Department of Health

Annual Report and Accounts

For the year ended 31 March 2018

Laid before the Northern Ireland Assembly by the
Department of Finance
under section 10(4) of the Government Resources
and Accounts Act (Northern Ireland) 2001

3 July 2018

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This publication is also available on our website at https://www.health-ni.gov.uk/publications/annual-accounts.

Any enquiries regarding this document should be sent to us at financial.accountingunit@health-ni.gov.uk.

Contents

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 2018.

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).

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March election. As a consequence there has been no Minister in place in the Department during the 2017-18 financial year. Any reference to the Minister throughout the Department's Performance Report refers to the Minister in office prior to the dissolution of the Assembly. Whilst there has been no Minister in post throughout 2017-18, Ministerial priorities remain fundamental in determining the Department's strategic direction.

Strategic Priorities for Health

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 2017-18, 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.

Key achievements in 2017-18 were:

- The securing, jointly with the Health Research Board in Ireland, of €8.8 million of EU funds towards cross border research trials; and

- Work in partnership with Health Data Research UK in awarding £30 million to address challenging healthcare issues through the use of data science. Queen's University, Belfast, in partnership with Swansea University have been successful in securing a share of these funds.

Quality 2020

A number of tasks are continuing which contribute to Q2020 and it is intended that a number of these will constitute suitable scale and spread improvement projects as part of the implementation of a Regional Quality Improvement and Innovation System (HSCQI) in 2018-19. The focus of Q2020 remains on learning and the completion and subsequent scale and spread of Q2020 tasks such as testing methods to learn from adverse incidents, supporting staff through adverse incidents and improving patient safety through multi-disciplinary simulation and human factors training will support this aim across the HSC system. All of these tasks address issues identified in the Donaldson Report and will also support the implementation of linked Inquiry into Hyponatraemia-Related Deaths (IHRD) recommendations.

Going forward, the intention is to initiate further tasks which will contribute to learning and improvement however with greater links into the work of HSCQI. The continued emphasis 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.

2017-18 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.

Transformation – Health and Wellbeing 2026: Delivering Together

The approach for transforming health and social care over the next 10 years 'Health and Wellbeing 2026: Delivering Together 'was published in October 2016. It is the single roadmap for health and social care transformation. It seeks to improve the health and wellbeing of our population, and reform the way we design and deliver services with a focus on person centred care rather than the current emphasis on buildings and structures.

Delivering Together set out a range of priority actions for the initial 12 month period to make a positive and ambitious start towards the stabilisation, reconfiguration and transformation of the health and social care system. Good progress has been made in the first year of implementation across a broad range of priorities.

An approach for multidisciplinary team working has been developed which will soon be prototyped in a number of regions. Alongside this there has been a wide range of service reviews and reconfigurations getting underway or moving into implementation.

The development of Elective Care centres has been a priority and the work undertaken to date will allow 2 daycase centres to be brought online in 2018-19. A successful pathfinder

approach led to a new model for urgent and emergency care in Daisy Hill Hospital. Good progress has been made in a number of other areas including Breast Assessment, Imaging, Stroke and Pathology.

The report on the Reform of Adult Social Care was launched in December and a programme of work has been developed to bring this important agenda forward. To support the changes a Leadership Strategy and guidance on procurement for social value have been launched. A Workforce Strategy, co-production guidance, and Community Development framework have all been brought to conclusion and will soon launch. New technology will be central to reform and the Encompass Programme will radically alter how HSC services are planned managed and accessed by users. Significant effort has been invested to ensure the procurement process for the Encompass Programme, can commence in 2018-19.

Further information is available in the 12 month progress report published on the Department's website[1]. Looking forward to 2018-19, the recent announcement of the £100m Transformation fund will further enable the transformation agenda.

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 (PfG) and budgetary periods. During 2017-18 the Department has been working closely with other Departments, HSC and other organisations in the development of the draft PfG 2016-21 and delivery plans to ensure that actions are identified which enhance and build momentum around Making Life Better aspirations. Aligning the draft PfG, 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 2017-18 cross-departmental implementation arrangements have been refreshed in light of government restructuring. Key tasks for 2018-19 will be to refresh regional and local

[1] https://www.health-ni.gov.uk/publications/delivering-together-progress-report-october-2017

implementation arrangements, continue to maximise opportunities for alignment with the final PfG, and take forward the delivery of complementary 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 2017-18 and key challenges for 2018-19 for these are set out below:

- **Alcohol and Drug Misuse**: Work has been undertaken in 2017-18 to begin the review of the New Strategic Direction for Alcohol and Drugs Misuse Phase 2 (NSD Phase 2) and to consider what might follow the strategy. This will be finalised in 2018-19. The final clinical guidelines for the Treatment for Drug Misuse were also published and widely disseminated. A review of substitute prescribing services was undertaken and this will inform further service development and investment in 2018-19. Other challenges for 2018-19 will include further consideration to minimum unit pricing for alcohol, reviewing tier 3 services, and further cross-departmental work to address substance misuse-related deaths.

- **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 2016-17 short term outcomes has been completed and published. Work is now underway to review the short term outcomes for the final three years of the framework (2019-2022). Work is well advanced to review the UK Chief Medical Office Physical Activity Guidelines, expand the Active Travel programme in schools, update the Nutritional Standards for Schools, reformulate foods high in salt, sugar and fat and provide consumer advice on calories in food and drink. Challenges for 2018-19 will include ensuring the review of the framework is fit for purpose and that the short term outcomes continue to address overweight and obesity in the population particularly reducing the inequality gap between the most and least deprived in society.

- **Mental Health and Suicide**: The Protect Life 2 Strategy has been developed following consultation and will be presented to the next Minister for approval. A number of new programmes including crisis de-escalation service, street triage and zero suicide initiative are planned and are expected to commence in 2018-19 to support the new Strategy. A high level positive mental health policy statement is expected to be developed in 2018-19.

- **Tobacco**: Draft regulations to introduce age restrictions on the sale of e-cigarettes were brought to consultation during 2017-18 and are ready to be introduced along with regulations aimed at banning smoking in cars when children are present. A review of the 10-year tobacco control strategy for Northern Ireland was commenced during 2017-18 with a review report due to be finalised in 2018-19. This will steer the direction of tobacco control work for the remaining term of the strategy.

- **Skin cancer prevention:** a mid-term review of the Department's skin cancer prevention strategy was completed and published in October 2017. The recommendations contained in the report will inform the future direction of the strategy and will be taken forward by the skin cancer prevention implementation steering group in 2018-19.

Health Protection

Following a review of the Public Health Act 1967, completed in March 2016, in 2017-18 the Department made progress in the preparatory work for the introduction of a public health bill in the Assembly, i.e. the development of the detailed policies to be given effect in the new legislation and the drafting of instructions to the Office of the Legislative Counsel. 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; and

- 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 2018 the Department paused the work on the bill pending the establishment of a dedicated bill team within the Department. During the year the Department made significant progress in the development of a new action plan to address the Advance of Antimicrobial Resistance (AMR). The emergence and spread of organisms that are resistant to existing antibiotics and other antimicrobials is one of the most serious and pressing global threats to health and healthcare. AMR requires a strategic, integrated, inter-agency and inter-disciplinary response covering human health and healthcare, agriculture, the food chain, veterinary medicine, and the environment. The new 5-year AMR Implementation Plan 2019-2023 for Northern Ireland will be linked to a UK 20-year Vision and a 5-year UK Action Plan. These are due to be launched in November 2018.

In 2017-18 the Department established a NI-based financial assistance scheme for people who were infected or have been otherwise affected with HIV and/or Hepatitis C by contaminated NHS blood or blood products in the 1970s and 1980s. The new scheme, which is specific to Northern Ireland, has replaced 5 UK schemes and came into operation in line with schedule in November 2017.

Emergency Preparedness and Response

The Department is responsible for the strategic response to health and social care consequences of emergencies in NI. Specifically 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 or 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 2017-18, 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, in collaboration with the Department of Justice (DoJ) and The Executive Office (TEO), began engaging as part of a UK-wide Pandemic Flu Readiness Board (PFRB) (jointly chaired by Cabinet Office and the Department of Health and Social Care in Whitehall) in order to develop national and regional preparedness for an influenza pandemic.

Oral Health - Service Delivery

A General Dental Services (GDS) pilot has been completed in 11 dental practices across Northern Ireland to test a capitation-based contract model. This ran in 2 phases from November 2014 to August 2016. Researchers from the University of Manchester, funded by the National Institute of Health Research, have had discussions with DoH and HSCB on the interim evaluation of these pilots; and further to final analysis the final evaluation documentation will be formally published in due course as a research paper. The HSCB is currently running another Oral Surgery pilot in high street specialist practices. The learning from both of these pilots will build on that gained from the Additional Dental Services tender, an earlier Oral Surgery pilot, and the experiences from pilots and prototypes run in England and Wales. The Chief Dental Officer (CDO) continues to work closely with General Dental Ophthalmic and Prison Healthcare Policy Branch and HSCB colleagues on the development of new GDS contractual models for the delivery of primary dental care. We will continue engagement with the British Dental Association (BDA) and the evaluation of the latest pilot will allow us to re-commence formal negotiations.

Agreement was reached during 2015-16 between the Department and BDA for new contractual arrangements for the Community Dental Service. This is to allow for the modernisation of those dentists' contractual terms and conditions, in a similar way as had already been completed in other parts of the UK. The Department is seeking full and final approval to implement that new contract from the Department of Finance. The absence of an Executive and Minister has led to a delay in implementation of the revised contractual arrangements.

CDO and Departmental officials have been involved at a pan-UK level in respect of EU Regulation 2017/852 on Mercury and the UK Control of Mercury (Enforcement) Regulations (2017) which became effective this year. These requirements still have to be met whilst EU exit negotiations continue and they relate to restrictions on the use and disposal of dental amalgam for primarily environmental reasons. We have also been engaging with the BDA, the Regulation and Quality Improvement Authority, and with HSC Trust staff in the Community and Hospital Dental Services, on necessary changes to administrative and governance processes.

The final review report on the dental workforce from Skills for Health was delayed and is now anticipated to be published in 2018-19. The content will be considered by the steering group and 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 or more. One such significant improvement was even recognised by the Royal College of Paediatrics and Child Health, but overall we are very pleased to note a range of reductions in both decay prevalence and severity. Relatively higher levels of socioeconomic deprivation here explain why our children don't score as well in dental health outcomes as some other parts of the UK. However, we and dental teams across the region, continue to encourage better oral health behaviours such as more frequent tooth brushing; the use of toothpastes with higher fluoride content; more frequent and regular attendance at dental practices/clinics; healthier diets with, lower sugar intake, a lower consumption of sugary drinks, more frequent consumption of water as a drink, and less frequent snacking. We are also encouraged that the need for dental extractions for children under general anaesthetic is improving. Data has been collected for more than a decade now and the 5,122 cases in the most recent 2016-17 data are best noted in the context of the 8,856 cases in 2004, i.e. a very impressive 42% overall reduction has been achieved. Similarly, we can reflect on the 22,699 teeth extracted in 2016 when compared to the 38,770 teeth extracted in 2004 i.e. a similarly impressive 41% overall reduction has been achieved. GDS activity data also shows falling numbers of fillings and extractions being carried out for children in high street dental practices.

Preventative approaches continue at a community level through the Community Dental Service and health promotion staff. The focus remains appropriately on special needs groups, including children from socioeconomically disadvantaged areas; including fluoride toothpaste schemes for young children within target areas. The regionalised Happy Smiles programme for pre-school children in a nursery setting encourages shared responsibility and combined effort between school teams, parents and their children. This is achieved through the 3 components of the programme; provision of fluoride toothpaste; oral hygiene instruction – i.e. teaching children how to brush their teeth; and dietary advice through the promotion of healthy snacks.

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 and preventive care such as topical fluoride application is thereby facilitated for children at greater risk of dental disease. General Dental Practitioners are also paid to place protective fissure sealants on children's permanent teeth during the years when they are most at risk of decay. Local activity data has shown that the number of children receiving fissure sealants in general dental practice has increased by 26% over the last 6 years. The key targets in the extant Oral Health Strategy were met as measured by previous survey data and we have continued to seek even further improvement in child and adult dental health during 2017-18.

Pharmacy Developments

The Northern Ireland Medicines Optimisation Quality Framework (MOQF) 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. During 2017-18, three work streams were identified to support the implementation of the MOQF in the areas of Medicines Safety, Innovation and Workforce Development.

Progress was also made with a Medicines Optimisation Older People's model (MOOP) which was scaled up across all five HSC Trusts. 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, the new role of a mental health specialist pharmacist was rolled out in every HSC Trust, previously tested in the Southern and Belfast HSC Trusts.

A Northern Ireland Electronic Care Record (NIECR) project to develop regional approaches to medicines reconciliation was progressed to pilot stage and work continued on development of an integrated discharge summary. Two Phase 1 Small Business Research Initiatives (SBRI) were completed and Phase 2 successfully commenced. 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. One of the solutions developed with the support of a previous SBRI for Medicines Optimisation which completed in 2016-17 was made commercially available, Airbrio – smart spacer. Another solution, MEGAMEDS app, was the subject of a randomised control trial completed in collaboration with the South Eastern HSC Trust.

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, work continued on delivery of a Medicines Optimisation Regional Efficiency (MORE) programme. 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.

By March 2018 the MORE programme successfully delivered £50m cost savings from HSC medicines budgets. During 2017-18 three regional efficiency projects were also initiated to address resistant areas of overspend relating to nutrition, diabetes and over the counter medicines. Co-production workshops were held with multiple stakeholders representing the interests of each area to scope and develop joint improvement projects which will be taken forward during 2018-20.

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. An Oversight Group monitors progress against each key action within the strategy and annual

progress reports are uploaded to the Department's website[2]. Good progress is being made against all of the actions.

The Department's Medicines Regulatory Group coordinated Northern Ireland's participation in Operation Pangea X which took place in September 2017. Involving over 120 countries, the Operation aimed to disrupt the illicit online sale of medicines as well as raising awareness of the significant health risks associated with buying medicines online from illegal websites or in response to advertisements on social media platforms. A dedicated operations centre at INTERPOL's General Secretariat headquarters in Lyon served as the central hub for information exchange among the participating countries and agencies. Global results from Operation Pangea X include:

- 123 countries participated
- 400 persons arrested under investigation worldwide
- Seizure of over 25 million potentially life-threatening medicines worth an estimated USD 51 million (approximately £38 million)
- 3,584 websites identified as being engaged in illegal activity were shut down
- Over 3,000 online adverts for illicit pharmaceuticals suspended.

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 practices are underpinned by the General Medical Services Contract, variations to which are 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. GPs and those working directly with them delivered over 14.75 million patient contacts in 2017-18.

Towards the end of the year a substantial investment in General Medical Services was announced, with an additional £3.9m to meet the Review Body on Doctors' and Dentists' Remuneration recommendation of a 1% rise in the contract value and £1.7m to address challenges associated with demography and other pressures. This built on the £3.91m already invested in the Practice Based Pharmacist scheme and £1.9m for GPs to support the reform of elective care. An investment of nearly £10m in total for 2017-18 is the most significant investment in recent years and reflects the Department's commitment to the continued development of sustainable and accessible primary care services as well as a recognition of the core role they play in delivering our reform agenda. In addition to this investment we have introduced changes in the way the sickness leave scheme for GPs works, which could save GPs up to £2.5m per annum.

Good progress continues to be made in implementing the GP-led Care Review, which reported in 2016. We continue to increase GP training numbers; to deliver a better skills mix, with 180 Practice Based Pharmacists now in post; to deploy new technology to support General Practice; to better align District Nursing and GP services; and develop other reforms. 'Health and Wellbeing 2026: Delivering Together' has given us a new strategic framework

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

within which to deliver transformation and 2017-18 saw significant work to develop the primary care multi-disciplinary team model which Delivering Together envisages. We expect to start to roll out this model, initially in two areas, over the next year. We have continued to work closely with GP Federations, who are delivering the Practice Based Pharmacist scheme and a scheme which has one Federation supporting the development of a cadre of Advanced Nurse Practitioners who will bring new skills and possibilities to the General Practice team once their training is complete.

The latest available figures (which are for 2016-17) show Northern Ireland now has 0.65 GPs per 1,000 population, which compares to 0.60 in England, 0.63 in Wales and 0.77 in Scotland. Excluding locums there are 1,323 GPs working in Northern Ireland (as at 31 March 2018), a figure which has increased significantly since the current contract was introduced in 2004. We also know that part time working means the average GP in Northern Ireland is working 0.83 of full time hours. This compares well to other parts of the UK for which figures are available –Scotland and England have full time working figures of 0.80 and 0.81 respectively. Nevertheless, the rising and ageing population, and increased complexity of patient care, means there is a shortage of GPs and demands on GPs and their teams are significant.

While Northern Ireland has seen less consolidation of GP Practices than other parts of the UK, the HSCB has continued to manage the consequences of retirements and practice mergers to maintain access for patients. The same pressures are evident in GP Out of Hours services, with providers finding it a challenge to fill shifts. Despite this, over the last year 90% of urgent calls to Out of Hours were triaged within 20 minutes.

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 policy that guides the delivery 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 2016-17. The increase in waiting times in 2017-18 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 a significant reduction in 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. The Department has announced the investment of £30m of transformation funding in 2018-19 to reduce waiting times for patients and contribute to the stabilisation of services as set out in the Elective Care Plan, and in Delivering Together.

During 2017-18 the Department invested £11.5m 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 performance against both the 4 and 12-hour components at Type 1[3] and Type 2[4] EDs continuing to fall below the Ministerial target. Between March 2017 and March 2018, attendances increased by 1.6% at Type 1 Emergency Departments. However, it is also worth noting that during both March 2017 and March 2018, the highest number of attendances per 1000-population was recorded for those aged 75 and over.

Secondary Care also made good progress on a programme of new policy development, including support to the Chief Medical Officer on service specific reconfiguration reviews as part of the modernisation and transformation agenda. This has included:

- Launch and consultation on a review of imaging services;
- Consultation on a framework to deliver the statutory duty to promote organ donation;
- Continued progress on establishing the All-Island Congenital Heart Disease Network, Oversight of a Task and Finish group recommending a model for daycase Elective care centres. The Directorate is currently working to deliver 2 prototype daycase centres by December 2018;
- Oversight of a successful pathfinder project setting out a new model for urgent and emergency care in Daisy Hill Hospital;
- Good progress has been made in a number of other areas including breast assessment, paediatrics, stroke, plastics and burns, and pathology.
- Consultation on a new policy on the Individual Funding Request process governing specialist drugs not routinely commissioned in Northern Ireland;

[3] Type 1 ED's provide a consultant-led service with designated accommodation for the reception of emergency care patients, providing both emergency medicine and emergency surgical services on a round the clock basis.
[4] Type 2 ED's provide a consultant-led service with designated accommodation for the reception of emergency care patients, but do not provide emergency medicine and emergency surgical services and/or have time-limited opening hours.

- Continued work on the production of a strategic plan designed to develop and sustain the Northern Ireland Genomics Medicine Centre; and
- The production of new Ionising Regulation (IRMER) as part of the transposition of EU directive 2013/37 Euratom in Northern Ireland.

The main challenges for Secondary Care in the year to come will continue to be tackling the waiting times for elective procedures, addressing the continued pressure on unscheduled care while also working closely with the Chief Medical Officer on the reconfiguration agenda, including the prototype elective care centres.

Quality Regulation and Improvement

The Regional Mortality and Morbidity Review System (RM&MRS) which aims to provide greater assurance around the death certification process is now operational within the 5 HSC Trusts. Over 90% of all deaths occurring in hospital are now being recorded and reviewed using RM&MRS. A programme of work is currently underway to develop a number of enhancements to improve the functionality of the system.

In conjunction with the PHA and the HSCB consideration is being given to the applicability of the RM&MRS for roll-out into Primary Care.

The Department consulted on proposed amendments to The Regulation and Improvement Authority (Fees and Frequency of Inspections) Regulations 2005 at the end of 2016 and had hoped to lay amended regulations during 2017-18 to come into effect on 1 April 2018. Unfortunately, in the absence of an assembly, this timetable has been pushed back. RQIA are leading on an implementation plan to ensure they are ready for an effective date of 1 April 2019.

RQIA made significant progress against the milestones in its business plan in 2017-18. RQIA's Corporate Performance Report Quarter 3 confirmed that all actions from its 2017-18 business plan were on target for completion by their due date and that there were no actions requiring exception reports. The Review Programme continued on target and RQIA in conjunction with the Department and other stakeholders has developed and implemented 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 2017-18, RQIA continued its programme of unannounced inspections of acute hospitals, using a revised inspection methodology following its evaluation after the first Phase of inspections. Phase 2 of the Unannounced Hospital Inspection Programme was completed by December 2017.

