Health (DoH or the Department) presents its Annual Report and Accounts for the financial year ended 31 March 2017.

Management

The Department is headed by a Minister who is supported by senior officials, the most senior of which is the Permanent Secretary. A Departmental Management Board, comprising the senior official in charge of each executive area, manages the Department.

Minister

Mr S Hamilton MLA was the Minister responsible for the Department from 11 May 2015 until 6 May 2016.

Mrs Michelle O'Neill MLA was the Minister responsible for the Department from 25 May 2016 until 2 March 2017 when the Northern Ireland Assembly was dissolved.

Permanent Head of the Department

Mr R Pengelly was appointed as the Permanent Secretary for the Department on 1 July 2014.

Management Board

Membership of the Departmental Management Board during 2016-17 is outlined below:

Mr. R Pengelly	Permanent Secretary (Chair)
Mr. S Holland	Deputy Secretary, Social Care Policy Group
Mrs. C McArdle	Chief Nursing Officer (seconded to the Department from the South Eastern HSC Trust)
Dr. M McBride	Chief Medical Officer (seconded to the Department from the Belfast HSC Trust)
Mrs. D McNeilly/ **Mrs. J Thompson**	Deputy Secretary, Resources and Performance Management Group and Senior Finance Director (part years)
Mr. J Johnston	Deputy Secretary, Healthcare Policy Group
Dr. C King	Independent Non–Executive Director
Mr. M Little	Independent Non–Executive Director

Departmental Accounting Boundary

These accounts consolidate financial information for those bodies within the Departmental accounting boundary, namely:

- DoH Core Department;
- Health and Social Care Board (HSCB); and
- Public Health Agency (PHA).

Annex A contains a full list of bodies consolidated within the accounts. Annex B contains a list of all the public sector bodies outside the boundary for which the Department had lead policy responsibility during the year.

Departmental Reporting Cycle

In line with all NI Departments, the DoH reporting cycle commences early in the financial year with the production of the Main Estimates. These establish authority from the Assembly for DoH to incur expenditure up to the limits stipulated. The provisions sought in the 2016-17 estimates were based primarily on the agreed 2016-17 Budget Position as approved by the NI Assembly. The figures in the accounts also reflect any Executive approved changes to the 2016-17 budgets, as agreed by the Assembly during 2016-17. The Assembly was dissolved in January 2017 and therefore the process of approving the 2016/17 Spring Supplementary Estimates and associated Budget Bill to seek authority for additional resources and/or cash to that provided in the Main Estimates did not take place. Consequently, the Supply Estimate position shown in the Statement of Assembly Supply is the Main Estimates position. The Main Estimates are published and available from Her Majesty's Stationery Office (HMSO).

The HSC Trusts are expected to work to meet those priorities set by the Minister. Performance against Executive and Ministerial priorities and targets are subject to routine monitoring and reporting to the Departmental Board.

Financial Review

Overall total expenditure by the Department on all services amounted to £4,695m (£4,505m in 2015-16) against Estimate cover of £4,736m (£4,746 m in 2015-16). A detailed review is contained in the Performance Report on pages 3-37. The financial results of the Department are set out on pages 103-148.

The financial statements are presented in £ sterling and are rounded in thousands.

Post-Balance Sheet Events

There are no post-balance sheet events that have a material effect on the 2016-17 accounts.

Contingent Liabilities disclosed under Parliamentary reporting requirements

No disclosures for this reporting period.

Payments to Suppliers

The Department is committed to the prompt payment of bills for goods and services and pays its non-HSC trade creditors in accordance with agreed terms and appropriate government accounting guidance, as set out in Managing Public Money NI. Updated late payment legislation **(**the Late Payment of Commercial Debts Regulations 2013) came into force on 16 March 2013. The effect of the new legislation is that a payment is normally regarded as late unless it is made within 30 days after receipt of an undisputed invoice. Contracts agreed before 16 March 2013 are however excluded from the amended provisions and will retain the payment terms agreed at the time the contract was signed**.**

Unless otherwise stated in the contract, payment is due within 30 days of the receipt of goods or services or within 30 days of the presentation of a valid invoice, whichever is later. Monthly reviews are conducted to measure how promptly the Core Department pays its bills. During 2016-17, on average 95.52% of invoices were paid on time.

In November 2008, in response to the current economic position, the Minister for Finance and Personnel announced that Northern Ireland Departments would aim to ensure that valid invoices were paid within 10 days. In 2016-17, on average 86.14% of the Core Department's invoices were paid within 10 days. Performance is regularly reviewed by the Departmental Board and steps have been taken to increase staff awareness of the importance of prompt payment. Moving into 2017-18, the Department will build upon the performance achieved in 2016-17.

Pension Liabilities

Past and present employees of the Department are covered by the Principal Civil Service Pension Scheme (PCSPS) (NI). Further details of the scheme can be found within the accounting policy note (Note 3) to the financial statements and within the Remuneration Report.

Related Party Transactions

The Department is the parent of those bodies listed in Annex A. It sponsors those bodies listed in Annex B. All these bodies are regarded as related parties with which the Department has had material transactions during the year. In addition, the Department has had a small number of transactions with other government departments and Central Government bodies. Most of these transactions have been with the Department of Finance. Further details can be found at note 18 of the financial statements.

Register of Interests

The Department maintains a register of interests. This register details interests which may conflict with the management responsibilities of Board members and is recorded as necessary. Information on the register can be found on the DoH website[1].

Board members are required to declare any conflicts of interest that arise during the course of a meeting. There were no conflicts of interest identified by members during the period of this report.

Audit

The accounts and supporting notes relating to the Department's activities for the year ended 31 March 2017 have been audited by the Comptroller and Auditor General. The Certificate and Report of the Comptroller and Auditor General is included on pages 100-102. The notional cost of the audit for the year ended 31 March 2017, which pertained solely to audit services, was £84k; this includes the audit fee for the Superannuation Scheme Resource Account.

Statement on disclosure of audit information

I can confirm that so far as I am aware there is no relevant audit information of which the auditors are unaware and that I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

Authorised for Issue

The accounts were authorised for issue on 29 June 2017 by the Departmental Accounting Officer, Mr R Pengelly.

[1] https://www.health-ni.gov.uk/sites/default/files/publications/health/dept-board-register-interest%20-2016.pdf

STATEMENT OF PRINCIPAL ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance (formerly Department of Finance and Personnel) has directed the Department of Health, Social Services and Public Safety to prepare, for each financial year, consolidated Resource Accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department, Health and Social Care Board and the Public Health Agency during the year.

The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the Departmental Group, and of its net resource outturn, resources applied to objectives, changes in taxpayer's equity and cash flows for the financial year.

The Department of Finance (formerly Department of Finance and Personnel) has appointed the Permanent Head of the Department as the Principal Accounting Officer of the Department. In preparing the accounts, the Principal Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular, to:

- Observe the Accounts Direction issued by the Department of Finance (formerly Department of Finance and Personnel), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- Ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;

- Make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by the Health and Social Care Board* and Public Health Agency;

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

- Confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable;

- State whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and

- Prepare the accounts on a going-concern basis.

The Principal Accounting Officer of the Department has appointed the Chief Executives of its sponsored non-departmental and other arms length public bodies as Accounting Officers of

those bodies. The Principal Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including the responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department for which the Accounting Officer is responsible, are set out in are set out in the Accounting Officers' Memorandum issued by the Department of Finance (formerly Department of Finance and Personnel) and published in Managing Public Money Northern Ireland.

The Minister announced in November 2015 his intention to close the HSCB and realign its activities across the wider HSC system. However, no formal timeframe for closure has as yet been established. As such, the HSCB will continue as constituted for the 2017-18 financial year and will work closely with the Department on transitional arrangements to the new structures once these are confirmed. The HSCB's financial statements consolidated within this document have therefore been prepared on a going concern basis.

GOVERNANCE STATEMENT

Introduction

This statement is given in respect of the Departmental Resource Accounts for 2016-17. It outlines the Department's governance framework for directing and controlling its functions and how assurance is provided to support me in my role as Accounting Officer for the Department of Health. The Board of the Department of Health is accountable for internal control. As Accounting Officer, I have responsibility for maintaining a sound system of internal governance that supports the achievement of the Department's policies, aims and objectives. I also have responsibility for safeguarding public funds and Departmental assets in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland (MPMNI).

The following statement, whilst primarily focusing on the Department, incorporates issues within its Arm's Length Bodies (ALBs) which deliver services directly to the public. The ALBs use their own governance structures developed in line with MPMNI, Departmental and other requirements and guidance. Each ALB publishes its own individual governance statement within their published annual report and accounts. ALB Boards have corporate responsibility for ensuring that their respective organisations fulfil their statutory responsibilities and the aims and objectives set by the Minister/Department, including promoting the efficient, economic and effective use of staff and other resources.

As Principal Accounting Officer, I have a duty to satisfy myself that all ALBs have adequate governance systems and procedures in place to promote the effective, efficient conduct of their business and to safeguard financial propriety and regularity.

Corporate Governance in Central Government Departments: Code of Good Practice 2013

The Department applies the principles of good practice outlined in the Code and continues to further strengthen its governance arrangements. The Department does this by undertaking continuous informal assessment of its compliance in line with the Corporate Governance Code.

Governance Framework

In my role as Accounting Officer, I function with the support of the Departmental Board (the Board). This includes highlighting to the Board specific business implications or risks and, where appropriate, the measures that could be employed to manage these risks or implications. I am also required to combine my Accounting Officer role with my responsibilities to the Minister, which include providing advice on the allocation of Departmental resources and the setting of appropriate financial and non-financial performance targets for ALBs.

The Departmental Board

The Departmental Board (the Board) represents the collective and strategic leadership within the Department, in conjunction with the experience and contribution of two Independent Board Members. The Board supports me as Accounting Officer in directing the business of the Department as effectively as possible, to achieve the objectives and priorities set by the Minister. The Board has a key role in overseeing the sound financial management and corporate governance of the Department and closely monitors the Department's progress in the achievement of key objectives and priorities set out in the Departmental Business Plan, including Programme for Government commitments.

The Departmental Board applies the principles of good practice in Corporate Governance and continues to strengthen its governance arrangements. The Board does this by assessment of its compliance with Corporate Governance best practice as part of a wider review of the Departmental Board.

The Board ensures that appropriate risk management procedures are in place within the Department and it scrutinises the governance and performance of ALBs.

The strategic aims, policies and strategies for the Department are set by the Minister. The role of the Departmental Board is to support me, as the Accounting Officer, in establishing the necessary governance and assurance mechanisms to ensure effective and efficient delivery of the Minister's priorities and other statutory functions of the Department. In line with best practice, the operational procedures of the Departmental Board are kept under continuous review and a more detailed evaluation is conducted every few years. The full review was undertaken in 2013-14 and a further review commenced in 2016-17.

Executive Board Members 2016-17		No of meetings attended
Mr R Pengelly	Permanent Secretary	7/10
Mr S Holland	Deputy Secretary, Social Care Policy Group	7/10
Mrs C McArdle	Chief Nursing Officer	7/10
Dr M McBride	Chief Medical Officer	8/10
Mrs D McNeilly	Deputy Secretary, RPMG (August 2016- March 2017) Health Care Policy Group (April 2016 – July 2016)	8/10
Mrs J Thompson	Deputy Secretary, Resources and Performance Management Group and Senior Finance Director (April 2016- August 2016)	3/3
Mr J Johnston	Deputy Secretary, Health Care Policy Group (August 2016 – March 2017)	5/7
Independent Board Members 2016-17		
Dr C King	Independent Board Member	10/10
Mr M Little	Independent Board Member	9/10

Independent Board Members (IBMs) provide support, guidance and challenge to the Departmental Board. As Accounting Officer, I have regular meetings with the IBMs and carry out annual performance assessments.

Management Information

The Board reviews regular business plan updates to challenge performance against Departmental targets. These reports have been the subject of considerable refinement over recent years and are continually revised to allow them to identify and respond to emerging challenges.

In June 2012, the Board agreed a new Framework for Business Planning, Risk Management and Assurance. The Framework provides a clear and common understanding of business planning, risk management and assurance processes in the Department, along with associated guidance.

The requirements of ALB Governance within the Department have evolved to ensure that the accountability review process is more balanced in terms of governance and performance. Submission and acceptability of Board level information and reports is subject to challenge.

Quality of Information

The Board receives a range of management information about matters such as Finance, Human Resources, the Departmental Business Plan, the Departmental Risk Register and the Governance and Performance of ALBs, to assist it in discharging its role. Regular formal reviews of the operation of the Board include the quality of information provided to it. In addition, Board members, collectively and individually, keep the quality of reported information under continuous review and seek enhancements as necessary to support the Board and its committees.

Departmental Audit and Risk Assurance Committee (DARAC)

DARAC Members 2016-17		**No. of meetings attended**
Dr C King	IBM and Chair of DARAC	4/4
Mr M Little	IBM and DARAC Member	3/4
Mrs J Pyper	Chief Executive Utility Regulator	4/4
Mr T Connolly	Finance Director Department of Education (1 April 2016 – 2 December 2016) Head of Business Engagement Department for the Economy (5 December 2016 – 31 March 2017)	3/4

The DARAC is a Committee of the Board and meets four times per year, with additional topic focused meetings. DARAC comprises four members, each of whom is independent of Departmental management. Other officials in attendance at DARAC meetings include the Departmental Accounting Officer, the Senior Finance Director, the Finance Director (FD), the Head of Internal Audit and officials from the Northern Ireland Audit Office (NIAO).

The DARAC gives detailed attention to internal governance issues, including the quality of risk management and corporate governance within the Department. DARAC also considers any HSC-wide issues or any other issues with the Department that affect my role as the Department's Accounting Officer.

An example of this is in respect of the adequacy of the arrangements by which I hold ALB Accounting Officers to account for the performance and governance of their organisations. Systems for responding to recommendations made by authoritative external bodies, including the Public Accounts Committee, NIAO, and the Regulation and Quality Improvement Authority (RQIA), are also examined. The DARAC advises the Board and me as Accounting Officer on its conclusions and recommendations with regard to identified governance weaknesses.

DARAC – Responsibilities and Performance

In line with best practice set out in the HMT Audit and Risk Assurance Committee Handbook, the Chair of DARAC sets an agreed core programme of work for each of its quarterly meetings, which includes:

- Scrutiny of the Departmental accounts;
- Consideration of internal audit strategy;
- Review of internal and external audit findings; and
- Monitoring of residual audit recommendations.

The Department provides regular reports to DARAC on risk management and assurance in the Department and the accountability and assurance of its ALBs. In addition, DARAC considers and comments on individual issues of internal governance and their implications for wider governance arrangements.

The DARAC conducts a self-assessment according to guidelines issued by the National Audit Office on a regular basis. The findings of the self-assessment are presented to DARAC for action as appropriate. In addition, the Chair of the DARAC delivers an annual report to both the Departmental Board and the DARAC and also reports to the Board following each quarterly meeting of the DARAC.

The DARAC has also considered the Departmental Resource Accounts (DRA) for 2016-17 and on the basis of the evidence presented, has recommended the DRA to the Departmental Accounting Officer for approval.

Top Management Group

As Accounting Officer, I am supported by my Top Management Group, which comprises the Executive Board Members. It provides a forum for the consideration and endorsement of corporate business and the handling of the emerging issues.

Departmental Framework for Business Planning, Risk Management and Assurance

Business planning and risk management is at the heart of governance arrangements to ensure that statutory obligations and Ministerial priorities are properly reflected in the management of business at all levels within the Department.

The Framework for Business Planning, Risk Management and Assurance provides a clear and common understanding of business planning, risk management and assurance processes in the Department, along with associated guidance. In order to ensure its continued effectiveness, a review of the Framework commenced in 2014-15. The review sought feedback from each business area regarding their application of the Framework, and included engagement with Departmental Internal Audit to consider any emerging issues/lessons learned from its ongoing programme of directorate governance audits. The outcome of the review is currently being finalised, subject to the outcome of current Departmental considerations on the future approach to the identification and handling of risk.

Business Planning and Risk Management

Business planning and risk management is at the heart of governance arrangements to ensure that statutory obligations and ministerial priorities are properly reflected in the management of business at all levels within the organisation.

Business Planning

In establishing its strategic objectives, the Department takes its lead from the statutory framework governing the functions of the Department and the specific priorities set by the Minister and the Executive, including those outlined in the Programme for Government. The Departmental Business Plan also takes account of the governance arrangements that the Department must put in place for the proper discharge of its responsibilities as a Government Department and public authority e.g. financial probity, equality, human rights etc. Within a budget period, the existing Departmental Business Plan is rolled forward into a new fiscal year.

The Departmental Board is the custodian of the Departmental Business Plan's affordability and deliverability. Progress against the Departmental Business Plan is addressed at quarterly Board meetings and includes formal quarterly written reports in Red, Amber or Green format against each of the targets in the fiscal year.

It is the responsibility of Executive Board Members to ensure that the Directorates under their control have appropriate plans in place. It is essential that linkages between plans at Departmental and Directorate level are clearly stated. Similarly, there must be a clear

connection at all levels between objectives and associated risks. This is evidenced through risk management, business planning and assurance processes operated within the Department.

The Departmental Guidance document 'Framework for Business Planning, Risk Management and Assurance' sets out guidance on the processes to be followed to ensure connections and linkages are identified and considered throughout the process. Included within the Framework are draft templates for directorate business plans and risk registers. Each of these contains sections for the inclusion of links to directorate risks, departmental risks and departmental business plan references. Directorate business plans and risk registers and their effective operation in conjunction with the Framework are considered as part of Internal Audit Directorate Reviews.

Risk Management

Risk management is an organisation-wide responsibility. In the Department, there are two key levels at which the risk management process is formally documented:

- The Departmental Risk Register focuses on the principal risks to the Department's delivery of its statutory responsibilities and strategic objectives; and
- Directorate risk registers focus primarily on the risks to the achievement of Directorate objectives.

Directorate business plans must be directly linked to the delivery of the Departmental Business Plan. Similarly there must be a clear connection at all levels between objectives and associated risks. Formal processes exist to escalate objectives and associated risks from Directorate to Departmental level, subject to the approval of the Departmental Board.

The Departmental approach to the identification and handling of risk, including the format of the Departmental Risk Register, is currently under review. Until any new approach/template has been agreed, the current approach to risk and version of the Departmental Risk Register continues to be used. The Departmental Risk Register is reviewed at the beginning of the financial year to update all risks, controls and actions and is maintained in conjunction with the Departmental Business Plan. It is therefore subject to the same Departmental Board reporting arrangements.

Executive Board Members are responsible for ensuring that the Directorates under their control have a business plan and fully-linked risk register. I require bi-annual formal written assurances from Directors, signed off by Executive Board members, about the proper operation of business planning and risk management within their business areas. Where a risk identified at Directorate level becomes unmanageable within the Directorate's resources, or where it threatens to impact on Departmental objectives or across Directorates, it must be escalated to the Departmental Board and considered for inclusion on the Departmental Risk Register.

The system of internal governance is designed to help manage risk rather than to eliminate it and controls must at all times be commensurate with the nature of the risk. A set of risk assessment criteria has been developed, agreed and applied by those Departmental officials involved in the risk assessment process.

The system of internal governance is based on an on-going process to identify and prioritise the risks to the discharge of the Department's statutory responsibilities, including the delivery of its strategic objectives. The system also determines the controls and analyses the risks in terms of their impact and likelihood of realisation in conjunction with the controls.

The system of internal governance has been in place in the Department for the year ending 31 March 2017 and continues up to the date of approval of the Annual Report and Accounts. This accords with Department of Finance (DoF) guidance.

The system of internal governance entails monitoring and reporting on: a) the delivery of Ministerial/Departmental Policy; b) the use of resources (including financial, human, estate and information); c) compliance with statutory requirements; d) statistical and other performance monitoring reports; e) the content of external and internal audit reports; f) serious adverse incident reporting; g) RQIA and other reports prepared by inspecting/regulatory/licensing bodies; h) inquiry reports; i) compliance with standards and guidance; j) the discharge of statutory functions; k) corporate governance; and, l) business planning arrangements. These are with respect to both the Department and its ALBs.

The DARAC also plays a key role in providing advice on the quality of risk management and assurance within the Department. Additionally, risk monitoring and management processes within the ALBs are monitored by the Department though separate processes, as highlighted in the 'Governance and Accountability within DoH ALBs' section below.

Information Risk

Safeguarding the Department's information is a critical aspect of supporting the Department in the delivery of its objectives. Central to achieving this is the effective management of information risk. The arrangements in place to manage this risk include:

- The Assistant Departmental Security Officer (ADSO) regularly reviews Departmental information to ensure that it is appropriately protected;
- A Senior Information Risk Owner (SIRO) and Information Asset Owners (IAOs) are in place to reduce the risk to personal information within the Department;
- Annual assurance from IAOs regarding the personal information assets they manage; and
- IAOs are aware of their responsibilities to ensure information is securely stored, access-controlled and disposed of appropriately.

Regular mandatory awareness training is delivered to Departmental staff, providing them with an up-to-date understanding of information governance issues and risks.

Restrictions exist to protect access to and disposal of electronic and paper records and the Department has an Information and Records Management Policy Statement underpinning its records management arrangements. Appropriate guidance, central controls and a disposal schedule process all govern the retention and disposal of Departmental Records.

The Department had two minor data loss-related incidents in 2016-17. The incidents were handled and categorised by the ADSO in line with the Department's Data Breach Management Plan and Data Protection Act guidance.

Cyber Security

IT Assist, within the DoF Enterprise Shared Services Division, is responsible for the provision of IT services, including Cyber security environments, to all NICS Core Departments. To provide assurance to Departmental organisations using ESS services, the services provided by IT Assist, and other ESS bodies (RecordsNI, HR Connect, AccountNI, NI Direct), have been accredited by the NICS Risk and Information Assurance Council as meeting NICS security policy and suitable for secure controlled access to external organisations. IT Assist services also has annual compliance certification to the Public Service Network for interconnectivity to GB Public Sector Organisations.

In the 2016-17 period IT Assist have recorded no successful hacking incidents and have recorded over 800 million spam/spoofing/phishing emails blocked at the secure mail boundary environment.

Governance and Accountability within DoH ALBs

Governance and Accountability can be considered under the following headings:

- ALB Assurance and Accountability;
- Departmental Assurance;
- Controls Assurance Standards;
- Statutory Duty of Quality; and
- Service Frameworks.

ALB Assurance and Accountability

The Department achieves its corporate objectives through direct Departmental action and through its 17 ALBs. The Chief Executives of ALBs (as ALB Accounting Officers) are directly accountable to me (Permanent Secretary of the Department) as Principal Accounting Officer. ALBs through their Boards are held to account for the delivery of their prescribed functions and Ministerial/Departmental priorities and ensuring compliance with other statutory responsibilities. The HSCB also performs a key role, alongside the Department, in relation to the performance and financial management of HSC Trusts.

