



**Business Services
Organisation**

Providing Support to Health and Social Care

**Business Services Organisation
Annual Report and Accounts
For the year ended 31 March 2018**

Business Services Organisation

Annual Report and Accounts

For the year ended 31 March 2018

*Laid before the Northern Ireland Assembly under the Health and Social Care (Reform) Act
(Northern Ireland) 2009, schedule 3, paragraph 10(5) by the Department of Health*

On 29 June 2018

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This report is available in alternative formats upon request.

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Section A

PERFORMANCE REPORT

Statement from the Chair and Chief Executive

Welcome to the Annual Report and Accounts 2017-18 of the HSC Business Services Organisation (BSO). This has been another exciting, busy and challenging year of very significant change and development within BSO and in the wider environment. Once again, our staff members have been recognised for their outstanding contributions to health and social care in a variety of regional and national award schemes. We have also been impressed with the number of initiatives such as the launch of “*Debts Get Ready to Tumble!*” in Income Shared Services and Supplier Engagement events organised by Procurement and Logistics. In November 2017, the Senior Staff Planning Day included an opportunity to celebrate success across the organisation, as a foundation planning for continued success in the future.

The BSO continues to be represented on the Transformation Implementation Group overseeing the structures required to bring about the radical reform and transformation of Health and Social Care outlined in *Health and Wellbeing 2026: Delivering Together*. On 24 January 2018, the Permanent Secretary and HSC Chief Executive advised of the proposal that when the HSCB closes, responsibility for the majority of its functions will move to the Department, but be effected through a host organisation arrangement with BSO, enabling the associated staff to retain HSC terms and conditions. This clearly signals a vote of confidence in BSO and its role in, and capacity for, supporting system modernisation through transformation. Any final decisions on future operating models for HSC will be subject to business case approval and will require Ministerial consideration and legislation. In the interim, BSO will continue to work in a partnership approach to establish the detailed governance structures and planning arrangements that will be required for this project.

We continued to support the NI Shared Services Project which was established to consider the development of shared services across the entire public sector in Human Resources, Payroll, IT and Finance. Initial findings indicated that the BSO provides high-performing, effective and value-for-money service to our customers in Northern Ireland.

Statement from the Chair and Chief Executive

There have been a number of changes to the membership of the BSO Board during the year. Hugh McPoland, Director of Human Resources and Corporate Services retired in December 2017 after a long-standing career of dedication to Health and Social Care. We pay tribute to the enormous contribution made by Hugh, particularly the energy and wisdom he displayed in his role within BSO. We also look forward to welcoming and working with his successor, Karen Hargan.

The extended terms of office of three of our Non-Executive Directors Alan Hanna, Greg Irwin and Robin McClelland ended on 30 September 2017. Again, we pay tribute to their dedication to BSO over many years. Two of the three Non-Executive Director vacancies were filled in November 2017 with the appointments of Sean McKeever and Deep Sagar. They each bring extensive experience which, together with the other Non-Executive Directors and members of the Senior Management Team, will help to steer the organisation through the many opportunities and challenges ahead. The BSO Board has spent a significant amount of time during 2017-18 developing a clear strategic direction. This is reflected in our new draft Corporate Plan for 2018-21. Our Mission, Values and Strategic Objectives have served us well, but we have taken the opportunity to refresh them, taking account of the views of staff across the organisation and those of our customers. In refreshing our Values, we are mindful of the work carried out under the HSC Collective Leadership Strategy, including the intention to publish of a set of Core Values for HSC. We will value: *Respect; Accountability; Trust; Partnership and Professionalism.*

Our proposed new Mission will be: *“to provide high quality business services which support our customers to improve health and well-being”*. Working in partnership with our customers, BSO continues to play an ever increasing role in the improvement of the health and well-being. The services we provide to the HSC create capacity in a pressured environment to enable clinical colleagues to focus on providing excellent care and treatment to patients and clients. We can all be justifiably proud of the contribution made by BSO to improving health and well-being in our community.

Statement from the Chair and Chief Executive

We acknowledge the personal contributions of the many people working for, and alongside, the BSO across our increasing range of services. We would like to thank them personally and on behalf of the BSO Board for all their hard work and ask for continued support in the future.

We have much pleasure in presenting this report and look forward to the coming year and to delivering even more for our customers and the public that we serve.