RQIA commissioned the BSO to complete an internal audit of RQIA Governance and Board Effectiveness. This work was completed and Internal Audit issued their final report in May 2017. The Internal Audit report highlighted issues around a lack of clarity at Board level on the distinction between Executive and Non-Executive roles as well as need to improve on communication and interaction between the RQIA Board and the RQIA senior management

team. The Internal Audit report emphasised the need to develop trust and confidence in professional opinions, whilst maintaining a strong challenge function at Board level.

This raised a risk to the effectiveness and performance of RQIA which was managed via extra accountability meetings with the Department and enhanced engagement between RQIA and its sponsor branch at the Department. Despite this significant risk to performance, there was no clear evidence of significant impact on RQIA's performance in delivering its routine functions of inspections, reviews and the hygiene inspection programme. The Department wrote to RQIA in March 2018 confirming that it was satisfied that RQIA Board had addressed the issues in the report and was discharging its role effectively.

During 2017-18 RQIA moved into a significant phase of restructuring and reorganisation which is being delivered through its Transformation, Modernisation and Reform programme. The Department has been kept fully updated on this process.
Progress of the reform and transformation of RQIA has to date included:

- the reduction from 4 Directorates to 2 Directorates;
- the development of assessment framework for inspections;
- the better use of technologies; and
- a workforce review and a review of information.

The Department has confirmed its strong support of RQIA in this current transformation and restructuring process. The Department will provide, via Top Management Group, professional and policy leads, and sponsor branch, all the assistance it can to RQIA during its reorganisation.

Phase 1 of the review of The HPSS (Quality, Improvement and Regulation) (NI) Order 2003 and associated regulatory policy is well underway. The Department has engaged with key stakeholders and has, through close liaison with a user reference group, designed documents to support engagement with the public. The Department intends to consult on the principles underpinning future systems of regulation during 2018-19, subject to Ministerial appointment.

As part of the review of regulation, the Department was considering the introduction of a statutory duty of candour for Northern Ireland. Preparatory work and research has been carried out, based on the recommendations of the Donaldson report and the approach in other UK jurisdictions. The publication of the IHRD report, which contained a number of recommendations in relation to a statutory duty of candour for organisations as well as those working for them, has seen this work move into the IHRD Project workstreams. The IHRD report also made significant recommendations in relation to Quality and the remit of RQIA. .

Nursing, Midwifery and Allied Health Professions (AHPs)

Over the course of the last year there has been significant engagement within and across the nursing and midwifery community on their contribution to health, care, and wellbeing. The work has focused on maximising the contribution of midwifery and nursing in improving:

- Population health outcomes across the lifespan, but particularly in enabling children and young people to have the best start in life;

- Recovery and the management of people with acute, long term conditions, mental health and learning disability needs; and,
- Care of older people.

Significant work has also been progressed in work planning with a specific focus on creating person centred, evidenced based, stable Midwifery and Nursing teams. It is anticipated the Nursing and Midwifery Task group report will be published in 2018 and the recommendations presented to the Minister, or the Permanent Secretary in their absence.

- **Promoting and Enabling Partnership Working**; In '*Health and Wellbeing 2026: Delivering Together'*, section 4, 'the Approach', identifies partnership working as one of 5 enablers of delivering HSC transformation. It is within this context the Department has now developed a new Co-Production Guide. The guide builds on the existing PPI policy and will result in strengthening of partnership working between communities, people who use services, carers, and the staff who provide care. In support of this, the Department has now integrated policy responsibility for PPI and co-production under the leadership of the Chief Nursing Officer.

- **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 for Mental Health Nursing and Phase 6 Neonatal nursing are nearing completion with work underway to take forward Phase 7 Primary Care Nursing and Phase 8 Nursing in the Independent Sector. Further phases will follow for Children's nursing and midwifery being planned 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 2018-19 is to ensure that eligible mothers are offered a place on the programme. A Revaluation of the FNP programme has been undertaken which demonstrates that the programme adds value, transforms the lives of teenage mothers and their children and breaks the cycle of disadvantage.

- **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 presently 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. The number of registrants who have successfully revalidated with the NMC has been consistently high in Northern Ireland. Northern Ireland Practice and Education Council continue to provide support to this process.

- **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 University 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 with students currently in training and due to complete in 2019. Further pathways for Adult Health is under development to commence in September 2018.

- **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. As of April 2018 a total of 111 overseas nurses have arrived in NI and the campaign is on target to deliver 622 nurses to NI by March 2020. 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, Making Life Better and the updated Public Health Strategy. As such, the review and development of education commissioning continues to be taken forward successfully.

- A District Nursing Framework 2018-2026, 24 Hour District Nursing Care No Matter Where You Live was published and launched in February 2018. This Framework provides the strategic direction for the provision of district nursing services in Northern Ireland

- **AHP Strategy:** The AHP Strategy for 2012-17 has been completed with a small number of actions that are ongoing from the document being rolled forward into a new AHP

Strategy for 2018 onwards. Proposed themes for the new document have been identified and the department will consider these further this year.

- **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. In early 2018 Paramedics gained independent prescribing rights. Work continues 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

- **Adoption:** Public consultation on a draft Adoption and Children Bill concluded in April 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. Analysis of consultation responses, and the drafting of further amendments to the Bill, is ongoing.

- **Early Intervention Transformation Programme (EITP):** The Early Intervention Transformation Programme (EITP) is a £30m Delivering Social Change (DSC) Signature Programme, funded jointly by the Northern Ireland Executive, DSC Fund, DoH, DE, DoJ, DfC, DfE and Atlantic Philanthropies. EITP 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. At March 2018, 16 EITP projects were operational and 3 projects had concluded as planned. EITP is currently operating services with the active participation of the five HSC Trusts, the HSCB, the PHA, the Education Authority 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. Independent Guardians provide support to children who have been, or are suspected to have been trafficked or have been separated from their parents. Following a procurement exercise, Barnardo's NI was appointed to run the Independent Guardian service. The service was offered to 18 children and young people initially, and a helpline opened at midnight on 31 March 2018.

- **Innovation Scheme/New Core Grant 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. In January 2017, the former Health Minister 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. It is intended that the new core grant scheme will support the core functions of voluntary and community sector organisations and will be open to applications from any eligible organisation which demonstrates that it meets the aims and requirements of the new scheme. Work is ongoing to develop proposals for the new core grant scheme for Ministerial consideration and approval. In the meantime, the existing core grant scheme is continuing.

- **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 have been completed by November 2017. Full implementation of a small number of recommendations made for the HSC (Department, HSCB or HSC Trusts) are outstanding at this stage but progress continues to be made.

- **Safeguarding Board for Northern Ireland (SBNI) Thematic Review:** The Thematic Review report, which involved a detailed examination of the cases of 22 children, suspected to have been the victims of sexual exploitation, was published in 2015. The review report 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 is to be submitted to the Department for consideration.

- **Review of the SBNI:** 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.

- **A Strategy for Looked After Children:** A draft Looked after Children Strategy has been developed jointly with the Department of Education. Consultation on the draft will commence in May 2018 and end in June 2018. A number of workshops will take place throughout the consultation period.

- **Care Proceedings Pilot:** A Care Proceedings Pilot, taken forward jointly with the Department of Justice concluded in September 2017 with the submission of an evaluation report to the Pilot Steering Group. Workshops with HSC staff and the legal profession to advise on the outcome of the pilot are ongoing. Progress on implementing learning from the pilot will be reported to the new Shadow Family Justice Board.

- **Mother and Baby Homes / Magdalene Laundries:** In October 2016, with the approval of the former Executive, an inter-departmental group, with an independent chair, was established to review the evidence on historic Mother and Baby Homes/Magdalene Laundries and historic clerical child abuse (outwith the Northern Ireland Historical Institutional Abuse Inquiry). The group which is co-sponsored by the Executive Office and the Department of Health held its inaugural meeting in 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 historic clerical child abuse and, taking account of that evidence, develop and submit recommendations on the proposed way forward to the Executive for approval.

- **Family and Parenting Support Strategy:** Work has begun on the development of a new Family and Parenting Support Strategy, which will build on the achievements of previous strategy, *Families Matter*, published in 2009. The aim will be to provide effective supports to families, including the offer of early help. It will also seek to address adversity within the family. Ultimately, the goal will be to deliver improved well-being for children and young people. The new Strategy is being developed on a cross-departmental basis, led by the Department of Health.

- **Regional Specialist Children's Services:** The Department commissioned a HSCB-led review of regional specialist children's services which included Lakewood Secure Care Centre; Woodlands Juvenile Justice Centre; Donard Intensive Support Unit and Beechcroft acute mental health in-patient unit. The Review was led by an independent Chair and its aim was to look holistically at the provision offered by the facilities and the relationship between them. This included considering the options for consolidating and/or improving the relationship between the Centres to better meet the needs of young people. The Review Team was asked to make recommendations for future practice and management in and between the Centres. The review report was submitted to the Department in March 2018 for further consideration and has been shared with the Department of Justice. A joint work programme is being developed in response to the report's recommendations.

- **Alternative Placement Options for Looked After Children:** One of the actions to be taken forward within 12 months of the publication of the former Health Minister's vision statement, *Delivering Together,* was to explore alternative placement options for looked after children. The work was led by the HSCB, supported by the South Eastern Health Trust. An Alternative Placement Options report was submitted to the Department in February 2018 and is subject to ongoing consideration.

Mental Health, Disability and Adult Older People

- **The Reform of Adult Care and Support:** The Expert Advisory Panel on Adult Care and Support completed its work with the publication of 'Power to People: proposals to reboot adult care and support in NI' in December 2017. Work is now underway to develop an Action Plan in response to the report's 16 proposals for change.

- **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. Good progress was made in 2017-18 to deliver the Strategy's Year Two Plan. Delivery Groups continue to meet quarterly and work is ongoing to finalise an Action Plan for Year Three.

- **Independent Living Fund (ILF):** The UK ILF 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.

- **Physical and Sensory Disability Strategy and Action Plan 2012-15/18** : The Strategy and its Action Plan was extended on three consecutive occasions since its original end date of 2015 to enable more progress to be made on implementing the various actions contained within the plan. Considerable progress has been made during those periods of extension and by 30 September 2018 when the strategy ends, it is anticipated that at least 25 of the actions will have been successfully implemented with a further 9 actions classed as ongoing and it is important to note there are no actions which have not started. The Department will consider the next steps to deal with any legacy issues remaining from the action plan together with any emerging issues once the strategy finishes and this will be informed by the outcome of a recent workshop on the way forward post-September 2018 chaired by Disability Action and attended by the statutory sector, third sector, Disabled Peoples' User Led Organisations and service users.

- **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:** Progress is being made to establish a Regional Mental Trauma Network for NI, to address the unmet needs of people in NI with mental health problems directly related to the conflict here, as well as other traumatic events. The Network is based on the internationally-recognised psychological therapies Stepped Care approach, with low-level interventions provided by voluntary and community organisations, integrated with more intensive interventions provided by the Health and Social Care system. A Partnership Board and Implementation Team have been established to drive this work forward, and a number of working groups to progress implementation have

recently been set up. PEACE IV funding, delivered through the Victims and Survivors Service (VSS), has been secured to support capacity building of the voluntary/community sector to provide interventions to meet low to middle levels of mental health needs of victims. Recurrent funding has been secured to support the first phase of the development of the HSC elements of the Network, including the recruitment of a Network Manager and additional clinical staff. However, further investment is required if the Network is to be developed to full capacity. The intention is that the final model will be under the auspices of a new Regional Specialist Service. Delivery is dependent on necessary resources being secured.

- **Eating Disorders:** Work has been progressed on a study, announced by the former Health 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. Phase 2 of the study has now been completed and a report submitted to the Department. An options appraisal has been requested in order to provide the detail needed to enable a comprehensive assessment of the report recommendations.

- **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. Currently no formal date has been set for commencement and implementation of the Act; this is subject to political will and the availability of the necessary resources. However, work has been ongoing with stakeholders to develop a draft Code of Practice and regulations dealing with the DoH provisions, and the Department will continue to progress this work during 2018-19 and beyond.

- **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 is required to be sought prior to the

publication of the Final Report and Action Plan.

- **Dementia:** The Delivering Social Change Dementia initiative was launched in September 2014 with the aim of building on the Department's regional strategy. The initiative has a budget allocation of over £12m over two Phases and includes funding from Atlantic Philanthropies (40%), TEO (40%) and DoH (20%). Phase 1 was completed at the end of March 2018, and all of its outcomes were achieved which included:

  A major public awareness campaign "Still Me" addressing the stigma around dementia:

  - 11 information booklets produced on a range of dementia related issues;
  - A training programme for Health and Social Care staff on Delirium;
  - A new Dementia Website located on NI Direct;
  - A training and development work stream which included the recruitment of Dementia Navigators and Champions, the training of 2,463 carers and the publication of The Dementia Learning and Development Framework: and
  - A short break pilot scheme to provide support to carers.

  Phase 2 of the Project entitled "eHealth & Data Analytics Dementia Pathfinder Programme" runs from 2016-2020. This will focus on e-health and data analytics and will include research opportunities.

The Office of Social Services

- **Modernising Regulation**: As part of an overarching plan to modernise the regulatory model in place for the social work and social care workforce(s) in Northern Ireland **t**he Office of Social Services (OSS) has been progressing a programme of legislative amendments. In 2017-18 this included amending subordinate legislation that gives effect to the compulsory registration of prescribed groups, namely those working in domiciliary and day care settings. Completion of this important piece of legislation contributes to the Department's wider policy framework to enhance public confidence whilst improving and strengthening safeguards and public protection.

  OSS is leading a five year evaluation project as to the impact of the introduction of mandatory workforce registration to the social care workforce. This is being carried out in partnership with the Northern Ireland Social Care Council and Social Care Institute for Excellence in order to evaluate any change or improvement over time in the social care system with regard to public confidence, standards and/or safety of the workforce.

- **Improving & Safeguarding Social Wellbeing – A Strategy for Social Work:** Significant progress has been made in implementing the Improving and Safeguarding Social Wellbeing Strategy (2012 - 2022) including the collective agreement of the Outcomes Delivery Board to scale up 'promising practice' from innovations funded by the Strategy including Signs of Safety and Adverse Childhood Experiences in Children's Services and Family Group Conferencing in Adult Services.

  Building the capacity of social workers to lead quality improvement has continued. The experience and growing expertise of social workers in leading improvement has been used

to develop resources to guide and support others including a toolkit 'using service user stories to inform improvement' (SEHSCT) and a QI workbook for social work based on NI case studies to be launched in 2018.

A social wellbeing framework which articulates the purpose of social work in improving social well-being was published in June 2017 and distributed to every social worker in Northern Ireland. Work is progressing to develop and test ways of measuring social wellbeing based on this framework.
A Senior Leadership Network (Social Work) has been established involving senior leaders of social work in all of the key statutory partner organisations. This provides a forum to share good practice and for regional collaboration.

Local Engagement Partnerships (LEPs) are operational in each Trust area involving social workers, people with lived experience and partner providers. Three of the LEPs are co-chaired and focussed on co-production as their improvement priority.

An evaluation framework to monitor and evaluate the impact of strategy implementation against four high level outcomes for social work has been developed. Work has commenced to pilot the outcomes based accountability approach against the outcome in respect of the workforce.

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 continue to work 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 36,000 inpatient/daycase treatments annually. Due to financial pressures, a limited amount of additional funding was available in 2017-18 to provide additional outpatient and inpatient/daycase activity. This funding was targeted at specialties 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.

Additional funding of £30m has been allocated in 2018-19 from Transformation funding to reduce the backlog of patients waiting for elective care assessment /treatment across a range of specialties and also for diagnostic and Allied Health Professions (AHP) waiting times.

Unscheduled Care demand increased regionally by 3.1% with significant pressure on performance experienced in the second half of the year. An additional £11m was invested to address winter pressures which helped meet additional demand.

Outpatient standards

By March 2018, 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 slightly during the final quarter of 2017-18. At 31 March 2018, 27% of patients were waiting no longer than 9 weeks for a first outpatient appointment, compared to 24% in December 2017, with the number of patients waiting longer than 9 weeks, 198,300, compared to 206,983 at the end of the previous quarter. The number of patients waiting more than 52 weeks has however increased throughout the year to 83,393 at 31 March 2018.

Diagnostic Tests standards

By March 2018, 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 2017-18. Whilst the target was not achieved the additional funding allocated resulted in an improved performance position at 31 March 2018 with 60% of patients waiting less than nine weeks for a diagnostic test compared to 53% at the end of December 2017. There was also a reduction in the number of people waiting more than 9 weeks with figures at 31 March 2018 showing 36,506 waiting more than 9 weeks, down from 44,900 at the end of the previous

quarter. While the number of people waiting more than 26 weeks has continued to rise compared with last year, figures at 31 March 2018 show a fall in the final quarter of the year with 14,861 waiting more than 26 weeks, up from 16,595 at the end of December 2017. During 2017-18 86% of urgent diagnostic tests were reported on within 2 days, which is unchanged from the previous year.

Inpatient / Day case Treatment standards

By March 2018, 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 38% at 31 March 2018. However the numbers waiting more than 13 and 52 weeks have both risen to 50,228 and 16,454 respectively despite an increase in the number of people being admitted as an inpatient or daycase throughout the year.

Unscheduled Care standards

By March 2018, 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 2018, at least 80% of patients to have commenced treatment, following triage within 2 hours.

Regionally, during 2017-18 there was a 3.1% (23,800) increase in Emergency Department attendances compared with 2016-17. During 2017-18, 4 hour performance has been slightly reduced compared to the previous year (73% in 2017-18, compared to 74% in 2016-17). The number of patients waiting longer than 12 hours during 2017-18 increased to 17,347 compared to 6,493, with over two thirds (11,939) of these occurring during the four months from December 2017 to March 2018.

Despite the increased demand, 82% of patients attending commenced their treatment within 2 hours of being triaged in 2017-18, which is unchanged from 2016-17.

Cancer Services

From April 2017, 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 2017-18, 87% of urgent breast cancer referrals were seen within 14 days, which is an improvement on 84% on the previous year. The regional position has been impacted by performance in the Southern Trust (47%) due to a shortage of radiologists to support breast service clinics. To ensure services can be provided on a sustainable footing, the Health and 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 94% of people received their first definitive treatment within 31 days which is unchanged from the 2016-17 position despite an increase in demand for treatment.

Whilst performance against the 62 day target is down from 68% to 67% from the previous year, the total number of patients being treated for cancer following an urgent referral increased by 2% in the first nine months of 2017-18 compared to the same period last year.

Hip Fractures Standard

By March 2018, 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 80% of patients treated within 48 hours compared to 89% in the previous year.

Commencement of AHP Treatment Standard

By March 2018, no patient should wait longer than 13 weeks from referral to commencement of treatment by an AHP.

Regionally at 31 March 2018, 23,375 patients were waiting longer than 13 weeks from referral to commencement of AHP treatment compared to 19,765 at the end of the previous year. Regionally, almost two thirds (15,078) of the patients waiting longer than 13 weeks at the end of March 2018 were waiting for physiotherapy.

Patient discharges

During 2017-18, ensure that 99% of all learning 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 disability discharges, performance has fallen with 80% (cumulatively 2017-18) of learning disability discharges taking place within seven days compared to 87% last year. The number of discharges taking longer than 28 days has increased from 24 to 36.

For mental health discharges, performance has improved slightly with 97% of patients discharged within 7 days, compared to 96% last year. The number of discharges taking longer than 28 days has however increased from 73 to 79.

By March 2018, 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 improved with 76% of complex discharges taking place within 48 hours during 2017-18, compared to 73% achieved in 2016-17. The number of complex discharges taking more than 7 days to complete has increased compared to the previous year, 1,910 in total for 2017-18 compared to 1,897 for 2016-17.

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 unchanged from 2016-17.

Mental Health Services

By March 2018, 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 2018, regionally, the standards have not been achieved, with 66 patients waiting more than 9 weeks to access child and mental health services, 641 patients waiting more than 9 weeks to access adult mental health services, 183 patients waiting longer than 9 weeks to access dementia services and 1,474 patients waiting longer than 13 weeks to access psychological therapies. Nonetheless, in the last quarter reductions in waiting times were secured across all four service areas.

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 45.2% in 2017-18. NIAS achieved a response time in the range of 13- 14 mins for 72.5% of the 58,655 calls that were categorised as priority A calls.

A number of factors have impacted on performance levels during 2017-18. The demand for ambulance services has continued to increase across the Emergency, Urgent and Non – Emergency spectrum. NIAS experienced a 4% increase in Emergency and Urgent calls (Health Care Professionals (HCP) and non-HCP calls) compared to the previous year with a 3% increase in the number of Category A (immediately Life-threatening) calls compared to the previous year. The increase in Emergency and Urgent calls is equivalent to average 23 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 particularly during the winter period resulted in longer ambulance turnaround times which in turn affect the immediate availability of an ambulance response.