As part of the review of Assurance and Accountability Arrangements, a Sponsorship Handbook was developed in 2016-17 which replaced the Assurance and Accountability Framework. The handbook sets out the Department's approach to sponsorship of its Arm's Length Bodies to ensure, as far as possible, that there is consistency of approach and proportionality of application The guidance and arrangements described within the handbook reflect the responsibilities placed on the Department, under MPMNI, for the sponsorship of ALBs operating under the control of DoH.

The handbook details the roles and responsibilities of all Departmental staff, including Executive Board Members and sponsor branches, in addition to describing the format and structure of the biannual accountability process. Through its sponsor branches, the Department engages directly with each ALB, commensurate with the level of assessed risk. ALB risks can either be escalated in the Department, through the ALB accountability review

process, or highlighted to the Department through the other formal and informal interactions that the sponsors, Executive Board Members and professional staff maintain with ALBs.

Departmental Assurance

The Department receives much of its assurance through an on-going process of monitoring of each ALB's Corporate Governance, Use of Resources and the Delivery and Quality of Services. In addition to regular monitoring information derived primarily from management information systems, the Department periodically tests the assurance provided by ALBs by initiating external reviews, audits, inquiries, ad-hoc and self-assessment exercises which are designed to sample aspects of the governance arrangements and performance of each ALBs.

This monitoring is based on assessing the operation and performance of ALBs against standards, guidance and targets; statutory and licensing requirements and Departmental policy and strategy. Three important examples of these are Controls Assurance Standards; the Statutory Duty of Quality and Service Frameworks.

Controls Assurance Standards (CAS)

Controls Assurance Standards are a central feature of the HSC-wide system of corporate governance and these also apply to the Northern Ireland Fire and Rescue Service (NIFRS). The standards as a whole cover key areas of organisational risk in the HSC and provide a mechanism for Accounting Officers to demonstrate that they are managing risks in order to meet their objectives and to protect users, staff, the public and other stakeholders against risk of all kinds. CAS can be found at https://www.health-ni.gov.uk/publications/controls-assurance-standards

For 2016-17, the compliance level for the three core standards of Governance, Risk Management and Financial Management, together with 18 other standards, has been set at 'substantive' for all ALBs, meaning that a compliance rate of at least 75% must be achieved. Substantive compliance within the core standards is particularly important as an underpinning of the individual governance statements. Overall, the ALBs performed well against this target and a substantive level (75% or above) of compliance across each of the CASs was achieved for all but one ALB. ALBs are required to have action plans in place to address weaknesses identified at standard and individual criterion level. Assessments and action plans are followed up by policy leads through the formal accountability processes and other means.

Statutory Duty of Quality

The HPSS (Quality, Improvement and Regulation) (NI) Order 2003 places a statutory duty of quality on those Health and Social Care organisations which are responsible for the delivery of Health and Social Care i.e. HSC Trusts, the HSCB and PHA.

The RQIA provides independent assurance to the Minister on compliance with this Statutory Duty, via the Department. This is achieved by conducting a rolling programme of planned clinical and social care governance and thematic reviews across a range of subject areas in HSC organisations. There are also unannounced inspections of services as part of this review programme. The reviews are conducted as part of the RQIA's on-going independent

assessment of quality, safety and availability of HSC services or may be commissioned by the Department.

The Department has developed a set of 'Quality Standards for Health and Social Care' which are used as a benchmark by the RQIA in its role in inspecting, assessing and publicly reporting on the quality and accessibility of health and social services in Northern Ireland and in making recommendations for improvements to ensure that services are up to standard.

Care standards for regulated services across the statutory, voluntary and private sectors have also been developed by the Department, for example within children's/childcare services and residential homes. These standards focus on the safety, dignity, wellbeing and quality of life of service users. They are designed to address unacceptable service variations in the standards of treatment, care, service provision and to raise the quality of services within the HSC. They are used by the RQIA, alongside the requirements stipulated within regulations in making decisions on the regulation of establishments and agencies.

Service Frameworks

The Department, through the HSCB and PHA has developed a set of Service Frameworks for key areas of HSC which set out, at a high level, the type of service that patients and users should expect, in addition to outlining Northern Ireland standards and supporting actions - linked to recognised good practice guidance. The Frameworks promote and secure better integration of service delivery along the pathway of care from prevention of disease/ill health through diagnosis/treatment, to rehabilitation and end of life care. These Frameworks are used by HSC organisations in the commissioning, planning and delivery of services. Six Frameworks have been launched so far:

- Cardiovascular Health and Well-being;
- Respiratory Health and Well-being;
- Cancer Prevention, Treatment and Care;
- Mental Health and Well-being;
- Learning Disability; and
- People.

The Frameworks for Cancer and Mental Health have reached the end of their life cycle and are currently under review. A seventh Framework for Children and Young People has been developed and is due to be launched by the summer of 2017.

Regularity, Propriety and Value for Money of Expenditure

The Department has a well established process to ensure the regularity, propriety and value for money of expenditure including obtaining the necessary approvals from the DoF when required by delegated authority arrangements. The Department has extended these delegated authority arrangements to its ALBs. The Department requires that the principles of appraisal should be applied with proportionate effort to every proposal for spending or saving public money, or proportionate changes in the use of public sector resources. When a delegated authority is exceeded Departmental approval for the expenditure proposal is required. The Department carries out a regular test drilling exercise for below delegated expenditure and

post project evaluations annually, the results of which are reported to the DARAC, the Departmental Board and to the DoF. Following a 2016 DoF review and subsequent increase of the Department's delegated limits, the limits for the HSCB and other ALBs were reviewed and increased in 2016-17.

Sources of Independent Assurance

The Department obtains independent assurance from the following sources:

- Departmental Internal Audit;
- Northern Ireland Audit Office; and
- Business Services Organisation Internal Audit.

Departmental Internal Audit

The Department utilises an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis.

The Department's Head of Internal Audit (HIA) reports directly to the Departmental Accounting Officer and attends and provides reports to the DARAC. As such, the HIA therefore plays a crucial role in the review of the effectiveness of risk management, controls and governance by:

Focusing audit activity on the key business risks:

- Being available to guide managers and staff through improvements in internal controls;
- Auditing the application of risk management and control as part of internal audit reviews of key systems and processes; and
- Providing advice to management on the internal governance implications of proposed and emerging changes.

The remit of Internal Audit includes an assessment of internal financial controls and the wider internal environment which affects the achievement of Departmental objectives. Internal Audit submits regular reports to management and the DARAC, which include the HIA's independent opinion on the adequacy and effectiveness of the Department's system of internal control, together with recommendations for improvement.

The HIA has provided me with an opinion on the Department's management of risk, control and governance. The Internal Audit opinion reflects an aggregate assessment of Internal Audit activity over a four year period from 2013-14 to 2016-17. An overall 'satisfactory' opinion has been provided on the system of governance, risk management and internal control within the Department. This opinion is based on the results of eleven assignments undertaken. Overall satisfactory opinions were provided within eight assignments, and, overall limited assurances were provided within two assignments. An opinion was not relevant to one consulting exercise undertaken.

One of the two assignments which received an overall limited opinion related to an NICS wide assurance review of the management of IT security and information risk. The review considered the governance structures, processes, roles and responsibilities which underpin the Information Assurance Framework. While a number of instances of good practice were identified, the review highlighted significant issues that impacted systemically across all departments. These issues included, issues with Information Asset Registers; Information Asset Owners; Information Assurance reporting; Privacy Impact Assessments; third party contracts; identification of business critical/personally sensitive applications; contingency planning; roles and responsibilities and the application of the Government Protective Marking Scheme. The issues are being taken forward and considered by the Information Governance and Innovation Board.

The other assignment which received a limited opinion related to the Appointment of ALB Board Members. This was due to the issues identified by the Commissioner of Public Appointments Northern Ireland (CPA NI) in relation to non-compliance with the Code of Practice for Ministerial Public Appointments in Northern Ireland. A number of recommendations were made and are being implemented by management.

The NICS Board agreed in December 2016 to proceed with the centralisation of internal audit across the NICS. It is planned that by June 2017 all internal audit staff will be moved into one team' Group Internal Audit and Fraud Investigation Service' within the Department of Finance. A Group Head has been appointed to manage this service.

Northern Ireland Audit Office (NIAO)

The NIAO provides an opinion on whether an organisation's financial statements give a true and fair view, have been prepared in accordance with the relevant accounting standards and are in accordance with the guidance issued by relevant authorities. The results of the NIAO's financial audit work are reported to the Northern Ireland Assembly.

The NIAO also seeks to promote better value for money through highlighting and demonstrating ways in which improvements could be made to realise financial savings or reduce costs; safeguard against the risk of fraud, irregularity and impropriety; attain improvements in service provision; support and enhance management, administrative and organisational processes.

A representative of the NIAO attends the DARAC quarterly meetings at which corporate governance and risk management matters are considered.

The NIAO published its review of "*The Management of the Transforming Your Care Reform Programme"* on 11 April 2017. The report considered governance of the reform programme between 2012 to March 2016 and while noting areas for future consideration made no formal recommendations.

In terms of other Value for Money audits within the HSC sector, the "*Managing Emergency Hospital Admissions"* report was published by NIAO on 8 November 2016 and contained 12

recommendations. A Value for Money Audit on Type 2 Diabetes is in preparation and is expected to be published in 2017-18.

Business Services Organisation (BSO) Internal Audit

BSO Internal Audit is a centralised service which provides internal audits and specialist advice and guidance to Boards within HSC organisations and Departmental ALBs, including NIFRS. The Department reviews the Head of Internal Audit's (HIA) mid and end-year independent opinions, on the adequacy and effectiveness of each of the ALB's system of internal control, together with any recommendations for improvement.

Transformation – Health and Wellbeing 2026: Delivering Together

In October 2016 the then Minister, Michelle O'Neill set out her ambition for transforming health and social care over the next 10 years. *"Health and Wellbeing 2026: Delivering Together"* drew on the findings of the independent report produced by an Expert Panel led by Professor Raphael Bengoa, as well as previously commissioned reports including

"Transforming Your Care" and Sir Liam Donaldson's report *"The Right Time, The Right Place"*.

The approach which secured cross party support at the time of launch is now the single roadmap for health and social care transformation. It seeks to reform the way services are accessed, with a focus on person centred care rather than the current emphasis on buildings and structures.

Formal governance arrangements have been established to provide strategic oversight and manage the implementation of the change agenda. The Transformation Implementation Group is comprised of leaders from across the HSC and is chaired by the Department's Permanent Secretary. This group meets every fortnight to set direction, review progress, and make recommendations to the Minister on the way forward. A meeting of the Transformation Advisory Board constituted to provide advice to the Minister was also convened. Good progress was made in bringing forward the actions prioritised for 2016-17 year and this work will provide a strong platform for moving forward.

Review of Effectiveness of the System of Internal Governance

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal governance. My review of the effectiveness of the system of internal governance is informed by the work of the Department's Internal Audit and the Executive Board Members within the Department, who have responsibility for the development and maintenance of the internal framework, and comments made by the external auditors in their management letter and other reports. I have been advised by the DARAC on the implications of my review of the effectiveness of the system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is in place. This is evidenced through DARAC's review of the Departmental Governance Statement and the DARAC Chair's annual report to me as Accounting Officer.

Internal Governance Divergences

Prior Year Issues

A number of governance matters arising in previous years have now been addressed and no longer represent reportable governance issues for the Department. These include:

Historical Institutional Abuse Inquiry (HIAI)

The HIAI published its report (10 volumes) on 20 January 2017. The Department, as a core participant, cooperated fully with the HIAI. It engaged Dr Hilary Harrison to act as a witness to the Department. Dr Harrison is a former Departmental official with experience within the Office of Social Services and the Social Services Inspectorate. The Department conceded systemic failings in relation to secondary legislation governing children's homes and in connection with inspections of children's homes. It also restated that the historic child migrant schemes, under which children were sent to Australia and other British Colonies, were misguided policy. It also endorsed the apology offered in 2010 by then Prime Minister, Gordon Brown, on behalf of the UK Government, to former child migrants.

At the time of publication of the HIAI report, Minister O'Neill acknowledged the effect this had upon children who were cared for in those institutions which were examined by the Inquiry. Many of these individuals are still living with the legacy of their childhood experiences.

The HIAI report acknowledges that there were very significant changes in residential care during the seven decades covered by the Inquiry's Terms of Reference. It also refers to the further improvements introduced in the 21 years since 1995.

The HIAI report includes recommendations that are matters for Executive decision and agreement. For example on an apology, an appropriate memorial or tribute to those who suffered abuse, redress to be provided by the institution and/or the Executive to meet the particular needs of victims and financial compensation.

None of the recommendations is directly made for the Department to take forward. However, there is a recommendation for one of the Department's Arm's Length Bodies, the RQIA. The recommendation is that 'the Regulation and Quality Improvement Authority (RQIA) and the Northern Ireland Social Care Council should have regard to any recommendations made to them by the Commissioner for Survivors of Institutional Childhood Abuse about practice issues relating to residential care'.

Historic Abuse of Children and Vulnerable Adults: Retrospective Sampling

During 2008-09, at the request of the Department, the HSC Trusts conducted a sampling exercise across adults' and children's files from all Mental Health (MH) and Learning Disability (LD) hospitals across Northern Ireland (covering the period 1985-2005). The aim of this exercise was to seek an assurance that appropriate procedures were in place to prevent the abuse of children and vulnerable adults, and that any such incidents of abuse identified were dealt with properly and effectively. When the professional advisers and policy

colleagues examined how this exercise had been carried out, they concluded that Trusts' approach and coverage had been inconsistent in many ways, and therefore the Department could not have confidence in the outcomes.

At the request of the Chief Social Services Officer, a Strategic Management Group (SMG) co-chaired by the HSCB and the PSNI, was established in March 2012. The remit of the SMG was to review the 2008-09 exercise and to identify concerns or issues arising from the reports into Lissue and Forster Green Hospitals. The remit also included a wider review of MH and LD hospitals, and consideration of the action taken at the time. All cases in which abuse was suspected were to be referred to PSNI for criminal investigation. The SMG was asked initially to focus on Lissue and Forster Green.

The final SMG report into the review of the retrospective sampling exercise was received by the Department in December 2013. With the exception of one case, the SMG report provided assurance to the Department that, where incidents of alleged abuse were noted in the retrospective sampling reports, any issues or concerns in relation to individuals who were able to be identified through the files had been actioned appropriately. Assurances have now been provided by the HSCB that all cases have been dealt with. Further, all criminal concerns or issues have been referred to the PSNI, and any human resources and regulatory issues had been taken forward by the appropriate HSC Trust or employer.

Departmental officials have been engaging with the HSCB and others. Much progress has been made in recent years in ensuring patients in hospitals are safe from harm and abuse. This has included seeking clarification and assurance from the HSCB on a number of issues, together with confirmation that any concerns identified which were outside the scope of this exercise are being handled properly (including that any patients identified who may pose a risk to others are being managed and cared for appropriately).

In light of the SMG report the Department has identified 13 specific actions carried out to ensure patients' safety. A review of the alleged abuse of children was taken forward through the Historic Institutional Abuse Inquiry. In relation to adults, the HSCB and the PSNI are content that the review of the retrospective sampling exercise into abuse in MH and LD hospitals has now concluded and agree that all cases identified by this exercise have been investigated as far as possible. The Minister was informed of this in May 2016.

A number of the governance matters arising in prior years are still considered to represent internal governance divergences for 2016-17. These include:

Financial Performance

2016-17

The Department continued to face significant financial challenges during 2016-17. Throughout the year, the Department sought to manage a range of unfunded pressures, in particular working closely with all Departmental ALBs in order to secure opportunities to close the funding gap. The Department also engaged extensively with the Minister and key stakeholders across the HSC and with DoF. In addition, the Department fully participated in the Executive's 2016-17 In-Year monitoring processes and was successful in securing non-

recurrent funding of £71.8m cash resource funding; £20m non-cash resource funding; and £13.7m capital funding.

As a result of these actions, the Department reported an overall resource underspend against final budget of £0.5m (0.009%). This reflects an underspend of £3.8m against the cash resource budget (0.08%), offset by an overspend of £3.3m on the non-cash resource budget (2.4%). The non cash overspend arose due to an increase in depreciation charges across the HSC in the later stage of the year. The Department bid for additional non cash funding in the January Monitoring round. However, in the absence of an Executive this bid could not be met. In respect of capital the Department reported an overall underspend against final budget of £0.2m (0.1%).

2017-18

The Northern Ireland Assembly was dissolved as from 26 January 2017 for an election which took place on 2 March, on which date Ministers also ceased to hold office. An Executive was not formed following the election within the period specified in the legislation. As a consequence, a Budget Act is not yet in place for 2017-18. In the absence of a budget for 2017-18 determined by an Executive, Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 provide for the Permanent Secretary of the Department of Finance to issue cash to departments from the NI Consolidated Fund. These powers are an interim measure designed to ensure that services can be maintained until such times as a budget is agreed and a Budget Act passed.

The outlook for 2017-18 is increasingly constrained, particularly in respect of resource funding. Extensive budget planning work to support the 2017-18 financial plan is ongoing between the Department and all HSC ALBs. In a statement to the House of Commons on 24 April 2017 the Secretary of State for Northern Ireland outlined an indicative Budget position for NI departments. This position was based on the advice of the Head of the NI Civil Service (NICS) in conjunction with the NICS Board.

An indicative budget position for 2017-18 was outlined by the Secretary of State to the House of Commons on 24 April 2017, the purpose of which was to provide clarity to Departments as to the basis for departmental allocations in the absence of an Executive so that Permanent Secretaries can plan and prepare to take more detailed decisions in that light.

The departmental allocations set out by the Secretary of State provide the basis on which departments are now planning for 2017-18. However, the Secretary of State was clear that the indicative budget position did not constrain the ability of an incoming Executive to adjust its priorities during the year. He also advised that some £42 million Resource Departmental Expenditure Limit (DEL) and £7 million Capital DEL was left unallocated in order to maintain flexibility for a new Executive to allocate resources to meet further priorities as they deem appropriate.

Therefore, while there is the potential for an incoming Executive to adjust these plans and also to allocate the unallocated resources, individual departments cannot anticipate any additional funding at this stage until such decisions are made.

Whilst the Department's Statement of Financial Position operates within a net asset position, 7 of the Department's ALBs operate within a net liability position. These HSC bodies have prepared their 2016/17 annual accounts as a going concern as it is anticipated that DoH funding will continue for the foreseeable future.

Childcare: Unallocated Cases

The Department continues to receive monthly information in relation to unallocated cases (waiting lists of cases requiring assignment to a social worker). Regionally, the total number of unallocated cases has decreased by 7% from 333 in February 2016 to 310 at the end of January 2017. The HSC Trusts have reported that all unallocated cases relate to family support or disability, and that all child protection cases are allocated immediately. However, any unallocated case has the potential to escalate and become a child protection case.

Unallocated cases may mask potential risks to children and have the potential to compromise Trusts' ability to discharge their statutory responsibilities. The number of unallocated cases continues to represent a significant control issue at a local level (and in turn, at a regional level). They remain unacceptably high within the context of significant growing demand for child and family services. It should be noted that there were significant fluctuations in the number of unallocated cases throughout the 12 month period, with an average of 440 unallocated cases each month across the five HSC Trusts.

The Department is aware that the HSCB has applied significant effort to this area, and is working with HSC Trusts to achieve a lasting and durable solution to the management of unallocated cases.

Elective Care

During 2016-17, each of the Minister's three elective care standards, namely, that 50% of patients should wait no longer than 9 weeks for an outpatient appointment and no one more than 52 weeks; that 75% of patients should wait no longer than 9 weeks for a diagnostic test and no one more than 26 weeks; and that 55% of patients should wait no longer than 13 weeks for admission for treatment and no-one more than 52 weeks, have not been achieved.

The pressures on the HSC's capacity to respond to demand for elective care have been building for several years. The number of people waiting has increased again with the number of patients waiting for assessment or admission for treatment now exceeding the highest numbers waiting in 2015-16. The increase in waiting times in 2016-17 has been due to a combination of under delivery of some commissioned volumes of core activity by Trusts, continuing increases in demand in a number of key areas, and the cessation of additional waiting list activity due to the constrained financial position. In February 2017, the Minister published an Elective Care Plan. The Plan reflects the findings of the report of the Expert Panel chaired by Professor Rafael Bengoa. This was tasked with developing a model for the future configuration of health and social care services, which, highlighted the growing demand for hospital services and the mismatch between demand and capacity. It balances the need for long term transformation with the importance of taking short term action to reduce waiting times for patients who are currently on a waiting list.

The plan takes into account all the HSC health sectors working together to transform the delivery of care. It sets out six commitments designed to deliver improvement and transformation. Each commitment has a number of associated actions. However it will take time and significant non recurrent and recurrent investment to bring waiting lists back to an acceptable level while simultaneously increasing capacity to meet demand. Delivery of the Elective Care Plan is dependent on new investment to implement the actions which underpin transformation and reform.

The Department continues to look to the HSCB to work with HSC Trusts to maximise the delivery of core capacity and minimise the increase in waiting times and to ensure that HSC Trusts continue to target the longest waiting patients to achieve the best possible waiting time outcomes, whilst prioritising clinical need.

Unscheduled Care

The position on HSC Trust performance against the targets and standards for Emergency Departments (EDs) remains a cause for concern, with a continued incidence of breaches of the 12 hour standard at a number of sites, and all HSC Trusts falling well short of the expectation that 95% of patients should be either discharged or admitted within 4 hours of arrival at an ED.

During the year the Department invested £13m in measures to respond to winter pressures and the HSC Trusts were given flexibility to target this allocation at taking action to respond to specific local circumstances. HSC Trusts put in place a comprehensive range of additional or enhanced measures to manage expected winter demand, as far as possible avoiding the need for patients to go to hospital, or where necessary, avoiding the need for admission through the use of ambulatory pathways.

However, in spite of these measures, EDs saw no let up in pressures, with attendances in December 2016 increasing by 5.7% compared to the same month in 2015 and emergency admissions increasing by 2.7%. This winter proved to be an exceptionally challenging period for EDs across the region.

The Department, through the Northern Ireland Medical and Dental Training Agency, is required to submit a supervisory report to the General Medical Council in relation to training and supervision of junior doctors. Across the UK, a number of general themes have been identified in relation to medical training and supervision, which are impacting on the overall provision of appropriately trained and available staff within specific functions within the healthcare sector.