Ms Julie Erskine
Chair



Mr Liam McIvor
Chief Executive

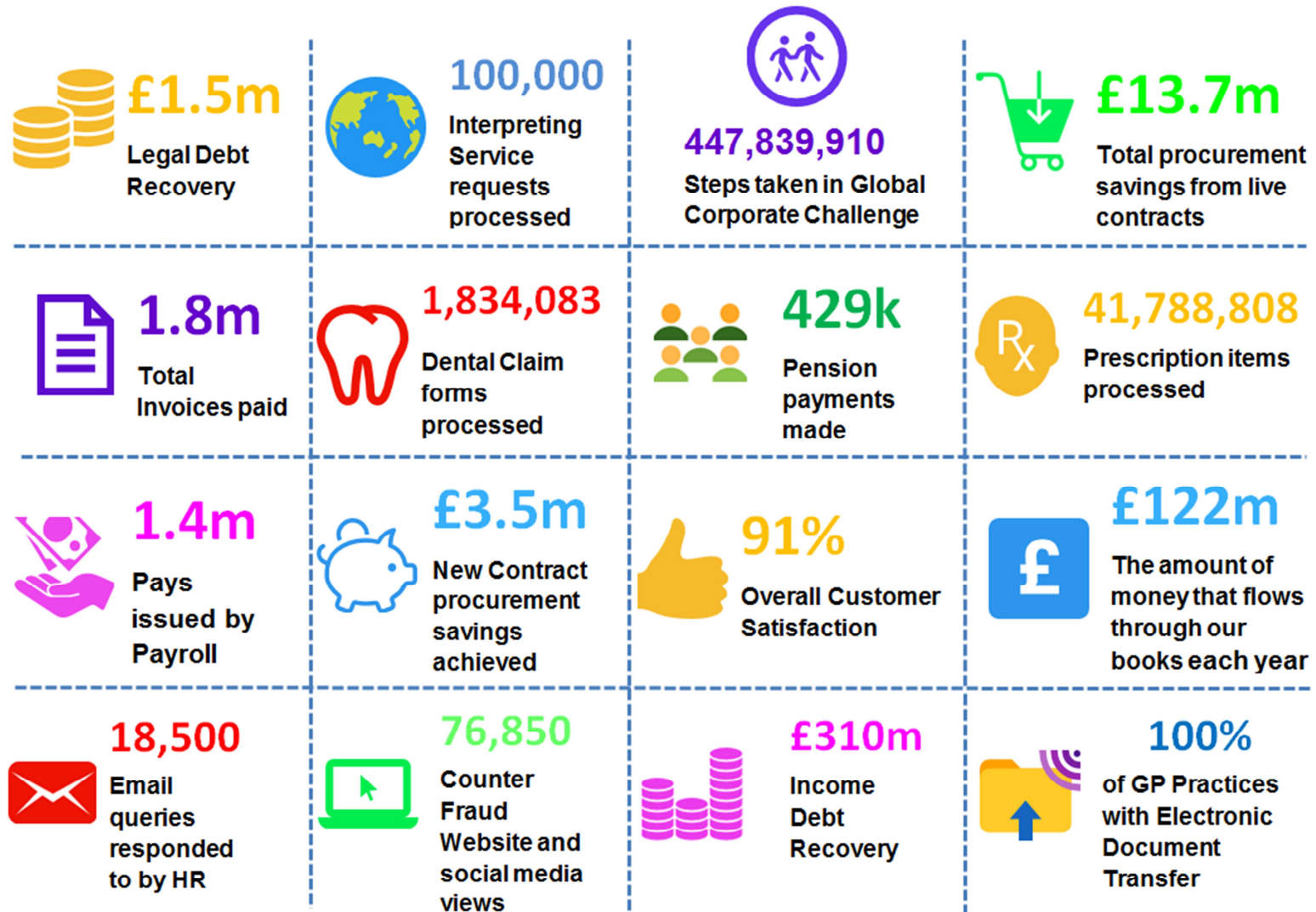
Purpose and Activities of the Organisation

Services Provided

The Business Services Organisation (BSO) was formed on 1 April 2009 under the Health and Social Care (Reform) Act (NI) 2009 as part of the second phase of the Review of Public Administration (RPA). The BSO was created to deliver a range of business and specialist professional support services to Health and Social Care.

These services include procurement, technology support, legal services and internal audit. Services are delivered from a number of locations throughout Northern Ireland, while the headquarters of the BSO is based at 2 Franklin Street, Belfast.