NIAS has completed Capacity Demand Review to better meet the needs of the populations. The recommendations of the report will form the basis of a consultation exercise proposing changes to provision of frontline services. NIAS continues to work with Ulster University in developing a regional Foundation Degree in Science in Paramedic Practice, it is anticipated that the programme will commence in early 2019.

Performance Management going into 2018-19

Building on the 2016 – 17 Commissioning Plan Direction, a draft 2017 – 18 Commissioning Plan Direction was issued to the HSCB and Public Health Agency in the summer of 2017 to facilitate operational planning. The HSCB provided a draft Commissioning Plan in response for Ministerial consideration.

A draft Performance Management Framework and draft policy guidance circular have been developed which more clearly identifies where accountability and responsibility for performance management rests and provides the basis for a suite of clinically agreed population health and wellbeing outcome measures, with targets that are deliverable and drive improvement. It will also ensure there is effective service improvement and support and effective escalation measures as well as strengthened internal Trust accountability processes. This awaits Ministerial consideration and approval. Work is underway to consider which, if any, elements can be taken forward at this time.

HSCB will continue to implement the existing 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 2017-18, NIFRS received a total of 37,114 emergency calls for help to its Regional Control Centre (a 3 % increase compared to 2016-17). Fire crews responded to a total of 24,604 emergency incidents across Northern Ireland (a 3.6 % increase compared to 2016-17).

Firefighters attended 3,010 major fires rescuing 168 people during 2017-18. The number of accidental dwelling fires increased by 8.5 %: from 826 in 2016-17 to 896 in 2017-18. Four people lost their lives as a result of accidental dwelling fires compared to the nine people who died in 2016-17. 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 2017 and March 2018 firefighters carried out 4,423 free home fire safety checks and fitted 3,228 smoke alarms. Through the People at Risk Strategy we have completed 5,334 activities with an audience of 40,320. These activities included leaflet drops, talks, events and exhibitions.

Through other engagement in relation to fire safety in the home we have completed 3,273 activities including leaflet drops, youth engagement, and talks engaging with an audience of 135,725.

During 2017-18 we introduced Strategically Targeted Areas of Risk (STAR) initiative and through this programme we visited 9,705 homes to provide fire safety advice and offer a free home fire safety check to people at risk.

Following the tragedy of the London Grenfell Tower fire in June 2017, NIFRS set in place an action plan to provide fire safety advice to residents living in high rise buildings (over 4 floors in height) and carried out 5,034 door to door visits.

During 2017-18, NIFRS attended a total of 5,423 Secondary Fires of which 2,072 were gorse incidents. This increase of 7.5 % on 2016-17 can be attributed to the rise in the number of these gorse fires. Fire crews also attended 790 road traffic collisions (RTCs), a 6.6 % increase in RTCs attended compared to 2016-17. 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 27 Road Safe road shows aimed at young drivers, to highlight the consequences of road traffic collisions.

During 2017-18, NIFRS carried out 1,476 Fire Safety Audits in non-residential premises under the Fire Safety Legislation. Eight Enforcement Notice and nine Prohibition Notices were issued to premises not compliant with the required fire safety standards. NIFRS brought no prosecutions as a result of a failure to comply with the required fire safety regulations.

During 2017-18 NIFRS continued to work alongside partner agencies to ensure a coordinated response to serious widespread flooding incidents. Over this period NIFRS attended 50 flooding incidents and 62 water rescue incidents. 136 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 seven Variable Crewed Stations and one 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

2017-18 Financial Performance

The net resource outturn for the year is £4,869m, which is within the voted total Estimate cover by some £239m (4.7%). An analysis of the net resource outturn is as follows;

	£'000
Grant in Aid to HSC Bodies	4,126,832
Family Health Services (gross)	912,597
Income (including Health Service contributions £507m)	(566,672)
Hospital and Paramedic Services	129,576
Social Care Services	51,614
Public Health Services	67,428
Other direct expenditure	43,539
Annually Managed Expenditure and notional costs	13,311
Grant in Aid to NIFRS and other Fire Services expenditure	91,075
Total	**4,869,300**

A detailed analysis of Net Resource Outturn against Estimate by function can be found at Note SoAS1 to the accounts on page 104.

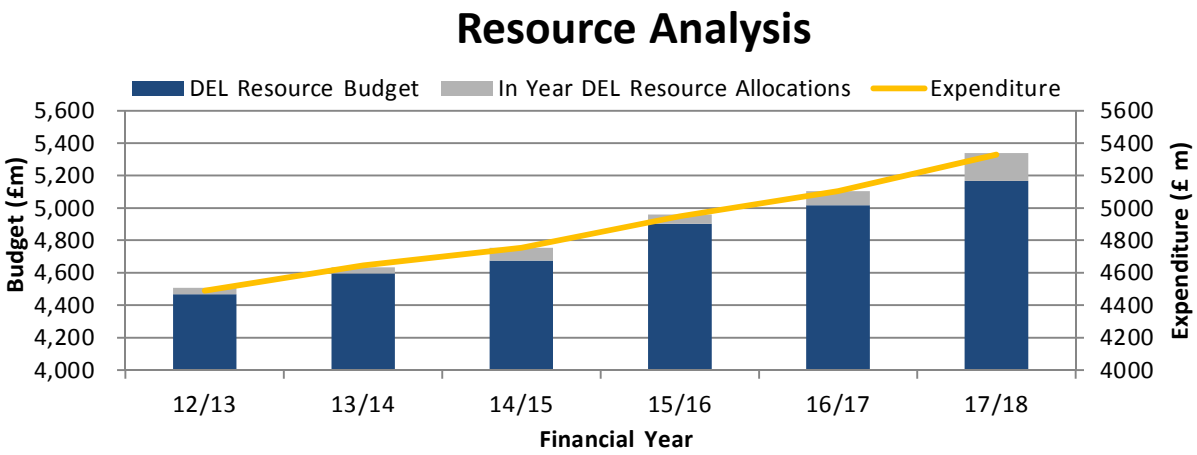
The Department continued to face significant financial challenges during 2017-18. Throughout the year, the Department sought to manage a range of unfunded pressures, in particular working closely with all Departmental ALBs in order to secure opportunities to close the funding gap. The Department also engaged extensively with the key stakeholders across the HSC and with DoF. In addition, the Department participated in the 2017-18 in-year monitoring processes and was successful in securing non- recurrent funding of £140.1m cash resource funding; £32.5m non-cash resource funding; and £15.9m capital funding.

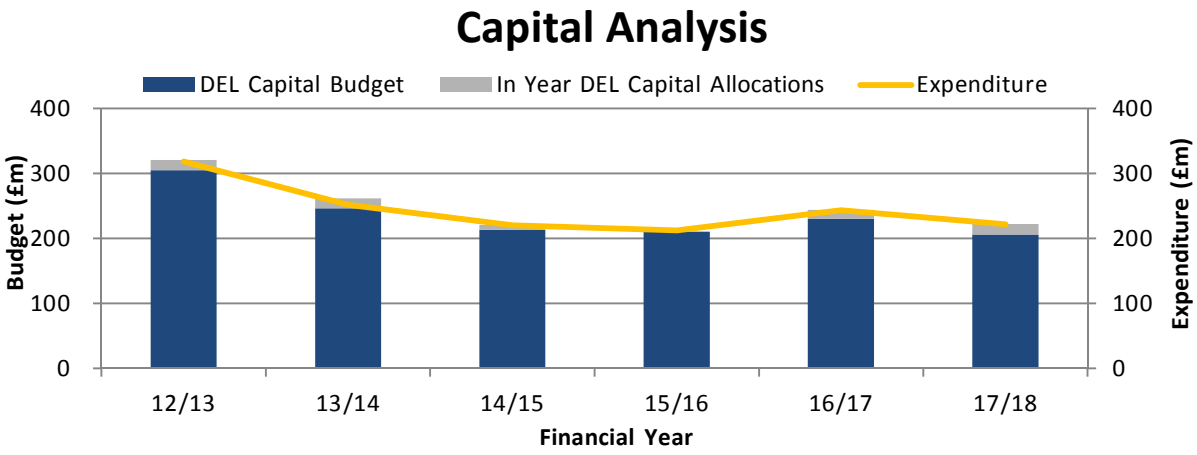
As a result of these actions, the Department reported an overall resource underspend against final budget of £10.9m (0.2%). This reflects an underspend of £6.1m against the cash resource budget (0.12%), and £4.8m of a "non cash" underspend (3.2% of final non cash budget). In respect of capital the Department reported an overall underspend against final budget of £380k (0.17%).

HSC Capital Investment

The Capital DEL budget available for 2017-18 amounted to £221.9m, against a provisional expenditure of £221.6m.

Long Term Expenditure Trend Analysis





Whilst the Department's resource 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 £478.8m and £97.9m capital funding across the budget period 2012-13 to date through 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 2017-18, 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 2018-19 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. The Departmental Risk Register focuses on the principal risks to the Department's delivery of its statutory responsibilities and strategic objectives. The Departmental Business Plan is directly linked to the Risk Register and is supported by the escalation process.
The Department strives for a 'hungry' risk appetite but recognises the need for an 'open' risk appetite in those areas where the Department cannot afford to fail.

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 are set out below:

Dept. Risk (DR) No.	Dept. Risk Description
DR1	That financial resources available to the Department are not sufficient to meet the Minister's strategic objectives.
DR2	Departmental priorities are not met due to ineffective arrangements for the management, recruitment, engagement, deployment or development of Departmental staff
DR3	The requisite HSC workforce is not recruited, retained, trained or developed, with a consequent negative impact on service provision, due to: a lack of capacity and/or resources for effective workforce planning and development; and/or, prevailing employment market conditions for the healthcare sector.
DR4	There is an adverse effect on the demand for, and quality of, HSC Services due to the ineffective delivery of those PfG outcomes for which the Department is responsible.
DR5	The HSC sector may be unable to appropriately respond to the health and social care consequences of any emergency (including those for which the DoH is the Lead Government Department) due to inadequate planning and preparedness which could result in an adverse impact on the health or well-being of the population.
DR6	Services provided are not safe or of appropriate quality due to ineffective measures being in place for the adequate discharge of the Department's statutory responsibilities under the Health and Social Care (Reform) Act (Northern Ireland) 2009.
DR7	Failure to protect children, young people and adults at risk as a result of an ineffective planning and policy response.
DR8	Appropriate standards of probity and governance are not maintained due to ineffective control and sponsorship of Arm's Length Bodies.

Dept. Risk (DR) No.	Dept. Risk Description
DR9	The required level of transformation in the HSC is not delivered due to a lack of commitment within the system, political and citizen buy-in or a failure to effectively plan and manage change.
DR10	Contractual arrangements for independent providers become impractical or financially unviable in a significant number of areas, leading to loss of services and increased pressure on other services.
DR11	Cyber security breach leads to loss of service user data and/or prolonged loss of key services.
DR12	Failure to comply with the legislative requirements set out in the General Data Protection Regulation negatively impacts the health budget due to statutory fines, and damages Departmental reputation.

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 2017-18, the Departmental Board had nine members; including two Independent Board Members. Board Members are listed within the Directors' Report on pages 47 - 50. 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 every two months. 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). Mr M Little and Mr F Caddy were appointed on 1 October 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 2017-18, 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 161-167.

The Department's Legislative Programme

Any departmental programme of legislation is subject to the agreement of its Minister, to agreement by the Executive and, where necessary, prioritisation by the Executive. The Department had developed a suite of legislative proposals for 2017-18. However, in the absence of a Minister during the 2017-18 financial year, it was not possible to have the legislative proposals considered for ministerial approval.

Equality and Human Rights

The Department complies with equality and human rights obligations as set out in Section 75 of the Northern Ireland Act 1998 and the Human Rights Act 1998 and is committed to promoting equality of opportunity, regard to the desirability of promoting good relations and human rights.

The Department's Equality Scheme sets out how the Department proposes to fulfil the Section 75 statutory duties. Respect for human rights is central to the work of the Department and its agencies and we comply with the statutory duty to respect, protect and fulfil people's human rights when developing and delivering government policy and services.

Environment and Sustainability

During 2017-18 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 continues to participate in the Carbon Reduction Commitment (CRC). The Department's returns on CRC for 2016-17, being the latest available figures at present, indicates a decrease in reportable carbon dioxide emissions of 16.5% over the previous year. However since the launch of the scheme the Department has shown an overall reduction of 43% 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 continues to comply with NICS contracted waste disposal and recycling services and promotes waste minimisation and management through encouraging staff to "Reduce, Reuse, Recycle".
- The Department is represented on the Cross Departmental Working Group on Climate Change and the Adaption and Mitigation sub- committees, 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 is working with the Strategic Investment Board with representation on their Energy Management Forum currently working to develop an energy management

strategy for the public sector in Northern Ireland. In support of this initiative, the Department supports the 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. Detailed energy returns have been completed and submitted to SIB in support of this work.

- 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.
- The Department continues to promote sustainable work and has supported other departments in their sustainable work including promoting awareness on sustainable transport.

In 2018-19, 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.

As required under section 3 of the Rural Needs Act (NI) 2016 the Rural Needs Annual Monitoring Report, included below, records the activities undertaken by the Department which are subject to section 1(1) of the Act. The Report details how the Department has had due regard to rural needs when developing, adopting, implementing or revising a policy, strategy or plan or when designing or delivering a public service. As required under the Act, this information will be submitted to DAERA for publication and laying before the Assembly.

Rural Needs Annual Monitoring Report 2017-18

Description of the activity undertaken by the public authority which is subject to section 1(1) of the Rural Needs Act (NI) 2016	***Describe how the public authority has had due regard to rural needs when developing, adopting, implementing or revising the policy, strategy or plan or when designing or delivering the public service.***
Copies of all consultations and RIAs can be found at: https://www.health-ni.gov.uk/consultations	
Policy development – public consultation on Continuing Healthcare in Northern Ireland: Introducing a Transparent and Fair System	A draft Rural Impact assessment (RIA) was completed and issued alongside the policy documents for public consultation. The draft RIA concluded no impact on rural needs. No contradictory evidence was received during consultation.
Policy development – public consultation on The Northern Ireland Social Care Council (Social Care Workers Prohibition) and Fitness of Workers (Amendment) Regulations (Northern Ireland) 2017	This was a targeted consultation as part of the roll out of a wider policy consultation conducted in 2012. The Rural Needs Act was considered in terms of impact, however, the amendments to the subordinate legislation were taken forward based on the original publicly consulted upon policy and a series of further targeted consultations to implement roll out. The Department is satisfied there is no impact on rural areas.

Description of the activity undertaken by the public authority which is subject to section 1(1) of the Rural Needs Act (NI) 2016	***Describe how the public authority has had due regard to rural needs when developing, adopting, implementing or revising the policy, strategy or plan or when designing or delivering the public service.***
Copies of all consultations and RIAs can be found at: https://www.health-ni.gov.uk/consultations	
Policy development – public consultation on Changes Required to the Passporting of Individuals to Help with Health Costs as a Result of the Introduction of Universal Credit	An RIA was completed and concluded that the policy would have a neutral impact on both rural and urban communities. Reporting/monitoring mechanisms are already in place with the HSCB, BSO and HSC Trusts in respect of identifying the uptake of Help with Health Costs under current arrangements in both rural and urban areas. The policy is expected to meet the set objectives in both rural and urban areas No contradictory evidence was received during consultation.
Policy development – public consultation on Regulations Restricting the Age of Sale for Nicotine Inhaling Products to Over Eighteens	A draft RIA was completed and issued alongside the policy documents for public consultation. The draft RIA concluded that the policy should have a positive impact on both rural and urban communities. No contradictory evidence was received during consultation.
Policy development – public consultation on Ionising Radiation (Medical Exposure) Regulations (Northern Ireland) 2018 Consultation	A draft RIA was completed and issued alongside the policy documents for public consultation. The draft RIA concluded no impact on rural needs. No contradictory evidence was received during consultation.
Strategy development – public consultation on Consultation on a draft "Strategic Framework for Imaging Services in Health and Social Care"	A draft RIA was completed and issued alongside the policy documents for public consultation. The draft RIA concluded no impact on rural needs. The consultation ended on 22 January 2018 and comments are currently under consideration.
Developing a Plan – public consultation on Equality Action Plan and Disability Action Plan	N/A – Rural Needs will be assessed at individual policy level.

Description of the activity undertaken by the public authority which is subject to section 1(1) of the Rural Needs Act (NI) 2016	***Describe how the public authority has had due regard to rural needs when developing, adopting, implementing or revising the policy, strategy or plan or when designing or delivering the public service.***
Copies of all consultations and RIAs can be found at: https://www.health-ni.gov.uk/consultations	
Policy development – public consultation on Promoting Organ Donation and Transplantation in Northern Ireland	A Rural Impact Assessment was completed which concluded that as the policy aim (making more organs available for transplantation) stands to benefit anyone on a transplant waiting list, regardless of where they reside, it is not envisaged that it will impact rural communities differently to other areas. The policy acknowledges that there is a social and economic impact of requiring and receiving an organ transplant, and proposes a coordinated, varied programme of communications activity to be delivered across all sectors of the population, with the aim of increasing the rate of consent and ultimately improving the lives of those who require a transplant. The Consultation ended 5 March 2018 and any evidence submitted as part of the consultation process will be taken into account.
Developing a Plan – public consultation on Service Framework for Mental Health and Wellbeing 2018-21	A draft RIA was completed and issued alongside the policy documents for public consultation. The draft RIA concluded no impact on rural needs but any comments or evidence raised during consultation (ends 31 May 2018) will be taken into account.
Policy implementation - NICE consultations - numerous	The majority of NICE guidance is of a technical nature and is not regarded as falling within the scope of the Rural Needs Act. Guidance falling within the scope of the Act is subject to assessment and will be recorded in the Annual Monitoring Report. No relevant consultations were completed in the reporting period 1 June 2017 – 31 March 2018.

Asset Management

A key requirement for the Department in 2017-18 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. Property initiatives in this area included:

- Application of Departmental property transactional policy and guidance;
- Completion of annual Departmental ALBs Property Asset Management Plans;
- Completion of the Department's annual Property Asset Management Plan, which highlighted key achievements delivered in 2016-17 and planned progress in this function in 2017-18. Five priority areas were identified which the Department will take forward in 2018-19;
- Completion of Historic Buildings report to NIEA in compliance with current Protocol;
- Population of the NICS-wide centralised Property Information Mapping System (e-PIMS) with mandatory information.
- Effective management of DoH owned property assets.

Further improvement in the number of underperforming property assets in the estate has been delivered through disposal of freehold and leasehold buildings.

Whilst the Department was reported to NIAO in July 2017 for irregular expenditure (£441k) associated with acquisition and renewal of office leases without prior DoF approval, through proactive engagement with ALBs, property transactional processes are becoming more robust and timed action plans have been put in place by ALBs to regularise this position. DoH has offered DoF a number of proposals to improve the process and continues to proactively engage with DoF Supply to secure appropriate interpretation of the DoF Accounting Officer communication and to make the case for changes that will ensure this process becomes proportionate.

The Department achieved £0.4m of disposals against its 2017-18 disposal target of £1.9m. This target was not achieved mainly due to legal and environmental issues with 2 properties which were not resolved prior to 31 March 2018. The DoH disposal target for 2018-19 has been agreed at £2.2m and the leasehold disposal target is agreed at £173k. Departmental ALBs have reviewed property portfolios to ensure that their holdings of land and buildings are limited to the minimum required for the performance of their present and clearly foreseen responsibilities.

Whilst there has been limited improvement in performance against property related Key Estate Performance Indicators and the existing backlog maintenance liability (currently £742m), it is expected that improvements will be delivered as 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 all 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 workplace health and safety audits were carried out in separate areas of the core Department during 2017-18.

Measures were taken to increase the numbers of Fire Wardens available to assist in an emergency response and to ensure adequate Fire Warden cover across all areas within the Department. Training was arranged for the new volunteers and was also offered to existing Fire Wardens to refresh their knowledge. Processes were strengthened to monitor participation of all Fire Wardens in drills and subsequent debriefs as a record of ongoing training. NICS online Fire Awareness training was rolled out to all staff in September 2017.

Annual refresher First Aid at Work training was delivered to 8 first aiders during 2017-18 which includes Automated External Defibrillators (AED) and Cardiopulmonary Resuscitation (CPR) techniques. First Aiders requiring renewal of First Aid certificates attended the full training courses provided through NICS training resources. An annual AED drill was also carried out giving AED operators an opportunity to rehearse an emergency response.

During 2017-18, 48 staff (including secondees) completed the Department's H&S Induction Training for new entrants. The annual DSE Risk Assessment programme was carried out and the Department is participating in an inter-departmental project to look at the feasibility of an on-line DSE Risk Assessment system.

There were a total of 4 accidents / near misses during 2017-18, none of which were serious in nature. There were 19 specialist assessments carried out during 2017-18, 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 2017-18. 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 and access to a range of ad hoc leadership opportunities. In addition, a range of e-learning training packages were available and during 2017-18 all staff received training in anti- fraud awareness, fire safety, positive mental health and unconscious bias.