The difficulties of supply have resulted in continued localised recruitment difficulties affecting middle grade doctors for EDs, resulting in capacity/performance issues which have continued during 2016-17. In 2015-16, the Lagan Valley and Downe hospitals were forced to continue temporary closure of their EDs at the weekends and also to introduce restrictions on opening hours, primarily due to a shortage of middle grade doctors. In 2016-17 the SHSCT indicated potential difficulties in sustaining a 24/7 ED service at Daisy Hill Hospital due to a shortage of doctors. The options for providing sustainable emergency and urgent care at the hospital are being addressed by a pathfinder group. Other smaller EDs across the region are

experiencing similar recruitment difficulties but to date these have not resulted in temporary closure measures.

The HSCB/PHA led Unscheduled Care Task Group (UCTG), is continuing to implement improvement initiatives, as well as undertaking new and additional work to strengthen the resilience of emergency and unscheduled care regionally.

Paediatric Congenital Cardiac Surgery (PCCS)

The PCCS service provided by the Belfast HSC Trust on a regional basis continued to remain vulnerable during 2016-17. This was due to the continued need for patients to travel outside Northern Ireland for surgical and interventional procedures.

The All Island Congenital Heart Disease (CHD) Network, comprising clinicians, commissioners and patient representatives, was established in April 2015 to address these issues and has developed a long-term plan to create additional capacity at Our Lady's Children's Hospital Crumlin (OLCHC) to enable the majority of elective patients from Northern Ireland to be treated there. A joint announcement setting out the long-term plan including funding for the Network was made in July 2016 by the Health Ministers of Northern Ireland and the Republic of Ireland. The All-island CHD Network which is jointly overseen by the two Health Departments is implementing the plan to have the majority of elective surgical cases transferred to OLCHC by the end of 2018.

Whilst this process is ongoing, Service Level Agreements (SLAs) with Evelina and Birmingham Children's Hospitals have been put in place to provide continuity of service and to ensure the safety and quality of services for patients from Northern Ireland until sufficient capacity is available within the All-Island CHD Network. SLAs are also in place with OLCHC to provide surgical services for emergency and urgent cases from Northern Ireland and catheterisation procedures for Northern Ireland patients.

HSC Data Centres

Between 2011 and 2015 there have been a number of serious interruptions to the services provided by the HSC data centres, primarily caused by the instability in the facilities provided to the data centres, such as power and cooling. During this period a range of mitigation measures were put in place to allow most services to continue uninterrupted.

During 2015-16, the BSO continued to work on a range of interim measures to minimise the immediate risks to the operational capabilities of the HSC data centres, including enhancing the management and automation of the facilities (power and cooling) in order to improve resilience. BSO also prepares and retains a periodic archive copy of the data outside the HSC data centre sites. This replicates the overnight backup process off site from the data centres and provides a further assurance for potential disaster recovery situations.

In order to further mitigate risks the BSO has joined the Shared Public Data Centres project along with DoF and Translink, formally commissioning new tier 3 regional data centres in August 2016. In addition, BSO have also built a new private cloud platform which finished testing and handover in February 2017. A formal project has been set up to oversee the

migration process for over 120 services to the new data centres and cloud platform. It is planned that this migration of these services will be completed in March 2018 with the first service planned to go live in May 2017.

Inquiry into Hyponatraemia-related Deaths

The public Inquiry into Hyponatraemia-related Deaths was established in November 2004. It was set up against the background of concern and publicity about the treatment in local hospitals of three children who had died in circumstances where Hyponatraemia had caused or was a major factor in their deaths. The investigation of the deaths of a further two children were included into the Inquiry's work in 2005. The Inquiry completed its public hearings during 2013-14 and the Chair, Mr Justice O'Hara, is planning to issue his final report to the Department during 2017-18. Any recommendations within this report will be considered and taken forward as appropriate by the Department.

Business Services Transformation Programme (BSTP) – Recruitment Shared Services

Following the roll out of e-Recruitment system and Recruitment Shared Services to a number of larger HSC organisations during 2015-16 as part of the BSTP, a number of issues emerged regarding the length of time taken to complete the overall recruitment process. A formal Recovery Plan was instigated and progress was monitored and reviewed on a regular basis by the BSO Senior Management Team, a HSC Task and Finish Group and the BSTP Programme Board. The Recovery Plan set out a number of performance measures to be met in order to evidence the stabilisation of the service before any further roll out to other HSC bodies could be considered. These performance measures were delivered by autumn 2016 allowing the roll-out of services to the SEHSCT and NIAS, and it is anticipated that by mid 2017-18 roll out to all Trusts will have been completed.

Notwithstanding the stabilisaton of the system a number of issues continued during 2016-17 including difficulties with the e-Recruitment system that require manual interventions and system workarounds; issues in relation to reporting which impact on the quality and accuracy of KPI information reported to client organisations; and no formal consistent process for collating recruitment queries received and managing their resolution.

Recommendations to address these control weaknesses have been, or are being, implemented. During 2016-17 two of the system functionality issues previously identified have been resolved. The central dashboard recruitment can now identify new requisitions separate from all other requisitions, and, the interview scheduler is operating as intended. In addition a number of priority 1 HIA recommendations were fully implemented in 2016-17. These included; development and implementation of a regionally agreed set of operating procedures, robust KPIs were reported to client organisations and formal processes were established to ensure leavers were removed immediately from the e-Recruitment system.

In addition, BSO internal audit provided a limited assurance report on the service as while continued progress to improve the system of internal control in the service was noted by internal audit, there were a number of remaining significant issues which required further progress. These remaining issues related to: system change requests, improvements required over the accuracy of information recorded on manual files and the e-recruitment system and

the lack of a formal consistent process for managing queries. BSO have agreed an implementation plan to address the internal audit recommendations.

New Issues for 2016-17

Regional Secure Care Centre at Lakewood

Following an unannounced RQIA inspection of the Regional Secure Care Centre (Lakewood) in July 2015, a number of concerns were identified at the facility and, in line with RQIA's escalation policy, these were brought to the attention of the CEO of the South Eastern and Social Care Trust (SEHSCT), which manages the facility, the HSCB and the Department. The findings included deficiencies in the discharge of statutory duties and poor staff practise in a number of areas. Although SEHSCT challenged some of the findings, it moved quickly to address some of the more immediate concerns relating to quality and safety issues by way of an updated quality improvement plan. However, the facility remains unsettled with an increasingly challenging cohort of young people being admitted and a high absence rate of core staff. Contingency plans have been put in place to address these risks in the interim. These include reducing the number of young people at the centre, providing additional management support, refreshing and updating training requirements, bringing in agency staff on 6 month contracts to supplement core staff, a recruitment drive to attract more core staff to the centre, including a night shift coordinator to ensure qualified staff are on duty at all times and the finalisation of plans to open a new wing which will lead to better configuration of support needs in the centre. Consequently, the SEHSCT has been reporting a more stable environment within the centre since mid April 2017. The Department has commissioned a HSCB-led review of secure care, including its interface with other regional specialist children's services such as the acute CAMHS service at Beechcroft and the Juvenile Justice Centre at Woodlands. The review team is due to report by the end of summer 2017.

Healthy Child, Healthy Future Programme

Healthy Child, Healthy Future is a public health programme that offers every family with children a programme of screening, immunisations, developmental reviews and information and guidance to support parenting and healthy choices so that children and families achieve their optimum health and wellbeing. Health visitors and school nurses are key health professionals responsible for the delivery of Healthy Child, Healthy Future. Health and Wellbeing 2026 Delivering Together has committed to fully implementing the programme. The full programme is not being implemented due to the significant pressures that Health Visitors are under to deliver a range of competing priorities and public health challenges which include infant and child mental health issues, domestic violence and safeguarding. As a consequence children may not be getting the best start in life, and may not meet their developmental milestones. To resolve this, the following actions have been taken:

- There has been significant investment of £1.7m into the health visiting service, which increased the health visiting capacity by 34.9 WTE Health Visitors;
- The PHA are working with Health and Social Care Trusts and developing a regional action plan to ensure the full delivery of the universal Healthy Child, Healthy Future programme;

- Recognising that there are workforce issues, an interim milestone has been set to prioritise the two year health review and the antenatal contact for first time mums;
- The DoH and DE are working in partnership on Giving Every Child the Best Start in Life; and
- The Early Intervention Transformation programme, getting ready for baby and getting ready to learn, is a key programme together for babies, children and their families.

Underpayment of Employers Superannuation Contributions

During February 2017 it was brought to the attention of the BSO Payroll Shared Services Centre, by one of the HSC bodies, that there was a potential error in how the HRPTS system was calculating employers' superannuation contributions during periods of sickness and ordinary and stretch maternity leave. Subsequent significant investigations resulted in the identification of a material regional liability estimated at £14.8m in respect of underpayments of these contributions dating back to the introduction of the new HRPTS system in each individual HSC body. Each HSC body has been advised of their share of the estimated liability, which has been accounted for in 2016-17, and work has begun to identify the required systems changes to address this issue going forward. BSO is also working to identify how the system specification error arose.

HRPTS System Performance

Following the implementation of the 1% pay award and pension auto-enrolment in October/ November 2016, the HRPTS system began to experience significant systems performance issues, leading to delays in interface to general ledger and the need to invoke contingency arrangements in respect of one of the payroll runs. These issues persisted through to February 2017, despite BSO ITS team working with the system supplier who initiated a series of fixes to resolve the issues. BSO continue to closely monitor systems performance and a resolution plan has been put in place by the systems supplier, and the final phase of this is due to complete by end of September 2017. The system has been stable since March 2017. The Remediation Plan is being implemented and is on target to be concluded by the end of September.

Domiciliary Care Contract Review

During 2016-17 BSO Counter Fraud and Probity Services completed a regional review of Trusts' operation of HSC domiciliary care contracts with independent sector providers (ISPs). This regional review found variations in relation to the hours paid and Trusts are currently carrying out verification of the findings to cross validate the regional review. Initial verification findings have indicated that using a more in depth methodology has resulted in less variation than that identified in the regional review. A Departmental Oversight Scrutiny Committee (OSC) has been established to oversee a project constituted to consider these findings and any related issues and execute any necessary action. The OSC is being led by senior Departmental officials, and has senior representation from the HSCB and Trusts. A regional scoping exercise has been commissioned to ascertain whether service users have been adversely impacted or have experienced harm as a result of the potential disparity between the level of care commissioned, and the level of care delivered. In addition, Internal Audit has been commissioned to carry out a lessons learned review from a HSC wide

perspective in relation to the investigative review. All Trusts have also provided assurance that they are examining the findings of the regional report, reviewing their existing contracts, and will implement improvements as necessary.

Retrospective Approval on Health Leases

The DoF has recently advised the Department that retrospective approval of health leases business cases will not be awarded for up to 6 cases which were under consideration by DoF and where the Department failed to renew the holding over and lease extension approvals for the period September 2016 to March 2017. The cases under consideration related to the following ALBs: BSO, SEHSCT, HSCB, NIFRS (2 cases) and SHSCT. The BSO case related to the 2015-16 financial year only and amounted to £104k. The other cases relate to 2016-17 and the estimated expenditure which is potentially irregular is £200k. Discussions with DoF in relation to some of the cases and to agree future actions are ongoing. Senior Department officials have raised these issues with ALBs through the accountability process and at Accounting Officer level. Assurances have been sought from ALBs that robust measures have been introduced to ensure compliance with DoF lease policy and to ensure this type of irregular expenditure does not occur in the future.

Northern Ireland Fire and Rescue Service Internal Control System

NIFRS utilises an internal audit function provided by the BSO. In their 2016/17 annual report the Internal Auditor reported that the NIFRS system of control was limited. In 2015-16 the Comptroller and Auditor General (C&AG) expressed concern regarding the number of outstanding recommendations and whilst not qualifying his audit opinion on the accounts of NIFRS, he decided to report on his concerns on a lack of progress in implementing a considerable number of internal audit recommendations, some of which have been outstanding for several years. In 2016-17, the C&AG again expressed concern regarding the number of outstanding recommendations and whilst not qualifying his audit opinion on the accounts of NIFRS, he has stated that whilst acknowledging that progress has been made in the current year he remains concerned by the large number of internal audit recommendations that have still to be fully implemented and that serious issues still continue to be identified. NIFRS Accounting Officer has tasked NIFRS management team to progress the implementation of 13 existing Business Improvement Projects which will address new and outstanding recommendations irrespective of source.

Western Trust Financial Support

During 2016/17, financial difficulties within the Western Health and Social Care Trust continued to be disproportionately out of step with other Trusts in Northern Ireland. The Trust's final 2016/17 position of financial balance was only achieved through the provision of significant additional non-recurrent financial support of £11.2m. The interventions and additional assistance that has now been provided to the Western Trust for three consecutive years therefore remains concerning and the Department will continue to work with the Trust and the HSCB in relation to improving the Trust's financial position and performance.

Regulation and Quality Improvement Authority Board Effectiveness

A recent BSO audit of Governance within the Regulation and Quality Improvement Authority has highlighted issues around a lack of clarity at Board level on the distinction between Executive and Non-Executive roles. The audit has also highlighted an issue about the relationship between the Board and its Executive Team which would potentially undermine the ability of the RQIA Board to operate effectively. Assurances are being sought from both the Board and management team as to how these issues are being addressed. The Department is also actively considering what other measures or support to RQIA may be necessary to address both issues.

Conclusion

The Department has a rigorous system of accountability upon which I can rely on as Accounting Officer to form an opinion on the probity and use of public funds, as detailed in MPMNI. The system operates on a principle of devolved authority and the accountability framework structure across the Department's operating base.

Further to considering the accountability framework within the Department, including its ALBs, and in conjunction with assurances given to me by the DARAC, I am content that the Department has operated a sound system of internal governance during the period 2016-17.

REMUNERATION AND STAFF REPORT

Remuneration Report

The purpose of this remuneration and staff report is to set out the Department of Health's remuneration policy for directors, how that policy has been implemented and the amount awarded to directors. In addition this report provides details on remuneration of staff which is key to accountability.

Remuneration Policy

The Minister of Finance sets out the Remuneration policy which applies to the current and future years and approves the pay remit for Senior Civil Service (SCS) staff. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment code, which requires appointments to be made on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management of the department.

Remuneration (Audited)

Ministers	2016-17				2015-16			
	Salary	Benefits in kind	Pension Benefits**	Total	Salary	Benefits in kind	Pension Benefits	Total
	£	(to nearest £100)	(to nearest £1000)	(to nearest £1000)	£	(to nearest £100)	(to nearest £1000)	(to nearest £1000)
Simon Hamilton in office 11 May 2015 to 5 May 2016	4,137	-	1,000	5,000	33,075	-	6,000	39,000
Michelle O'Neill in office 25 May 2016 to 2 March 2017	33,037	-	4,000	37,000	-	-	-	-

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

Remuneration (Audited)

Officials	2016-17				2015-16			
	Salary	Benefits in kind	Pension Benefits*	Total	Salary	Benefits in kind	Pension Benefits	Total
	Salary £000	(to nearest £100)	(£000)	(£000)	Salary £000	(to nearest £100)	(£000)	(£000)
Mr R Pengelly Permanent Secretary	115 to 120	-	66	180 to 185	110 to 115	-	67	175 to180
Mr S Holland Deputy Secretary, Social Care Policy Group	90 to 95	-	28	115 to 120	85 to 90	-	30	115 to 120
Mrs. C McArdle Chief Nursing Officer (Note 1)	95 to 100	-	13	105 to 110	90 to 95	-	11	100 to 105
Dr M McBride Chief Medical Officer (Note 2)	105 to 110 (WTE 215 to 220)	-	-	105 to 110 (WTE 215 to 220)	80 to 85 (WTE 215 to 220)	-	-	80 to 85
Mrs D McNeilly Deputy Secretary, Senior Finance Director (August 2016). Previously Deputy Secretary, Healthcare Policy Group	85 to 90	-	47	130 to 135	85 to 90	-	149	235 to 240
Mrs J Thompson Senior Finance Director (left 23 August 2016)	35 to 40 (WTE 100 to 105)	-	(2)	35-40 (WTE 100 to 105)	100 to 105	-	43	140 to 145
Mr J Johnston Deputy Secretary Healthcare Group (appointed 15 August 2016)	55 to 60 (WTE 85 to 90)	-	132	185 to 190 (WTE 215 to 220)	-	-	-	-
Dr C King Independent Non-Executive Board Member (Note 3)	10 to 15	-	-	10 to 15	10 to 15	-	-	10 to 15
Mr M Little Independent Non-Executive Board Member (Note 4)	10 to 15	-	-	10 to 15	10 to 15	-	-	10 to 15

Bonus payments are not applicable to senior civil servants.
***The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

Ratio of Highest Paid Director to Median Staff Salary (Audited)

	2016-17	2015-16
Band of Highest Paid Director's Total (£'000) (Note 2)	215 to 220	215 to 220
Median Total Remuneration	£31,446	£30,997
Ratio	6.92	7.02

Notes to the above table of senior management remuneration

1) Mrs C McArdle is seconded to the Department from the South Eastern Trust and took up her post April 2013.

2) Dr M McBride is seconded to the Department from the Belfast HSC Trust (BHSCT). From 9 December 2014 until 7 February 2017, Dr McBride returned to work 80% of his time in the Belfast Trust. 100% of his merit award and 20% of his remaining salary were charged to DoH during this period. From 8 February 2017 Dr M McBride returned on secondment to work full time in the Department. As Dr M McBride is now full time with the Department at financial year end, his full year CETV costs are now disclosed in the DoH accounts (previously disclosed in the Belfast HSC Trust accounts).

   Details of the two Non-Executive members of the Board employment contracts are as follows;

3) Dr C King was appointed as an Independent Non-Executive Director on 25 September 2010 and completed the 6 year recommended period of appointment in September 2016. However, following a decision by the NICS Board to run a new NICS wide Non-Executive Directors competition in the second half of 2017, Dr King's appointment was extended to December 2017 by mutual agreement in order to provide continuity for the Department in the interim.

4) Mr M Little was appointed as an Independent Non-Executive Director February 2014 for a 3 year period. An NICS wide Non-Executive Directors competition will be run in 2017-18. Mr Little has agreed to stay until November 2017 to provide continuity to the Department.

1. Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any ex-gratia payments.

The Department of Health was under the direction and control of NI Assembly Minister Simon Hamilton from 11 May 2015 to 5 May 2016 and Michelle O'Neill from 25 May 2016 to 2 March 2017. Ministers' salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in these accounts. These amounts do not include costs relating to the Ministers' roles as MLA/MP/MEP which are disclosed elsewhere.

2. Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. There were no benefits in kind to Board members during 2016-17.

3. Ministerial Pensions

Ministers Pension Benefits (Audited)	Accrued pension at pension age as at 31 March 2017	Real Increase in pension at pension age	CETV at 31/3/17	CETV at 31/3/16	Real Increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr S Hamilton (in office 11 May 2015 to 5 May 2016)	0 to 5	-	28	28	-
Michelle O'Neill in office 25 May 2016 to 2 March 2017	5 to10	0 to 2.5	41	35	2

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS). In 2011 the Assembly passed the Assembly Members (independent Financial Review and Standards) Act (Northern Ireland) establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. In April 2016 the Independent Financial Review Panel issued the Assembly Members (Pensions) Determination (Northern Ireland) 2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. Existing members born on or before 1 April 1960 retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The new scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016 and replaces the 2012 scheme.

As Ministers are Members of the Legislative Assembly they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate ($1/50^{th}$ or $1/40^{th}$) multiplied by the cumulative contribution factors and the relevant final salary as a Member. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 14.4% of the Ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to their State Pension Age.

4. The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

5. The real increase in the value of the CETV

This is the increase in accrued pension due to the Department's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.

6. Pension Entitlements (Audited) -

Officials	Accrued pension at pension age as at 31/3/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/17	CETV at 31/3/16	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr R Pengelly *Permanent Secretary*	45 to 50 and lump sum 125 to 130	2.5 to 5 and lump sum 2.5 to 5	821	747	36
Mr S Holland *Deputy Secretary, Social Care Policy Group*	15 to 20 and lump sum 0	0 to 2.5 and lump sum 0	323	282	24
Mrs C McArdle *Chief Nursing Officer*	25 to 30 and lump sum 85 to 90	0 to 2.5 and lump sum 2.5 to 5	504	472	18
Dr M McBride *Chief Medical Officer*	75 to 80 and lump sum 225 to 230	2.5 to 5 and lump sum 7.5 to 10	1,506	1,412	50
Mrs D McNeilly Deputy Secretary, Senior Finance Director (August 2016). Previously Deputy Secretary, Healthcare Policy Group	30 to 35 and lump sum 90 to 95	2.5 to 5 and lump sum 0 to 2.5	613	559	27
Mrs J Thompson Senior Finance Director (left 23 August 2016)	25 to 30 and lump sum 0	0 to 2.5 and lump sum 0	458	459	(6)
Mr J Johnston Deputy Secretary Healthcare Group (appointed 15 August 2016)	40 to 45 and lump sum 125 to 130	5 to 7.5 and 17.5 to 20	936	799	129

Non Executive members pension details

Dr C King and Mr M Little who served during the year as non-executive members of the Board are not employees of the Department and their remuneration is non-pensionable.

7. Employer Contributions to Partnership pension account.

There were no employer contributions to Partnership pension accounts.

8. Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are reviewed annually in line with changes

in the cost of living. Prior to 2011, pensions were reviewed in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with changes in the cost of living.

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the Consumer Price Index (CPI) figure for the preceding September. The CPI in September 2016 was 1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2017.

Employee contribution rates for all members for the period covering 1 April 2017 – 31 March 2018 are as follows:

Scheme Year 1 April 2017 to 31 March 2018

Annualised Rate of Pensionable Earnings (Salary Bands)		**Contribution rates** – Classic members or classic members who have moved to alpha	**Contribution rates** – All other members
From	**To**	**From 01 April 2017 to 31 March 2018**	**From 01 April 2017 to 31 March 2018**
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,422.99	4.6%	4.6%
£21,423.00	£51,005.99	5.45%	5.45%
£51,006.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic, premium**, and **classic plus** and 65 for members of **nuvos**. The normal pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office

No compensation was paid for loss of office during 2016-17.