BSO Activity 2017-18 at a Glance



Our Mission:

“To deliver value for money and high quality business services to Health and Social Care, so contributing to the health and wellbeing of the population of Northern Ireland.”

Strategic Objectives and Values 2015-18

In order to help us fulfil our Mission in an increasingly challenging environment, our Strategic Objectives for the three year period 2015-18 will be the focus of everything we do:

- (i)** To Deliver Value-for-Money Services to Our Customers
- (ii)** To Grow Our Services and Customer Base
- (iii)** To Pursue and Deliver Excellence through Continuous Improvement
- (iv)** To Enhance the Contribution and Development of Our People.

Our Values ensure that we deliver to our Mission and are as follows:

- Respect for Staff and Customers
- Accountability in how we use Our Resources
- Transparency, Openness and Trust
- Partnership and Collaboration with Our Stakeholders and Customers
- Professionalism and Expertise.

The BSO Strategy for 2015-18 is diagrammatically represented overleaf.

STRATEGIC OBJECTIVES, MISSION & VALUES 2015-18

"to deliver value for money and high quality business services to Health and Social Care so contributing to the health and well being of the population in Northern Ireland"



Strategic Issues and Risks

The BSO is an Arm's Length Body and is required to take its lead from wider strategic vision and goals of the Department of Health (DoH). Along with the wider HSC, BSO is conscious of the strategic context within which it operates and aims to support the over-arching Programme for Government and wider Public Health agendas. BSO aims to do this through a framework of good governance and which takes account of its social and environmental responsibilities.

A number of specific developments which occurred during 2017-18 which will affect future plans for the BSO have been outlined in the Chair and Chief Executive's Statement.

Risk Management is an organisation-wide responsibility. In the BSO, there are two key levels at which the risk management process is formally documented i.e. Corporate and Service Risk Registers. The BSO receives much of its assurance through its Corporate Risk and Assurance Report. This contains the risks to the achievement of Strategic Objectives, outlines the existing controls and assurances and identifies gaps in controls and assurances and outlines any necessary actions required to control these gaps. Progress on risk actions and changes to the risk profile were monitored monthly by the BSO Senior Management Team, quarterly by the Governance and Audit Committee (GAC) and biannually by BSO Board through 2017-18.

The BSO risk control framework has been further strengthened in 2017-18 by the implementation of a new format of the Corporate Risk Register. This takes account of changes agreed by the Board and GAC in respect of the revision of the process for reporting risks. The main changes to the Corporate Risk Register included an update of the risk matrix and the assignment of a risk appetite to each corporate risk. An audit of BSO Risk Management in December 2017 produced a satisfactory assurance. BSO also achieved a substantive score in 2017-18 which is the final year of the Risk Management Controls Assurance Standard.

Further detail concerning Risk Management processes, issues and challenges to BSO in 2017-18 and anticipated future issues is contained in the Governance Statement section of this document.

PERFORMANCE ANALYSIS

How Did We Perform in 2017-18?

The current BSO Corporate Strategy to covers the three-year period from 2015-18 and includes our Strategic Objectives, Mission and Values. .

The BSO had a wide range of challenging priorities and targets to meet in 2017-18. These requirements were aligned with our Strategic Objectives and incorporated into our Business Plan with appropriate key actions set against them. The following gives a flavour of our achievements against the Strategic Objectives throughout the year, including performance against those priorities and targets.

1. *Delivering Value for Money Services to Our Customers.*

KEY ACHIEVEMENTS:

- By April 2017, we had ***agreed a HSC contracting programme for 2017-18 with our stakeholders.***
- By July 2017, we ***had rolled out Employee Access to on-line Pensions information*** to facilitate updating of personal data and calculation of benefits estimates.
- By October 2017, we had ***successfully implemented the Finance, Procurement and Logistics (FPL) Application Upgrade.***
- By March 2018, ***we had successfully migrated all BSO-provided IT services from the legacy Data Centres to the new shared Public Sector Data Centres.***
- By March 2018, ***less than 2% of tenders had been stood down as a result of legal challenge.***

How Did We Perform in 2017-18?