Staff

The Department directly employs some 378 Staff Year Equivalent (SYE) staff during 2017-18. (Staff year equivalent takes account of the actual period employed eg.counts the actual days for staff who leave or join during the year). The NI Fire and Rescue Service employs

some 2,000 people and around 74,400 people work in the Health and Social Care sector (including 'bank/as and when required' 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 provisional sickness absence figures for 2017-18 and comparative final official figures for 2016-17 based on staff year equivalent numbers. This shows an increase in sickness rate from 4% to 4.4%. DoH continues to address rising sickness absence through collaborative working with NICSHR and staff engagement.

Financial Year	Average Total number of staff	Total days lost	Average working days lost per person	Absence rate
2017-18	378 SYE	3,624	9.6	4.4%
2016-17	389 SYE	3,489	9.0	4.0%

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

Staff Gender Breakdown within DoH 2017-18 all grades	
Female	237
Male	170

Staff Gender Breakdown within DoH 2017-18 Senior Management (excl. Board Members)	
Female	11
Male	11

Staff Gender Breakdown within DoH 2017-18 Board Members incl. Independent Board Members	
Female	3
Male	6

Equal Opportunities / Disabled Persons

Responsibility for the development of HR and recruitment policies for all the NICS departments rests with NICSHR in the Department of Finance. Recruitment exercises are carried out by HRConnect (an outsourced shared services organisation). NICSHR has policies in place to give full and fair consideration to applications for employment from people with disabilities. The NICS Departments recognise that many people with disabilities face barriers both in continuing their employment and progressing their careers therefore NICSHR has policies in place to identify reasonable adjustments to overcome barriers such as changes to work processes, duties, location and the provision of specialist equipment.

NICSHR has operated the NICS Work Experience Scheme for People with Disabilities since April 2016. Applications are received from Disability Organisation seeking structured work placements for their clients. Further information on the scheme, including a process map and application form is available on the NICS Recruitment website. During the 2017-18 financial year, 13 applications were received from 3 Disability organisations, 10 of which resulted in placements being agreed with departments. In agreeing placements NICS HR liaise with the Departments to ensure appropriate arrangements are made based on the specific needs of the individual. It is important that work placements provide opportunity for the person to gain valuable experience which will increase their employability skills. Work also commenced towards the end of 2017 to consider a review of the scheme and agree a plan to promote and expand the scheme both internally within the NICS and externally with Disability organisations.

The NICS has set up a network of Diversity Champions, some of whom look after specific themes including Disability, LGB&T, Gender and BME. Departmental Diversity Champions have also been appointed. During 2016 the NICS Disability Diversity Champion set up a Working Group to review the impact of NICS policies and practices on staff with disabilities. The Working Group which was made up of staff with disabilities and representatives from disability groups produced a report and recommended actions. Further work on the action plan is underway.

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 2017-18 the Department continued to develop the programme. Activities carried out included regular internet blogs from senior staff, a programme of informative seminars, a "drop in" volunteering activity and the publication of an in house e-zine, the Pulse. In addition, a series of engagement events included a keynote event, sessions with new staff and career development events. An internal communications group was set up to further develop the programme.

The Department holds the Investors in People Bronze status.

All staff have access to the Welfare Support Service, the Inspire wellbeing service 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 four formal complaints during 2017-18. 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.

An NICS Top Management Complaints Procedure has been introduced by the Department of Finance. The procedure details the process to be followed by external stakeholders and members of the general public (external complainants) who wish to raise a complaint against a member of top management in the Northern Ireland Civil Service and its Agencies. Top management is defined as the Head of the Civil Service, Permanent Secretary and Grade 3 or equivalent levels.

ACCOUNTABILITY REPORT

1. Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the make-up of the DoH, 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 2018.

Management

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

Minister

There has been no Minister in place in the Department during the 2017-18 financial year. Whilst there has been no Minister in post throughout 2017-18, Ministerial priorities remain fundamental in determining the Department's strategic direction.

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 2017-18 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	Deputy Secretary, Resources and Performance Management
Mr. J Johnston	Deputy Secretary, Healthcare Policy Group
Mrs. N Lloyd	Director of Finance, Resources and Performance Management (from 18 August 2017)
Mr. F Caddy	Independent Non–Executive Director (1 Oct 2017 – 31 Mar 2018)
Mr. M Little	Independent Non–Executive Director

Dr. C King Independent Non–Executive Director (1 Apr – 30 Sept 2017)

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 Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28 March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017-18 financial year as if they were Acts of the Northern Ireland Assembly. Supplementary Estimates were produced in February 2018, and subsequently approved via receipt of Royal Assent in March 2018, seeking authority for additional resources and/or cash to that previously provided in the Main Estimates for the financial year. Both Estimates are published and available from Her Majesty's Stationery Office (HMSO).

The HSC Trusts are expected to work to meet Ministerial priorities. 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 £4,869m (£4,695m in 2016-17) against Estimate cover of £5,108m (£4,736m in 2016-17). A detailed review is contained in the Performance Report on pages 2-45. The financial results of the Department are set out on pages 115-160.

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 2017-18 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 2017-18, on average 96.64% 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 2017-18, on average 87.96% 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 2018-19, the Department will strive to build upon the performance achieved in 2017-18.

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 1) 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 also 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 20 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 2018 have been audited by the Comptroller and Auditor General. The Certificate and Report of the Comptroller and Auditor General is included on pages 112-114. The notional cost of the audit for the year ended 31 March 2018, which pertained solely to audit services, was £64k; 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 2018 by the Departmental Accounting Officer, Mr R Pengelly.

[1] https://www.health-ni.gov.uk/sites/default/files/publications/health/dept-board-register-of-interest-2017-18.pdf

STATEMENT OF PRINCIPAL ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance has directed the Department of Health 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 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, 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 and published in Managing Public Money Northern Ireland.

The then Health Minister announced in November 2015 his intention to close the HSCB and realign its activities across the wider HSC system. This decision was confirmed by his Ministerial successor in 2016. However, while no formal timeframe for closure has as yet been established work has been progressed by the Department on the scoping and development of a new operating model to replace the HSCB subject to approval by an incoming Minister. As such, the HSCB will continue as constituted for the 2018-19 financial year and will work closely with the Department on transitional arrangements to the new operating model 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 2017-18. 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 Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An executive was not formed following the 2 March election. As a consequence there has been no Minister in place in the Department during the 2017-18 financial year. Any reference to the Minister throughout the Department's Governance Statement refers to the Minister in office prior to the dissolution of the Assembly. Whilst there has been no Minister in post throughout 2017-18, Ministerial priorities remain fundamental in determining the Department's strategic direction.

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 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 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 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 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 Board are kept under continuous review and a more detailed evaluation is conducted every few years. The last review was undertaken in 2016-17.

Executive Board Members 2017-18		**No of meetings attended**
Mr R Pengelly	Permanent Secretary	5/6
Mr S Holland	Deputy Secretary, Social Care Policy Group	5/6
Mrs C McArdle	Chief Nursing Officer	5/6
Dr M McBride	Chief Medical Officer	4/6
Mrs D McNeilly	Deputy Secretary, Resources and Performance Management Group	3/6
Mr J Johnston	Deputy Secretary, Health Care Policy Group	5/6
Mrs N Lloyd	Director of Finance, Resources and Performance Management Group (from 18 August 2017)	3/4
Independent Board Members 2017-18		**No of meetings attended**
Dr C King	Independent Board Member 1 April 2017 – 30 September 2017	3/3
Mr M Little	Independent Board Member	6/6
Mr F Caddy	Independent Board Member 1 October 2017 – 31 March 2018	3/3

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 2017, the Board agreed an updated 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 in discharging its role. Regular formal reviews of the operation of the Board include the quality of information provided. 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 2017-18		No. of meetings attended
Dr C King	IBM and Chair of DARAC (1/4/17 – 30/9/2017)	2/2 (1 as Chair)
Mr M Little	IBM and DARAC Member (1/4/17 – 30/9/2017) IBM and Chair of DARAC (1/10/2017 – 31/3/2018)	4/4 (3 as chair)
Mrs J Pyper	Chief Executive Utility Regulator (DARAC Member 1/4/2017 – 30/6/2017)	1/1
Mr T Connolly	Head of Business Engagement Department for the Economy	3/4
Mr F Caddy	IBM and DARAC Member 1/10/2017 – 31/3/2018)	2/2
Ms C Archbold	Departmental Solicitor's Office[1] (DARAC Member 1/7/2017 – 31/3/2018)	2/3

[1] The DSO form part of the DoF and provide independent legal advice to the Department.

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. In line with their terms of appointment, each Independent Board Member's function is to provide external advice and expertise. 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 2017-18 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 (TMG), 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 concluded in 2017 and a revised Framework was approved by the Board.

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 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 2018 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 through 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.

In 2017-18 the Department reviewed, and updated as required, the information management controls in response to the impending introduction of the General Data Protection Regulations in May 2018.

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 has recorded no data loss-related incidents in 2017-18.

Fraud

The Department takes a zero tolerance approach to fraud in order to protect and support our key public services. We have put in place an Anti-Fraud Policy and Fraud Response Plan to outline our approach to tackling fraud, define staff responsibilities and the actions to be taken in the event of suspected or perpetrated fraud, whether originating internally or externally to the organisation. Our Fraud Liaison Officer (FLO) promotes fraud awareness, co-ordinates investigations in conjunction with the BSO Counter Fraud and Probity Services team and provides advice to personnel on fraud reporting arrangements. All staff are provided with mandatory fraud awareness training in support of the Anti-Fraud Policy and Fraud Response plan, which are kept under review and updated as appropriate every five years. The Department attends and participates in the NICS Fraud Forum, which is a best practice

advisory group. The Forum consists of representatives from all NI departments meeting at least 2 times per year.

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 2017-18 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.

In May 2017, the NHS experienced a major cyber incident known as Wannacry. Whilst this incident did not spread to Northern Ireland systems, it served to highlight the importance of robust resilience measures across the full IT HSC network, coupled with tested, fit for purpose business continuity plans to allow essential services to continue in the event of an IT incident.

In advance of Wannacry, work had already begun by BSO to scope the current situation with regards IT security in HSC organisations. In light of that report and the Wannacry incident, the Department asked BSO to identify firstly any immediate action required to improve the current resilience, and secondly to develop a medium and long term plan of actions required to ensure a secure system operates across all HSC organisations. A Capital Resource Limit of £950,000 was provided in 2017-18 to the BSO to implement urgent actions to mitigate the risk of cyber security threats impacting on HSC services.

In parallel to this more technical work, the Department asked BSO to chair a Business Continuity Forum, which would ensure each organisation had in place a tested Business Continuity Plan which would be effective in the event of a cyber incident. This work is now progressing to ensure regional business continuity processes are effective in the event of a large-scale event such as Wannacry, and later in 2018-19 will involve ensuring the interfaces between business continuity and emergency planning are tested.

The third strand of action taken by the Department was to liaise with other jurisdictions to begin to consider some wider policy issues, such as the impact of cyber security on medical devices, and interfaces between the actions above to the NIS Directive, implemented in May 2018. A risk was added to the Departmental Risk register, and bi-monthly updates on cyber security progress and actions are provided by both the Department and the HSCB to TMG and the DoH Board.

BSO and Trusts have now identified further work required which will focus on increasing cyber security and IT support and within HSC organisations and developing a robust regional

incident management process. There are resource consequences of the increasing cyber threat, particularly as we increase the reliance of our HSC services on technology, and these will be considered in a business case produced by BSO for submission to the Department during 2018-19.

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 examples of these are Controls Assurance Standards; the Statutory Duty of Quality and Service Frameworks.

Controls Assurance Standards (CAS)

Controls Assurance Standards are a 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 on the Department's website[2].

The Controls Assurance Standards process was subject to review in 2017. The review concluded that the process was outdated and will cease from 1 April 2018 with more appropriate and proportionate assurance mechanisms being rolled out from this date.

For 2017-18, 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 by the majority of ALBs. 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.

[2] https://www.health-ni.gov.uk/publications/controls-assurance-standards

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
- Older People.

The Frameworks for Cancer and Mental Health have reached the end of their life cycle and are currently under review. A draft Service Framework for Mental Health and Well-being was issued for public consultation in Spring 2018 and is due to be launched before the end of the year. A seventh Framework for Children and Young People has been developed and is due to be launched by the end of 2018.

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.

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. When a delegated authority is exceeded Departmental approval for the expenditure proposal is required.

There are a number of standard conditions of Departmental approval, one of which requires all ALBs to inform the Department immediately should they wish to implement a project on a basis other than that approved. This is to ensure proposed changes do not alter the Department's view of the value for money position of a project.

In 2017, the Department raised concerns around the management and governance of two separate elements of the Maternity and Children's Hospital Executive Flagship capital project within the Belfast Health and Social Care Trust. This was a direct result of increases in size and costs for the project and the timeliness of reporting these. The concerns included the arrangements for internal reporting and approval arrangements within the Trust and the Trust's reporting and approval mechanisms to the Project Board, the HSCB Commissioners and the Department. The Trust was asked to take forward a number of action points including the preparation of a business case addendum and a lessons learnt review. Alongside this, the Chief Executive of Central Procurement Directorate (CPD), in discussion with the Department, initiated a review of CPD-Health Projects examining their role in the management of the Maternity and Children's Hospital project.

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 department is exposed and annual audit plans are based on this analysis. All Internal Audit staff were centralised in October 2017 into one team, 'The Group Internal Audit and Fraud Investigation Service' within the Department of Finance.

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, control 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 the 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 governance, risk management and control, together with recommendations for improvement. The HIA has provided me with an overall 'satisfactory' opinion on the Department's management of risk management, control and governance. The Internal Audit opinion reflects the internal audit activity carried out during 2017-18 and cumulative assurances derived from the previous three years (2014 to 2017). The overall opinion is based on the results of 29 assignments undertaken (assurance and consulting assignments). Overall 'satisfactory' audit opinions were provided in 20 assignments; four assignments received overall 'Limited' opinions; three special exercises and two consulting exercises were also undertaken and did not require an audit opinion.

Of the four assignment which received overall 'limited' opinions, one of these assignments was the review of the Supplement for Undergraduate Medical and Dental Education (SUMDE). The issues included for example, that the SUMDE model had not been fully reviewed since 2009; issues were found in relation to full cost recovery of international students; SLAs/Framework of Agreements had not been reviewed and issues were also raised in relation to financial and budgetary management. The review of Clinical Excellence also received a 'limited' opinion. Issues identified included the continued appropriateness of the current Scheme; the accuracy and completeness of information contained in the Consultant Nominal Roll; the retention of records and security of personal data; and inconsistencies in the conduct of five year reviews. Emergency Planning – Stockpiles also received a 'limited' opinion. Issues found included the identification of clear roles and responsibilities; retention of knowledge and skills within Emergency Planning Branch; optimum levels of stock; and the use/disposal of stock past expiry dates. The review of Chief Nursing Officer – Alert Notices was also issued with an overall 'limited' opinion. Issues were identified in relation to the policy and procedures; processes for tracking Nursing Midwifery Council employer requests and the processes for receiving alert notices from Scotland, Wales and Republic of Ireland. All recommendations were accepted by management and will be formally followed up within future Internal Audit Plans.

Internal Audit also followed-up on previously reported areas of concern. This included the NICS Review of Information Assurance. This 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. A further review of the issues highlighted in this report was completed in March 2018 and the review noted significant progress in the development of new processes and systems to improve the control framework. As a result of this work the opinion was raised to satisfactory and will be considered by the NICS Information Governance and Innovation Board (IGIB) in May 2018. Three Sponsor Control audits and the review of External Recommendations were also previously provided with overall 'limited' opinions. These were followed up during 2017-18 and the opinions were raised to 'satisfactory'.

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 continue to be 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 Value for Money report on Type 2 Diabetes Prevention and Care on 6 March 2018 which contained 11 recommendations. The Department accepts the report recommendations and provided a formal response on 22 May 2018 outlining the actions that have been taken, or will be taken, to address these.

The NIAO's biennial General Health Report for 2015-16 and 2016-17 is in preparation. NIAO will also publish a report on follow up reviews of its 2011 Report on the Use of Locum Doctors in Northern Ireland Hospitals and its 2012 report on the Safety of Services provided by HSC Trusts. Both are expected to be published in 2018-19.

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

The approach for transforming health and social care over the next 10 years '*Health and Wellbeing 2026: Delivering Together* 'was published in October 2016.

It is the single roadmap for health and social care transformation. It seeks to improve the health and wellbeing of our population, and reform the way we design and deliver services 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 (TIG) comprises leaders from across the HSC and is chaired by the Department's Permanent Secretary. This group meets every fortnight to review progress and set the direction for the

transformation programme. The TIG receives a comprehensive highlight report each month which tracks progress across the whole programme, and reviews the programme risk register on a monthly basis.

The ongoing absence of a Minister has meant that the Ministerial advisory group set up as part of the governance arrangements for the Transformation Programme, the Transformation Advisory Board (TAB), has not been able to meet. To mitigate this, the Programme Director has initiated a series of informal meetings between TAB members and representatives of TIG, to facilitate sharing of information and make sure the stakeholder groups represented at TAB continue to be engaged.

Furthermore, with the agreement of a direction of travel to give operational effect to the previous Ministers' mandate to close the Health and Social Care Board has been agreed by the Department's Top Management Group, the Transformation Implementation Group and the Permanent Secretary, and an Oversight Board has been set up to lead this process. The Oversight Board is chaired by the Department's Permanent Secretary and its membership includes the Chief Executives of those organisations most impacted, and the DoH Deputy Secretaries.

UK Exit from the EU

The Department is undertaking a range of activities to scope potential implications of leaving the EU on health and social care and to determine the decisions and actions that need to be taken to ensure readiness for Day 1. The Department is working closely with key stakeholders including its Arm's Length Bodies, its counterparts in other Northern Ireland Departments, England, Scotland, Wales and the Republic of Ireland. The process will continue to be refined as more clarity emerges on the detail of the final agreement.

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:

Regional Secure Care Centre at Lakewood

Contingency plans were put in place to address the risks highlighted following an unannounced RQIA inspection of the Regional Secure Care Centre (Lakewood) in July 2015. A recruitment drive has resulted in new staff taking up posts and a new unit (Murlough) has been opened to help to better manage the young people in secure accommodation. The position remains stable at present and this has been reaffirmed in RQIA inspections of two units Pi and Arc in June and October 2017. The HSCB-led review of Regional Specialist Facilities for Children and Young People reported to the Department on 23 March 2018 and the recommendations are currently under consideration by this Department and the Department of Justice.

Regulation and Quality Improvement Authority Board Effectiveness

A BSO internal audit of Governance within the Regulation and Quality Improvement Authority during 2016-17 highlighted issues around a lack of clarity at Board level on the distinction between Executive and Non-Executive roles. The audit 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 were sought from both the Board and management team as to how these issues were being addressed. A facilitated Board/Executive Management Team workshop was convened in June 2017 to consider the Report in detail. An action plan was developed and its implementation was reported to the RQIA Board and DoH. A further BSO Internal Audit of Governance and Board Effectiveness completed in 2017-18 achieved a satisfactory level of assurance.

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. Recommendations to address identified control weaknesses were implemented and roll-out of services completed for all Trusts during 2017-18. Following system stabilisation, a satisfactory level of assurance was provided by BSO Internal Audit in September 2017.

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 remediation plan has been delivered by the system supplier which has addressed the root cause of the issues experienced. The system has remained stable since March 2017. The subsequent implementation of the 2017-18 pay award has enabled BSO to robustly test the stabilisation of the HRPTS system and conclude that delivery of the remedial actions are sufficient to ensure future changes can be managed within the current configuration of HRPTS.

A number of the governance matters arising in prior years are still considered to represent internal governance divergences for 2017-18. These include:

Financial Performance

2017-18

The Department continued to face significant financial challenges during 2017-18. Throughout the year, the Department sought to manage a range of unfunded pressures, working closely with all Departmental ALBs in order to secure opportunities to close the funding gap. The Department also engaged extensively with key stakeholders across the HSC and with DoF. The Department fully participated in the 2017-18 In-Year monitoring processes and was successful in securing non- recurrent funding of £144.6m cash resource funding; £32.5m non-cash resource funding; and £4.9m capital funding.

As a result of these actions, the Department reported an overall resource underspend against final budget of £10.9m (0.2%). This reflects an underspend of £6.1m against the cash resource budget (0.12%), and £4.8m of a non-cash underspend (3.2% of final non-cash budget). In respect of capital the Department reported an overall underspend against final budget of £380k (0.17%).

2018-19

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28 March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017-18 financial year and a vote on account for the early months of the 2018-19 financial year as if they were Acts of the Northern Ireland Assembly.