Staff Report

Number of senior civil service staff (or equivalent) by band (Audited)

The number of staff serving as senior civil servants (or equivalent) as at 31 March 2017 is as follows:

Core Department	
Pay Band*	**Number of SCS staff (or equivalent)**
£65,000 - £70,000	10
£70,000 - £75,000	5
£75,000 - £80,000	1
£80,000 - £85,000	1
£85,000 - £90,000	-
£90,000 - £95,000	-
£95,000 - £100,000	-
£100,000 - £105,000	-
£105,000 - £110,000	-
£110,000 - £115,000	-
£115,000 - £120,000	-
£120,000 - £125,000	-

* Based on full year equivalent

Staff numbers and related costs (Audited)

	2016-17				2015-16
	Permanently employed staff	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	48,073	2,977	33	51,083	57,157
Social security costs	5,148	299	4	5,451	4,714
Other pension costs	8,300	485	5	8,790	9,506
Subtotal	**61,521**	**3,761**	**42**	**65,324**	71,377
Less recoveries iro outward secondments	(958)	307	-	(651)	(890)
Total net costs*	**60,563**	**4,068**	**42**	**64,673**	**70,487**
Of which:					
Core Department	**19,467**	**2,800**	**42**	**22,309**	25,229
Less recoveries iro outward secondments	(198)	-	-	(198)	(240)
Net Core Department	**19,269**	**2,800**	**42**	**22,111**	24,989

* No staff costs have been charged to capital.
**Permanently employed staff include the cost of the Department's two Special Advisers who worked for the two Ministers. One Special Adviser was paid in band A (£37,794 to £52,816) while the other was paid from band B (£59,627 to £91,809). The pay bands are the same as 2015-16 as the pay award for 2016-17 is still outstanding.

Net Staff costs (Audited)

	2016-17	2015-16
	£000	£000
Of which:		
Core Department		
Administration	21,406	23,834
Programme	705	1,155
Total	**22,111**	24,989
Agencies		
Administration	-	-
Programme	42,562	45,498
Total	**42,562**	45,498
Consolidated		
Administration	21,406	23,834
Programme	43,267	46,653
Total net costs	**64,673**	70,487

The figures in the Statement of Comprehensive Net Expenditure (SCNE) consist of gross staff costs. Amounts recovered in respect of secondments are separately disclosed in the SCNE. The above costs are gross staff costs netted off against secondee income.

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but Department of Health is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £3.3m was payable to the NICS pension arrangements (2015-16 £3.5m) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2017-18, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2015-16 nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions

are age-related and range from 8% to 14.75% (2015-16 3% to 14.7%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil, 0.5% (2015-16 nil, 0.5%) of pensionable pay, were payable to the NICS Pension Arrangements to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.
Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as other bodies included within the consolidated Departmental Annual Report and Accounts (Audited).

	2016-17 Number				2015-16 Number
Departmental Strategic Objective	**Permanently employed staff**	**Others**	**Ministers**	**Total**	**Total**
Health & Social Care Board	533	18	-	551	579
Public Health Agency	288	11	-	299	322
Administration	408	47	-	455	504
Programme	3	6	-	9	15
less staff engaged on capital projects	-	-	-	-	-
less outward seconded staff	(15)	-	-	(15)	(21)
Total	**1,217**	**82**	**-**	**1,299**	1,399
Of which:					
Core Department	407	53	-	**460**	513
HSCB and PHA	810	29	-	**839**	886

Core Staff numbers include 53 Whole Time Equivalent (WTE) staff seconded in to the Department and 4 (WTE) staff seconded out from the Department to other bodies.

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

	Core Department						Consolidated (includes Core)					
	*Number of compulsory redundancies		*Number of other departures agreed		Total number of exit packages by cost band		*Number of compulsory redundancies		*Number of other departures agreed		Total number of exit packages by cost band	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<£10,000			2	2	2	2			5	4	5	4
£10,001 - £25,000			1	35	1	35			1	50	1	50
£25,001 - £50,000				20		20				47		47
£50,001 - £100,000			1	1	1	1			1	29	1	29
£100,001- £150,000				1		1				10		10
£150,001- £200,000												
£200,001- £250,000												
£250,001- £300,000												
£300,001- £350,000												
£350,001- £400,000												
Total number of exit packages by type			4	59	4	59			7	140	7	140
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total resource cost			50 to 100	1,398	50 to 100	1,398			50 to 100	5,881	50 to 100	5,881

The table above shows Redundancy and other departure costs in respect of the Core Department in 2016-17 and for Consolidated which includes core Department the HSC Board and Public Health Agency (PHA).

In 2016-17, the Special Advisers received an exit package in accordance with the Code Governing the Appointment of Special Advisers issued under the Civil Service (Special Advisers) Act (Northern Ireland) 2013.

Four early exit packages were made for core DoH, which includes early retirement on medical grounds and dismissals on grounds of inefficiency, totalling £76,534 (2015-16 nil). The HSCB had 2 ill health retirements in 2016-17 at nil costs, as cost were met by HSC Pension scheme (2015-16 nil cases); and the PHA, one ill health retirement in 2016-17 at nil costs as the cost were met by the HSC Pension Scheme (2015-16 nil cases).

During 2016-17 the Northern Ireland Civil Service ran 'tranche 5' of a Voluntary Exit Scheme (VES). DoH did not participate in tranche 5.

Core Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Similarly, HSCB and PHA costs have been paid in accordance with the provisions of the HSC Pension Scheme Regulations.

Exit costs can be accounted for in full in the year of departure. Where the Department has agreed early retirements or other agreed departures, the additional costs are met by the employing authority and not by the pension schemes. Ill-health retirement costs are met by the pension schemes are not included in the table.

Health and Safety

The Department discharges its responsibilities under the Health and Safety at Work (NI) Order 1978 and other relevant legislation, and works to ensure the health, safety and welfare of its employees. All staff are kept up-to-date with the latest developments in health and safety standards, and compliance with these standards is assessed through an ongoing audit programme. Three health and safety audits were carried out in 2016-17.

Annual refresher First Aid at Work training was delivered to 8 first aiders during 2016-17.

During 2016-17, 16 staff (including secondees) completed the Department's H&S Induction Training for new entrants. The annual DSE Risk Assessment programme is due to be rolled out in April 2017. NICS online Fire Awareness training was rolled out in July 2016 with 87% compliance.

There were a total of 13 accidents / near misses during 2016-17, which was an increase of five on the previous year. There were 17 specialist assessments carried out during 2016-17, including: ergonomic assessments; temperature, humidity, new and expectant mothers' assessments; and lighting and noise surveys.

Staff

The Department directly employs some 407 (WTE) staff as at 31 March 2017. The NI Fire and Rescue Service employs some 2,056 people and around 73,000 people work in the Health and Social Care sector (including bank staff). The Department is committed to supporting the

development and management of its staff so that they can effectively contribute to the achievement of Departmental and personal objectives.

The table below shows estimated Sickness absence figures for 2016-17 and also for 2015-16 for comparison purposes based on whole time equivalent (WTE) staff numbers. This shows a decrease of 134 days lost to the Department and an increase of 1.2 average working days lost per person.

Sickness absence at 31 March 2017

Financial Year	Average Total number of staff	Total days lost	Average working days lost per person	Absence rate
2016-17	407 WTE	3,203	8.8	3.9%
2015-16	440 WTE	3,337	7.6	3.4%

The following tables detail the breakdown of staff gender within DoH, this analysis is on headcount:

Staff Gender Breakdown within DoH 2016-17 all grades	
Female	243
Male	171

Staff Gender Breakdown within DoH 2016-17 Senior Management (excl. Board Members)	
Female	8
Male	9

Staff Gender Breakdown within DoH 2016-17 Board Members incl. Independent Board Members	
Female	4
Male	5

Equal Opportunities / Disabled Persons

The Department follows the NI Civil Service Equal Opportunity Policy which states that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. The policy aims to foster a culture which encourages every member of staff to develop his or her potential and which rewards achievement.

The Department aims to provide access to the full range of recruitment and career opportunities for all people with disabilities, to establish working conditions which encourage the full participation of disabled people and seek to ensure the retention of existing staff that are affected by disability through rehabilitation, training and reassignment. The Disability Liaison Officer, and the Department's HR Business Partners, work closely with individuals and their line managers to identify and implement appropriate reasonable adjustments.

Employee Engagement

The DoH staff engagement programme "Deliver Together" aims to engage our people, create a great place to work, improve performance and deliver results. During 2016-17 the Department continued to develop the programme. Activities carried out included regular internet blogs from senior staff, a programme of informative seminars and the publication of an in house online e-zine, the Pulse. These help promote a learning culture, create opportunities for open communications and promote information about issues which affect staff on a personal and work related basis.

The Department holds the Investors in People Bronze status.

All staff have access to welfare services, Carecall and to Trade Union membership; the Department uses the established Whitley process of staff consultation and meets regularly with Trade Unions on matters of interest.

Off-Payroll Engagements

The Department is required to disclose whether there were any individual staff or public sector appointees contracted through employment agencies or self-employed with a total cost of over £58,200 during the financial year, which were not paid through payroll. In 2016-17 there were no such 'off-payroll' engagements for the Department (2015-16: none).

AUDIT AND ACCOUNTABILITY REPORT

Funding Report

2016-17 Performance

The net resource outturn for the year is £4,696m, which is within the voted total Estimate cover by some £41m (0.86%). An analysis of the net resource outturn is as follows;

	£'000
Grant in Aid to HSC Bodies	3,969,714
Family Health Services (gross)	892,622
Income (Health Service contributions £496m)	(546,280)
Hospital and Paramedic Services	121,357
Social Care Services	50,570
Public Health Services	68,199
Other direct expenditure	52,025
Annually Managed Expenditure and notional costs	3,176
Grant in Aid to NIFRS and other Fire Services expenditure	84,229
Total	**4,695,612**

A detailed analysis of Net Resource Outturn against Estimate by function can be found at Note SoAS1 to the accounts on page 92.

2016-17 was an exceptionally challenging year for the Department both financially and due to the impact of the dissolution of the Assembly in January 2017. Throughout the year, the Department sought to manage a range of unfunded pressures by working closely with all parts of the DoH system in order to secure further opportunities to close the funding gap. The Department also engaged extensively with the Minister and key stakeholders across the HSC and with DoF in seeking to resolve the financial challenges. In addition, the Department fully participated in the Executive's In-Year monitoring processes and was successful in securing some £91.8m of additional non-recurrent revenue funding in 2016-17.

As a result of these actions at Provisional Outturn, the Department reported an underspend of £3.8m against the cash element of the 2016-17 Resource Departmental Expenditure Limit budget control total (0.08% of final cash budget). This was partially reduced by a small overspend of £3.3m on the non-cash budgets (2.41% of final non-cash budget), to give a net underspend in current expenditure DEL of £0.48m (0.01% of final budget).

A summary of variances between Net Resource Outturn and Estimate is contained in the following table:

Variances against Estimate

<table>
<tr><th></th><th>Variance
£'000</th><th colspan="2">Explanation</th></tr>
<tr><td>A1. Hospital and Paramedic Services</td><td>17,521</td><td colspan="2" rowspan="2">Due to a reallocation of resources between direct departmental & HSCB spend and allocations to arms length bodies. This variance was also impacted by the Assembly being dissolved in January 2017 and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place.</td></tr>
<tr><td>A7. Health Support Services</td><td>21,891</td></tr>
<tr><td>A9. Provisions</td><td>19,211</td><td>This variance, in its entirety, is due to the lack of a Spring Supplementary Estimate.</td><td rowspan="6">These variances arose due to the Assembly being dissolved in January 2017 and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place.</td></tr>
<tr><td>A14. Northern Ireland Blood Transfusion Service</td><td>(148)</td><td>Due to additional capital spend being incurred over that included in the Main Estimate.</td></tr>
<tr><td>A17. Northern Ireland Practice and Education Council for Nursing and Midwifery</td><td>250</td><td rowspan="3">Due to less cash being drawn than that was forecast in the Main Estimate.</td></tr>
<tr><td>A18. Northern Ireland Social Care Council</td><td>423</td></tr>
<tr><td>A21. Food Safety Promotion Board</td><td>221</td></tr>
<tr><td>A23. Notionals</td><td>1,586</td><td>Due to a reduction in the notional cost of accommodation & shared services than that included in the Main Estimate.</td></tr>
</table>

Further analysis can be found on pages 92-96.

Future Financing Implications of Current Economic Climate

For 2017-18, a considerable financial challenge exists for the Department. In order to achieve a balanced financial position and finance priority service developments, the Department will be rigorously progressing all available opportunities to secure additional resources throughout 2017-18 and to take any other necessary action in order to break even. The level of all financial risks to both current and capital expenditure plans will be kept under continual review in order to ensure that plans are amended as necessary to protect/maintain the safety of services for patients and clients and to deliver financial breakeven.

HSC Capital Investment

The Capital DEL budget available for 2016-17 amounted to £242,834k, against a provisional expenditure of £242,547k. A further £0.75m FTC for the GP Loans scheme was available, which was fully spent. In line with Departmental policy, the current investment programme

focuses on the enhancement of the estate to support the Department's service delivery and reform objectives by:

- Major upgrading of acute services to facilitate more effective hospital services;
- Investment in mental health and learning disability facilities; and
- Providing more treatment and care closer to where people live and work;
- Investment in emergency services, ICT and technology.
- Estate upgrading to address key infrastructural risks;

The following projects were completed in 2016-17:

- Generic Ward Block Ulster Hospital
- Ballymena Health & Care Centre
- North West Radiotherapy Centre
- Additional Main Theatre at Craigavon Area hospital
- Ballee Children's Home
- Ballymena Ambulance Station
- Decontamination facilities in the Ulster and Antrim Hospitals
- BCH MRI Scanner
- Ulster Hospital Replacement CT Scanner
- NIAS Replacement Cardiac Defibrillators

The following projects remain ongoing as at 31 March 2017:

- Acute Services block Ulster Phase B
- Craigavon Area Hospital High Voltage Electrical Infrastructure
- RVH Maternity New Build
- RGH Energy Centre
- Mental Health Inpatient Unit
- RVH Children's Hospital
- Omagh Hospital
- Daisy Hill Paediatric Centre of Excellence
- Craigavon Area Hospital Paediatric Ward and Ambulatory Care Unit
- Altnagelvin 5.1 – North Block Ward Accommodation/Treatment Wing
- Additional Theatres at Altnagelvin
- Omagh Mental Health Extended Recovery and Rehabilitation Accommodation
- Enniskillen Ambulance Station
- NIFRS Logistics Centre

In addition, investment was provided for the following key areas:

- £6.4m investment in the Northern Ireland Fire and Rescue Service, including investment in fleet, equipment and estate;
- £8.2m investment in the Northern Ireland Ambulance Service including fleet, estate and equipment; and
- £35.7m investment in information technology.

The level of financial risks to capital expenditure plans will be kept under continuing review in order to ensure that plans are amended as necessary to best manage these risks.

Deeds of Safeguard

The Department is a party to the Deed of Safeguard for the following PFI/PPP agreements;

- Altnagelvin Laboratories and Pharmacy (April 2005) (Altnagelvin is now within the Western HSC Trust);
- The Royal Group of Hospitals Managed Equipment Service (December 2005) (RGH is now within the Belfast HSC Trust); and
- South Western Hospital at Enniskillen (Western HSC Trust).

Under the terms of the Deed of Safeguard, the Department will, in the event of Trust insolvency or inability to meet its obligations, excluding succession by another body, is obliged to fulfil the Trust's obligations under the agreement. This falls to be measured following the requirements of IAS 39 and has been measured at zero.

Department Responsibilities

The Stormont House Agreement contained a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, this involved transferring functions from some departments to others. The departmental structures and responsibilities of the new departments were agreed and the restructuring took place on the 7 May 2016. The proposed nine -departmental model represented a machinery of government change where the functions of the amalgamated departments transferred to other departments in May 2016. The changes did not affect the function or structure of DHSSPS, known as the Department of Health from May 2016.

Reconciliation of Resource Expenditure between Budgets, Estimates and Accounts

	2016-17 £'000	2015-16 £'000
Net Resource Requirement	**4,695,612**	**4,505,120**
Consolidated Fund Extra Receipts (CFER's)	(67,288)	(112)
Net Operating Cost	**4,628,324**	**4,505,008**
Adjustments to remove:		
Capital Grant	(6,807)	(426)
Voted income outside the budget	562,832	495,751
Grants in Aid payable to NDPBs	(4,057,979)	(3,850,814)
Adjustments to include:		
Resource Consumption of NDPBs	4,119,692	3,878,931
Total Budget Outturn *of which*	**5,246,062**	**5,028,450**
Departmental Expenditure Limits (DEL)	5,106,349	4,957,165
Annually Managed Expenditure (AME)	139,713	71,285

Statement of Assembly Supply (Audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Department of Health to prepare a Statement of Assembly Supply (SoAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

Summary of Resource Outturn 2016-17

		2016-17							2015-16
		Estimate			Outturn				Outturn
	Note	Gross Expenditure £000	Accruing Resources £000	Net Total £000	Gross Expenditure £000	Accruing Resources £000	Net Total £000	Net Total Outturn compared with Estimate: saving/ (excess) £000	Total £000
Request for Resources									
Request for Resources A	SoAS 1	5,191,227	546,280	4,644,947	5,157,663	546,280	4,611,383	33,564	4,421,539
Request for Resources B	SoAS 1	91,352	-	91,352	84,229	-	84,229	7,123	83,581
Total resources	SoAS 2	**5,282,579**	**546,280**	**4,736,299**	**5,241,892**	**546,280**	**4,695,612**	**40,687**	4,505,120
Non-Operating Cost Accruing Resources							**130**		146

Request for Resources A

Providing high quality health and social care services and promoting good health and well being.

Request for Resources B

Creating a safer environment for the community by providing an effective fire fighting, rescue and fire safety advice

Explanations of variances between Estimate and Outturn are given in Note SoAS 1 and in the Performance Report.

Net Cash Requirement 2016-17

		2016-17			2015-16
		Estimate	Outturn	Net Total Outturn compared with Estimate: saving/ (excess)	Outturn
	Note	£000	£000	£000	£000
Net Cash Requirement	**SoAS 3**	**4,708,091**	**4,712,926**	**(4,835)**	4,480,242

Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

		Forecast 2016-17		Outturn 2016-17	
	Note	Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	**SoAS 4**	**-**	**-**	**67,528**	**67,417**

The Department has incurred a technical cash Excess of £4.835m. This Excess arose due to the Assembly being dissolved in January 2017 and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place. Consequently, the Supply Estimate position shown in the Statement of Assembly Supply is the Main Estimates position. Had the Spring Supplementary Estimates and associated Budget Bill been approved by the Assembly to reflect changes to departmental budgets that had previously been agreed by the Executive or changes that could reasonably have been expected to have been agreed in the January Monitoring Round, this Excess would not have occurred.

Explanations of variances between Estimate and outturn are given in SoAS 1 and in the Performance Report.

SoAS 1. Analysis of net resource outturn by function

	2016-17									2015-16
	Outturn						Estimate			
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Total	Net total outturn compared with Estimate	Net total outturn compared with Estimate, adjusted for virements	Prior year outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources A: Departmental expenditure in DEL										
1. Hospital and Paramedic Services	1,797	116,251	3,309	121,357	(24,520)	96,837	114,358	17,521	109,558	102,517
2. Social Care Services	4,992	34,591	10,987	50,570	(2)	50,568	47,312	(3,256)	45,819	50,772
3. Family Health Service - General Medical Services	387	257,290	-	257,677	(7)	257,670	251,287	(6,383)	251,265	249,786
4. Family Health Service - Pharmaceutical Services	181	479,993	-	480,174	-	480,174	479,769	(405)	479,758	478,330
5. Family Health Service - Dental Services	93	131,136	-	131,229	(21,873)	109,356	104,703	(4,653)	104,698	104,003
6. Family Health Service - Ophthalmic Services	93	23,449	-	23,542	-	23,542	22,385	(1,157)	22,380	22,623
7. Health Support Services	16,946	35,079	-	52,025	(2,883)	49,142	71,033	21,891	64,667	54,658
8. Public Health Services	32	61,589	6,578	68,199	(1,243)	66,956	62,301	(4,655)	62,299	68,284
Annually Managed Expenditure (AME)										
9. Provisions	-	(1,664)	-	(1,664)	-	(1,664)	17,547	19,211	(1,664)	17,973
10. Social Care Depreciation and Impairments	-	565	-	565	-	565	628	63	565	790
Non-budget										
11. Health Service Contributions	-	-	-	-	(495,752)	(495,752)	(495,752)	-	(495,752)	(495,751)
12. Health and Social Care Trusts	-	-	3,895,371	3,895,371	-	3,895,371	3,889,371	(6,000)	3,889,371	3,688,905
13. Business Services Organisation	-	-	38,144	38,144	-	38,144	37,966	(178)	37,966	37,590
14. Northern Ireland Blood Transfusion Service	-	-	244	244	-	244	96	(148)	96	84
15. Northern Ireland Guardian Ad Litem Agency	-	-	4,329	4,329	-	4,329	4,441	112	4,441	4,343
16. Northern Ireland Medical and Dental Training Agency	-	-	16,965	16,965	-	16,965	15,751	(1,214)	15,751	16,286
17. Northern Ireland Practice and Education Council for Nursing and Midwifery	-	-	1,159	1,159	-	1,159	1,409	250	1,409	1,396
18. Northern Ireland Social Care Council	-	-	2,728	2,728	-	2,728	3,151	423	3,151	3,053
19. Patient and Client Council	-	-	1,604	1,604	-	1,604	1,640	36	1,640	1,617

SoAS 1. Analysis of net resource outturn by function (cont'd)

	2016-17									2015-16
	Outturn						Estimate			
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Total	Net total outturn compared with Estimate	Net total outturn compared with Estimate, adjusted for virements	Prior year outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
20. Regulation and Quality Improvement Authority	-	-	7,217	7,217	-	7,217	7,566	349	7,566	7,482
21. Food Safety Promotion Board	-	-	1,571	1,571	-	1,571	1,792	221	1,792	1,900
22. Institute of Public Health in Ireland	-	-	382	382	-	382	332	(50)	332	332
23. Notionals	4,207	68	-	4,275	-	4,275	5,861	1,586	4,275	4,566
Total Request for Resources A	**28,728**	**1,138,347**	**3,990,588**	**5,157,663**	**(546,280)**	**4,611,383**	**4,644,947**	**33,564**	**4,611,383**	**4,421,539**
Request for Resources B: Departmental Expenditure in DEL										
1. Fire Services	176	63	-	239	-	239	206	(33)	206	321
Non-budget										
2. Northern Ireland Fire and Rescue Service	-	-	83,990	83,990	-	83,990	91,146	7,156	84,023	83,260
Total Request for Resources B	**176**	**63**	**83,990**	**84,229**	**-**	**84,229**	**91,352**	**7,123**	**84,229**	**83,581**
Resource Outturn	**28,904**	**1,138,410**	**4,074,578**	**5,241,892**	**(546,280)**	**4,695,612**	**4,736,299**	**40,687**	**4,695,612**	**4,505,120**

Explanation of variation between Estimate and Outturn (note SoAS 1)

	Variance £'000	Explanation	
A1. Hospital and Paramedic Services	17,521	Due to a reallocation of resources between direct departmental & HSCB spend and allocations to arms length bodies. This variance was also impacted by the Assembly being dissolved in January 2017 and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place.	
A7. Health Support Services	21,891		
A9. Provisions	19,211	This variance, in its entirety, is due to the lack of a Spring Supplementary Estimate.	These variances arose due to the Assembly being dissolved in January 2017 and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place.
A14. Northern Ireland Blood Transfusion Service	(148)	Due to additional capital spend being incurred over that included in the Main Estimate.	
A17. Northern Ireland Practice and Education Council for Nursing and Midwifery	250	Due to less cash being drawn than that was forecast in the Main Estimate.	
A18. Northern Ireland Social Care Council	423		
A21. Food Safety Promotion Board	221		
A23. Notionals	1,586	Due to a reduction in the notional cost of accommodation & shared services than that included in the Main Estimate.	