2. *Growing our Services and Customer Base*

KEY ACHIEVEMENTS:

- By April 2017, we had ***completed the migration of NI Fire and Rescue Service IT staff to BSO.***
- By September 2017, we had ***met the targets applicable to BSO in the Shared Services Outline Business Case.***
- By January 2018, we had ***prepared a detailed regional procurement plan for Social Care Procurement.***
- By March 2018, we had worked with the Social Care Procurement Project Board and ***delivered agreed project products to timescales.***
- By March 2018, we had supported the Senior Responsible Officer to ***complete the Outline Business Case and progressed work on the specification and procurement of the regional Electronic Health and Care Record (EHCR).***
- By March 2018, we had ***exceeded our 70% target pass rate in the recognised examination for the international nurse recruitment programme (Objective Structured Clinical Examination).*** The pass rate for those OSCE candidates who had undertaken the Clinical Education Centre's preparation programme was 99%.

How Did We Perform in 2017-18?

3. Pursuing and Delivering Excellence through Continuous Improvement.

KEY ACHIEVEMENTS:

- By January 2018, Legal Services ***had been externally assessed successfully for continued accreditation to the ISO and Lexcel Quality awards.***
- By January 2018, ***Procurement and Logistics Service had been successfully assessed for re-accreditation as a Centre of Procurement Expertise.***
- By March 2018, we had ***exploited technology to improve efficiencies in Procurement and Logistics by exceeding our target of 80% use of transactions from catalogue.***
- By March 2018, we had exceeded the standards by paying ***98.57% of undisputed invoices within 30 days and 96.8% within 10 days.***
- By March 2018, Family Practitioner Services had ***facilitated the increase of electronic claims submitted by dental contractors by 464%.***
- By March 2018, Family Practitioner Services had ***provided access to the Clinical Communications Gateway for 95% of Ophthalmic Contractors, supporting referrals between primary and secondary care.***
- By March 2018, we had ***saved the HSC sector over £3.5m in-year, through two ongoing initiatives of the Directorate of Legal Services. These were in relation to the capping of Counsel Fees and challenging of third party solicitor costs.***

How Did We Perform in 2017-18?

4. *Enhancing the Contribution and Development of Our People.*

KEY ACHIEVEMENTS:

- By October 2017, ***the BSO in partnership with HSCB had achieved fifth most active entry in the healthcare and medical industry section out of 129 in the Global Corporate Challenge (GCC).*** The aim of this continued initiative was to encourage participating members of staff to take responsibility for exercise, as well as learning more about mindfulness, nutrition, sleep and recovery. BSO/HSCB was 37th overall out of 836 organisations, including some much larger companies. The BSO HR Directorate also won a HPMA NI award in recognition of our health and wellbeing initiatives of GCC and *our Success, Not Stress* app.
- By October 2017, we had ***finalised a BSO Gender Identity Employment Policy, following public consultation.***
- By March 2018, the HSC Leadership Centre had delivered a number of successful regional senior leadership programmes with ***particularly positive evaluation and a waiting list created for the new 'Getting Governance' programme.***

Sustainability Report

The Statutory Duty for Sustainable Development applicable to public authorities is set out at section 25 of the Northern Ireland (Miscellaneous Provisions) Act 2006 and applies to all Northern Ireland Departments and District Councils. The six priority areas are:

- Building a dynamic, innovative economy that delivers the prosperity required to tackle disadvantage and to lift communities out of poverty;
- Strengthening society so that it is more tolerant, inclusive and stable and permits positive progress in quality of life for everyone;
- Driving sustainable, long-term investment in key infrastructure to support economic and social development;
- Striking an appropriate balance between the responsible use and protection of natural resources in support of a better quality of life and a better quality environment;
- Ensuring reliable, affordable and sustainable energy provision and reducing our carbon footprint;
- Ensuring the existence of a policy environment which supports the overall advancement of sustainable development in and beyond Government.

We are committed to making a contribution to those areas which we can influence as we recognise that the current requirements on the planet's natural resources are not sustainable. As such, we realise that our organisation has its role in the protection of these resources and have implemented various methods in the achievement of our goals. The BSO has Environmental Management and Waste Management Policies which set out the Organisation's commitment to environmental issues and the responsible management and disposal of waste.

Another BSO contribution towards protecting resources is the inclusion of sustainable procurement considerations within our tendering processes. We continue to move our infrastructure onto a more sustainable footing by installing LED lighting where possible. In addition we have installed new condensing boilers in Franklin Street and the Leadership Centre. We adopt good practice in the use and recycling of materials. We also continue to develop the use of video and audio conferencing facilities and encourage staff to use the Cycle-to-Work and Bus Rail Translink *TaxSmart* schemes.