The outlook for 2018-19 is increasingly constrained, particularly in respect of resource funding. Extensive budget planning work to support the 2018-19 financial plan is ongoing between the Department and all HSC ALBs. In a written statement to the House of Commons on 8 March 2018 the Secretary of State for Northern Ireland announced the Budget position for 2018-19 for NI departments. While the Budget provided a measure of protection for Health and an increase of 2.6% compared to the comparable actual funding levels in 2017-18, cost pressures are increasing at a greater rate and difficult challenges in meeting demand in order to maintain existing services remain. To address these pressures, further monies are likely to be required through in year monitoring rounds or the implementation of savings measures.

In addition, the Secretary of State also confirmed £100m of Confidence and Supply Agreement funding ring-fenced for Health Transformation for 2018-19 and extensive work is underway to prioritise the allocation of these resources to transform how HSC services are delivered in line with *Delivering Together.*

Whilst the Department's Statement of Financial Position operates within a net asset position, 9 of the Department's ALBs are operating within a net liability position for 2017-18. These HSC bodies have prepared their 2017-18 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 increased by 55% from 321 at the end of February 2017 to 497 at the end of February 2018. 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.

There are signs of stress across the system, with cases referred showing increased complexity and high levels of risk, and high levels of agency staffing in the social work workforce. In recent months, the Department has received information from Early Alerts and Case Management Reviews in which serious incidents have occurred in situations where unallocated cases may have been a contributory factor.

A number of initiatives are currently being taken forward to mitigate these risks, including rolling out the Signs of Safety approach to case management across the region, the development of new social work and family support strategies, the on-going investment in the Early Intervention Transformation Programme and the development of a new Adoption and Children Bill.

Elective Care

During 2017-18, each of the three Ministerial 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 2016-17. The increase in waiting times in 2017-18 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 a significant reduction in 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 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 has announced the investment of an additional £30m of transformation funding in 2018-19 to reduce waiting times for patients and contribute to the stabilisation of services as set out in the Elective Care Plan, and in Delivering Together.

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 2017-18 year the Department also invested £11.5m 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 performance against both the 4 and 12-hour components at Type 1[3] and Type 2[4] EDs continuing to fall below the Ministerial target. Between March 2017 and March 2018, attendances increased by 1.6% at Type 1 Emergency Departments. However, it is also worth noting that during both March 2017 and March 2018, the highest number of attendances per 1000-population was recorded for those aged 75 and over. This winter proved to be an exceptionally challenging period for EDs across the region.

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 2017-18. This was due to the continued need for some patients to travel outside Northern Ireland for elective surgical procedures.

The All Island Congenital Heart Disease (CHD) Network, comprising clinicians, commissioners and patient representatives, and overseen by the Northern Ireland and Republic of Ireland Health Departments, was established in April 2015 to progress the implementation of a series of recommendations made by the expert International Working Group and jointly accepted by the two Health Ministers in 2014. The Network has developed a long-term plan to create additional capacity at Our Lady's Children's Hospital Crumlin (OLCHC) to enable the majority of patients from Northern Ireland to receive surgical and interventional treatment there. A joint announcement setting out the long-term plan including funding for the Network was subsequently made in July 2016 by the Health Ministers. Whilst the Network was further developed during 2017-18, including the enhancement of facilities and resources at the Network's Level 2 specialist children's heart centre in Belfast, the plan to transfer the majority of elective surgical cases to OLCHC by the end of 2018 was not progressed due to ongoing work to finalise capital investment proposals for the necessary expansion of capacity at OLCHC.

Whilst this process is ongoing, a Service Level Agreement (SLA) was in place with OLCHC to provide all catheterisation procedures, and all emergency and urgent surgical cases at

[3] Type 1 ED's provide a consultant-led service with designated accommodation for the reception of emergency care patients, providing both emergency medicine and emergency surgical services on a round the clock basis.
[4] Type 2 ED's provide a consultant-led service with designated accommodation for the reception of emergency care patients, but do not provide emergency medicine and emergency surgical services and/or have time-limited opening hours.

OLCHC during 2017-18. The SLA will be extended to include an initial cohort of NI elective surgical cases in 2018-19. SLAs with Evelina and Birmingham Children's Hospitals have also been put in place to provide continuity of service and to ensure the safety and quality of services for the remainder of elective surgery patients from Northern Ireland until sufficient surgical capacity is available within the All-Island CHD Network.

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.

As of the end of March 2018 the BSO have successfully migrated all 1,400 servers to the new data centres together with all of the physical equipment such as the security infrastructure. The BSO has undertaken work to move the backbone network to the new data centres but this element of the project may take between one and two years for all elements. Backup systems in the legacy data centre are to be maintained until June 2018 to ensure the BSO adhere to their data retention agreements. The project is still on track to decommission the facilities around the old data halls and this work is being undertaken by Belfast Trust. Any remaining network equipment, required to allow Belfast Trust access to regional services will be moved to BHSCT facilities. Anecdotal evidence has shown significant improvement in various services in relation to performance of the systems and the time to backup.

Inquiry into Hyponatraemia-related Deaths

The public Inquiry into Hyponatraemia-related Deaths (IHRD) 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, published his report in January 2018. The report included 96 recommendations the vast majority of which fall to the Department of Health and Health and Social Care Bodies. The inquiry recommendations have wide ranging implications for the provision of health and social care services across NI –

covering governance, departmental policy, requirements for new statutory provisions and the operation of front line services. They affect multiple Agencies and a number of recommendations may impact on other Departments.

The recommendations are designed to both strengthen patient safety and to improve public confidence in health and social care services. The Department has established an IHRD implementation programme comprising an overarching programme management group overseeing nine workstreams chaired by a range of individuals from the Department, the HSC and outside of the HSC. These workstreams are charged with the implementation of IHRD recommendations. The overall programme is being managed through a formal programme management process and the programme is ultimately accountable to the Permanent Secretary who is the Senior Responsible Officer. Each workstream is currently developing an implementation plan and the programme will be supported by a programme wide engagement strategy, a training strategy and an assurance framework.

A number of the workstreams and sub-groups are 'task and finish' groups and many recommendations will be signed off by the end of March 2019. The programme has adopted the position that no recommendation will be signed off as implemented until there is evidence that it has been implemented on a sustained basis. A number of recommendations will require public engagement and consultation, ministerial approval and/or legislation and some may have resource and training implications. On the basis that some recommendations will require primary and secondary legislation to implement them, full implementation of all recommendations may take four years. However, it is expected that the vast majority of recommendations will be implemented by March 2020.

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:

- 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;
- Transformation bids have been included for additional Health Visitors;
- The number of Health Visitors in Training has been increased and an additional part-time course is to commence September 2018;

- The DoH and Department of Education 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 for toddler, 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 was advised of their share of the estimated liability and all HSC bodies made a 75% payment of their estimated liability to the Pension Scheme in March 2018. An automated system correction is required and a permanent solution will be implemented following further review and testing.

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). All Trusts provided assurance that they were examining the findings of the regional report, reviewing their existing contracts, and would implement improvements as necessary. A Departmental Oversight Scrutiny Committee (OSC) was established in 2017 to oversee any necessary action. The OSC is led by senior Departmental officials, and has senior representation from the HSCB and Trusts. The regional counter fraud review found variations in relation to the hours paid and Trusts are either finishing or have finished a verification of the findings to cross validate the regional review. A further regional exercise concluded that service users had not experienced particular harm as a result of the potential disparity between the level of care commissioned, and the level of care delivered in outlier cases.

Internal Audit carried out a lessons learned review from a HSC wide perspective in relation to the structure of the investigative review and also carried out in depth reviews of domiciliary care in Trusts in 2017-18. These internal audits were finalised after year end and the Oversight Scrutiny Committee will now move to scrutinise. In respect of Social Care procurement, in order to minimise the risk of non-compliance with the Public Contract Regulations 2015, all DoH Arm's Length Bodies are extending CoPE cover for social and health care services in the Light Touch Regime. This is being taken forward via a formally constituted project, reporting to Regional Procurement Board.

Retrospective Approval on Health Leases

On 30 November 2017 the Northern Ireland Audit Office reported irregular spend by the Department totalling £441k in respect of 4 leases where the Department failed to renew the hold over and lease extension approvals for the period September 2016 to March 2017 on behalf of its ALBs. Senior Department officials have raised non-compliance with lease policy

with ALBs through the accountability process and at Accounting Officer level. Assurances have been sought from ALBs that robust processes and systems, including timed action plans to regularise the position, are in place to secure compliance with current lease policy and to ensure this type of irregular expenditure does not re-occur. Lack of clarity with regard to the DoF DAO definition of "office accommodation" has contributed, in part, to this position. The Department continues to engage with DoF to secure appropriate interpretation of the DAO definition and to make a case for changes that will ensure this process becomes more proportionate. The Department has offered a number of proposals to DoF for consideration to improve the process. Based on returns from ALBs, DoF may report further irregular spend to NIAO dating from July 2014. The worst case scenario estimated for additional irregular spend is approximately £1.3m.

Northern Ireland Fire and Rescue Service Internal Control System

NIFRS utilises an internal audit function provided by the BSO. In their 2017-18 annual report the Internal Auditor reported that the NIFRS system of control was satisfactory, this is the first satisfactory opinion for a number of years. Previous annual reports had indicated a limited opinion in terms of control. In 2016-17, the C&AG did not qualify his opinion on the NIFRS accounts; however, his report expressed concern regarding the number of outstanding recommendations and the number of limited internal audit opinions. C&AG 2017-18 report recognises the progress made; however, it has identified the fact that there remain a number of important recommendations, which could leave NIFRS vulnerable to risks from failures in internal control, which are still not fully implemented. NIFRS Accounting Officer continues to task NIFRS management team to progress the implementation of 13 existing Business Improvement Projects, the aim of which is to ensure both outstanding recommendations and new systems of working are satisfactorily managed, reported and monitored. The NIFRS Audit, Risk and Governance Committee are monitoring progress on a quarterly basis. The Department has both supported and challenged NIFRS in terms of progression through its formal sponsorship function (Public Safety Unit) and business as usual activities, such as oversight of capital and business cases, many of which will facilitate progression of actions to address outstanding recommendations. Further PSU sponsorship of NIFRS was the subject of a departmental audit report in 2017-18. Departmental Audit reported a satisfactory opinion with no significant recommendations being made.

Trusts' Break-Even Position

Trusts have worked closely with the Department of Health and HSC Board throughout 2017-18 as part of the regional financial planning process. All Trusts have achieved a breakeven position for 2017-18 mainly due to the allocation of additional non-recurring funding in year and the implementation of a range of low impact savings measures. The Department will continue to work with HSCB, Trusts and DoF to ensure savings plans are delivered and additional resources secured as necessary.

New Issues for 2017-18

Neurology Services Belfast HSC Trust

The Belfast Trust alerted the Department to concerns regarding the quality of care provided by an individual consultant, Dr Michael Watt, potentially affecting the diagnosis and treatment/care of his patients past and present. The issue has an immediate potential impact on the safety of patients previously assessed or diagnosed by Dr Watt. It has a potential impact on waiting lists and waiting times for access to neurology services and a negative impact on public confidence in health services. The Belfast Trust placed limits on Dr Watt's practice from June 2017. The Trust commissioned the Royal College of Physicians to undertake a review of a sample of Dr Watt's patients to assess the concern that existed. Over 600 patients of Dr Watt were reviewed by another Trust consultant since June 2017. The Trust has now instigated a call back of 2,500 other patients who were under Dr Watt's care. The Department has directed the RQIA to undertake a review of Governance of outpatient services in the Belfast Trust with a specific focus on Neurology.

The Department has also directed RQIA to undertake an expert review of the records of deceased patients of Dr Watts for patients who have died over the past ten years and to include patients who died before this if there is a concern. The Department has directed the Chief Executive of the HSCB and PHA to establish a regional group to co-ordinate work to establish the numbers of patients across NI who may have been affected by these issues and to co-ordinate work to ensure that these patients are assessed and ensure that they are receiving appropriate treatment and care where it is required. The Department has also established an independent Inquiry to consider how concerns about Dr Watt (including complaints against him) were communicated and responded to by all of those involved and how the call back exercise has been handled.

The call back exercise should be completed by end July/start of August. The Governance Review and independent Inquiry are not planned to commence fully until the call back exercise is completed in order to avoid diverting resources away from ensuring the needs of individual patients are being addressed. It is expected that both will be completed within six months of commencement. A timeframe for the expert review of the records of deceased patients of Dr Watt will be established once the RQIA has developed a methodology to complete this review. The Department will continue to keep the position on the response to the issues arising from Dr Watt's care of treatment under continuous review.

North/South Bodies – Food Safety Promotion Board

In the absence of a Health Minister it was not possible to secure North South Ministerial Council (NSMC) approval of 2017 and 2018 Business Plans for Food Safety Promotion Board (FSPB). While arrangements have been made with DoF to ensure legality of payments in the absence of business plans, expenditure will be irregular until the NSMC approves Business Plans.

It is a legislative requirement under the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 that any grants paid to bodies by a Northern Ireland Sponsor Department must be approved by DoF. Where such an approval is absent any expenditure is

illegal and retrospective consent cannot confer legality. A grant payment amounting to £5k was made to FSPB without DoF approval (£3k in 2017-18 and £2k in 2016-17). The payment to FSPB is therefore illegal because it is not in compliance with this legislative requirement.

Northern Ireland Ambulance Service Infection Prevention and Control

Unannounced hygiene inspections carried out by RQIA at 2 ambulance stations in July 2017 uncovered serious shortcomings in terms of infection prevention and control (IPC). Subsequently RQIA carried out further fact-finding visits to 21 ambulance stations and 27 ambulance vehicles operating out of these stations. The intention behind these visits was to gain an understanding of environmental cleanliness standards across the ambulance service as a whole. These inspections revealed significant variation in standards. The potential impact of the variations in IPC standards is that patients may have been treated in conditions which compromised their safety.

Improvement notices were issued to three ambulance stations, between July 2017 and February 2018, in respect of 'safe and effective care – ensuring safe practice and appropriate management of risk' and 'corporate leadership and accountability of the organisation'. Following intensive work by NIAS, the notices in respect of safe and effective care were removed but there has been insufficient improvement in corporate leadership and these notices remain. In March 2018, RQIA recommended a special measure be put in place to support NIAS to address these systemic issues. The Department directed that a senior practitioner with experience in IPC/hygiene, cleanliness, governance and assurance is seconded to NIAS. The secondment commenced in April 2018. NIAS have since submitted a detailed and comprehensive quality improvement plan.

This plan aims, by December 2018, not only to deliver the improvements required to meet all standards but to provide a robust assurance process to prevent future occurrences. The Department will continue to meet with NIAS on an ongoing basis to review progress against these plans.

Western Trust Learning Needs Clients – regional hospital bed provision / community infrastructure

The Department was notified in February through the Early Alert system that the Belfast Trust had contacted the HSCB to request the closure of Muckamore Abbey Hospital to new admissions over the weekend of 17/18 February. This was as a consequence of an unusually high level of staff on sick leave. As a contingency arrangement, the Western Trust had agreed to accommodate an emergency admission in Lakeview over the weekend if this was required. It transpired that no emergency admissions were required over that weekend, and Muckamore subsequently re-opened to admissions the following Monday, with the Trust holding a meeting the same day to agree a plan for the way forward.

The Department received a further Early Alert notification from the Western Trust on 23 March advising that Lakeview Hospital would be closed to emergency admissions with immediate effect, due to staffing pressures, with the Trust also advising of their intention to undertake a recruitment exercise to address these pressures. The Trust kept the position on admissions to Lakeview under continuous review through April, and provided regular updates

to the Department. The Department and HSCB met with the five Trust Assistant Directors of Learning Disability services on 26 April to discuss concerns about the length of time being taken to resolve the staffing situation at both Lakeview and Muckamore. The HSCB subsequently advised that the Belfast and Western Trusts had provided detail of their plans to address the issue.

The Western Trust advised the Department on 16 May that the ongoing alert in relation to bed availability at Lakeview had ended, and that the Trust would continue to monitor the situation.

Regulation and Quality Improvement Authority Dunmurry Manor Care Home

The Commissioner for Older People for Northern Ireland (COPNI) published, in June 2018, their investigation into care failures at Dunmurry Manor Care Home. The report, *Home Truths* sets out COPNI's findings following his investigation setting out areas where care fell short of the regulatory standards and making some fifty nine recommendations for reform. The report covers a wide range of areas including, inter alia: safeguarding; medicines management; care quality; and governance.

Following publication there was considerable public and media focus on the failings of the home and the system's response to it. Much of this focused on the home's owners, Runwood; and the RQIA. In practice, however, the report is likely to have relevance across the HSC.

The Department will now coordinate a system wide response to the report, considering the evidence provided, the findings and the recommendations. This response must be provided by 1 October 2018. In the interim, the Department will also examine with Trusts, the Board and the RQIA, what short term measures could be deployed to address any immediate concerns.

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 2017-18.

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 Senior Civil Service (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.

The pay remit (for the NI public sector and SCS) is normally approved by the Minister of Finance but in the absence of an Executive the DoF Permanent Secretary has set the 2017-18 NI public sector pay policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. The pay award for SCS staff for 2017-18 will be implemented in July 2018.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment code, which requires appointment to be 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	2017-18*				2016-17			
	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
Michelle O'Neill in office 25 May 2016 to 2 March 2017	-	-	-	-	33,037	-	4,000	37,000

**No Minister was in place during 2017-18*

*****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.***

Remuneration (Audited)

Officials	2017-18				2016-17			
	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	-	26	140 to 145	115 to 120	-	66	180 to185
Mr S Holland Deputy Secretary, Social Care Policy Group	90 to 95	-	16	105 to 110	90 to 95	-	28	115 to 120
Mrs C McArdle Chief Nursing Officer (Note 1)	90 to 95	-	8	100 to 105	95 to 100	-	13	105 to 110
Dr M McBride Chief Medical Officer (Note 2)	215 to 220	-	21	235 to 240	105 to 110 (WTE 215 to 220)	-	8 (WTE 29)	115 to 120 (WTE 240 to 245)
Mrs D McNeilly Deputy Secretary, Senior Finance Director (August 2016). Previously Deputy Secretary, Healthcare Policy Group	85 to 90	-	20	105 to 110	85 to 90	-	47	130 to 135
Mrs J Thompson Senior Finance Director (left 23 August 2016)	-	-	-	-	35 to 40 (WTE 100 to 105)	-	(2)	35 to 40 (WTE 100 to 105)
Mr J Johnston Deputy Secretary Healthcare Policy Group (appointed 15 August 2016)	85 to 90	-	58	145 to 150	55 to 60 (WTE 85 to 90)	-	132	185 to 190 (WTE 215 to 220)
Mrs N Lloyd Finance Director (appointed 18 August 2017)	40 to 45 (WTE 65 to 70)	-	12	50 to 55 (WTE 75 to 80)	-	-	-	-

Remuneration (Audited) continued

Officials	2017-18				2016-17			
	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)
Dr C King Independent Non-Executive Board Member (Note 3)	5 to 10	-	-	5 to 10	10 to 15	-	-	10 to 15
Mr M Little Independent Non-Executive Board Member (Note 4)	5 to 10	-	-	5 to 10	10 to 15	-	-	10 to 15
Mr F Caddy Independent Non-Executive Board Member (Note 5)	0 to 5	-	-	0 to 5	-	-	-	-

Bonus payments are not applicable to departments but may be applicable to other organisations.
**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)

	2017-18	2016-17
Band of Highest Paid Director's Total (£'000)	215 to 220	215 to 220
Median Total Remuneration	£31,446	£31,446
Ratio	6.92	6.92

No employee received remuneration in excess of the highest paid director in either year. Remuneration ranged from £2,392 to £216,045 (2016-17 £4,112 to £215,465). The lowest salary relates to a person who worked for the Department for part of the financial year.

Staff numbers and related costs (Audited)

Notes to the 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.

Non-Executive Directors are paid according to the number of Board meetings they attend and related work carried out. Details of the 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 and to allow time for the competition to be run. Following the conclusion of the NICS wide Non-Executive Directors competition Dr King left the Department on 30 September 2017.

4) Mr M Little was appointed as an Independent Non-Executive Director February 2014 for a 3 year period. Mr Little agreed to stay until November 2017 to provide continuity to the Department until an NICS wide Non-Executive competition was held in the 2017-18 year. Following his success in this competition Mr Little was reappointed as an Independent Non-Executive director on 1 October 2017 for a three year period.

5) Mr F Caddy was appointed as an Independent Non-Executive Director on 1 October 2017 for a three year period.

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 Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, there has been no Minister in place in the department during the 2017-18 year.

Prior to the election on 2 March 2017, the Department of Health was under the direction and control of Michelle O'Neill from 25 May 2016 to 2 March 2017. Her salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in the prior year comparative figures within these accounts. These amounts do not include costs relating to the Minister's role as MLA 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 2017-18.