Detailed explanations of the variances are also given in the Annual Report.

SoAS 2 Reconciliation of outturn to net operating cost

	Note	2016-17 Outturn	2016-17 Supply Estimate	2016-17 Outturn compared with Estimate	2015-16 Outturn
		£000	£000	£000	£000
Net resource outturn	SoAS 1	4,695,612	4,736,299	40,687	4,505,120
Prior Period Adjustments		-	-	-	-
Non-supply income (CFERs)	SoAS 4	(67,288)	-	67,288	(112)
Non-supply expenditure		-	-	-	-
Net operating Cost		**4,628,324**	**4,736,299**	**107,975**	4,505,008

SoAS 3. Reconciliation of net resource outturn to net cash requirement

	Note	2016-17 Estimate	2016-17 Outturn	2016-17 Net total outturn compared with estimate: saving/(excess)
		£000	£000	£000
Resource Outturn	SoAS 1	4,736,299	4,695,612	40,687
Capital				
Acquisition of property, plant and equipment	6	14,000	3,647	10,353
Acquisition of intangibles	7	-	236	(236)
FTC impairment	10	-	(121)	121
FTC additions	10	-	750	(750)
Non-Operating Accruing Resources				
Net book value of property, plant and equipment disposals	7	(130)	(130)	-
FTC repayments	10	-	(43)	43
Accruals to cash adjustments				
Depreciation	3,4	(4,386)	(2,491)	(1,895)
Amortisation		-	(449)	449
Loss on disposal of property, plant and equipment		-	(60)	60
Provision provided for in year	16	(17,547)	1,663	(19,210)
Permanent diminution in value		-	(3,547)	3,547
Other non-cash items		(5,861)	(4,275)	(1,586)
Increase/(Decrease) in Trade Receivables	14	(10,601)	58,370	(68,971)
(Increase)/Decrease in Trade Payables	15	(3,683)	(35,899)	32,216
Movement in CFERs included in trade receivables	14	-	(111)	111
Consolidated Fund in respect of supply	14	-	(61,513)	61,513
Movement in Payables for amounts issued from the Consolidated Fund for supply but not spent at year end	15	-	(11,551)	11,551
Movement in Payables for Consolidated Fund Extra receipts due to be paid to the Consolidated Fund:		-	-	-
received	15	-	67,417	(67,417)
receivable	15	-	111	(111)
Changes in payables falling due after more than one year	15	-	-	-
Use of provision	16	-	5,310	(5,310)
Excess cash receipts surrenderable to the Consolidated Fund	SoAS 4	-	-	-
Net cash requirement		**4,708,091**	**4,712,926**	**(4,835)**

Explanation of variation between Estimate and Outturn (net cash requirement)

Item	Variance £'000	Explanation
Acquisition of property, plant and equipment	10,353	Attributable to reallocation of capital expenditure to sponsored bodies after the Estimate was prepared.
Acquisition of intangibles	(236)	Due to reallocation of Capital expenditure to intangible assets.
FTC Impairment	121	FTC Impairment not included in the Estimate.
FTC Additions	(750)	FTC Additions not included in the Estimate.
Depreciation	(1,895)	Due mainly to the impact of LPS indexation which increased the value of Trust buildings, resulting in higher depreciation charges. This variance was impacted by the Assembly being dissolved in January 2017 and therefore the process of approving Spring Supplementary Estimates and associated Budget Bill did not take place.
Amortisation	449	This variance was impacted by the Assembly being dissolved in January 2017 and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place.
Provision provided for in-year	(19,210)	
Permanent diminution of value	3,547	
Other non-cash items	(1,586)	Whilst impacted by lower accommodation and shared services costs than initially forecast, this variance also arose due to the Assembly being dissolved in January 2017 and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place.
Increase/(Decrease) in Trade Receivables	(68,971)	Largely due to dissolution of the Assembly from January 2017 which meant that the approval of 2016-17 Spring Supplementary Estimates did not occur and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place.
(Increase)/Decrease in Trade Payables	32,216	Largely due to dissolution of the Assembly from January 2017 which meant that the approval of 2016-17 Spring Supplementary Estimates did not occur and consequently excess accruing resources are included within the trade payables movement due to requirement to declare as Consolidated Fund Extra Receipts for 2016-17.
Movement in CFERs included in Trade Receivables	111	Due to timing of receipt of CFER income by the Department from ALB resulting in the need to declare as Trade Receivable for 2016-17.
Movement in Payables for amounts issued from the Consolidated Fund for supply but not spent at year end	11,551	Related to monies due from the Consolidated Fund prior year in respect of supply which did not reoccur in 2016-17.
Movement in Payables for Consolidated Fund Extra receipts due to be paid to the Consolidated Fund: Received	(67,417)	Largely due to dissolution of the Assembly from January 2017 which meant that the approval of 2016-17 Spring Supplementary Estimates did not occur and consequently excess accruing resources not covered in Main Estimate are required to be declared as Consolidated Fund Extra Receipts for 2016-17.
Use of provision	(5,310)	This variance arose due to the Assembly being dissolved in January 2017 and therefore the process of approving 2016-17 Spring Supplementary Estimates and associated Budget Bill did not take place.

SoAS 4. Analysis of Income Payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2016-17		Outturn 2016-17	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Operating income and receipts - excess Accruing Resources		-	-	-	-
Other operating income and receipts not classified as Accruing Resources		-	-	67,288	67,417
EU Receivables written off		-	-	-	-
		-	-	67,288	67,417
Non-Operating income & receipts - excess Accruing Resources	SoAS 6	-	-	240	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	SoAS 3	-	-	-	-
Total income payable to the Consolidated Fund		**-**	**-**	**67,528**	**67,417**

NB excess income is determined on a Request for Resource basis and it is not simply the difference between total income and the income approved by the Assembly.

SoAS 5. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to Consolidated Fund

	Note	2016-17	2015-16
		£000	£000
Operating income	5	613,568	549,067
Income netted off in gross sub head grossed up in Statement of Comprehensive Net Expenditure		-	-
Adjustments for transactions between RfRs		-	-
Gross income		613,568	549,067
Non-supply income (other than CFER's)		-	-
Changes in accounting policy		-	-
Other Adjustments		-	-
Income authorised as Accruing Resources		(546,280)	(548,955)
Operating income payable to the Consolidated Fund	SoAS 4	67,288	112

SoAS 6. Non-operating income - Excess Accruing Resources

	2016-17	2015-16
	£000	£000
Principal repayments of voted loans	-	-
Proceeds on disposal of property, plant & equipment	325	-
Proceeds on disposal of intangibles	-	-
Other (analysed as appropriate)	-	-
Non operating income - excess accruing resources	**325**	**-**

Other Assembly Accountability Disclosures

Losses and Special Payments

Losses Statement for Core Department, HSC Board and PHA

Each year, significant amounts of waivers and remissions of National Insurance contributions are written off. Most are reported in the Northern Ireland National Insurance Fund account but, a small proportion is attributed to the health programme and reported in the Resource Accounts. The figure for 2016-17 (referred to as administrative write-offs) was £2,072k based on data for 2015-16 (2015-16: £1,555k).

	2016-17				2015-16			
	Core Department		Consolidated		Core Department		Consolidated	
	No. of cases	£000	No. of cases	£000	No. of cases	£000	No. of cases	£000
Cash losses - Theft, fraud etc.	-	-	-	-	-	-	3	1
Claims abandoned - Waived or abandoned claims	1	0	2	1	-	-	-	-
Administrative write-offs* Bad debts	-	2,072	1	2,072	-	1,555	-	1,555
Fruitless payments -								
• Late Payments of commercial debt.	-	-	-	-	-	-	-	-
• Other fruitless payments.	3	3	3	3	38	4	38	4
• Constructive losses	-	-	-	-	-	-	-	-
Store losses	-	-	-	-	-	-	-	-
Special Payments - Compensation payments -								
• Clinical negligence	-	-	10	3,114	-	-	30	916
• Public liability	2	90	2	90	-	-	-	-
• Employers liability	1	58	5	70	-	-	8	46
Ex Gratia Payments	-	-	-	-	1	8	1	8
Total*	**7**	**2,223**	**23**	**5,350**	**39**	**1,567**	**80**	**2,530**

*Excludes the number of cases of NI Fund Losses (Administrative write off). National Audit Office, who audit the NI Fund accounts, made a recommendation for HMRC to work to ensure consistency between the contribution losses figures reported in the NI White Paper Accounts and the HMRC Trust Statement. As a result, the method of collection and calculation of the losses figures has been changed, so that case numbers are now no longer available for reporting.

Special Payments made by Core Department, HSC Board and PHA

	2016-17				2015-16			
	Core Department		Consolidated		Core Department		Consolidated	
	No of cases	£000	No of cases	£000	No of cases	£000	No of cases	£000
Details of cases over £250,000								
Birth complications	-	-	2	2,778	-	-	-	-
Delay in diagnosis and treatment for heart condition	-	-	-	-	-	-	-	-
Cases below £250,000	3	148	15	496	1	8	39	970
Total of all cases	3	148	17	3,274	1	8	39	970

Other Payments made by Core Department, HSC Board and PHA

Special Payments

There were no other special payments or gifts made during the year.

Other Payments

There were no other payments made during the year.

Estimate of Patient Exemption Fraud and Error
The calculation of patient exemption fraud was carried out by the Business Services Organisation (BSO) Information and Registration Unit on the following basis:

1. The BSO on behalf of the Board handles payments to contractors providing family practitioner services. The Counter Fraud and Probity Service within the BSO is responsible for checking patient exemption entitlement and for taking follow-up action where a patient's claim to exemption from statutory charges has not been confirmed.

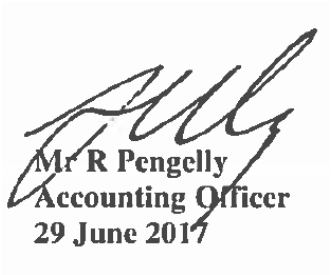
2. Given the volume of Dental and Ophthalmic claims each year, sampling is used to establish an estimate of the total annual potential loss due to fraud and error. Patients aged 80 and over are excluded from the population from which the sample is drawn. The sample data is passed to the Department for Works and Pensions and the Business Services Authority to provide independent verification of entitlement across a number of exemption categories. Where entitlement to exemptions claimed is not confirmed for individual patients as part of this process, such instances are referred as cases to Electronic Prescribing and Eligibility System (EPES) case management system for further investigation.

3. To estimate the total annual loss due to patient exemption fraud and error in the population, the BSO applies the estimate rate of loss for each exemption category in the sample to the volumetric and average liability for that category in the population. The best estimate of total fraud and error loss for the NI region in 2016-17 is £3.5m rounded (£2.8m Dental, £0.8m Ophthalmic). If comparative figures for 2015-16 are uplifted to 2016-17 activity levels, then the estimated combined figure is £3.5m.

Remote Contingent Liabilities

In addition to contingent liabilities reported within the meaning of IAS37 shown in Note 17 of the Annual Accounts, the Department also considers liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. As at 31 March 2017, the Department is not aware of any remote contingent liabilities.

This accountability report is approved and signed



DEPARTMENT OF HEALTH

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

I certify that I have audited the financial statements of the Department of Health for the year ended 31 March 2017 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply and the related notes and the information in the Remuneration and Staff Report and the Audit and Accountability Report within the Accountability Report that is described in that report and disclosures as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for qualified opinion on regularity arising from breach of an Assembly control total

In 2016-17, the Department of Health required more cash than the Assembly had authorised in Net Cash Requirement resulting in an excess vote. Net Cash Requirement of £4,712,926,000 was £4,835,000 in excess of the £4,708,091,000 limit authorised by the Assembly.

This excess arose because the Assembly dissolved at the end of January 2017 and therefore the process of considering and approving the 2016-17 Spring Supplementary Estimates by way of a Budget Bill could not take place. Had the Assembly approved these Estimates the excess would not have occurred.

Qualified opinion on regularity

In my opinion, except for the breach described in the basis for qualified opinion paragraph above, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2017 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2017 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Audit and Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

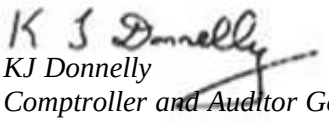
Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of Remuneration and Staff Report and the Audit and Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

Report

Other than as outlined in the basis for qualified opinion paragraph above, I have no further observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

29 June 2017

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

		2016-17		2015-16	
		Core Department	Consolidated	Core Department	Consolidated
	Note	£000	£000	£000	£000
Income from sale of goods and services	5	(111)	(111)	(93)	(95)
Other operating income	5	(561,435)	(613,435)	(498,400)	(548,950)
Total Operating income		**(561,546)**	**(613,546)**	(498,493)	(549,045)
Staff costs	3,4	22,309	65,324	25,229	71,377
Purchase of goods and services	3,4	4,086,401	5,104,866	3,880,878	4,892,500
Depreciation, amortisation and impairment charges	3,4	3,688	6,487	3,625	6,684
Provision expense	3,4	(2,393)	(1,663)	3,242	18,018
Other operating expenditure	3,4	34,604	66,873	31,002	65,493
Total operating expenditure		**4,144,609**	**5,241,887**	3,943,976	5,054,072
Finance income	5	(15)	(22)	(20)	(22)
Finance expense	3,4	5	5	3	3
Net expenditure for the year		**3,583,053**	**4,628,324**	3,445,466	4,505,008
Other Comprehensive Expenditure					
Items that will not be reclassified to net operating costs:					
Net (gain)/loss on revaluation of Property, Plant and Equipment	6	(971)	(1,167)	(1,109)	(1,292)
Net (gain)/loss on revaluation of Intangibles		-	(20)	-	-
Items that may be reclassified to net operating costs:					
Total comprehensive net expenditure for the year ended 31 March 2017		**3,582,082**	**4,627,137**	3,444,357	4,503,716

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

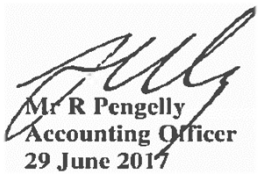
The notes on pages 108 to 148 form part of these accounts.

Consolidated Statement of Financial Position as at 31 March 2017

	Note	31 March 2017		31 March 2016	
		Core Department	Consolidated	Core Department	Consolidated
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	6	48,275	63,474	50,042	65,291
Intangible assets	7	-	1,533	-	1,726
Financial Assets	10,11	2,009,000	2,009,866	2,009,000	2,009,348
Total non-current assets		**2,057,275**	**2,074,873**	2,059,042	2,076,365
Current Assets					
Assets classified as held for sale	6.4	5,721	5,721	5,922	5,922
Inventories	12	-	-	-	-
Trade and other receivables	14	75,903	79,811	14,727	20,695
Other current assets	14	162	180	862	926
Financial assets	10,11	-	109	-	41
Cash and Cash Equivalents	13	175	1,635	1,250	11,655
Total current assets		**81,961**	**87,456**	22,761	39,239
Total assets		**2,139,236**	**2,162,329**	2,081,803	2,115,604
Current liabilities					
Trade and other payables	15	80,204	231,538	25,550	195,639
Other Current liabilities	15	-	-	-	-
Provisions	16	2,011	7,663	3,409	11,727
Financial Liabilities	10,11	-	-	-	-
Total current liabilities		**82,215**	**239,201**	28,959	207,366
Non-current assets plus/less net current assets/liabilities		**2,057,021**	**1,923,128**	2,052,844	1,908,238
Non-current liabilities					
Provisions	16	1,584	34,069	3,049	36,978
Other Non Current liabilities	15	-	-	-	-
Financial Liabilities	10,11	-	-	-	-
Total non-current liabilities		**1,584**	**34,069**	3,049	36,978
Assets less liabilities		**2,055,437**	**1,889,059**	2,049,795	1,871,260
Taxpayers' equity					
General Fund		2,035,909	1,861,122	2,030,762	1,844,034
Revaluation Reserve		19,528	27,937	19,033	27,226
Total taxpayers' equity		**2,055,437**	**1,889,059**	2,049,795	1,871,260

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

The notes on pages 108 to 148 form part of these accounts.



Consolidated Statement of Cash Flows for the year ended 31 March 2017

	Note	2016-17 £000	2015-16 £000
Cash flows from operating activities			
Net Operating Cost	SoCNE	(4,628,324)	(4,505,008)
Adjustments for non cash transactions	3,4,5	9,159	29,315
(Increase)/decrease in trade & other receivables	14	(58,370)	(2,026)
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure			
Supply amounts due from the consolidated fund	14	61,513	-
(Decrease)/Increase in trade & other payables (adjusted for bank overdraft)	15	35,899	26,893
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure			
Movements in payables relating to the purchase of property, plant & equipment	15	(71)	(104)
Movements in payables relating to purchase of intangibles	15	596	(618)
Movements in payables relating to EU pass through losses	15	(21)	-
Supply amounts due to the consolidated fund	15	-	(11,551)
Movements in payables relating to CFER items	15	(67,528)	128
Use of provisions	16	(5,310)	(16,380)
Impairment of investments	10,11	-	-
Net Cash outflow from operating activities		**(4,652,457)**	(4,479,351)
Cash flows from investing activities			
Purchase of property, plant & equipment	6,15	(3,576)	(1,897)
Purchase of intangible assets	7,15	(832)	(435)
FTC loans issued to GPs	10	(750)	(498)
Proceeds of disposal of property, plant and equipment		325	146
Proceeds of disposal of intangibles		-	-
FTC loans repaid by GPs	10	43	13
Transfers of property, plant and equipment to other bodies	4	649	-
Net cash outflow from investing activities		**(4,141)**	(2,671)
Cash flows from financing activities			
From Consolidated Fund (Supply) - current year	CSCTE	4,635,027	4,490,098
From Consolidated Fund (Supply) - prior year	CSCTE	11,551	1,795
Net financing		**4,646,578**	4,491,893
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund.		**(10,020)**	9,871
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		-	(240)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund.		**(10,020)**	9,631
Cash and cash equivalents at the beginning of the period	13	**11,655**	2,024
Cash and cash equivalents at the end of the period	13	**1,635**	11,655

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Departments' future public service delivery. Cash flows arising from financing activities include Assembly Supply and other cash flows, including borrowing.

The notes on pages 108 to 148 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 March 2017

	Note	General Fund	Revaluation Reserve	Taxpayers' Equity
		£000	£000	£000
Balances at 31 March 2015		1,864,204	26,146	1,890,350
Changes in accounting policy		-	-	-
Other Adjustments		-	-	-
Restated balances at 1 April 2015		1,864,204	26,146	1,890,350
Changes in taxpayers' equity for 2015-16				
Net assembly funding - drawdown for current year		4,490,098	-	4,490,098
Net assembly funding - drawdown for prior year		1,795	-	1,795
Supply (payable)/receivable adjustment		(11,551)	-	(11,551)
CFERs repayable to Consolidated Fund		(112)	-	(112)
Net Assembly Funding		4,480,230	-	4,480,230
Comprehensive Expenditure for the Year		(4,505,008)	1,292	(4,503,716)
Non-Cash Adjustments:				
Non-cash charges - auditor's remuneration	3,4	177	-	177
Non-cash charges - other	3,4	4,457	-	4,457
Movements in Reserves:				
Transfer of asset ownership		(209)	(30)	(239)
Transfers between reserves		182	(182)	-
Balances at 31 March 2016		1,844,034	27,226	1,871,260
Changes in taxpayers' equity for 2016-17				
Net assembly funding - drawdown for current year		4,635,027	-	4,635,027
Net assembly funding - drawdown for prior year		11,551	-	11,551
Supply (payable)/receivable adjustment		61,513	-	61,513
CFERs repayable to Consolidated Fund		(67,528)	-	(67,528)
Net Assembly Funding		4,640,563	-	4,640,563
Comprehensive Expenditure for the Year		(4,628,324)	1,187	(4,627,137)
Non-Cash Adjustments:				
Non-cash charges - auditor's remuneration	3,4	152	-	152
Non-cash charges - other	3,4	4,123	-	4,123
Movements in Reserves:				
Transfer of asset ownership		98	-	98
Transfers between reserves		476	(476)	-
Balances at 31 March 2017		**1,861,122**	**27,937**	**1,889,059**

This statement shows the movement in the year on the different reserves held by the Department of Health, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

The notes on pages 108 to 148 form part of these accounts.

Core Statement of Changes in Taxpayers' Equity for the year ended 31 March 2017

	Note	General Fund	Revaluation Reserve	Taxpayers' Equity
		£000	£000	£000
Balances at 31 March 2015		2,046,207	18,106	2,064,313
Changes in accounting policy		-	-	-
Other Adjustments		-	-	-
Restated balances at 1 April 2015		2,046,207	18,106	2,064,313
Changes in taxpayers' equity for 2015-16				
Net assembly funding - drawdown for current year		3,435,179	-	3,435,179
Net assembly funding - drawdown for prior year		1,795	-	1,795
Supply (payable)/receivable adjustment		(11,551)	-	(11,551)
CFERs repayable to Consolidated Fund		(112)	-	(112)
Net Assembly Funding		3,425,311	-	3,425,311
Comprehensive Expenditure for the Year		(3,445,466)	1,109	(3,444,357)
Non-Cash Adjustments:				
Non-cash charges - auditor's remuneration	3,4	109	-	109
Non-cash charges - other	3,4	4,457	-	4,457
Movements in Reserves:				
Transfer of asset ownership		(39)	-	(39)
Transfers between reserves		182	(182)	-
Balances at 31 March 2016		2,030,762	19,033	2,049,795
Changes in taxpayers' equity for 2016-17				
Net assembly funding - drawdown for current year		3,577,883	-	3,577,883
Net assembly funding - drawdown for prior year		11,551	-	11,551
Supply (payable)/receivable adjustment		61,513	-	61,513
CFERs repayable to Consolidated Fund		(67,528)	-	(67,528)
Net Assembly Funding		3,583,419	-	3,583,419
Comprehensive Expenditure for the Year		(3,583,053)	971	(3,582,082)
Non-Cash Adjustments:				
Non-cash charges - auditor's remuneration	3,4	84	-	84
Non-cash charges - other	3,4	4,123	-	4,123
Movements in Reserves:				
Transfer of asset ownership		98	-	98
Transfers between reserves		476	(476)	-
Balances at 31 March 2017		**2,035,909**	**19,528**	**2,055,437**

This statement shows the movement in the year on the different reserves held by the Department of Health, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure.
Other earmarked reserves are shown separately where there are statutory restrictions of their use.