Social & Community Involvement



In April 2017, PaLS College Street raised **£355** for *Action Mental Health*.



Wednesday 6 September 2017 saw Global Corporate Challenge (GCC) teams from BSO and HSCB take part in the 95 mile cycle challenge for *Clic Sargent*. An amazing 930 miles were cycled that day. The total raised was in excess of **£2,500** (excluding Gift Aid).

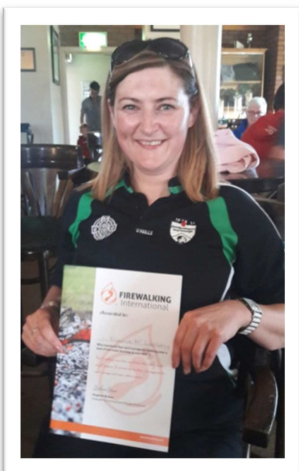


Some members of the Directorate of Legal Services (DLS) took part in the Legal 5K Walk/Run which was organised by the Law Society of Northern Ireland with more than 300 participants.

The amount raised for *Marie Curie*, was in excess of **£10,000**.



The annual *Gary Sharratt BSO Football Tournament* was held on Friday, 11 August 2017 raising almost **£400** for *Friends of the Cancer Centre*.



Elaine McCarney from the Accounts Receivable Shared Service Centre in Omagh, who 'walked on fire' to raise money for *Cancer Focus*.



On 19 September 2017 Procurement and Logistics Service (PaLS) held its annual fund-raising Coffee Morning in The Cottage, Ballymena. The sum of **£220** was raised for "*We are Macmillan Cancer Support*".

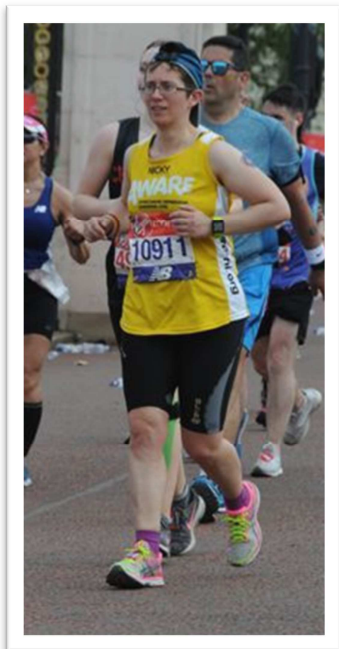
Social & Community involvement



On 30 November 2017, the Social Committee hosted a coffee morning in the BSO Boardroom, Franklin Street. The proceeds went to the charity *Friends of the Cancer Centre*. There was a total of **£480.05** raised.



Just before Christmas, BSO Recruitment and Selection Services in Armagh held a coffee morning in memory of one of their colleagues. Amanda Ritchie, a Team Leader in BSO passed away following a brief illness in 2017. Members of Amanda's family attended the event where a total of **£750** was raised for designated local charities.



Finance Officer Nicky Hoare, SSAP, who has successfully completed the London Marathon 2018.

Nicky ran the marathon in 5 hours 13 minutes and raised around **£800** in donations for her chosen mental health charity, *Aware NI*.



BSO's fourth Charity Dinner Dance was held in April 2018. The evening raised **£2268.40** for *Friends of the Cancer Centre*.

Chief Executive

DATE: 12 June 2018

Section B

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

BSO Board

Chair

Ms Julie Erskine

Chief Executive

Mr Liam McIvor

Non-Executive Directors

Mr Robert Bannon

Mr Mark Campbell

Ms Patricia Gordon

Mr Alan Hanna (until 30 Sept 2017)

Mr Greg Irwin (until 30 Sept 2017)

Mr Robin McClelland (until 30 Sept 2017)

Mr Sean McKeever (from 13 Nov 2017)

Mr Deep Sagar (from 13 Nov 2017)

Mr Jeremy Stewart

Prof. Dorothy Whittington

Executive Directors

Ms Karen Hargan, Director of Human Resources & Corporate Services (from 30 March 2018)

Mr Hugh McPoland, Director of Human Resources & Corporate Services (until 31 December 2017)