3. Pension Entitlements (Audited) -

Officials	Accrued pension at pension age as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/18	CETV at 31/3/17	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr R Pengelly *Permanent Secretary*	50 to 55 and lump sum 130 to 135	0 to 2.5 and lump sum 0 to -2.5	880	821	6
Mr S Holland *Deputy Secretary, Social Care Policy Group*	20 to 25 and lump sum 0	0 to 2.5 and lump sum 0	363	323	14
Mrs C McArdle *Chief Nursing Officer*	30 to 35 and lump sum 90 to 95	0 to 2.5 and lump sum 2.5 to 5	538	504	16
Dr M McBride *Chief Medical Officer*	75 to 80 and lump sum 235 to 240	0 to 2.5 and lump sum 5 to 7.5	1,653	1,551	45
Mrs D McNeilly Deputy Secretary, Senior Finance Director (August 2016). Previously Deputy Secretary, Healthcare Policy Group	35 to 40 and lump sum 90 to 95	0 to 2.5 and lump sum 0 to -2.5	659	612	6
Mrs J Thompson Senior Finance Director (left 23 August 2016)	-	-	-	458	(6)
Mr J Johnston Deputy Secretary Healthcare Policy Group (appointed 15 August 2016)	45 to 50 and lump sum 135 to 140	2.5 to 5 and 7.5 to 10	1,056	936	58
Mrs N Lloyd Finance Director (appointed 18 August 2017)	15 to 20 and lump sum 0	0 to 2.5 and lump sum 0	196	187	4

Non Executive members pension details

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

4. 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).

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

New entrants joining can choose between membership of alpha 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 also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

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

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Price Index (CPI) figure for the preceding September. The CPI in September 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018.

Employee contribution rates for all members for the period covering 1 April 2018 – 31 March 2019 are as follows:

Scheme Year 1 April 2018 to 31 March 2019

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 2018 to 31 March 2019**	**From 01 April 2018 to 31 March 2019**
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,636.99	4.6%	4.6%
£21,637.00	£51,515.99	5.45%	5.45%
£51,516.00	£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 their scheme 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 scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website 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 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office

No compensation was paid for loss of office during 2017-18.

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 2018 is as follows: These include senior civil service staff included within the Departmental Board.

Core Department	
Pay Band*	**Number of SCS staff (or equivalent)**
£65,000 - £70,000	14
£70,000 - £75,000	5
£75,000 - £80,000	2
£80,000 - £85,000	1
£85,000 - £90,000	2
£90,000 - £95,000	1
£95,000 - £100,000	-
£100,000 - £105,000	-
£105,000 - £110,000	-
£110,000 - £115,000	-
£115,000 - £120,000	1
£120,000 - £125,000	-

* Based on full year equivalent

Staff numbers and related costs (Audited)

	2017-18				2016-17
	Permanently employed staff*	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	46,580	3,113		49,693	51,083
Social security costs	4,986	308		5,294	5,451
Other pension costs	8,070	511		8,581	8,790
Subtotal	**59,636**	**3,932**		**63,568**	65,324
Less recoveries iro outward secondments	(732)	386		(346)	(651)
Total net costs**	**58,904**	**4,318**		**63,222**	**64,673**
Of which:					
Core Department	**18,828**	**2,884**		**21,712**	22,309
Less recoveries iro outward secondments	(118)			(118)	(198)
Net Core Department	**18,710**	**2,884**		**21,594**	22,111

* There were no staff costs incurred in respect of the Department's Special Adviser in 2017-18. The 2016-17 figures include the cost of two Special Advisers who both served for part of the year for each Minister. One Special Adviser was paid in band A last year which was £37,794 to £52,816 while the other was paid last year in band B which was £59,627 to £91,809.

** No staff costs have been charged to capital.

Net Staff costs (Audited)

	2017-18	2016-17
	£000	£000
Of which:		
Core Department		
Administration	20,875	21,406
Programme	719	705
Total	**21,594**	22,111
Agencies		
Administration	-	-
Programme	41,628	42,562
Total	**41,628**	42,562
Consolidated		
Administration	20,875	21,406
Programme	42,347	43,267
Total net costs	**63,222**	64,673

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 2018.

For 2017-18, employers' contributions of £3.2m was payable to the NICS pension arrangements (2016-17: £3.3m) 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 2018-19, the rates will range from 20.8% to 26.3% however the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 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 £7k for 2017-18 (2016-17 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% % (2016-17 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil, 0.5% (2016-17 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.

There were no persons retired early on ill-health grounds in 2017-18 for Department, HSCB or PHA (2016-17: 4 persons at cost of £77k).

Average number of persons employed (Audited)

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.

	2017-18 Number				2016-17 Number (restated)
Departmental Strategic Objective	**Permanently employed staff**	**Others**	**Ministers**	**Total**	**Total**
Health & Social Care Board	464	21	-	485	*510
Public Health Agency	283	10	-	293	297
Administration	393	52	-	445	455
Programme	2	9	-	11	9
less outward seconded staff	(8)	-	-	(8)	(15)
Total	**1,134**	**92**	**-**	**1,226**	1,256
Of which:					
Core Department	391	61	-	**452**	460
HSCB and PHA	743	31	-	**774**	796

*Average number of staff for 2016-17 have been restated for improved accuracy due to a slight over-statement of staffing levels in the prior year in respect of the HSCB.

Core Staff numbers include 61 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					
	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 (Restated** for 2016-17)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<£10,000				2		2				2		2
£10,001 - £25,000				1		1				2		2
£25,001 - £50,000										5		5
£50,001 - £100,000				1		1				5		5
£100,001- £150,000										1		1
£150,001- £200,000												
£200,001- £250,000									1		1	
Total number of exit packages by type				4		4			1	15	1	15
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total resource cost				77		77			222	731	222	731

The table above shows Redundancy and other departure costs in respect of the Core Department in 2017-18. The consolidated figures include the Core Department, the HSC Board and the Public Health Agency (PHA).

**The figures for 2016-17 have been restated for completeness and comparability as exit packages disclosed in prior year incorporated only those who left on medical grounds or were dismissed on grounds of inefficiency.

There were no exit packages (which includes early retirement on medical grounds and dismissals on grounds of inefficiency) in 2017-18 for DoH, and PHA. The HSCB had one exit package. (2016-17 DoH had 4 exit packages at a cost of £77k. The HSCB had 10 exit packages at cost of £593k and PHA had one exit package at cost of £61k).

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 are 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 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.

Two health and safety audits were carried out in 2017-18. Annual refresher First Aid at Work training was delivered to 8 first aiders during 2016-17. During 2017-18, 59 staff (including secondees) completed the Department's H&S Induction Training for new entrants. The annual DSE Risk Assessment programme was rolled out in April 2017. NICS online Fire Awareness training was delivered in September 2017.

There were a total of 4 accidents / near misses during 2017-18, which was a significant decrease on previous years. There were 20 specialist assessments carried out during 2017-18, including: ergonomic assessments; temperature, humidity, new and expectant mothers' assessments; and lighting and noise surveys.

Staff

The Department directly employs some 378 staff year equivalent (SYE) staff during 2017-18. (Staff year equivalent takes account of the actual period employed i.e. counts the actual days for staff who leave or join during the year). The NI Fire and Rescue Service employs some 2,000 people and around 74,400 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 provisional sickness absence figures for 2017-18 and comparative final official figures for 2016-17 based on staff year equivalent numbers for the Core Department. This shows an increase in sickness rate from 4% to 4.4%.

Sickness absence

Financial Year	Average Total number of staff	Total days lost	Average working days lost per staff year	Absence rate
2017-18	378	3,624	9.6	4.4%
2016-17	389	3,489	9.0	4%

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

Staff Gender Breakdown within DoH 2017-18 all grades	
Female	237
Male	170

Staff Gender Breakdown within DoH 2017-18 Senior Management (excl. Board Members)	
Female	11
Male	11

Staff Gender Breakdown within DoH 2017-18 Board Members incl. Independent Board Members who served during the year	
Female	3
Male	6

Other diversity issues and equal treatment in employment and occupation

The NICS has developed a People Strategy which details the people priorities over the period 2018 to 2021. It places diversity and inclusion at its centre and includes a range of actions that will help accelerate the NICS' ambition to have a truly inclusive workforce culture and to be a service that reflects the society we serve. In addition to these specific actions the NICS will ensure diversity and inclusion is central to everything it does, including how it communicates, recruits, promotes, develops and manages its workforce.

A diversity action plan has been drawn up to promote diversity and inclusion while additional action plans have been drawn up to address specific issues related to gender and disability.

Work on LGB&T issues has included a survey of staff and the creation of the NICS LGB&T staff network. Further developments in the area are planned including membership of the Stonewall NI Diversity Champions network and the development of advice on Transgender issues.

The NICS continues to carry out its statutory obligations under fair employment legislation including the annual return to the Equality Commission for NI and the triennial reviews of the workforce profile which are published on the Department of Finance website.

Employee Consultation and/or Participation; Trade Union Relationships

The Department of Finance is responsible for the policy on how the Northern Ireland Civil Service consults and negotiates with its staff through industrial relations. The centralised human resource function, NICSHR, has continued to consult on central matters with all recognised Trade Unions (Non-industrial Trades Unions: Northern Ireland Public Service Alliance (NIPSA), First Division Association, Prison Officers' Association (POA), Industrial Trades Unions: Unite the Union (Unite), GMB), throughout the year. Arrangements also exist at local level within each Department to consult on matters specific to that Department or individual business area.

A Review of NICS Trade Union Arrangements is ongoing. Phase 1 of the review culminated in a new Trade Union Arrangements chapter, published in the NICS HR Handbook in January 2016. Phase 2 of the Review is at the planning stage.

Human Capital Management

(i) Career Development

The NICS is committed to career development, acknowledging that skilled and engaged staff are an essential resource in meeting current and future business needs.

This NICS Career Development Policy emphasises that career development is a collaborative process between individual staff members, line managers, and Departments, and takes account of the NICS Competency Framework and Performance Management System. As well as the individual's role in managing their career development, the NICS provides opportunities to enhance the skills, capabilities and performance of staff so that they, in turn, can contribute to achieving corporate objectives.

There are a wide range of career development options available within the NICS and within the Career Development Policy that support various career development interventions including secondment and interchange opportunities, elective transfers, temporary promotion, job rotation, job shadowing, as well as mentoring.

In line with the NICS People Strategy 2018 - 2021 further development in the area is planned, including Talent Management Proposals to support a more corporate approach to talent management across the NICS.

(ii) Learning & Development

The NICSHR Centre for Applied Learning (CAL) purpose is to enable the achievement of the Programme for Government (PfG) outcomes through the delivery of generic learning and development services aligned to the NICS People Strategy. The CAL approach to delivering its services is designed to respond to the changing needs of the NICS and includes the following components:

- Offering a variety of learning delivery channels to enable flexible access to learning;
- Providing an enhanced Learning and Development experience where staff can focus on their personal development using learning interventions that are aligned to corporate need, PfG, People Strategy, NICS of the Future and the NICS Competency Framework;
- Blending different learning solutions into coherent learning pathways;
- Value for money learning through the use of technology to provide concise and focused modules of learning;
- Develop practical capability for learners that incorporates the latest tools and techniques;
- Work collaboratively with NICSHR colleagues, Suppliers, Departments and the NICS Professions to identify, develop and deliver current and future learning interventions.

(iii) Pay policy

Under the Civil Service (NI) Order 1999, the Department of Finance is responsible for the pay arrangements of NICS civil servants (apart from those agencies, non-ministerial government departments and other bodies with an agreed pay delegation). The pay award system aims to:

a. be a system which will help to recruit, retain and motivate staff to perform efficiently the duties required of them;
b. encourage staff to improve their individual performance by providing a direct and regular link between satisfactory performance and pay;
c. ensure equity of treatment in respect of pay in accordance with legal requirements and the equal opportunities policy of the NICS;
d. secure the confidence of staff that their pay will be determined fairly;
e. secure the confidence of the public and their representatives in the system for determining the pay of the staff; and
f. enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

Current pay scales are available online. NI public sector pay guidance for 2017 is now in place and the pay award will be implemented in July 2018.

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 for 6 months or more with a total cost of over £58,200 during the financial year, which were not paid through payroll. In 2017-18 there was one ‘off-payroll’ engagement for the Department (2016-17: nil).

AUDIT AND ACCOUNTABILITY REPORT

Funding Report

2017-18 Performance

The net resource outturn for the year is £4,869m, which is within the voted total Estimate cover by some £239m (4.7%). An analysis of the net resource outturn is as follows;

	£'000
Grant in Aid to HSC Bodies	4,126,832
Family Health Services (gross)	912,597
Income (Health Service contributions £507m)	(566,672)
Hospital and Paramedic Services	129,576
Social Care Services	51,614
Public Health Services	67,428
Other direct expenditure	43,539
Annually Managed Expenditure and notional costs	13,311
Grant in Aid to NIFRS and other Fire Services expenditure	91,075
Total	**4,869,300**

A detailed analysis of Net Resource Outturn against Estimate by function can be found at Note SoAS1 to the accounts on page 104.

2017-18 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 key stakeholders across the HSC and with DoF in seeking to resolve the financial challenges. In addition, the Department participated in the in-year monitoring processes and was successful in securing some £188.4m of additional non-recurrent revenue funding (of which £32.5m was non-cash and £15.9m capital funding) in 2017-18.

As a result of these actions at Provisional Outturn, the Department reported an underspend of £6.1m against the cash element of the 2017-18 Resource Departmental Expenditure Limit budget control total (0.12% of final cash budget). There was also an underspend on the non-cash budgets of £4.8m (3.17% of final non-cash budget), resulting in a total underspend in current expenditure DEL of £10.9m (0.2% of final budget).

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

Variances against Estimate

	Variance £'000	Explanation
A1.Hospital and Paramedic Services	11,590	Due to the reallocation of resources between Department and Trusts, from the position used to write Spring Supplementary Estimate (SSE).
A2.Social Care Services	7,098	
A7.Health Support Services	14,197	
A9.Provisions	(7,075)	Due to a review of provisions likely to come due and be settled at a higher value than previously anticipated.
A13.Business Services Organisation	6,241	Due to less cash being drawn down by the BSO than was forecast in the SSE.
A18.Northern Ireland Social Care Council	542	Due to less cash being drawn down by NISCC than was forecast in the SSE.
A20.Regulation and Quality Improvement Authority	929	Due to less cash being drawn down by RQIA than was forecast in the SSE.
A23.Notionals	774	Due to a reduction in shared service & accommodation costs than had previously been forecast. No notional Ministerial salary costs have been incurred.
B3. Northern Ireland Fire and Rescue Service - Firefighters Pension Scheme	1,917	Due to less cash being drawn down by NIFRS Firefighter's Pension Scheme than was forecast in the SSE.

Further analysis can be found on pages 104-108.

Future Financing Implications of Current Economic Climate

For 2018-19, a considerable financial challenge exists for the Department. While DoH's budget has received a measure of protection compared to other Departments, the funding provided for 2018-19 is not sufficient to maintain existing services. The challenge is further compounded as after implementing all internally generated opportunities a residual funding gap still remains to maintain existing services. In order to achieve a balanced financial position, the Department will be rigorously progressing all available opportunities to secure additional resources throughout 2018-19 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 2017-18 amounted to £221,998k, against a provisional expenditure of £221,618k. 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;
- 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; and
- Investment in Research and Development.

The following projects were completed in 2017-18:

- BCH Centralisation of Endoscopy Decontamination
- Musgrave Laminar Flow Theatre
- Craigavon Area Hospital High Voltage Electrical Infrastructure
- Omagh Local Hospital
- Enniskillen Ambulance Station
- Daisy Hill Paediatric Centre of Excellence
- Craigavon Area Hospital Paediatric Ward and Ambulatory Care Unit
- Fire Safety upgrades

The following projects remain ongoing as at 31 March 2018:

- Acute Services block Ulster Phase B
- RVH Maternity New Build
- RGH Energy Centre
- BCH Mental Health Inpatient Unit
- RVH Children's Hospital
- AAH MRI scanner
- Altnagelvin 5.1 – North Block Ward Accommodation/Treatment Wing
- Additional Theatres at Altnagelvin
- Omagh Mental Health Extended Recovery and Rehabilitation Accommodation
- NIFRS Logistics Centre
- NIFRS Learning and Development Centre at Desertcreat

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;
- £4.8m investment in the Northern Ireland Ambulance Service including fleet, estate and equipment;
- £44.9m investment in information technology; and
- £12m investment in research and development.

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.

The above Deeds of Safeguard are disclosed as financial guarantees within Note 16.1 to the Accounts.

Reconciliation of Resource Expenditure between Budgets, Estimates and Accounts

	2017-18 £'000	2016-17 £'000
Net Resource Requirement	**4,869,300**	**4,695,612**
Consolidated Fund Extra Receipts (CFER's)	(83)	(67,288)
Net Operating Cost	**4,869,217**	**4,628,324**
Adjustments to remove:		
Capital Grant	(5,025)	(6,807)
Research and Development expenditure	75	
Voted income outside the budget	506,519	562,832
Voted resource expenditure outside the budget	(4,221,761)	(4,057,979)
Adjustments to include:		
Resource Consumption of NDPBs	4,345,080	4,119,692
Total Budget Outturn *of which*	**5,494,105**	**5,246,062**
Departmental Expenditure Limits (DEL)	5,327,376	5,106,349
Annually Managed Expenditure (AME)	166,729	139,713

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 2017-18

		2017-18							2016-17
		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	5,579,848	570,030	5,009,818	5,344,897	566,672	4,778,225	231,593	4,611,383
Request for Resources B	SoAS 1	98,528	-	98,528	91,075	-	91,075	7,453	84,229
Total resources	SoAS 2	**5,678,376**	**570,030**	**5,108,346**	**5,435,972**	**566,672**	**4,869,300**	**239,046**	4,695,612
Non-Operating Cost Accruing Resources		-	-	238	-	-	113	125	130

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 2017-18

		2017-18			2016-17
	Note	Estimate	Outturn	Net Total Outturn compared with Estimate: saving/ (excess)	Outturn
		£000	£000	£000	£000
Net Cash Requirement	**SoAS 3**	**5,149,789**	**4,838,919**	**310,870**	4,712,926

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 2017-18		Outturn 2017-18	
	Note	Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	**SoAS 4**	**-**	**-**	**83**	***148***

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

SoAS 1. Analysis of net resource outturn by function

	2017-18									2016-17
	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	1,791	124,388	3,397	129,576	(25,522)	104,054	115,644	11,590	111	96,837
2. Social Care Services	4,972	34,255	12,387	51,614	(4,785)	46,829	53,927	7,098	5,321	50,568
3. Family Health Service - General Medical Services	385	265,583	-	265,968	(17)	265,951	262,741	(3,210)	24	257,670
4. Family Health Service - Pharmaceutical Services	181	491,276	-	491,457	-	491,457	478,574	(12,883)	11	480,174
5. Family Health Service - Dental Services	92	131,269	-	131,361	(24,744)	106,617	108,568	1,951	1,392	109,356
6. Family Health Service - Ophthalmic Services	92	23,719	-	23,811	-	23,811	24,143	332	332	23,542
7. Health Support Services	14,548	28,991	-	43,539	(3,810)	39,729	53,926	14,197	4,270	49,142
8. Public Health Services	1,493	60,429	5,506	67,428	(1,275)	66,153	71,968	5,815	6,406	66,956
Annually Managed Expenditure (AME)										
9. Provisions	-	8,430	-	8,430	-	8,430	1,355	(7,075)	-	(1,664)
10. Social Care Depreciation and Impairments	-	535	-	535	-	535	587	52	-	565
Non-budget										
11. Health Service Contributions	-	-	-	-	(506,519)	(506,519)	(506,871)	(352)	(352)	(495,752)
12. Health and Social Care Trusts	-	-	4,058,213	4,058,213	-	4,058,213	4,263,849	205,636	205,636	3,895,371
13. Business Services Organisation	-	-	31,725	31,725	-	31,725	37,966	6,241	6,241	38,144
14. Northern Ireland Blood Transfusion Service	-	-	285	285	-	285	295	10	10	244
15. Northern Ireland Guardian Ad Litem Agency	-	-	3,877	3,877	-	3,877	4,156	279	279	4,329
16. Northern Ireland Medical and Dental Training Agency	-	-	18,892	18,892	-	18,892	18,500	(392)	-	16,965
17. Northern Ireland Practice and Education Council for Nursing and Midwifery	-	-	1,307	1,307	-	1,307	1,196	(111)	-	1,159
18. Northern Ireland Social Care Council	-	-	2,545	2,545	-	2,545	3,087	542	542	2,728
19. Patient and Client Council	-	-	1,501	1,501	-	1,501	1,640	139	139	1,604

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

	2017-18									2016-17
	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	-	-	6,176	6,176	-	6,176	7,105	929	426	7,217
21.Safefood (formerly Food Safety Promotion Board)	-	-	1,929	1,929	-	1,929	1,960	31	31	1,571
22. Institute of Public Health in Ireland	-	-	382	382	-	382	382	-	-	382
23. Notionals	4,278	68	-	4,346	-	4,346	5,120	774	774	4,275
Total Request for Resources A	**27,832**	**1,168,943**	**4,148,122**	**5,344,897**	**(566,672)**	**4,778,225**	**5,009,818**	**231,593**	**231,593**	**4,611,383**
Request for Resources B: Departmental Expenditure in DEL										
1. Fire Services	175	317	-	492	-	492	576	84	84	239
Non-budget										
2. Northern Ireland Fire and Rescue Service	-	-	85,935	85,935	-	85,935	91,387	5,452	5,452	81,023
3. Northern Ireland Fire and Rescue Service - Firefighters Pension Schemes	-	-	4,648	4,648	-	4,648	6,565	1,917	1,917	2,967
Total Request for Resources B	**175**	**317**	**90,583**	**91,075**	**-**	**91,075**	**98,528**	**7,453**	**7,453**	**84,229**
Resource Outturn	**28,007**	**1,169,260**	**4,238,705**	**5,435,972**	**(566,672)**	**4,869,300**	**5,108,346**	**239,046**	**239,046**	**4,695,612**

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

	Variance £'000	Explanation
A1. Hospital and Paramedic Services	11,590	Due to the reallocation of resources between Department and Trusts, from the position used to write Spring Supplementary Estimate (SSE).
A2. Social Care Services	7,098	
A7. Health Support Services	14,197	
A9. Provisions	(7,075)	Due to a review of provisions likely to come due and be settled at a higher value than previously anticipated.
A13. Business Services Organisation	6,241	Due to less cash being drawn down by the BSO than was forecast in the SSE.
A18. Northern Ireland Social Care Council	542	Due to less cash being drawn down by the NISCC than was forecast in the SSE.
A20. Regulation and Quality Improvement Authority	929	Due to less cash being drawn down by the RQIA than was forecast in the SSE.
A23. Notionals	774	Due to a reduction in shared service & accommodation costs than had previously been forecast. No notional Ministerial salary costs have been incurred.
B3. Northern Ireland Fire and Rescue Service - Firefighters Pension Schemes	1,917	Due to less cash being drawn down by the NIFRS Firefighters Pension Scheme than was forecast in the SSE.