The notes on pages 108 to 148 form part of these accounts.

Notes to the Departmental Resource Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2016-17 Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Health for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material to the accounts.

The FReM requires the following primary statements:

- Statement of Assembly Supply;
- Statement of Comprehensive Net Expenditure;
- Statement of Financial Position;
- Consolidated Statement of Cash Flows;
- Consolidated Statement of Changes in Taxpayers Equity; and
- Core Statement of Changes in Taxpayers Equity.

The Statement of Assembly Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The Consolidated Statement of Changes in Taxpayer's Equity and supporting notes analyses movement in the General Fund and Revaluation Reserve.

1.1. Accounting Convention

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

1.2. Currency and Rounding

These accounts are presented in £ sterling and rounded in thousands.

1.3. Basis of Consolidation

These accounts (and accounting policies) comprise a consolidation of the Core Department, the Health and Social Care (HSC) Board and the Public Health Agency (PHA). Transactions between entities included in the consolidation are eliminated.

1.4. Health and Social Care Board & Public Health Agency

The accounts of the Health and Social Care (HSC) Board and Public Health Agency have been prepared in accordance with the accounting standards and policies directed by the Department of Health (the Department) as being relevant to HSC bodies in Northern Ireland.

The accounting policies adopted follow International Financial Reporting Standards (IFRS) to the extent that it is meaningful to HSC bodies in Northern Ireland, and, where possible, are selected in accordance with the principles set out in International Accounting Standard (IAS) 8 "Accounting Policies" as the most appropriate for giving a true and fair view in this context.

1.5. Property, Plant and Equipment and Intangible Assets

Property, plant and equipment assets comprise Land, Buildings, Dwellings, Transport and Equipment, Plant & Machinery, Information Technology, Furniture & Fittings, and Assets under construction.

Recognition

Property, Plant and Equipment must be capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to the business;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has a cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £1,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new unit, irrespective of their individual or collective cost.

On initial recognition property, plant and equipment and intangible non-current assets are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

Assets classified as "under construction" are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred. They are carried at cost, less any impairment loss. Assets under construction are revalued and depreciation commences when they are brought into use.

Emergency planning stockpiles are included within plant and machinery and are capitalised in accordance with FReM.

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately for the rest of the business or which arise for contractual or other legal rights. Intangible assets are considered to have a finite life.

Intangible assets includes any of the following held – software, licences, trademarks, websites, development expenditure, patents, goodwill and intangible assets under construction. Intangible non-current assets in use within the Department, Board and PHA comprise IT, software and websites.

Software that is integral to the operating of hardware, for example an operating system is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible non-current asset. There is no difference between the requirements for (a) intangible assets that are acquired externally and (b) internally generated intangible non-current assets, whether they arise from development activities or other types of activities.

The capitalisation threshold for intangible assets is the same as for tangible assets.

Valuation

All Property, Plant and Equipment and Intangible non-current assets are carried at fair value.

Fair value for property is estimated as the latest professional valuation revised annually by reference to indices supplied by Land and Property Services.

Fair value for Plant, Equipment and Intangibles is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS), except for assets under construction which are carried at cost, less any impairment loss. This year, indices at the end of December 2016 were used.

Land and buildings are carried at the last professional valuation, in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice in so far as these are consistent with the specific needs of the HSC.

A formal revaluation of the Retained Estate and the HSC Estate was last carried out as at 31 January 2015, by Land and Property Services of Upper Queen's Street, Belfast, with the next review due by 31 January 2020.

Properties are valued on the basis of open market value for existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost. Properties surplus to requirements are valued on the basis of open market value less any material directly attributable selling costs.

1.6. Depreciation

Property, plant and equipment and intangible non-current assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation is charged in the month of acquisition.

No depreciation is provided on freehold land since land has unlimited or a very long established useful life. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and not in use are not depreciated. Capital expenditure on leasehold improvements is depreciated over the shorter of the life of the asset or the remaining term of the lease.

Depreciation is charged on short life assets (up to 5 years) based on the historic cost without indexation being applied.

Depreciable assets normally have useful lives in the following ranges:

Asset Type	Asset Life
Freehold Buildings	25 – 60 years
Leasehold property	Remaining period of lease
IT Assets	3 – 10 years
Software /Licences	3 – 10 years
Other Equipment	3 – 15 years

The majority of furniture and fittings are rented from the Department of Finance and have not been capitalised. Instead this forms part of the notional accommodation costs included in the Statement of Comprehensive Net Expenditure.

Most of the buildings used by the core Department are part of the government estate. As rents are not paid for these properties, notional accommodation costs are based on a capital charge for the properties. These costs have been charged to the Statement of Comprehensive Net Expenditure.

The overall useful life of the Department's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on these assets at the same rate as if separate components had been identified and depreciated at different rates.

1.7. Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification the directly attributable cost is capitalised. Where subsequent expenditure which meets the definition of capital restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

The overall useful life of buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on those

assets at the same rate as if separate components had been identified and depreciated at different rates.

1.8. Impairments

At each reporting period end, the Department checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

If there has been an impairment loss due to price change, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Statement of Comprehensive Net Expenditure.

DoF/HM Treasury has directed that economic impairments be treated in a different way from that shown in IAS 36 for 2010-11 and future periods. As a result where the loss arises from an economic impairment the full amount of the impairment is charged to the Statement of Comprehensive Net Expenditure and there is a corresponding movement from the revaluation reserve to the Statement of Comprehensive Net Expenditure reserve up to the amount of the economic impairment which is in the revaluation reserve.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.9. Profit/Loss on sale of Non Current Assets

The profit from sale of land which is a non depreciating asset is recognised within Income. The profit from sale of any depreciating assets is shown as a reduction in the expense within the Statement of Comprehensive Net Expenditure The loss from sale of land or loss from the sale of any depreciating assets is show as an increased expense.

1.10. Non Current Assets Held for Sale

The Department classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets held for sale are valued on the basis of open market value where one is available or at carrying amount if an open market value is not available less any material directly attributable selling costs.

1.11. Stockpile Goods

The Department has acquired equipment and stock for use in the event of a national emergency.

These stocks consist mainly of drugs and protective clothing and are regarded as the minimum levels necessary to provide an emergency response. In accordance with FReM, these minimum levels are treated as Property, Plant and Equipment (PPE). The goods are recorded at the lower of cost price and net realisable value. It is considered that depreciation is not applicable for the majority of emergency stock items held. An Impairment charge is recognised for any stockpile goods which are disposed of e.g. because they are past their 'use by' date. The Department also considers that due to the unique nature of stockpile goods it is inappropriate to apply a capitalisation threshold. The Emergency Planning Branch of the Department is responsible for managing these items.

1.12. Investments

The only Interest Bearing Debt (IBD) remaining in Trusts is held by the Northern Ireland Ambulance Service as the IBD in the legacy Trusts was cancelled and replaced by Public Dividend Capital (PDC) when the new Trusts were established on 1 April 2007. The IBD held by the NIAS has no fixed repayment terms and the Trust is not required to make a dividend payment in respect of Public Dividend Capital.

PDC has no fixed repayment terms and Trusts are not required to make a dividend payment in respect of Public Dividend Capital.

The PDC of the Trusts is held in the name of the Secretary of State. These bodies are managed independently from the Department and their accounts are not consolidated with those of the Department.

The Department's investment in these bodies is shown in the Statement of Financial Position at historical cost.

1.13. Inventories and Work in Progress

Inventories are valued at the lower of cost and Net Realisable Value (NRV) and are included exclusive of VAT.

Within the Core Department, HSC Board and PHA, inventories consist only of consumable items and are therefore expensed in the year of purchase.

1.14. Research and Development

Research and Development expenditure is expensed in the year it is incurred in accordance with IAS 38.

1.15. Operating Income

Operating income is income which relates directly to the operating activities of the business. It principally comprises fees and charges or income generated from managing its affairs (rents, investments etc), on a full cost basis.

It includes both income classified as accruing resources and income due to the Consolidated Fund which in accordance with FReM is treated as operating income. Receipts under the EU Peace and Reconciliation Programme or other EU initiatives are also treated as operating income. Revenue is stated net of VAT. Operating income is split between Administration Income and Programme Income within the Statement of Comprehensive Net Expenditure.

1.16. Leases

Department, HSC Board and PHA as lessee

Where substantially all the benefits of control of a leased asset are borne by the business, it is recognised as a finance lease and the asset is recorded as property, plant and equipment, with a corresponding liability to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding.

Where a lease is for land and buildings, the land and building components are separated where the amounts are material. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases. The Department does not currently hold any finance leases.

Other leases are regarded as operating leases and the rentals are charged to the Consolidated Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

Department, HSC Board and PHA as a lessor

The Department leases a number of land and building assets to voluntary bodies for which it receives small sums of money know as peppercorn rent. These land and buildings assets are included within the Department's Property, Plant and Equipment asset register.

1.17. Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Department, HSC Board and PHA has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

Financial assets

Financial assets are recognised on the Statement of Financial Position when the Department becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value and subsequently on an amortised cost basis.

Financial assets are classified into the following categories:

- financial assets at fair value through Statement of Comprehensive Net Expenditure;
- held to maturity investments;
- available for sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the Department becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets and liabilities and held at fair value. The Department, HSC Board and PHA do not have any embedded derivatives.

Financial Risk Management

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the manner in which they are funded, financial instruments play a more limited role in creating risk than would apply to a non public sector body of a similar size, therefore the Department, HSCB and PHA are not exposed to the degree of financial risk faced by business entities. There are limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing its activities. Therefore the Department, HSC Board and PHA are exposed to limited credit, liquidity or market risk.

Currency Risk

The Department, HSC Board and PHA are principally domestic organisations with the great majority of transactions, assets and liabilities being in the UK and sterling based. There is therefore low exposure to currency rate fluctuations.

Interest Rate Risk

The Department, HSC Board and PHA have limited powers to borrow or invest and therefore there is low exposure to interest rate fluctuations.

Credit and Liquidity risk

As the Department, HSC Board and PHA are funded largely with government funding there is low exposure to credit risk and to significant liquidity risks.

1.18. Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.19. Grants Payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs.

1.20. Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation where this can be determined. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the Treasury Discount Rate.

At 31 March 2017 the Treasury Discount rate for use in General Provisions were

- years 1 – 5 minus 2.7% (negative real rate)
- years 6 – 10 minus 1.95% (negative real rate)
- years 11 – 20 minus 0.80% (negative real rate)

The Department has also disclosed the carrying amount at the beginning and end of the period, additional provisions made, amounts used during the period, unused amounts reversed during the period and changes in the discounted amount arising from the passage of time and effect of any change in the discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

The Department no longer reflects the HSC Trust clinical negligence provision as a core provision, rather the cash funding issued to HSC Trusts in respect of clinical negligence is accounted for as grant in aid.

1.21. Contingent Assets / Liabilities

Under IAS 37 the Department discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Department, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Department, HSC Board or PHA. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department is required to disclose for Parliament/Assembly reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote but which have been reported to Parliament/Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament/Assembly separately noted. Contingent liabilities that are not required to be disclosed under IAS 37 are stated at the amounts reported to Parliament/Assembly.

1.22. Change to Estimation Technique

As a result of uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with FReM, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

1.23. Value Added Tax

Most of the activities of the Department, HSC Board and PHA are outside the scope of VAT and in general output tax does not apply. Input VAT on purchases is generally recoverable.

1.24. Third Party Assets

The Department, HSC Board and PHA had no third party assets during the year.

1.25. Losses and Special Payments

Losses and special payments are items that the Assembly would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the government bodies not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.26. Administration and Programme Expenditure

The Consolidated Statement of Comprehensive Net Expenditure is analysed between administration and programme revenue and expenditure. The classification of expenditure and revenue as administration or as programme follows the definition of administration costs as set out in Managing Public Money Northern Ireland (MPMNI), issued by the Department of Finance.

Administration costs reflect the costs of running the Core Department and associated operating income. Revenue is analysed in the notes between that which is allowed to be offset against gross administrative costs in determining the outturn against the administrative cost limit, and that revenue which is not.

Core programme costs reflect non-administration costs and mainly consist of expenditure in health and social services. This includes payments of capital and current grants and other disbursements by the Department.

The costs of the HSC Board and Public Health Agency which are consolidated into the Departmental account are both treated as programme costs.

1.27. Employee Benefits including pensions

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any

untaken leave that has been earned at the year end.

Past and present employees of the Department are covered by the Principal Civil Service Pension Scheme (PCSPS) (NI). The defined benefit schemes are unfunded and are non-contributory except in respect of dependant's benefits. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Department recognizes the contributions payable during the year.

The HSC Board and PHA participate in the HSC Superannuation Scheme, which is administered by the Department. Under this defined benefit scheme both the HSC Board and the PHA employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the Department.

The cost of early retirements are met by and charged to the SoCNE at the time a commitment is made to fund the early retirement.

As per the requirements of IAS 19 and IAS26, as amended by FReM, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the statement of financial position date and updates it to reflect current conditions.

1.28. Transfer of Functions to Other Departments

The accounting treatment for transfers of function is in accordance with the merger accounting principles set out in the FReM. The Department, HSC Board or PHA did not have any transfers of function during 2016-17**.**

1.29. Changes in Accounting Policy

There were no changes in Accounting Policy during 2016-17.

1.30. Impact of implementation of ESA 2010 on research and development expenditure

Following the introduction of the 2010 European System of Accounts (ESA10), there has been a change in the budgeting treatment (a change from the revenue budget to the capital budget) of research and development (R&D) expenditure. In order to reflect this new treatment which was implemented from 2016-17, additional disclosures have been included in the notes to the accounts.

1.31. Reserve

Statement of Comprehensive Net Expenditure

Accumulated taxpayer funding movements are accounted within the Statement of Comprehensive Net Expenditure Reserve.

Revaluation Reserve

The Revaluation Reserve reflects the unrealised balance of cumulative indexation and revaluation adjustments.

1.32. Standards Issued by IASB not included in 2016-17 FReM

Under IAS 8 there is a requirement to disclose those standards issued but not yet adopted.

The IASB issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective with EU adoption from 1 January 2014.

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

2. Statement of Operating Costs by Operating Segment

The Operating segments are:

The following are separate identifiable units of business which have their own set of activities which contribute to the Department's objectives. The funding for all reportable segments is shown in the table below. No material transactions occurred between the segments.

	2016-17		
	Gross Expenditure £000	Income £000	Net Expenditure £000
Funded Bodies			
Health & Social Care Board	1,026,984	(50,526)	976,458
Public Health Agency	67,727	(1,481)	66,246
Business Services Organisation	38,144	-	38,144
Patient Client Council	1,604	-	1,604
NI Practice & Education Council for Nursing & Midwifery	1,159	-	1,159
NI Social Care Council	2,728	-	2,728
Regulation & Quality Improvement Authority	7,217	-	7,217
NI Medical & Dental Training Agency	16,965	-	16,965
NI Guardian ad Litem Agency	4,329	-	4,329
NI Fire & Rescue Service	83,990	-	83,990
Health and Social Care Trusts	3,895,371	-	3,895,371
Centrally Managed			
Administration	28,888	(324)	28,564
Programme	60,299	(561,237)	(500,938)
Depreciation / Impairments	6,487	-	6,487
Total	**5,241,891**	**(613,568)**	**4,628,323**

NI Blood Transfusion Service expenditure is included within Centrally Managed Programme Expenditure.

2. Statement of Operating Costs by Operating Segment (cont'd)

	2015-16		
	Gross Expenditure £000	Income £000	Net Expenditure £000
Funded Bodies			
Health & Social Care Board	1,040,223	(49,364)	990,859
Public Health Agency	67,019	(1,190)	65,829
Business Services Organisation	37,590	-	37,590
Patient Client Council	1,617	-	1,617
NI Practice & Education Council for Nursing & Midwifery	1,396	-	1,396
NI Social Care Council	3,053	-	3,053
Regulation & Quality Improvement Authority	7,482	-	7,482
NI Medical & Dental Training Agency	16,286	-	16,286
NI Guardian ad Litem Agency	4,343	-	4,343
NI Fire & Rescue Service	83,260	-	83,260
Health and Social Care Trusts	3,688,905	-	3,688,905
Centrally Managed			
Administration	32,712	(355)	32,357
Programme	63,505	(498,158)	(434,653)
Depreciation / Impairments	6,684	-	6,684
Total	5,054,075	(549,067)	4,505,008

The operating segments in this note are those reported to the Department of Health Departmental Board for financial management purposes. The operating segments are:

2. Statement of Operating Costs by Operating Segment (cont'd)

Health and Social Care Board (HSCB)
The HSCB is responsible for commissioning the provision of health and social care, monitoring health and social care performance and ensuring the best possible use of the resources of the health and social care system.

Public Health Agency (PHA)
The PHA is responsible for improvements in health and social well-being , health protection and service development.

Business Services Organisation (BSO)
The BSO is responsible for the provision of a range of business support and specialist professional services to other health and social care bodies.

Patient Client Council (PCC)
The PCC is responsible for ensuring a strong patient and client voice at both regional and local level, and strengthening public involvement in decisions about health and social care services.

NI Practice and Education Council for Nursing and Midwifery (NIPEC)
NIPEC provides advice and guidance on best practice and matters relating to nursing and midwifery.

NI Social Care Council (NISCC)
NISCC registers and regulates the social care workforce, setting and monitoring the standards for professional social work training and promoting training within the broader social care workforce.

Regulation and Quality Improvement Authority (RQIA)
The RQIA registers and inspects a wide range of HSC services and has a role in assuring the quality of services provided by a number of HSC bodies.

NI Medical and Dental Training Agency (NIMDTA)
NIMDTA ensures that doctors and dentists are effectively trained to provide the highest standards of patient care and to fund, manage and support postgraduate medical and dental education.

NI Guardian ad Litem Agency (NIGALA)
NIGALA is responsible for maintaining a register of Guardians ad Litem who are independent officers of the Court experienced in working with children and families.

NI Fire and Rescue Service (NIFRS)
NIFRS is responsible for delivering Fire and Rescue Services.

Health and Social Care Trusts
The six HSC Trusts are responsible for providing goods and services for the purpose of health and social care work and, with the exception of the Ambulance Service Trust, are also responsible for exercising on behalf of the Health and Social Care Board certain statutory functions. The Ambulance Service Trust provides emergency response to patients with sudden illness and injury and non-emergency patient care and transportation.

2.1 Reconciliation between Operating Segments and CSoFP

	2016-17		
	Total assets £000	**Total liabilities £000**	**Net assets less liabilities £000**
Funded Bodies			
Health & Social Care Board	22,487	(183,148)	(160,661)
Public Health Agency	1,645	(7,362)	(5,717)
Business Services Organisation	-	-	-
Patient Client Council	-	-	-
NI Practice & Education Council for Nursing & Midwifery	-	-	-
NI Social Care Council	-	-	-
Regulation & Quality Improvement Authority	-	-	-
NI Medical & Dental Training Agency	-	-	-
NI Guardian ad Litem Agency	-	-	-
NI Fire & Rescue Service	-	-	-
Health and Social Care Trusts	-	-	-
Centrally Managed	2,138,197	(82,760)	2,055,437
Total	**2,162,329**	**(273,270)**	**1,889,059**

	2015-16		
	Total assets £000	**Total liabilities £000**	**Net assets less liabilities £000**
Funded Bodies			
Health & Social Care Board	33,093	(205,275)	(172,182)
Public Health Agency	1,425	(7,778)	(6,353)
Business Services Organisation	-	-	-
Patient Client Council	-	-	-
NI Practice & Education Council for Nursing & Midwifery	-	-	-
NI Social Care Council	-	-	-
Regulation & Quality Improvement Authority	-	-	-
NI Medical & Dental Training Agency	-	-	-
NI Guardian ad Litem Agency	-	-	-
NI Fire & Rescue Service	-	-	-
Health and Social Care Trusts	-	-	-
Centrally Managed	2,081,086	(31,291)	2,049,795
Total	2,115,604	(244,344)	1,871,260

3. Other Administration Costs

	Note	2016-17		2015-16	
		Core Department	Consolidated	Core Department	Consolidated
		£000	£000	£000	£000
Staff costs[1]:					
Wages and salaries		16,222	16,075	18,791	18,658
Social security costs		1,726	1,708	1,389	1,375
Other pension costs		3,656	3,632	3,894	3,873
Rentals under operating leases		2	2	3	3
Interest charges		5	5	3	3
PFI and other service concession arrangements service charges		-	-	-	-
Research and development expenditure		-	-	-	-
Staff related costs		116	116	97	97
Accommodation Costs		20	20	20	20
Office Services		332	330	374	374
Contracted Services		592	592	512	512
Professional Costs		182	182	321	321
Purchase of goods and services		1,916	1,916	2,697	2,697
Other Admin Expenditure		147	147	90	90
		24,916	**24,725**	28,191	28,023
Non-Cash Items					
Depreciation		15	15	15	15
Amortisation		-	-	-	-
Profit on disposal of property, plant and equipment		(5)	(5)	-	-
Loss on disposal of property, plant and equipment		4	4	-	-
Profit on disposal of intangibles		-	-	-	-
Loss on disposal of intangibles		-	-	-	-
Auditors' remuneration and expenses[2]		84	84	109	109
Provision provided for in year	16	-	-	-	-
Borrowing costs (unwinding of discount) on provisions	16	-	-	-	-
Permanent diminution in value		-	-	-	-
Accommodation costs		2,227	2,227	2,062	2,062
Other indirect charges and services		1,854	1,854	2,350	2,350
Total Non-Cash Items		**4,179**	**4,179**	4,536	4,536
Total		**29,095**	**28,904**	32,727	32,559

[1] Further analysis of staff costs is located in the Accountability Section.

[2] During the year, the Department purchased no non-audit services from its auditor (NIAO).