Ms Wendy Thompson, Director of Finance

Mr Sam Waide, Director of Operations

Directors

Mrs Karen Bailey, Director of Customer Care & Performance

Mr Alphy Maginness, Chief Legal Advisor

Register of Interests

The BSO holds a Register of Directors' Interests which contains the declared interests of both Executive and Non-Executive Directors, including company directorships. This is available to view at:

Chair and Chief Executive's Office

Business Services Organisation

2 Franklin Street

BELFAST

BT2 8DQ (Telephone: 028 9536 3863)

BSO Board

Committees of the BSO Board

The BSO Board has established three Committees to assist in carrying out its duties, namely the Remuneration and Terms of Service Committee, the Governance and Audit Committee and the Business Committee. Further details regarding the Committees can be found in the Governance Statement at the conclusion of this Accountability Report.

Audit and Assurance

The BSO's external auditor is the Northern Ireland Audit Office who have appointed PricewaterhouseCoopers LLP (PwC) to carry out the detailed audit work to support the Comptroller and Auditor General's opinion. The financial statements include a non-cash charge of £115,500 for the statutory audit of the 2017-18 Annual Accounts.

All Directors have confirmed that, to the best of their knowledge:

- There is no relevant audit information of which the BSO's auditors are unaware;
- They have taken steps as Directors in order to make themselves aware of any relevant audit information and to ensure that auditors are aware of that information;
- The Chief Executive and relevant committees have confirmed that the BSO's auditors have been made aware of any relevant audit information.

A Governance Statement is included later on in this Corporate Governance Report and is also available on request from the Director of Finance and on the BSO website (www.hscbusiness.hscni.net).

DIRECTORS' REPORTS

Chief Executive

The Heads of Shared Services, HSC Clinical Education and Leadership Centres and the *Encompass* Programme reported to the Chief Executive of BSO during 2017-18. The Acting Head of Shared Services attended meetings of the Senior Management Team weekly and the Heads of HSC Leadership and Clinical Education Centres and *Encompass* on a monthly basis.

Shared Services

BSO Shared Services provides defined corporate services to all HSC organisations for:

- Accounts Payable (Payments Shared Services);
- Accounts Receivable (Income Shared Services);
- Payroll, Travel and Subsistence;
- Recruitment and Selection.

In addition to the above specialist shared services centres, BSO Shared Services also provides common system and data administration operations for the Finance Procurement and Logistics (FPL) and the HR Payroll Travel and Subsistence (HRPTS) systems.

Business Services Team

Achievements in 2017-18

- Consolidation of the Shared Services & Business intelligence reporting, to facilitate the monitoring of shared services performance and communicate the enhancements achieved by the teams within shared services.
- Successful delivery of improvement projects including Phase One of the HSC Upgrade of Finance, Procurement and Logistics (FPL) System and SAP Human Resources, Payroll, Travel and Subsistence (HRPTS) Fiori Portal.
- Successful implementation of 2017-18 Pay Award within stipulated and stringent timelines, including arrears from April 2017.
- Delivery of Capital and Revenue enhancement projects worth circa £ 250k to improve the system performance of HRPTS and FPL.
- Continued contribution to various corporate initiatives such as Investors in People Re-accreditation; Organisational Workforce Development (OWD) Group and implementation of GDPR.

Shared Services

Looking Ahead to 2018 - 19

- Delivery of Phase Two of the FPL Upgrade
- Development of Business Intelligence (BI) reporting within Shared Services underpinned by Sharepoint solution
- Implementation of smart solutions such as automated debt recovery, market place and service portals to conclude Benefits Realisation schedule for BSTP Shared Services
- Liaison with ITS and Shared Services teams to deliver Performance Improvement projects, including Cyber security, along with existing Business As Usual responsibilities.

Income Shared Services

Achievements in 2017-18 included:

- Recovered £310m Debt
- Recovered £220m Vat
- Processed 65,000 Invoices
- Collected £20m Non-Debtor Income
- A continued and significant downward trend in Days Sales Outstanding, demonstrating an ever faster recovery of public funds and creating a positive impact on HSC cash flow.
- 93% of Accounts Receivable staff engaged in study for CICM chartered professional qualifications.
- An innovative cash collection event throughout February 2018 helped to recover successfully 59% more debtor cash than the typical monthly average.