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

SoAS 2 Reconciliation of outturn to net operating cost

	Note	2017-18 Outturn £000	2017-18 Supply Estimate £000	2017-18 Outturn compared with Estimate £000	2016-17 Outturn £000
Net resource outturn	SoAS 1	4,869,300	5,108,346	239,046	4,695,612
Prior Period Adjustments		-	-	-	-
Non-supply income (CFERs)	SoAS 4	(83)	-	83	(67,288)
Non-supply expenditure		-	-	-	-
Net operating Cost		**4,869,217**	**5,108,346**	**239,129**	4,628,324

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

	Note	2017-18 Estimate £000	2017-18 Outturn £000	Net total outturn compared with estimate: saving/(excess) £000
Resource Outturn	SoAS 1	5,108,346	4,869,300	239,046
Capital				
Acquisition of property, plant and equipment	6	5,715	2,808	2,907
Acquisition of intangibles	7	-	1,084	(1,084)
Non-Operating Accruing Resources				
Net book value of property, plant and equipment disposals	7	(238)	-	(238)
Net book value of intangible disposals		-	-	-
Investment repayments	10	-	-	-
FTC repayments	9	-	(113)	113
Accruals to cash adjustments				
Depreciation	3,4	(5,183)	(2,362)	(2,821)
Amortisation	3,4	-	(460)	460
Loss on disposal of property, plant and equipment	3,4	-	(72)	72
Provision provided for in year	15	(1,355)	(8,430)	7,075
Permanent diminution in value	3,4	-	(1,870)	1,870
Other non-cash items	3,4	(5,120)	(4,346)	(774)
Increase/(Decrease) in Trade Receivables	13	16,164	(67,065)	83,229
(Increase)/Decrease in Trade Payables	14	27,330	44,237	(16,907)
Movement in CFERs included in trade receivables	13	-	65	(65)
Consolidated Fund in respect of supply	13	-	61,513	(61,513)
Movement in Payables for amounts issued from the Consolidated Fund for supply but not spent at year end	14	-	9,235	(9,235)
Movement in Payables for Consolidated Fund Extra receipts due to be paid to the Consolidated Fund:		-	-	-
received	14	-	(67,483)	67,483
receivable	14	-	(65)	65
Changes in payables falling due after more than one year	14	-	-	-
Use of provision	15	4,130	2,943	1,187
Excess cash receipts surrenderable to the Consolidated Fund	SoAS 4	-	-	-
Net cash requirement		**5,149,789**	**4,838,919**	**310,870**

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

Item	Variance £'000	Explanation
Acquisition of property, plant and equipment	2,907	Attributable to reallocation of capital expenditure to Sponsor bodies after the Estimate was prepared.
Acquisition of intangibles	(1,084)	Due to reallocation of capital expenditure to intangible assets.
Net book value of property, plant and equipment disposals	(238)	The majority of disposals made were for Nil proceeds and had Nil Net Book Value
FTC repayments	113	Estimate cover for FTC repayments is included in the Net book value of Property, plant and equipment disposals line in the Estimate.
Depreciation	(2,821)	The figure included in the Estimate combines depreciation and impairment cover, however outturn relates to depreciation only.
Amortisation	460	Estimate cover for impairments is included in the depreciation line in the Estimate.
Provision provided for in-year	7,075	Due to an increase after the SSE was prepared.
Permanent diminution of value	1,870	Estimate cover for impairments is included in the depreciation line in the Estimate.
Other non-cash items	(774)	Notional costs lower than forecast in the Estimate.
Increase/(Decrease) in Trade Receivables	83,229	Movements in working capital varied from Estimate.
(Increase)/Decrease in Trade Payables	(16,907)	Movements in working capital varied from Estimate.
Movement in amounts due from the Consolidated Fund in respect of supply	(61,513)	Movement relates to the receipt of the Consolidated Fund supply debtor from prior year which arose as a result of the 2016/17 SSE not being approved.
Movement in Payables for amounts issued from the Consolidated Fund for supply but not spent at year end	(9,235)	Movement relate to the calculation of the Consolidated Fund supply creditor at year end.
Movement in Payables for Consolidated Fund Extra receipts due to be paid to the Consolidated Fund: Received	67,483	Movement relates to the payover of the Consolidated Fund Extra Receipts paid over to the Consolidated Fund during the reporting period which arose as a result of the 2016/17 SSE not being approved.
Use of provision	1,187	Attributable to lower than forecast utilisation of provisions during the reporting period.

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 2017-18		Outturn 2017-18	
		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		-	-	83	*148*
EU Receivables written off		-	-	-	-
		-	-	83	*148*
Non-Operating income & receipts - excess Accruing Resources	SoAS 6	-	-	-	-
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		**-**	**-**	**83**	***148***

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	2017-18	2016-17
		£000	£000
Operating income	5	566,755	613,568
Income netted off in gross sub head grossed up in Statement of Comprehensive Net Expenditure		-	-
Adjustments for transactions between RfRs		-	-
Gross income		566,755	613,568
Non-supply income (other than CFER's)		-	-
Changes in accounting policy		-	-
Other Adjustments		-	-
Income authorised as Accruing Resources		(566,672)	(546,280)
Operating income payable to the Consolidated Fund	SoAS 4	83	67,288

SoAS 6. Non-operating income - Excess Accruing Resources

	2017-18	2016-17
	£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 (Audited)

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 an NHS proportion (approximately 20% of the NI total) is attributed to the health programme and reported in the Resource Accounts. The figure for 2017-18 (referred to as administrative write-offs) was £1,897k (2016-17: £2,072k).

	2017-18				2016-17			
	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.	-	-	1	-	-	-	-	-
Claims abandoned - Waived or abandoned claims	-	-	-	-	1	-	2	1
Administrative write-offs* Bad debts	1	1,897	1	1,897	1	2,072	1	2,072
Fruitless payments -	-	-	-	-				
• Late Payments of commercial debt.	-	-	1	-	-	-	-	-
• Other fruitless payments.	21	2	21	2	3	3	3	3
• Constructive losses	-	-	-	-	-	-	-	-
Store losses	-	-	-	-	-	-	-	-
Special Payments - Compensation payments -								
• Clinical negligence	-	-	10	237	-	-	10	3,114
• Public liability	13	371	13	371	2	90	2	90
• Employers liability	-	-	5	28	1	58	5	70
Ex Gratia Payments	-	-	-	-	-	-	-	-
Total*	**35**	**2,270**	**52**	**2,535**	**8**	**2,223**	**23**	**5,350**

*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

	2017-18				2016-17			
	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
Cases below £250,000	13	371	28	636	3	148	15	496
Total of all cases	**13**	**371**	**28**	**636**	3	148	17	3,274

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 2017-18 is £3.6m rounded (£2.8m Dental, £0.8m Ophthalmic). If comparative figures for 2016-17 are uplifted to 2017-18 activity levels, then the estimated combined figure would reduce to £3.1m.

Remote Contingent Liabilities (Audited)

In addition to contingent liabilities reported within the meaning of IAS37 shown in Note 16 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 2018, the Department have the following remote contingent liabilities:

UK Exit from the EU
The financial settlement has now been signed-off by both UK and EU Commission negotiators in a draft Withdrawal Agreement and welcomed by the EU-27 at March European Council. The guarantee will therefore only be called in the event that the Withdrawal Agreement is not ratified. As a result, and due to the EU funding Department of Health provides, an unquantifiable contingent liability is disclosed.

This accountability report is approved and signed:

Mr R Pengelly
Accounting Officer
28 June 2018

DEPARTMENT OF HEALTH

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

Opinion on financial statements

I certify that I have audited the financial statements of the Department of Health for the year ended 31 March 2018 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Consolidated 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 Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2018 and of its net operating expenditure for the year then ended; and
- 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 regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2018 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Department in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the 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.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

I am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

In addition, 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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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 the 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 the Department of Finance's guidance.

Report

I have no observations to make on these financial statements.

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

Date 29 June 2018

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

		2017-18		2016-17	
		Core Department	Consolidated	Core Department	Consolidated
	Note	£000	£000	£000	£000
Income from sale of goods and services	5	(71)	(71)	(111)	(111)
Other operating income	5	(514,365)	(566,655)	(561,435)	(613,435)
Total Operating income		**(514,436)**	**(566,726)**	(561,546)	(613,546)
Staff costs	3,4	21,712	63,568	22,309	65,324
Purchase of goods and services	3,4	4,252,712	5,297,180	4,086,401	5,104,866
Depreciation, amortisation and impairment charges	3,4	2,138	4,692	3,688	6,487
Provision expense	3,4	405	8,430	(2,393)	(1,663)
Other operating expenditure	3,4	31,164	62,102	34,604	66,873
Total operating expenditure		**4,308,131**	**5,435,972**	4,144,609	5,241,887
Finance income	5	(12)	(29)	(15)	(22)
Finance expense	3,4	-	-	5	5
Net expenditure for the year		**3,793,683**	**4,869,217**	3,583,053	4,628,324
Other Comprehensive Expenditure					
Items that will not be reclassified to net operating costs:					
Net (gain)/loss on revaluation of Property, Plant and Equipment	8	(1,168)	(1,404)	(971)	(1,167)
Net (gain)/loss on revaluation of Intangibles		-	(8)	-	(20)
Items that may be reclassified to net operating costs:					
Net (gain)/loss on revaluation of investments		-	-	-	-
Total comprehensive net expenditure for the year ended 31 March 2018		**3,792,515**	**4,867,805**	3,582,082	4,627,137

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 120 to 160 form part of these accounts.

Consolidated Statement of Financial Position as at 31 March 2018

	Note	31 March 2018 Core Department £000	31 March 2018 Consolidated £000	31 March 2017 Core Department £000	31 March 2017 Consolidated £000
Non-current assets					
Property, plant and equipment	6	47,938	63,346	48,275	63,474
Intangible assets	7	-	2,165	-	1,533
Financial Assets	9,10	2,009,000	2,009,787	2,009,000	2,009,866
Non Current trade and other receivables	14	-	-	-	-
Other non current assets	14	-	-	-	-
Total non-current assets		**2,056,938**	**2,075,298**	2,057,275	2,074,873
Current Assets					
Assets classified as held for sale	6.4	5,721	5,721	5,721	5,721
Inventories	11	-	-	-	-
Trade and other receivables	13	6,599	11,461	75,903	79,811
Other current assets	13	1,386	1,465	162	180
Financial assets	9,10	-	111	-	109
Cash and Cash Equivalents	12	-	5,948	175	1,635
Total current assets		**13,706**	**24,706**	81,961	87,456
Total assets		**2,070,644**	**2,100,004**	2,139,236	2,162,329
Current liabilities					
Trade and other payables	14	25,947	188,349	80,204	231,538
Other Current liabilities	14	-	-	-	-
Provisions	15	1,077	6,710	2,011	7,663
Financial Liabilities	9,10	-	-	-	-
Total current liabilities		**27,024**	**195,059**	82,215	239,201
Non-current assets plus/less net current assets/liabilities		**2,043,620**	**1,904,945**	2,057,021	1,923,128
Non-current liabilities					
Provisions	15	2,333	40,509	1,584	34,069
Other Non Current liabilities	14	-	-	-	-
Financial Liabilities	9,10	-	-	-	-
Total non-current liabilities		**2,333**	**40,509**	1,584	34,069
Assets less liabilities		**2,041,287**	**1,864,436**	2,055,437	1,889,059
Taxpayers' equity					
General Fund		2,021,018	1,835,514	2,035,909	1,861,122
Revaluation Reserve		20,269	28,922	19,528	27,937
Total taxpayers' equity		**2,041,287**	**1,864,436**	2,055,437	1,889,059

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 120 to 160 form part of these accounts.

Consolidated Statement of Cash Flows for the year ended 31 March 2018

	Note	2017-18 £000	2016-17 £000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(4,869,217)	(4,628,324)
Adjustments for non cash transactions	3,4,5	17,540	9,159
(Increase)/decrease in trade & other receivables	13	5,552	(58,370)
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure			
Supply amounts due from the consolidated fund	13	-	61,513
Movements in receivables relating to the sale of property, plant & equipment	14	-	-
Movements in receivables relating to the sale of intangibles	14	-	-
(Increase)/Decrease in Inventories	12	-	-
(Decrease)/Increase in trade & other payables (adjusted for bank overdraft)	14	(44,237)	35,899
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	14	(171)	(71)
Movements in payables relating to purchase of intangibles	14	90	596
Movements in payables relating to finance leases	15	-	-
Movements in payables relating to EU pass through losses	14	-	(21)
Supply amounts due to the consolidated fund	14	(9,235)	-
Movements in payables relating to CFER items	14	67,548	(67,528)
Use of provisions	15	(2,943)	(5,310)
Impairment of investments	9,10	-	-
Net cash inflow/(outflow) from operating activities		**(4,835,073)**	(4,652,457)
Cash flows from investing activities			
Purchase of property, plant & equipment	6,14	(2,637)	(3,576)
Purchase of intangible assets	7,14	(1,174)	(832)
FTC loans issued to GPs	9	-	(750)
Proceeds of disposal of property, plant and equipment		-	325
Proceeds of disposal of intangibles		-	-
FTC loans repaid by GPs	9	113	43
Transfers of property, plant and equipment to other bodies	4	-	649
(Repayments) from other bodies	11	-	-
Net cash outflow from investing activities		**(3,698)**	(4,141)
Cash flows from financing activities			
From Consolidated Fund (Supply) - current year	CSCTE	4,848,154	4,635,027
From Consolidated Fund (Supply) - prior year	CSCTE	61,513	11,551
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI and other service concession arrangement contracts		-	-
Net financing		**4,909,667**	4,646,578
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund.		**70,896**	(10,020)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(67,631)	-
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund.		**3,265**	(10,020)
Cash and cash equivalents at the beginning of the period	12	**1,635**	11,655
Cash and cash equivalents at the end of the period	12	**4,900**	1,635

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 120 to 160 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

	Note	General Fund	Revaluation Reserve	Taxpayers' Equity
		£000	£000	£000
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
Other reserves movements including transfers		476	(476)	-
Balances at 31 March 2017		1,861,122	27,937	1,889,059
Changes in taxpayers' equity for 2017-18				
Net assembly funding - drawdown for current year		4,848,154	-	4,848,154
Supply (payable)/receivable adjustment		(9,235)	-	(9,235)
CFERs repayable to Consolidated Fund		(83)	-	(83)
Net Assembly Funding		4,838,836	-	4,838,836
Comprehensive Expenditure for the Year		(4,869,217)	1,412	(4,867,805)
Non-Cash Adjustments:				
Non-cash charges - auditor's remuneration	3, 4	132	-	132
Non-cash charges - other	3, 4	4,214	-	4,214
Movements in Reserves:				
Other reserves movements including transfers		427	(427)	-
Adjustment for Transfer of function		-	-	-
Balances at 31 March 2018		**1,835,514**	**28,922**	**1,864,436**

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 120 to 160 form part of these accounts.

Core Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

	Note	General Fund	Revaluation Reserve	Taxpayers' Equity
		£000	£000	£000
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
Other reserves movements including transfers		476	(476)	-
Balances at 31 March 2017		2,035,909	19,528	2,055,437
Changes in taxpayers' equity for 2017-18				
Net assembly funding - drawdown for current year		3,783,405	-	3,783,405
Supply (payable)/receivable adjustment		(9,235)	-	(9,235)
CFERs repayable to Consolidated Fund		(83)	-	(83)
Net Assembly Funding		3,774,087	-	3,774,087
Comprehensive Expenditure for the Year		(3,793,683)	1,168	(3,792,515)
Non-Cash Adjustments:				
Non-cash charges - auditor's remuneration	3,4	64	-	64
Non-cash charges - other	3,4	4,214	-	4,214
Movements in Reserves:				
Other reserves movements including transfers		427	(427)	-
Adjustment for Transfer of function		-	-	-
Balances at 31 March 2018		**2,021,018**	**20,269**	**2,041,287**

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.

The notes on pages 120 to 160 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 2017-18 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 (PHA) 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 2017 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, HSC Board 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 2018 the Treasury Discount rate for use in General Provisions were

- years 1 – 5 minus 2.42% (negative real rate)
- years 6 – 10 minus 1.85% (negative real rate)
- years 11 – 20 minus 1.56% (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 PHA 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(NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(NI). In respect of the defined contribution schemes, the Department recognises 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 IAS 26, 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 2017-18.

1.29. Changes in Accounting Policy

There were no changes in Accounting Policy during 2017-18.

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 2017-18 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 Office for National Statistics 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.