4. Programme Costs

	Note	2016-17 Core Department £000	2016-17 Consolidated £000	2015-16 Core Department £000	2015-16 Consolidated £000
Request for Resources A					
Staff costs[1]:					
Wages and salaries		598	35,008	1,027	38,497
Social security costs		37	3,743	36	3,340
Other pension costs		70	5,158	92	5,634
Rentals under operating leases		97	309	97	227
Interest charges		-	-	-	-
Research and development expenditure		4	9,763	10	8,941
EU Grants		-	-	1,136	1,136
Purchase of goods and services[2]		3,999,326	5,017,793	3,793,557	4,805,179
Other Grants and Disbursements		30,003	52,223	25,074	50,411
		4,030,135	**5,123,997**	3,821,029	4,913,365
Non Cash Items					
Depreciation		247	2,476	198	2,789
Amortisation		-	449	-	372
Profit on disposal of property, plant and equipment		-	-	(46)	(46)
Loss on disposal of property, plant and equipment		51	61	-	25
Profit on disposal of intangibles		-	-	-	-
Loss on disposal of intangibles		-	-	-	-
Auditors' remuneration and expenses		-	68	-	68
Other indirect charges and services		-	-	-	-
Provision provided for in year	16	(2,393)	(1,286)	3,242	17,957
Borrowing costs (unwinding of discount) on provisions	16	-	(377)	-	61
Permanent diminution in value		3,426	3,547	3,412	3,508
Total Non-Cash Items		**1,331**	**4,938**	6,806	24,734
Total for Request for Resources A		**4,031,466**	**5,128,935**	3,827,835	4,938,099
Request for Resources B					
Total for Request for Resources B		**84,053**	**84,053**	83,417	83,417
Total		**4,115,519**	**5,212,988**	3,911,252	5,021,516

[1] Further analysis of staff costs is located in the Accountability Section
[2] This figure incorporates a proportion of Grant in Aid to the HSC as a means of supporting health care provision.

5. Income

An analysis of income recorded in the **Core Department** Statement of Comprehensive Net Expenditure is as follows:

Core Department	2016-17			2015-16
	Request for Resources A	Request for Resources B	Total	Total
	£000	£000	£000	£000
Administration income:				
Fees and charges to external customers	111	-	111	93
Fees and charges to other departments	198	-	198	240
Interest receivable and other similar income	15	-	15	20
Central administration and miscellaneous services	-	-	-	2
Profit on disposal of non-depreciable property, plant and equipment	-	-	-	-
Total administration income	**324**	**-**	**324**	355
Programme income:				
Fees and charges to external customers	-	-	-	-
EU Income	81	-	81	852
Miscellaneous Grants and Disbursements	-	-	-	-
Dividends on PDC and interest on IBD	-	-	-	-
Interest receivable and other similar income	-	-	-	-
Health & Social Services Grants and Disbursements	561,156	-	561,156	497,306
Family Health Services receipts	-	-	-	-
Profit on disposal of non-depreciable property, plant and equipment	-	-	-	-
Total programme income	**561,237**	**-**	**561,237**	498,158
Total	**561,561**	**-**	**561,561**	498,513

Health & Social Services Grants and Disbursements include National Insurance contributions received of 2016-17 £556m (2015-16: £496m).

EU Income has decreased due to the Interreg IV Program coming to a close.

5. Income

An analysis of income recorded in the **Consolidated Department** Statement of Comprehensive Net Expenditure is as follows:

Consolidated	2016-17			2015-16
	Request for Resources A	Request for Resources B	Total	Total
	£000	£000	£000	£000
Administration income:				
Fees and charges to external customers	111	-	111	93
Fees and charges to other departments	198	-	198	240
Interest receivable and other similar income	15	-	15	20
Central administration and miscellaneous services	-	-	-	2
Profit on disposal of non-depreciable property, plant and equipment	-	-	-	-
Total administration income	**324**	**-**	**324**	355
Programme income:				
Fees and charges to external customers	-	-	-	-
EU Income	81	-	81	852
Miscellaneous Grants and Disbursements	26,216	-	26,216	25,584
Dividends on PDC and interest on IBD	-	-	-	-
Interest receivable and other similar income	7	-	7	2
Health & Social Services Grants and Disbursements	562,697	-	562,697	499,432
Family Health Services receipts	24,243	-	24,243	22,842
Profit on disposal of non-depreciable property, plant and equipment	-	-	-	-
Total programme income	**613,244**	**-**	**613,244**	548,712
Total	**613,568**	**-**	**613,568**	549,067

Miscellaneous Grants & Disbursements includes income from Department of Education payable to HSCB for Surestart and Early Years of £24,735k (2015-16: £24,394k).

5.1 Fees and charges information

The following information is required for fees and charges purposes, not for IFRS 8 purposes.

Core	2016-17			2015-16		
	Income	Full cost	Surplus/ (deficit)	Income	Full cost	Surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Seconded officer recovery	198	198	-	240	240	-
Other	-	-	-	-	-	-
Total	**198**	**198**	**-**	240	240	-

Consolidated	2016-17			2015-16		
	Income	Full cost	Surplus/ (deficit)	Income	Full cost	Surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Seconded officer recovery	651	651	-	890	890	-
Other	-	-	-	-	-	-
Total	**651**	**651**	**-**	890	890	-

6. Property, plant and equipment 2016-17

6.1 Consolidated Property, plant and equipment 2016-17

	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Transport Equipment	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 01 April 2016	44,854	12,421	412	17,236	16,500	18	236	-	91,677
Restatement of Opening Balance	-	-	-	-	-	-	-	-	-
Opening balances at 01 April 2016	44,854	12,421	412	17,236	16,500	18	236	-	91,677
Additions	-	201	-	1,610	1,633	21	-	182	3,647
Donations / Government grant / Lottery funding	-	-	-	-	-	-	-	-	-
Disposals	-	(120)	-	(1,113)	(41)	(19)	-	-	(1,294)
Transfers	(95)	(67)	-	-	(360)	-	30	(182)	(674)
Impairments transferred to Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	33	28	-	-	(3,469)	-	-		(3,408)
Reclassifications	45	(242)	-	-	-	-	-	-	(197)
Indexation	1,464	89	10	37	(0)	-	-	-	1,600
Revaluations	-	-	-	-	-	-	-	-	-
At 31 March 2017	**46,301**	**12,310**	**422**	**17,770**	**14,263**	**20**	**266**	**-**	**91,352**
Depreciation									
At 01 April 2016	11,659	2,454	141	11,725	202	20	185	-	26,386
Charged in year	-	511	11	1,906	49	6	8	-	2,491
Disposals	-	-	-	(1,103)	(37)	(19)	-	-	(1,159)
Transfers	-	(69)	-	-	(104)	-	-	-	(173)
Impairments transferred to Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	4	14	-	-	-	-	-		18
Reclassifications	-	(118)	-	-	-	-	-	-	(118)
Indexation	404	21	4	7	-	-	-	-	436
Revaluations	-	-	-	-	(3)	-	-	-	(3)
At 31 March 2017	**12,067**	**2,813**	**156**	**12,535**	**107**	**7**	**193**	**-**	**27,878**
Carrying amount at 31 March 2017	**34,234**	**9,497**	**266**	**5,235**	**14,156**	**13**	**73**	**-**	**63,474**
Carrying amount at 31 March 2016	33,195	9,967	271	5,511	16,298	(2)	51	-	65,291
Asset financing:									
Owned	34,234	9,497	266	5,235	14,156	13	73	-	63,474
Finance leased	-	-	-	-	-	-	-		-
On-balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-		-
Carrying amount at 31 March 2017	**34,234**	**9,497**	**266**	**5,235**	**14,156**	**13**	**73**	**-**	**63,474**

6.2 Consolidated Property, plant and equipment 2015-16

	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Transport Equipment	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 01 April 2015	43,622	11,887	378	18,227	19,614	18	266	-	94,012
Opening balance - restated	43,622	11,887	378	18,227	19,614	18	266	-	94,012
Additions	-	107	-	1,498	396	-	-	-	2,001
Disposals	-	-	-	(2,485)	-	-	(30)	-	(2,516)
Transfers	(200)	2	-	(1)	-	-	-	-	(199)
Impairments transferred to Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	32	113	-	-	(3,512)	-	-		(3,367)
Reclassifications	-	-	-	-	-	-	-	-	-
Indexation	1,400	312	34	(3)	2	-	-	-	1,745
Revaluations	-	-	-	-	-	-	-	-	-
At 31 March 2016	44,854	12,421	412	17,236	16,500	18	236	-	91,677
Depreciation									
At 01 April 2015	11,271	1,860	119	11,903	198	16	207	-	25,574
Charged in year	-	486	10	2,282	14	4	8	-	2,804
Disposals	-	-	-	(2,460)	-	-	(30)	-	(2,490)
Transfers	-	-	-	-	-	-	-	-	-
Impairments transferred to Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	4	52	-	-	(11)	-	-		45
Reclassifications	-	-	-	-	-	-	-	-	-
Indexation	384	56	12	-	1	-	-	-	453
Revaluations	-	-	-	-	-	-	-	-	-
At 31 March 2016	11,659	2,454	141	11,725	202	20	185	-	26,386
Carrying amount at 31 March 2016	33,194	9,967	271	5,511	16,299	(3)	51	-	65,291
Carrying amount at 31 March 2015	32,351	10,027	259	6,324	19,416	2	59	-	68,438
Asset financing:									
Owned	33,194	9,967	271	5,511	16,299	(3)	51	-	65,291
Finance leased	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2016	33,194	9,967	271	5,511	16,299	(3)	51	-	65,291
Asset financing:									
Owned	32,351	10,027	259	6,324	19,416	2	59	-	68,438
Finance leased	-	-	-	-	-	-	-	-	-
On-balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying amount at 01 April 2015	32,351	10,027	259	6,324	19,416	2	59	-	68,438

6.3 Analysis of property, plant and equipment

The carrying amount of property, plant and equipment comprises:

	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Transport Equipment	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Core Department at 31 March 2017	30,984	2,865	266	-	14,147	13	-	-	48,275
Public Health Agency at 31 March 2017	-	179	-	279	9	-	73	-	540
Health & Social Care Board at 31 March 2017	3,250	6,453	-	4,956	-	-	-	-	14,659
	34,234	**9,497**	**266**	**5,235**	**14,156**	**13**	**73**	**-**	**63,474**
Core Department at 31 March 2016	30,098	3,387	271	-	16,288	(2)	-	-	50,042
Public Health Agency at 31 March 2016	-	-	-	291	10	-	51	-	352
Health & Social Care Board at 31 March 2016	3,097	6,580	-	5,220	-	-	-	-	14,897
	33,195	9,967	271	5,511	16,298	(2)	51	-	65,291
Core Department at 31 March 2015	29,201	3,294	259	-	19,416	2	-	-	52,171
Public Health Agency at 31 March 2015	-	-	-	318	-	-	59	-	377
Health & Social Care Board at 31 March 2015	3,150	6,733	-	6,006	-	-	-	-	15,889
	32,351	10,027	259	6,324	19,416	2	59	-	68,438

Valuation of Land and Buildings

Land and buildings are carried at the last professional valuation, in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation - Professional Standards in so far as these are consistent with the specific needs of the HSC. The last valuation was carried out on 31 January 2015 by Land and Property Services (LPS) which is part of the Department of Finance. The valuers are qualified to meet the 'Member of Royal Institution of Chartered Surveyors' (MRICS) standard. Professional revaluations of land and buildings are undertaken at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS. Land and buildings used for the Arms Length Body (ALB) services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

6.4 Assets Classified as Held for Sale

	Land		Buildings		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000	£000	£000
Opening Balance at 1 April	1,171	1,201	4,751	4,860	5,922	6,061
AHFS Reclassifications from/(to) Non Current Assets	(75)	-	124	(39)	49	(39)
Disposals of Carrying Value	(250)	(30)	-	(70)	(250)	(100)
Impairments	-	-	-	-	-	-
Closing Balance at 31 March	**846**	1,171	**4,875**	4,751	**5,721**	5,922

Non-current assets held for sale comprise non-current assets that are held for resale rather than for continuing use within the business. The carrying value represents estimated sales proceeds.

At 31 March 2017, there were 7 land and buildings assets, (2015-16: 9) held by Core Department which were classified as held for resale with a fair value of £5,721k (2015-16: £5,922k).

7. Intangible Assets

7.1 Consolidated Intangible Assets 2016-17

	Information Technology	Software Licences	Development expenditure	Total
	£000	£000	£000	£000
Cost or Valuation				
At 01 April 2016	5,042	1,681	44	6,767
Additions	80	156	-	236
Disposals	-	(54)	-	(54)
Transfers	-	-	-	-
Indexation	23	-	-	23
Impairments transferred to Revaluation Reserve	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2017	**5,145**	**1,783**	**44**	**6,972**
Amortisation				
At 01 April 2016	3,545	1,452	44	5,041
Charged in year	335	114	-	449
Disposals	-	(54)	-	(54)
Transfers	-	-	-	-
Backlog depreciation	-	-	-	-
Impairments transferred to Revaluation Reserve	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	-	-	-	-
Revaluations	3	-	-	3
At 31 March 2017	**3,883**	**1,512**	**44**	**5,439**
Carrying amount at 31 March 2017	**1,262**	**271**	**-**	**1,533**
Carrying amount at 31 March 2016	1,497	229	-	1,726
Asset financing:				
Owned	1,262	271	-	1,533
Finance leased	-	-	-	-
Carrying amount at 31 March 2017	**1,262**	**271**	**-**	**1,533**

7. Intangible Assets

7.2 Consolidated Intangible Assets 2015-16

	Information Technology	Software Licences	Development expenditure	Total
	£000	£000	£000	£000
Cost or Valuation				
At 01 April 2015	4,000	1,670	44	5,714
Additions	1,042	11	-	1,053
Disposals	-	-	-	-
Transfers	-	-	-	-
Indexation	-	-	-	-
Impairments transferred to Revaluation Reserve	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2016	5,042	1,681	44	6,767
Amortisation				
At 01 April 2015	3,380	1,244	44	4,668
Charged in year	164	208	-	372
Disposals	-	-	-	-
Transfers	1	-	-	1
Backlog depreciation	-	-	-	-
Impairments transferred to Revaluation Reserve	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2016	3,545	1,452	44	5,041
Carrying amount at 31 March 2016	1,497	229	-	1,726
Carrying amount at 31 March 2015	620	426	-	1,046
Asset financing:				
Owned	1,497	229	-	1,726
Finance leased	-	-	-	-
Carrying amount at 31 March 2016	1,497	229	-	1,726
Asset financing:				
Owned	620	426	-	1,046
Finance leased	-	-	-	-
Carrying amount at 31 March 2015	620	426	-	1,046

7.3 Analysis of intangible assets

The carrying amount of intangible assets comprises:

	Information Technology	Software Licences	Websites	Development expenditure	Total
	£000	£000	£000	£000	£000
Core Department at 31 March 2017	-	-	-	-	-
Public Health Agency at 31 March 2017	157	21	-	-	178
Health & Social Care Board at 31 March 2017	1,105	250	-	-	1,355
	1,262	**271**	**-**	**-**	**1,533**
Core Department at 31 March 2016	-	-	-	-	-
Public Health Agency at 31 March 2016	123	34	-	-	157
Health & Social Care Board at 31 March 2016	1,374	195	-	-	1,569
	1,497	# 229	# -	# -	# 1,726

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8. Impairments

	2016-17	2015-16
	£000	£000
Impairment charged to Statement of Comprehensive Net Expenditure within Net Expenditure	3,547	3,508
Impairment charged to Statement of Comprehensive Net Expenditure as Other Comprehensive Expenditure	972	1,108
Total Impairment	**4,519**	4,616

9. Capital and Other Commitments

9.1 Capital commitments

The Core Department, HSC Board and Public Health Agency have no Capital Commitments.

9.2 Commitments under leases

9.2.1 Operating leases

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

	31 March 2017		31 March 2016	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Land				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	-	-	-
Buildings				
Not later than one year	696	802	993	1,124
Later than one year and not later than five years	1,505	1,886	3,742	3,795
Later than five years	668	668	1,147	1,151
	2,869	**3,356**	5,882	6,070
Other				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	-	-	-

9.2.2 Finance Leases

The Department, HSC Board and PHA have no finance leases.

9.3 Commitments under PFI contracts and other service concession arrangements

The Department, HSC Board and PHA do not have any commitments under PFI contracts, or other service concession arrangements.

9.4 Other Financial commitments

This note discloses commitments to future expenditure, not otherwise disclosed elsewhere in the financial statements. Included within other financial commitments are non cancellable contracts and purchase orders and which commit the Department to revenue expenditure in a future period. Commitments to expenditure under other forms of agreement such as Memorandums of Understanding may be considered as commitments if they, in exceptional circumstances, effectively commit the Department to the expenditure as it would be reputationally or politically damaging for the Department to withdraw from the agreement. Any future funding within the Department's accounting boundary does not represent a financial commitment.

At 31 March 2017 the Department has entered into various contracts to manage and maintain its Health countermeasures stockpile which, if delivered according to the terms of those contracts would result in financial commitments as shown in the table below having to be met in future years. These contracts provide help in meeting emergency situations which may arise such as a National Pandemic flu outbreak. In addition, grant expenditure under two-year letter of offers to voluntary and community bodies are included as financial commitments as the Department has agreed to fund these bodies over a two-year period ending in 2017-18.

The amounts committed are analysed by the period during which the commitment expires are as follows.

	2016-17		**2015-16**	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Not Later than one year	4,158	4,158	1,049	1,049
Later than one year and not later than five years	3,980	3,980	4,086	4,086
Later than five years	-	-	940	940
Total	**8,138**	**8,138**	6,075	6,075

10. Financial Instruments

The Department meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) and benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The provision in respect of the HSCB and PHA which is reflected within the consolidated position represents payments made by HSCB and PHA beyond the Health & Social Care Pension Scheme (HSCPS.) At 31 March 2017 the provision for the Core Department has been fully utilised. The provision for HSCB and PHA has also been fully utilised at 31 March 2017 (2015-16 £Nil).

During 2015-16 the HSCB introduced one type of financial instrument, the GP Infrastructure Loans Scheme. This scheme utilises Financial Transactions Capital (FTC) in the form of loans to GPs to enable them to undertake premises developments and improvements for HSC purposes. The first two loans were issued in 2015-16, with a third loan issued in 2016-17 as shown below. These assets have been initially recognised at fair value in the Statement of Financial Position.

	31 March 2017		31 March 2016	
	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Balance at 1 April	389	-	-	-
Additions	750	-	498	-
Settlement	(43)	-	(13)	-
Impairments	(121)	-	(96)	-
Revaluations	-	-	-	-
Balance at 31 March	**975**	**-**	389	-

Analysis of expected timing of discounted flows

	31 March 2017		31 March 2016	
	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Not later than one year	109	-	41	-
Later than one year and not later than five years	415	-	193	-
Later than five years	451	-	155	-
Balance at 31 March	**975**	**-**	389	-

11. Investments in other public sector bodies

	31 March 2017			31 March 2016		
	Investments	Assets	Liabilities	Investments	Assets	Liabilities
	£000	£000	£000	£000	£000	£000
Balance at 1 April	2,009,000	-	-	2,009,000	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Repayments and redemptions	-	-	-	-	-	-
Interest capitalised	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Balance at 31 March	**2,009,000**	**-**	**-**	2,009,000	-	-

The above investments are held by the Core Department and represent the Department's orginal investment in the 6 Health and Social Care Trusts as formulated during 2009. The investment represents the net value of the trusts Statement of Financial Positon.

12. Inventories

	31 March 2017		31 March 2016	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Inventories	-	-	-	-

13. Cash and cash equivalents

	2016-17		2015-16	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Balance at 1 April	1,250	11,655	(567)	2,024
Net change in cash and cash equivalent balances	(1,075)	(10,020)	1,817	9,631
Balance at 31 March	**175**	**1,635**	1,250	11,655

	2016-17		2015-16	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
The following balances at 31 March are held at:				
Government Banking Service	-	-	-	-
Commercial banks and cash in hand	175	1,635	1,250	11,655
Short term investments	-	-	-	-
Balance at 31 March	**175**	**1,635**	1,250	11,655

The consolidated 'Cash and Cash Equivalent' balance in the Statement of Financial Position reflects the HSCB and PHA bank balances of £1,460k (2015-16: £10,405k).