Looking Ahead to 2018-19

Key priorities will include:

- Continue to deliver a high quality Accounts Receivable and Cash Management service in line with service level agreements and key performance indicators.
- Sharing best practice in line with Public Sector Shared Services Programme
- Working towards achieving CICM Quality Re-Accreditation in March 2019

Shared Services

- Working towards gaining Centre of Excellence Status by 2020
- Exploration of Robotic Automation to add value and increase service efficiency

Payments Shared Services

Achievements in 2017-18 included:

- Migration of key suppliers to cloud invoicing.
- The commencement of the use of Finance Procurement Manager (FPM) forms.

Looking Ahead to 2018- 19

Key priorities will include:

- Growing the number of systems interfaces
- Achievement of a reduction in paper based transactions to fewer than 5% of total volume
- Remove entirely any additional requirement for paper based storage of invoices
- Roll out of FPM forms to cover entire customer base
- Increased use of cloud invoicing
- Development of a centralised knowledge share
- Development of a centralised Authorisation Framework
- Development of Banking On-Line File Import for Foreign Currency Payments

Recruitment Shared Services

Achievements in 2017-18 included:

- Satisfactory level of assurance secured following Internal Audit review of Recruitment Shared Service Centre (RSSC).
- Completion of Transition of all HSC organisations to the RSSC. In year this included, Western HSC Trust and the NI Ambulance Service Trust.

Shared Services

- Internal realignment, development and streamlining of a range of processes within RSSC to maximise the requisition flow, supporting efficient and effective approaches processing R&S activity aimed at overall performance improvement.
- Collaborative working across the HSC through active involvement in the development and product outputs from the Regional Strategic Resourcing Innovation Forum (SRIF) across four workstreams:
 - Performance Improvement
 - Attraction & Retention
 - Selection
 - System

In order to support this Forum members engaged in Service Design training sourced through the Innovation Centre.

- Development and implementation of staff engagement arrangements through an *'In our Shoes'* initiative resulting in the development of an Involvement & Participation Team (IPT) and the use of Task & Finish Groups.

Looking Ahead to 2018- 19

Key priorities will include:

- Continued collaborative working with HSC organisations to consider a range of outputs from the 4 SRIF workstreams
- Further enhancement to use of reporting tools which support quality information to identify future areas for service improvement.

Shared Services

Payroll Service Centre (PSC)

Achievements in 2017-18 included:

- Collaborated to ensure successful delivery of the 1% pay award
- Commenced the Review of the PSC which included detailed engagement surveys of staff, stakeholders and customers to gain views to inform changes, planned for the 2018-19 year, in order to improve service delivery and customer experience.
- Some good progress has been made on a number of key areas, such as P60's, Overpayments and Audit.

Looking Ahead to 2018 – 19

- PSC will implement the outcomes of the PSC Review
- We are going to implement a new structure for the telephone system in an effort to get callers to the right person first time along with improvements in parallel on the Customer Relationship Management system for email contacts.
- We are launching a self-service platform which we want to develop over the course of the year to improve customer experience and reduce the need for contacts

HSC Regional Interpreting Service

The primary aim of the Regional Interpreting Service (RIS) is to improve access to Health and Social Care Services for Patients who do not speak English proficiently. Providing an Interpreter:

- Eliminates language and cultural barriers
- Reduces the risk of misdiagnosis, misunderstanding and non-consent
- Raises awareness in relation to religious/cultural needs and different health belief systems
- Enables patients to make choices
- Increases patient satisfaction and reduces repeat visits

Shared Services

- Complies with legislative requirements

Key Developments in 2017-18

- Over 100,000 requests processed during 2017-18
- 98.5% annual provision rate
- 10 OCN Level 4-qualified and HSC Trained Interpreters registered in July 2017 to meet demand for priority languages including Arabic, Bulgarian and Romanian
- Worked in conjunction with Sands UK (Stillbirth and neonatal death charity) to pilot the first ever UK Sands training programme for Interpreters. The Training was designed to enable Interpreters to develop the knowledge, insight and skills to facilitate effective and sensitive communication between health professionals and parents who experience the death of a baby, before, during or shortly after birth. 30 RIS-registered Interpreters attended the training in January 2018
- Further enhancements to the Interpreting system to ensure effective resource management and innovative use of technology
- Formal BSO/HSCB agreement that Regional Communication Support Service for Deaf, Deaf/Blind and Hard of Hearing Service will be delivered as a BSO Shared Service to offer consistency, standardisation, accessibility of service delivery and value for money.