	2017-18		
	Gross Expenditure £000	Income £000	Net Expenditure £000
Funded Bodies			
Health & Social Care Board	1,061,097	(51,285)	1,009,812
Public Health Agency	64,428	(1,022)	63,406
Business Services Organisation	31,725	-	31,725
Patient Client Council	1,501	-	1,501
NI Practice & Education Council for Nursing & Midwifery	1,307	-	1,307
NI Social Care Council	2,545	-	2,545
Regulation & Quality Improvement Authority	6,176	-	6,176
NI Medical & Dental Training Agency	18,892	-	18,892
NI Guardian ad Litem Agency	3,877	-	3,877
NI Fire & Rescue Service	90,583	-	90,583
Health and Social Care Trusts	4,058,213	-	4,058,213
Centrally Managed			
Administration	28,001	(201)	27,800
Programme	62,935	(514,247)	(451,312)
Depreciation / Impairments	4,692	-	4,692
Total	**5,435,972**	**(566,755)**	**4,869,217**

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

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

	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

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

	2017-18		
	Total assets £000	Total liabilities £000	Net assets less liabilities £000
Funded Bodies			
Health & Social Care Board	28,396	(199,571)	(171,175)
Public Health Agency	1,669	(7,345)	(5,676)
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	2,069,939	(28,652)	2,041,287
Total	**2,100,004**	**(235,568)**	**1,864,436**

	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

3. Other Administration Expenditure

	Note	2017-18 Core Department £000	2017-18 Consolidated £000	2016-17 Core Department £000	2016-17 Consolidated £000
Staff costs[1]:					
Wages and salaries		15,841	15,667	16,222	16,075
Social security costs		1,643	1,621	1,726	1,708
Other pension costs		3,509	3,483	3,656	3,632
Rentals under operating leases		3	3	2	2
Interest charges		-	-	5	5
PFI and other service concession arrangements service charges		-	-	-	-
Research and development expenditure		-	-	-	-
Staff related costs		70	70	116	116
Accommodation Costs		25	25	20	20
Office Services		364	364	332	330
Contracted Services		599	599	592	592
Professional Costs		177	177	182	182
Purchase of goods and services		1,696	1,693	1,916	1,916
Other Admin Expenditure		20	20	147	147
		23,947	**23,722**	24,916	24,725
Non-Cash Items					
Depreciation		7	7	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]		64	64	84	84
Increase/decrease in provisions (Provision provided for in year less any release)	15	-	-	-	-
Borrowing costs (unwinding of discount) on provisions	15	-	-	-	-
Permanent diminution in value		-	-	-	-
Accommodation costs		2,181	2,181	2,227	2,227
Other indirect charges and services		2,033	2,033	1,854	1,854
Total Non-Cash Items		**4,285**	**4,285**	4,179	4,179
Total		**28,232**	**28,007**	29,095	28,904

[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 Expenditure

	Note	2017-18 Core Department £000	2017-18 Consolidated £000	2016-17 Core Department £000	2016-17 Consolidated £000
Request for Resources A					
Staff costs[1]:					
Wages and salaries		586	34,026	598	35,008
Social security costs		40	3,673	37	3,743
Other pension costs		93	5,098	70	5,158
Rentals under operating leases		160	316	97	309
Interest charges		-	-	-	-
PFI and other service concession arrangements service charges		-	-	-	-
Research and development expenditure		25	8,850	4	9,763
EU Grants		514	514	-	-
Purchase of goods and services[2]		4,158,976	5,203,447	3,999,326	5,017,793
Other Grants and Disbursements		26,069	47,886	30,003	52,223
		4,186,463	**5,303,810**	4,030,135	5,123,997
Non Cash Items					
Depreciation		225	2,355	247	2,476
Amortisation		-	460	-	449
Profit on disposal of property, plant and equipment		-	-	-	-
Loss on disposal of property, plant and equipment		-	72	51	61
Profit on disposal of intangibles		-	-	-	-
Loss on disposal of intangibles		-	-	-	-
Auditors' remuneration and expenses		-	68	-	68
Other indirect charges and services		-	-	-	-
Increase/decrease in provisions (Provision provided for in year less any release)	15	405	9,145	(2,393)	(1,286)
Borrowing costs (unwinding of discount) on provisions	15	-	(715)	-	(377)
Permanent diminution in value		1,906	1,870	3,426	3,547
Total Non-Cash Items		**2,536**	**13,255**	1,331	4,938
Total for Request for Resources A		**4,188,999**	**5,317,065**	4,031,466	5,128,935
Request for Resources B					
NI Fire & Rescue Service		90,900	90,900	84,053	84,053
Total for Request for Resources B		**90,900**	**90,900**	84,053	84,053
Total		**4,279,899**	**5,407,965**	4,115,519	5,212,988

[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	2017-18			2016-17
	Request for Resources A	Request for Resources B	Total	Total
	£000	£000	£000	£000
Administration income:				
Fees and charges to external customers	71	-	71	111
Fees and charges to other departments	118	-	118	198
Interest receivable and other similar income	12	-	12	15
Central administration and miscellaneous services	-	-	-	-
Profit on disposal of non-depreciable property, plant and equipment	-	-	-	-
Total administration income	**201**	**-**	**201**	324
Programme income:				
Fees and charges to external customers	-	-	-	-
EU Income	437	-	437	81
Miscellaneous Grants and Disbursements	-	-	-	-
Dividends on PDC and interest on IBD	-	-	-	-
Interest receivable and other similar income	-	-	-	-
Health & Social Services Grants and Disbursements	513,810	-	513,810	561,156
Family Health Services receipts	-	-	-	-
Profit on disposal of non-depreciable property, plant and equipment	-	-	-	-
Total programme income	**514,247**	**-**	**514,247**	561,237
Total	**514,448**	**-**	**514,448**	561,561

Health & Social Services Grants and Disbursements include National Insurance contributions received of £507m (2016-17: £556m).

5. Income

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

Consolidated	2017-18			2016-17
	Request for Resources A	Request for Resources B	Total	Total
	£000	£000	£000	£000
Administration income:				
Fees and charges to external customers	71	-	71	111
Fees and charges to other departments	118	-	118	198
Interest receivable and other similar income	12	-	12	15
Central administration and miscellaneous services	-	-	-	-
Profit on disposal of non-depreciable property, plant and equipment	-	-	-	-
Total administration income	**201**	**-**	**201**	324
Programme income:				
Fees and charges to external customers	-	-	-	-
EU Income	437	-	437	81
Miscellaneous Grants and Disbursements	26,318	-	26,318	26,216
Dividends on PDC and interest on IBD	-	-	-	-
Interest receivable and other similar income	17	-	17	7
Health & Social Services Grants and Disbursements	515,112	-	515,112	562,697
Family Health Services receipts	24,670	-	24,670	24,243
Profit on disposal of non-depreciable property, plant and equipment	-	-	-	-
Total programme income	**566,554**	**-**	**566,554**	613,244
Total	**566,755**	**-**	**566,755**	613,568

Miscellaneous Grants & Disbursements includes income from Department of Education payable to HSCB for Surestart and Early Years of £25,296k (2016-17: £24,735k).

6. Property, plant and equipment 2017-18

6.1 Consolidated Property, plant and equipment 2017-18

	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Transport Equipment	Furniture & Fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 01 April 2017	46,301	12,310	422	17,770	14,263	20	266	91,352
Additions	-	312	-	1,863	633	-	-	2,808
Disposals	-	-	-	(1,895)	(43)	-	(71)	(2,009)
Transfers	-	-	-	-	-	-	-	-
Impairments transferred to Revaluation Reserve	-	-	-	-	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	35	25	-	-	(1,946)	-	-	(1,886)
Reclassifications	-	-	-	-	-	-	-	-
Indexation	1,539	371	32	18	-	1	-	1,961
Revaluations	-	-	-	-	-	-	-	-
At 31 March 2018	**47,875**	**13,018**	**454**	**17,756**	**12,907**	**21**	**195**	**92,226**
Depreciation								
At 01 April 2017	12,067	2,813	156	12,535	107	7	193	27,878
Charged in year	-	493	11	1,805	39	7	7	2,362
Disposals	-	-	-	(1,874)	(34)	-	(29)	(1,937)
Transfers	-	-	-	-	-	-	-	-
Impairments transferred to Revaluation Reserve	-	-	-	-	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	4	16	-	-	-	-	-	20
Reclassifications	-	-	-	-	-	-	-	-
Indexation	424	114	13	6	-	-	-	557
Revaluations	-	-	-	-	-	-	-	-
At 31 March 2018	**12,495**	**3,436**	**180**	**12,472**	**112**	**14**	**171**	**28,880**
Carrying amount at 31 March 2018	**35,380**	**9,582**	**274**	**5,284**	**12,795**	**7**	**24**	**63,346**
Carrying amount at 31 March 2017	34,234	9,497	266	5,235	14,156	13	73	63,474
Asset financing:								
Owned	35,380	9,582	274	5,284	12,795	7	24	63,346
Finance leased	-	-	-	-	-	-	-	-
On-balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2018	**35,380**	**9,582**	**274**	**5,284**	**12,795**	**7**	**24**	**63,346**

6.2 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
Additions	-	201	-	1,610	1,633	21	-	182	3,647
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	-	-	-	-	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
Opening balance - restated	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
Asset financing:									
Owned	33,195	9,967	271	5,511	16,298	(2)	51	-	65,291
Finance leased	-	-	-	-	-	-	-	-	-
On-balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying amount at 01 April 2016	33,195	9,967	271	5,511	16,298	(2)	51	-	65,291

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	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Core Department at 31 March 2018	31,967	2,895	274	-	12,795	7	-	47,938
Public Health Agency at 31 March 2018	-	149	-	237	-	-	24	410
Health & Social Care Board at 31 March 2018	3,413	6,538	-	5,047	-	-	-	14,998
	35,380	**9,582**	**274**	**5,284**	**12,795**	**7**	**24**	**63,346**
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

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 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000	£000	£000
Opening Balance at 1 April	846	1,171	4,875	4,751	5,721	5,922
AHFS Reclassifications from/(to) Non Current Assets	-	(75)	-	124	-	49
Disposals of Carrying Value	-	(250)	-	-	-	(250)
Impairments	-	-	-	-	-	-
Closing Balance at 31 March	**846**	846	**4,875**	4,875	**5,721**	5,721

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 2018, there were 7 land and buildings assets, (2016-17: 7) held by Core Department which were classified as held for resale with a fair value of £5,721k (2016-17: £5,721k).

7. Intangible Assets

7.1 Consolidated Intangible Assets 2017-18

	Information Technology	Software Licences	Development expenditure	Total
	£000	£000	£000	£000
Cost or Valuation				
At 01 April 2017	5,145	1,783	44	6,972
Additions	442	642	-	1,084
Disposals	-	(91)	-	(91)
Transfers	-	-	-	-
Indexation	11	-	-	11
Impairments transferred to Revaluation Reserve	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2018	**5,598**	**2,334**	**44**	**7,976**
Amortisation				
At 01 April 2017	3,883	1,512	44	5,439
Charged in year	355	105	-	460
Disposals	-	(91)	-	(91)
Transfers	-	-	-	-
Impairments transferred to Revaluation Reserve	-	-	-	-
Impairments transferred to Consolidated Statement of Comprehensive Net Expenditure	-	-	-	-
Revaluations	3	-	-	3
At 31 March 2018	**4,241**	**1,526**	**44**	**5,811**
Carrying amount at 31 March 2018	**1,357**	**808**	**-**	**2,165**
Carrying amount at 31 March 2017	1,262	271	-	1,533
Asset financing:				
Owned	1,357	808	-	2,165
Finance leased	-	-	-	-
On-balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-	-	-
Carrying amount at 31 March 2018	**1,357**	**808**	**-**	**2,165**

7. Intangible Assets

7.2 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	-	-	-	-
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	-	-	-	-
On-balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-	-	-
Carrying amount at 31 March 2017	1,262	271	-	1,533
Asset financing:				
Owned	1,497	229	-	1,726
Finance leased	-	-	-	-
On-balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-	-	-
Carrying amount at 31 March 2016	1,497	229	-	1,726

7.3 Analysis of intangible assets

The carrying amount of intangible assets comprises:

	Information Technology	Software Licences	Development expenditure	Total
	£000	£000	£000	£000
Core Department at 31 March 2018	-	-	-	-
Public Health Agency at 31 March 2018	177	9	-	186
Health & Social Care Board at 31 March 2018	1,180	799	-	1,979
	1,357	**808**	**-**	**2,165**
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

8. Impairments

	2017-18	2016-17
	£000	£000
Impairment charged to Statement of Comprehensive Net Expenditure within Net Expenditure	1,870	3,547
Impairment charged to Statement of Comprehensive Net Expenditure as Other Comprehensive Expenditure	1,168	972
Total Impairment	**3,038**	4,519

9. Financial Instruments

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 2018		31 March 2017	
	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Balance at 1 April	975	-	389	-
Additions	-	-	750	-
Settlement	(113)	-	(43)	-
Impairments	(181)	-	(121)	-
Revaluations	217	-	-	-
Balance at 31 March	**898**	**-**	975	-

Analysis of expected timing of discounted flows

	31 March 2018		31 March 2017	
	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Not later than one year	111	-	109	-
Later than one year and not later than five years	421	-	415	-
Later than five years	366	-	451	-
Balance at 31 March	**898**	**-**	975	-

10. Investments in other public sector bodies

	31 March 2018			31 March 2017		
	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 and representing the then net value of the Trusts Statement of Financial Positon. In line with NI-specific treatment within the FReM, investments in public bodies are carried at historical cost, less any impairment.

11. Inventories

	31 March 2018		31 March 2017	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Inventories	**-**	**-**	**-**	-

12. Cash and cash equivalents

	2017-18		2016-17	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Balance at 1 April	175	1,635	1,250	11,655
Net change in cash and cash equivalent balances	(1,223)	3,265	(1,075)	(10,020)
Balance at 31 March	**(1,048)**	**4,900**	175	1,635

	2017-18		2016-17	
	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	(1,048)	4,900	175	1,635
Short term investments	-	-	-	-
Balance at 31 March	**(1,048)**	**4,900**	175	1,635

The consolidated 'Cash and Cash Equivalent' balance in the Statement of Financial Position reflects the HSCB and PHA bank balances of £5,948k (2016-17: £1,460k). As the Core bank balance at 31 March 2018 was overdrawn (£1,048k) this has been reflected in Trade Payables in the Statement of Financial Position.

13. Trade receivables and other current assets

	2017-18		2016-17	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Amounts falling due within one year:				
VAT	439	1,459	531	1,443
Trade receivables	2,410	5,976	1,924	4,670
Other receivables	3,750	4,026	11,935	12,185
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	**6,599**	**11,461**	75,903	79,811
Deposits and advances	-	-	-	-
Prepayments	297	376	162	180
Accrued income	1,089	1,089	-	-
Other Current Assets	**1,386**	**1,465**	162	180
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	-	-	-	-
Other Non Current Assets	**-**	**-**	-	-
Total amounts falling due within one year	**7,985**	**12,926**	76,065	79,991
Total amounts falling due after more than one year	**-**	**-**	-	-
Total Receivables and Other Assets	**7,985**	**12,926**	76,065	79,991
Included within Other Receivables is that which will be due to the Consolidated fund once the debts are collected	**46**	**46**	**111**	111

14. Trade payables, financial and other liabilities

	2017-18		2016-17	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Amounts falling due within one year:				
Bank overdraft	1,048	1,048	-	-
Trade revenue payables	15	46,595	786	46,553
Trade capital payables	-	747	-	669
Other payables	60	16,928	61	13,757
Government grants payable	115	115	102	102
Accruals	12,759	110,565	9,052	100,082
Deferred income	2,632	3,033	2,572	2,744
Amounts issued from the Consolidated Fund for supply but not spent at year end	9,235	9,235	-	-
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:				
received	37	37	67,520	67,520
receivable	46	46	111	111
Current Trade and Other Payables	**25,947**	**188,349**	80,204	231,538
Current part of finance leases	-	-	-	-
Current part of imputed finance lease element of PFI contracts and other service concession arrangements	-	-	-	-
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 PFI contracts and other service concession arrangements	-	-	-	-
NLF loans	-	-	-	-
Other Non Current Liabilities	**-**	**-**	**-**	**-**
Total Payables falling due within one year	**25,947**	**188,349**	80,204	231,538
Total Payables falling due after more than one year	**-**	**-**	-	-
Total Trade Payables and Other Current Liabilities	**25,947**	**188,349**	80,204	231,538

15. Provisions for Liabilities and Charges

15.1 Core Provisions for liabilities and charges 2017-18

Core	Early departure costs	Clinical Negligence	Equal Pay Claim	Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2017	-	-	-	3,595	3,595
Provided in the year	-	-	-	405	405
Provisions not required written back	-	-	-	-	-
Provisions utilised in the year	-	-	-	(590)	(590)
Borrowing costs (unwinding of discounts)	-	-	-	-	-
As at 31 March 2018	**-**	**-**	**-**	**3,410**	**3,410**

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	-	-	-	1,077	1,077
Later than one year and not later than five years	-	-	-	1,907	1,907
Later than five years	-	-	-	426	426
As at 31 March 2018	**-**	**-**	**-**	**3,410**	**3,410**

15.2 Core Provisions for liabilities and charges 2016-17

	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

15.3 Consolidated Provisions for liabilities and charges 2017-18

Consolidated	Early departure costs	Clinical Negligence	Equal Pay Claim	Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2017	-	26,451	-	15,281	41,732
Provided in the year	-	8,947	-	747	9,694
Provisions not required written back	-	(323)	-	(226)	(549)
Provisions utilised in the year	-	(1,604)	-	(1,339)	(2,943)
Borrowing costs (unwinding of discounts)	-	(714)	-	(1)	(715)
As at 31 March 2018	**-**	**32,757**	**-**	**14,462**	**47,219**

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	-	4,435	-	2,275	6,710
Later than one year and not later than five years	-	4,291	-	4,954	9,245
Later than five years	-	24,031	-	7,233	31,264
As at 31 March 2018	**-**	**32,757**	**-**	**14,462**	**47,219**

15.4 Consolidated Provisions for liabilities and charges 2016-17

	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

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 16. 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

Other - Legal

The one material legal claim against the Department in 2016-17 (£2.3m) continues into 2017-18. A provision has been set up in respect of potential legal and compensatory claims arising from a UK-wide initiative. £2.3m still represents Northern Ireland's share under the Barnett formula.

DoH has provided for a lifetime personal injury award of £284k (2016-17: £294k). 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 has reduced to £790k at 31 March 2018.

16. Contingent liabilities

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

Clinical Negligence Claims

The HSC Board has contingent liabilities of £139k (2016-17: £357k) 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 15.

Contingent liabilities held by the HSC Trusts, in respect of clinical negligence incidents, is £13.3m (2016-17: £11.5m).

Change in Discount Rate

A new discount rate which courts must consider when awarding compensation for future financial losses in 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 has been under active consideration by the Department but any change requires secondary legislation and has not been taken forward in the absence of a Minister. 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.

Asbestos

A claim for damages due to Asbestos exposure prior to 1 October 1973 has been received by the Department. There is a potential for the Department to make a payment if a Court decides the Department is liable. This is unquantifiable at present.

Details of the Department's remote contingent liabilities are disclosed within Other Assembly Accountability Disclosures section of the Audit and Accountability report on page 111.

Litigation cases

There are a number of strategic litigation cases that have been lodged in relation to holiday pay for Northern Ireland Civil Service employees. Given the nature of these cases and stage of the proceedings it is not possible to determine the outcome or to quantify any potential financial impact.

16.1 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

Further details of the above financial guarantees are disclosed under Deeds of Safeguard within the Audit and Accountability Report.

There were no new Guarantees issued during 2017-18.

There is a financial indemnity issued by the Department in respect of one of its arm's length sponsor bodies to indemnify against the exceptional circumstance of a short term funding deficit.

There is a letter of comfort issued by the Department 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 inquiry 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.

17. Leases

17.1 Finance Leases

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

17.2 Operating Leases

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

	31 March 2018		31 March 2017	
	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	1,184	1,391	696	864
Later than one year and not later than five years	3,083	3,513	1,505	1,886
Later than five years	685	685	668	668
	4,952	**5,589**	2,869	3,418
Other				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	-	**-**	-

18. 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.

19. Capital and Other Commitments

19.1 Capital commitments

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

19.2 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 2018 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. Grant expenditure under letter of offers to voluntary and community bodies were included as financial commitments in 2016-17 as the Department agreed to fund these bodies over a two-year period expiring 31 March 2018. The amounts committed are analysed by the period during which the commitment expires are as follows:

	2017-18		2016-17	
	Core Department	Consolidated	Core Department	Consolidated
	£000	£000	£000	£000
Not Later than one year	1,050	1,050	4,158	4,158
Later than one year and not later than five years	2,881	2,881	3,980	3,980
Later than five years	4	4	-	-
Total	**3,935**	**3,935**	**8,138**	**8,138**

20. 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.

There were no Board members, key managers or other related parties who have undertaken any material transactions with the Department during the 2017-18 year.

21. Third-party assets

The Department has no third party assets.

22. 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 2018.

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 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 Reform Act requires the HSCB, in respect of each financial year, to prepare and publish a commissioning plan in full consultation with and approved by the Public Health Agency (PHA). The commissioning direction specifies the form and content of the commissioning plan in terms of the services to be commissioned and the resources to be deployed. In addition, the HSC Board reports monthly to the Department on financial performance, 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 and hosted by the PHA.

The SBNI is a multi-disciplinary interagency partnership and its statutory 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 strategic priorities agreed by the Department. In terms of assurance mechanisms, these will include twice yearly meetings between the Department and the SBNI Chair to specifically provide assurance on the SBNI's exercise of its statutory objective, functions and duties. As corporate host to the SBNI, the PHA will be accountable to the Department through ALB assurance arrangements.

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 – previously this committee had a complement of 9 members drawn from medical and lay backgrounds with a publicly appointed chair. It met two to three times a year to score self-nominations from medical and dental consultants for centrally funded awards, however it has not been required in a number of years. The members' expenses and secretariat are provided by the Department's Pay and Employment Unit, but there are no annual costs associated with it currently.

- Poisons Board- the Northern Ireland Poisons Board was set up in 1976 to advise the Department on substances to be treated as non-medicinal poisons and matters concerning their sale, supply and storage. It has been in abeyance but nominations were sought this financial year with a view to re-establishing the Poisons Board.

- 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 Commissioning Plan provides the framework for each HSC Trust to develop its annual Trust Delivery Plan (TDP) detailing the Trust's response to the annual commissioning priorities and targets set out in the commissioning plan.

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 corporate plan, as augmented by their annual business plan. Twice yearly accountability meetings are held by the Permanent Secretary.

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 mobilised 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.

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 corporate plan, as augmented by their annual business plan. Twice yearly accountability meetings are held by the Permanent Secretary.

North- South Bodies

The Department has relationships with 2 North- South bodies: The Institute of Public Health in Ireland (IPHI) and Safefood (previously known as the Food Safety Promotion Board).

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 tri-annual 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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