14. Trade receivables and other current assets

	2016-17		2015-16	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Amounts falling due within one year:				
VAT	531	1,443	262	1,219
Trade receivables	1,924	4,670	1,048	5,845
Other receivables	11,935	12,185	13,417	13,631
Other receivables - relating to property plant and equipment	-		-	
Other receivables - relating to intangibles	-		-	
Clinical Negligence Central Fund	-	-	-	-
HSC Superannuation Scheme Receivable	-	-	-	-
Amounts due from the Consolidated Fund in respect of supply	61,513	61,513	-	-
Current Trade and Other Receivables	**75,903**	**79,811**	14,727	20,695
Deposits and advances	-	-	-	-
Prepayments and accrued income	162	180	862	926
prepayments	-	-	-	-
Other Current Assets	**162**	**180**	862	926
Amounts falling due after more than one year:				
Trade receivables	-	-	-	-
Other receivables	-	-	-	-
Clinical Negligence Central Fund	-	-	-	-
Non Current Trade and Other Receivables	**-**	**-**	-	-
Deposits and advances	-	-	-	-
Prepayments and accrued income	-	-	-	-
prepayments	-	-	-	-
Other Non Current Assets	**-**	**-**	-	-
Total amounts falling due within one year	**76,065**	**79,991**	15,589	21,621
Total amounts falling due after more than one year	**-**	**-**	-	-
Total Receivables and Other Assets	**76,065**	**79,991**	15,589	21,621
Included within Other Receivables is that which will be due to the Consolidated fund once the debts are collected	**111**	**111**	**-**	**-**

15. Trade payables and other current liabilities

	2016-17		2015-16	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade revenue payables	786	46,553	459	55,066
Trade capital payables	-	669	-	1,194
Other payables	61	13,757	61	24,261
Government grants payable	102	102	2,857	2,857
Accruals and deferred income	11,624	102,826	10,519	100,607
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	-	11,551	11,551
Consolidated Fund extra receipts due to be paid to the Consolidated	-		-	
received	67,520	67,520	103	103
receivable	111	111	-	-
Current Trade and Other Payables	**80,204**	**231,538**	25,550	195,639
Current part of finance leases	-	-	-	-
Current part of imputed finance lease element of on balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-	-	-
Current part of NLF loans	-	-	-	-
Other Current Liabilities	**-**	**-**	**-**	**-**
Amounts falling due after more than one year:				
Other payables, accruals and deferred income	-	-	-	-
Non Current Trade and Other Payables	**-**	**-**	**-**	**-**
Finance leases	-	-	-	-
Imputed finance lease element of on balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-	-	-
NLF loans	-	-	-	-
Other Non Current Liabilities	**-**	**-**	**-**	**-**
Total Payables falling due within one year	**80,204**	**231,538**	25,550	195,639
Total Payables falling due after more than one year	**-**	**-**	-	-
Total Trade Payables and Other Current Liabilities	**80,204**	**231,538**	25,550	195,639

16. Provisions for Liabilities and Charges

16.1 Core Provisions for liabilities and charges 2016-17

Core	Early departure costs	Clinical Negligence	Equal Pay Claim	Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2016	-	-	-	6,458	6,458
Change in discount rate	-	-	-	-	-
Provided in the year	-	-	-	494	494
Provisions not required written back	-	-	-	(2,887)	(2,887)
Provisions utilised in the year	-	-	-	(470)	(470)
Borrowing costs (unwinding of discounts)	-	-	-	-	-
As at 31 March 2017	**-**	**-**	**-**	**3,595**	**3,595**

Analysis of expected timing of discounted flows

Core	Early departure costs	Clinical Negligence	Equal Pay Claim	Other	Total
	£000	£000	£000	£000	£000
Not later than one year	-	-	-	2,011	2,011
Later than one year and not later than five years	-	-	-	1,338	1,338
Later than five years	-	-	-	246	246
As at 31 March 2017	**-**	**-**	**-**	**3,595**	**3,595**

16.2 Core Provisions for liabilities and charges 2015-16

	Early departure costs	Clinical Negligence	Equal Pay Claim	Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2015	-	-	-	3,451	3,451
Provided in the year	-	-	-	3,300	3,300
Provisions not required written back	-	-	-	(58)	(58)
Provisions utilised in the year	-	-	-	(235)	(235)
Borrowing costs (unwinding of discounts)	-	-	-	-	-
As at 31 March 2016	-	-	-	6,458	6,458

Analysis of expected timing of discounted flows

Core	Early departure costs	Clinical Negligence	Equal Pay Claim	Other	Total
	£000	£000	£000	£000	£000
Not later than one year	-	-	-	3,409	3,409
Later than one year and not later than five years	-	-	-	2,886	2,886
Later than five years	-	-	-	163	163
As at 31 March 2016	-	-	-	6,458	6,458

16.3 Consolidated Provisions for liabilities and charges 2016-17

Consolidated	Early departure costs	Clinical Negligence	Equal Pay Claim	Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2016	-	32,117	-	16,588	48,705
Provided in the year	-	3,211	-	2,486	5,697
Provisions not required written back	-	(4,032)	-	(2,951)	(6,983)
Provisions utilised in the year	-	(4,347)	-	(963)	(5,310)
Borrowing costs (unwinding of discounts)	-	(498)	-	121	(377)
As at 31 March 2017	**-**	**26,451**	**-**	**15,281**	**41,732**

Analysis of expected timing of discounted flows

Consolidated	Early departure costs	Clinical Negligence	Equal Pay Claim	Other	Total
	£000	£000	£000	£000	£000
Not later than one year	-	4,335	-	3,328	7,663
Later than one year and not later than five years	-	3,806	-	3,135	6,941
Later than five years	-	18,310	-	8,818	27,128
As at 31 March 2017	**-**	**26,451**	**-**	**15,281**	**41,732**

16.4 Consolidated Provisions for liabilities and charges 2015-16

	Early departure costs	Clinical Negligence	Equal Pay Claim	Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2015	15,710	17,546	-	13,811	47,067
Provided in the year	359	17,000	-	3,642	21,001
Provisions not required written back	(2,405)	(405)	-	(234)	(3,044)
Provisions utilised in the year	(13,868)	(1,761)	-	(751)	(16,380)
Borrowing costs (unwinding of discounts)	204	(263)	-	120	61
As at 31 March 2016	-	32,117	-	16,588	48,705

Analysis of expected timing of discounted flows

Consolidated	Early departure costs	Clinical Negligence	Equal Pay Claim	Other	Total
	£000	£000	£000	£000	£000
Not later than one year	-	7,269	-	4,458	11,727
Later than one year and not later than five years	-	4,287	-	4,650	8,937
Later than five years	-	20,561	-	7,480	28,041
As at 31 March 2016	-	32,117	-	16,588	48,705

Early Departure Costs

The Department meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) and benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The provision in respect of the HSCB and PHA which is reflected within the consolidated position represents payments made by HSCB and PHA beyond the Health & Social Care Pension Scheme (HSCPS.) At 31 March 2017 the provision for the Core Department has been fully utilised. The provision for HSCB and PHA has also been fully utilised at 31 March 2017 (2015-16 £Nil).

Clinical Negligence

Provision is made for HSCB clinical negligence claims only where it is more probable that a settlement will be required. Contingent liabilities for clinical negligence are given in Note 17. The DoH accounts show the clinical negligence provision for the HSCB because the HSCB is within the DoH accounting boundary and fully consolidated into the DoH accounts, whereas the HSC Trusts are outside the accounting boundary and HSC Trust expenditure is reflected as Grant in Aid.

Other -Legal

There is one material legal claim against the Department in 2016-17 (2015-16: one). A provision has been set up in respect of potential legal and compensatory claims arising from a UK-wide initiative. £2.3m represents Northern Ireland's share under the Barnett formula.

DoH has provided for a lifetime personal injury award of £294k (2015-16: £158k). The full amount of this provision is shared jointly with the Department for Communities (formerly Department for Social Development).

Other - Hepatitis C Compensation Scheme

This provision was set up in 2004 when in 2003 the Secretary of State for Health and Health Ministers of the Devolved Administrations announced that a UK-wide scheme would be set up to make ex-gratia payments to certain persons who had been infected with the hepatitis C virus by blood products received through NHS treatment. This became known as the Skipton Fund. Provision of £1m was made for first and second stage lump sum payments and also from March 2011 for the additional financial measures introduced across the UK following a DH(L)-led expert team review for patients infected with contaminated blood. The provision remains as £1m for 2016-17.

17. Contingent liabilities

The Department, HSC Board and PHA have the following contingent liabilities:

Clinical Negligence Claims

The HSC Board has contingent liabilities of £357k (2015-16: £180k) representing clinical negligence incidents. Other clinical negligence claims could arise in the future due to incidents which have already occurred. The expenditure which may arise from these claims cannot be determined as yet. In addition to the above contingent liability, the provision for HSC Board clinical negligence is given in note 16.

Contingent liabilities held by the HSC Trusts, in respect of clinical negligence incidents, is £11.5m (2015-16: £12m).

Change in Discount Rate

A new discount rate which courts must consider when awarding compensation for future financial losses in the form of a lump sum in personal injury cases came into effect in England and Wales on 20 March 2017. The Department of Justice has power to prescribe the discount rate for Northern Ireland (in consultation with the Government Actuary and Department of Finance). The discount rate is under active consideration by the Department but will require Ministerial consideration once a Minister is in post and any change would require secondary legislation. As such, it has not been possible at this time to quantify the potential impact on the Department of any change in the discount rate.

Unlicensed BCG vaccine

Public Health England has a contract for the supply of UK licensed BCG vaccine, however there have been significant problems with manufacture leading to delays with deliveries and a shortage of stock in the UK. Following assessment of the available alternatives, clinical acceptability and feasibility of delivery, BCG vaccine manufactured by another supplier has been secured and has been issued to the NHS since June 2016. The unlicensed vaccine has had WHO prequalification since 1991 and is used in over 100 countries globally. In February 2016 the Joint Committee for Vaccination and Immunisation advised that they agreed with the supply of an unlicensed vaccine for the UK programme, during the period where the standard vaccine would be unavailable. Checks have confirmed there are no reported adverse events from the use of the unlicensed vaccine.

DoH (NI) would indemnify anyone administering the vaccine in accordance with the issued guidance, against any action resulting from adverse reactions.

Expert opinion is that adverse reactions to the unlicensed BCG vaccine are most unlikely. The contingent liability is unquantifiable.

17.1 Financial Guarantees, Indemnities and Letter of Comfort

The Department has entered into the following quantifiable guarantees, indemnities or provided letters of comfort.

Guarantees

- Altnagelvin Laboratories and Pharmacy - April 2005 (Altnagelvin is now within the Western HSC Trust).
- The Royal Group of Hospitals managed equipment service - December 2005 (RGH is now within the Belfast HSC Trust)
- South Western Hospital at Enniskillen (within Western HSC Trust) – May 2009

There were no new Guarantees issued during 2016-17.

There was 1 new financial indemnity issued by the Department during 2016-17 in respect of one of its arm's length sponsor bodies to indemnify against the exceptional circumstance of a short term funding deficit.

There was 1 new letter of comfort issued by the Department in April 2017 to one of its special agencies, being agreement by the Department to fund the disposal of specialist equipment on behalf of the agency should the need arise. The current estimated cost is £60k. The likelihood of occurrence is unknown at present. This letter of comfort will act as a guarantee to ensure the agency complies with the necessary regulations.

Under the terms of the Deeds of Safeguard the Department will in the event of Trust insolvency or inability to meet its obligations, excluding succession by another body, be obliged to fulfil the Trust's obligations under the agreement. This is not a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. This falls to be measured under the requirements of IAS 39 and has been measured at zero.

Public Inquiry panel membership

It is normal practice for a Department commissioning a public enquiry to provide to each member of the Inquiry panel an indemnity whereby the panel member, if he or she has acted honestly and in good faith, will not have to meet out of his or her personal resources any personal civil liability incurred in the execution or purported execution of his or her functions as a member of the inquiry panel, save where the panel member has acted recklessly.

An indemnity was provided to each individual member of the Hyponatraemia-Related Deaths Inquiry Team in January 2005.

It is believed that the possibility of any payments being made under these indemnities are remote and the potential liability has been assessed as zero.

18. Related-party transactions

The Department of Health (DoH) is the parent of Health and Social Services bodies, listed at Annex A and sponsors those bodies listed at Annex B. These bodies are regarded as related parties with which the Department has had various material transactions during the year. In addition, the Department has had a small number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Department of Finance.

Dr Michael McBride served as Interim Chief Executive of the Belfast Health and Social Care Trust (BHSCT) during 2016-17, from 1 April 2016 to 8 February 2017. The BHSCT received funding of £1.225billion from the Department for 2016-17.

Richard Pengelly (Permanent Secretary) was a Board member of the European Connected Healthcare Alliance during 2016-17 and payments of approximately £5k were made by DoH to the European Connected Healthcare Alliance.

There were no other Board members, key managers or other related parties who have undertaken any material transactions with the Department during the 2016-17 year.

19. Third-party assets

The Department has no third party assets.

20. Events after the Reporting Period

There are no other post balance sheet events affecting these accounts.

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 29 June 2017.

ANNEX A

BODIES WITHIN THE DEPARTMENTAL BOUNDARY

The accounts of the following bodies have been consolidated in the group accounts of the Department:

- Health and Social Care Board
- Public Health Agency

Health and Social Care (HSC) Bodies - General
A framework document is currently the subject of consultation within the HSC. It sets out the main priorities and objectives of each health and social care body. Each HSC body also has an individual management statement and financial memorandum (MSFM). This sets out the arrangements for operations, financing, accountability and control of the body and the conditions under which government funds are provided to it. HSC bodies are furthermore subject to the principles of the guidance in *Managing Public Money Northern Ireland* and circulars issued by the Department. Further details on the individual health and social care bodies are given below.

The Health and Social Care Board (HSCB)

The **Health and Social Care (HSC) Board**, as agent of the Department, commissions health and personal social services for the Northern Ireland population from a range of providers, including HSC Trusts and voluntary and private sector bodies.

The Board was established by the Health and Social Care (Reform) Act (Northern Ireland) 2009. In addition to statute, it is governed by the strategic documents mentioned above, standing orders, standing financial instructions, circulars from the Department and the need to seek approval for any expenditure which exceeds certain limits set by the Department.

The Health and Social Care Board has a Board of Directors including Executives and Non-Executives. The Chief Executive is appointed by the Department as Accounting Officer and is personally accountable to the Departmental Accounting Officer (DAO) and through the DAO to the NI Assembly and Parliament for the stewardship of resources supplied to the Board. It also holds the budget for five Local Commissioning Groups, (LCGs), which, in collaboration with the Public Health Agency, provide information on the health and wellbeing needs for their local area and feed into an overall commissioning plan for the region.

The Board submits the commissioning plan, known as a Health and Wellbeing Investment Plan (HWIP), to the Department containing a draft financial plan, Priorities for Action, investment proposals and reform and modernisation proposals. In addition, the HSC Board reports monthly to the Department on financial performance, quarterly on progress against Priorities for Action targets and annually on actual and planned spend on programmes of care and key services. These in turn feed into the Department's Estimates process, informing bids for resources.

The Public Health Agency (PHA)

The Public Health Agency has a health improvement, health promotion and health protection role. This entails developing and providing or securing provision of programmes and initiatives designed to improve the Northern Ireland population's health and wellbeing and to reduce health inequalities. The Agency also has a role in the prevention and control of communicable disease and other dangers to health and wellbeing, including those arising out of environmental or public health grounds or arising out of emergencies.

The Agency liaises with the HSC Board and the Local Commissioning Groups in devising the commissioning plan for health and wellbeing services in Northern Ireland and to this end it may engage in or commission research, obtain and analyse data, provide laboratory and other technical and clinical services and provide training, information, advice and assistance as appropriate.

The Safeguarding Board for Northern Ireland (SBNI)

A Regional Safeguarding Board for NI (SBNI) was established on 17 September 2012 under the Safeguarding Board (Northern Ireland) Act 2011 (The Act) by the Department as an unincorporated statutory body. It is sponsored by the Department.

The SBNI is a multi-disciplinary interagency body and its objective is to coordinate and ensure the effectiveness of activities undertaken by its members to safeguard and promote the welfare of children in Northern Ireland.

The Department will exercise oversight of the SBNI on an ongoing basis throughout the year. SBNI must provide regular performance reports and documentation demonstrating progress against Departmental priorities and provide assurance as to the ongoing effectiveness of their systems. This will include twice yearly Department Accounting Officer sponsored assurance and accountability meetings between the Department and the SBNI Chair which will be timed and conducted in line with the arrangements for the equivalent meetings with DoH sponsored Arms Length Bodies (ALBs).

Non-Executive Non-Departmental Public Bodies

These small bodies have specialist functions with either few or no permanent staff. They are classed as inside the boundary as any expenditure is managed by sponsor branches within the Department.

- Clinical and Excellence Awards Committee – this committee has a complement of 9 members drawn from medical and lay backgrounds and the chair is publicly appointed. It meets two to three times a year to score self-nominations from medical and dental consultants for centrally funded awards. The members' expenses and secretariat are provided by the Department's Pay and Employment Unit.

- Poisons Board- this body was set up in 1976 to advise the Department on substances to be treated as non-medical poisons and matters concerning their sale, supply and storage. The Board is currently in abeyance, but its existence in principle allows the Department access

to expert advice. Membership would be drawn from environmental health officers and pharmaceutical and medical representatives in the event of an adverse poisoning incident necessitating the Board to convene.

- Tribunal under Schedule 11 to the HPSS (NI) Order 1972 – This tribunal meets on an ad hoc basis upon request of the Health and Social Care Board to the Department to consider requests to remove family practitioners from public service because of fraud or improper conduct. The Chair and Chief Executive are appointed by the Lord Chief Justice. The tribunal has not met for the past eighteen years as there have been no such requests and there are currently no staff or members.

ANNEX B

BODIES OUTSIDE THE BOUNDARY

DoH has operational relationships with a number of bodies outside the Departmental boundary for which the Minister has some degree of responsibility.

These include 6 Health and Social Care Trusts, 3 Health and Social Care Agencies, 2 Health and Social Care bodies, 4 NDPBs and 2 North- South bodies.

Health and Social Care Trusts

- Northern HSC Trust
- Southern HSC Trust
- Belfast HSC Trust
- South Eastern HSC Trust
- Western HSC Trust
- Northern Ireland Ambulance Service HSC Trust

The Health and Social Care Trusts are the main providers of health and social care services and work within the commissioning arrangements agreed with the HSC Board. They have responsibility for the management of staff and services of hospitals and other health and social care establishments. Although managerially independent, Trusts are accountable to the Minister. There are 6 Trusts in Northern Ireland. One Trust, the NI Ambulance Service HSC Trust, provides ambulance services for the whole of Northern Ireland.

Trust Chief Executives are appointed as Accounting Officers by the DoH Accounting Officer and each Trust has a Board of Directors with both Executive and Non-Executive members. The Board operates subject to standing financial instructions, standing orders, delegated limits set by the Department and financial guidance issued by the Department as well as the principles of the guidance in *Managing Public Money Northern Ireland*. Their reporting relationships and the respective responsibilities of each trust and the Department are summarised in individual Management Statement and Financial Memorandums (MSFMs).

Trusts are required to meet certain financial targets which are enshrined in legislation. The Trusts prepare Delivery Plans (TDPs) which report on priorities for action, resource utilisation, reform, modernisation and efficiency. These are submitted to the Department and the Trusts report quarterly on TDP performance.

The Trusts also submit monthly monitoring returns to the HSC Board which provide an overall assessment of their financial position at the end of each month detailing actual and planned spend and a forecast of their position to the end of the year. The HSC Board then sends a return to the Department which summarises the trusts' financial positions and also includes individual trust tables covering non-cash, provisions and capital spend. This information assists the Department in assessing its performance in achieving its objectives, planning for future healthcare services and bidding for resources.

Health and Social Care Agencies and Other HSC Bodies

- **Northern Ireland Blood Transfusion Service** (Special Agency) - supplies blood and blood products and related clinical services to all hospitals and clinical units.
- **Northern Ireland Guardian ad Litem Agency** (Special Agency) - establishes and maintains a panel of guardians who are appointed by the courts to safeguard the interests of children in proceedings specified under the Children (NI) Order 1995 and the Adoption (NI) Order 1987.
- **Northern Ireland Medical and Dental Training Agency** - oversees the postgraduate education and training of doctors and dentists. It is also responsible for the development and delivery of vocational training and continuing medical education for General Practitioners and General Dental Practitioners.
- **Business Services Organisation** - established under the Health and Social Care (Reform) Act (Northern Ireland) 2009, as a shared services organisation to provide or secure provision of a range of services in the most economic, efficient and effective way possible. It provides a wide range of support services to other health and social care bodies, including financial, personnel, legal, information technology, procurement, internal audit and fraud prevention services. The other HSC bodies are charged for these services.
- **Patient Client Council** - established under the Health and Social Care (Reform) Act (Northern Ireland) 2009, this body has the role of representing the interests of the public, promoting involvement of the public, providing assistance to individuals making a complaint about a health and social care body and promoting the provision of advice and information to the public about the design, commissioning and delivery of health and social care.

The bodies' relationships with the Department are governed through an individual MSFM and circulars issued by the Department. The MSFM is a relationship document which sets out management (including board composition), reporting and monitoring arrangements, delegated limits and the respective responsibilities of each body and the Department through its particular nominated sponsoring team. The sponsor team, a branch within the Department, has responsibility for liaison on budgetary and performance matters and is the main point of contact for each body in obtaining approval for its corporate and business plans, securing resources and in resolving any issues with the Department.

Performance of each body is monitored quarterly by the department. Financial monitoring returns are submitted monthly. In addition, regular (at least biannual) review meetings are held between the bodies and their sponsor team to discuss financial and performance issues and progress against the objectives set out in their 3 year corporate plan, as augmented by their annual business plan.

The Chief Executive of each body is designated as an Accounting Officer by the Departmental Accounting Officer. The Accounting Officer is personally accountable to the Departmental Accounting Officer (DAO) and through the DAO to the NI Assembly and Parliament for the stewardship of resources supplied.

Executive Non-Departmental Public Bodies

- **Regulation and Quality Improvement Authority** (**RQIA) -** has two main functions: inspection of the services provided by the HSC system in Northern Ireland and regulation of specified health and social care services provided by the HSC and independent sector. This includes, since dissolution of the Mental Health Commission for Northern Ireland under the Health and Social Care (Reform) Act (Northern Ireland) 2009, the duty of keeping under review the care and treatment of persons suffering from mental disorder.

- **Northern Ireland Social Care Council** - is responsible for developing, promoting and regulating social work and social care education and training. It is also responsible for regulating the social care workforce.

- **Northern Ireland Practice and Education Council for Nursing and Midwifery** - seeks to support the best performance of nurses and midwives in all contexts, through developing their practice and enhancing their education.

- **Northern Ireland Fire and Rescue Service** - is responsible for providing regional fire and rescue services efficiently mobilized to emergencies and for keeping the public safe from fires and other dangers. It is charged with extinguishing fires while saving lives, protecting the environment and property and responding effectively to all emergency situations in Northern Ireland including road traffic collisions, collapsed buildings and specialist rescues.

These bodies are chiefly funded by grant-in-aid, which is a provision voted by the Assembly and recorded as a grant in the Department's resource accounts. The Department remains answerable for the general manner in which a NDPB discharges its functions and the bodies therefore operate within guidelines issued by the Department.

Accountability arrangements are generally similar to those for agencies. Governing guidelines for NDPBs are principally contained within a management statement and financial memorandum issued by the Department. In addition, NDPBs are subject to the rules in *Managing Public Money Northern Ireland*, relevant Departmental circulars and guidance issued by the Department of Finance. Each NDPB has a Board of Directors with both executive and non-executive members and the Chief Executive is appointed as the Accounting Officer for the organisation by the Departmental Accounting Officer.

Each NDPB has a sponsor branch to which corporate medium-term plans and annual business plans are submitted for approval. Progress meetings are held during the year and expenditure is monitored monthly.

North- South Bodies

The Department has relationships with 2 North- South bodies: The Institute of Public Health in Ireland (IPHI) and the Food Safety Promotion Board (now known as *Safefood*).

Institute of Public Health in Ireland (IPHI)

The IPHI is a charitable limited company and is funded by both the Department, which meets one third of its costs and the Department of Health and Children in the Republic of Ireland (RoI), which funds the other two thirds expenditure. As the RoI is the main funder, the accounts of the Institute are audited by its Comptroller and Auditor General. The Department is represented on the IPHI Board of Directors and also on its finance sub-committee, both of which meet regularly during the year.

Safefood (Food Safety Promotion Board)

Safefood was established under the Good Friday Agreement and is funded 30% by the Department and 70% by the RoI Department of Health and Children. It is therefore required to prepare a corporate plan on a triannual basis for the North South Ministerial Council, which is augmented by an annual business plan. These are also approved by the respective departmental ministers. The Department's relationship with the body is set out in a financial memorandum and, as for NDPBs, a sponsor branch (the Health Protection Team) liaises with the body throughout the year on progress against financial and performance targets.

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