Looking Ahead to 2018-19

Key priorities will include:

- Undertake further capacity building to ensure provision for key priority languages including Bulgarian, Arabic, Tetum and Albanian
- Work collaboratively with HSCB and HSC Trusts to re-profile usage to achieve a more appropriate balance of face to face and telephone interpreting
- Commencement of the Regional Communication Support Service for Deaf, Deaf/Blind and Hard of Hearing Service within BSO

HSC Clinical Education Centre

The HSC Clinical Education Centre (CEC) provides in-service education for Nurses, Midwives and Allied Health Professionals across all HSC Trusts in Northern Ireland. The CEC also provides education and training on a consultancy basis to voluntary and independent sector organisations.

Key Developments and Achievements in 2017-18

The CEC continues to meet all of the expected standards and targets in relation to the Service Level Agreement and the transformation agenda. Our education programmes continue to be dynamic and innovative in addressing the needs of the Nursing, Midwifery and Allied Health Professional (AHP) workforces.

International Nursing

During 2017-18 this included the continued design and delivery of an International Nurse Induction Programme and Objective Structured Clinical Examination (OSCE) Preparation Programme. These programmes support the newly recruited International Nurses to meet NMC Registration requirements. By 31 March 2018 a 99% pass rate had been achieved. CEC has secured the Mahee Building on the Knockbracken site and it is now in operation as a bespoke OSCE centre.

Regional Allied Health Professionals (AHP) Supervision Training

During 2017-2018 CEC continued to deliver the Regional AHP Supervision Training. Over 3,163 AHPs have now successfully completed the e-learning and over 2,734 having attended the face to face programme, which was delivered in various venues across NI.

Learning Events

Throughout the year the CEC organised a number of multi-disciplinary learning events:

- AHP Intervention and Support with the High Risk Infant in the Neonatal Unit
- Support Parents through Pregnancy Loss & the Death of a Baby
- Education and Transfer of Learning
- Formulation in Mental Health Practice

HSC Clinical Education Centre

- Promoting Inclusivity in Palliative and End of Life Care
- Electroconvulsive Therapy

In 2018 the CEC developed a five year strategy – Looking Forward 2018-2023. The strategy was developed in partnership with our core clients and provides a clear direction of travel for CEC over the next 5 years.

Looking Ahead to 2018-19

CEC will continue to invest in its people to ensure they remain motivated and highly skilled. We will enhance its educational infrastructure with education delivered close to stakeholders in an environment conducive to learning. In addition we will continue to design and deliver high quality, creative, innovative, evidence-based education and create opportunities for collaborative working with other professionals, the public and the third sector.

HSC Leadership Centre

The HSC Leadership Centre (formerly the Beeches) was established in 1993 to provide a range of management and organisational support to health and social care organisations. The Centre offers a range of innovative, high quality and cost effective products and services to HSC organisations divided into three product areas:

- Consultancy – bespoke support to meet client needs;
- Brochure programmes – Management Development and Short Course programmes;
- IT offer a wide range of programmes from basic IT skills through to the development of innovative IT solutions to support transformation change.

Key Developments and Achievements in 2017 -18

Despite a challenging financial climate, the Leadership Centre managed to maintain our SLA levels at the 2016-17 level, with several client organisations increasing their SLA spend throughout the year including NIAS, NHSCCT, BSO and NIMDTA. We also received funding from the Department of Health to run a second Regional Senior Social Work programme and a series of AHP Alumni events.

Senior Leadership Programmes

The following senior leadership programmes have been delivered in 2017-18:

- *Acumen* – aimed at Director level posts, a second cohort of 16 participants attended between March and December 2017;
- *Proteus* – due to the demand for the programme we ran two cohorts in parallel with 44 participants attending between March and November 2017;
- *Leading Social Work Programme* – the Department and NISCC commissioned a programme specifically aimed at developing the leadership capability of senior social workers across the HSC. The programme attracted 36 applicants which was shortlisted down to 27 participants who are due to complete in March 2018;

HSC Leadership Centre

- *AHP Alumni* – the Department asked the Leadership Centre to continue support to the development needs of senior clinicians and managers within the Allied Health Professions. This support involves quarterly workshops to provide the opportunity to share learning and best practice, followed by a practical session with topics identified by participants;
- *Pharmacy Leadership Programme* – the Leadership Centre was asked to deliver Leadership Development input as part of the Advanced Practice Development Module for Northern Ireland Centre for Pharmacy Learning and Development. Our participation commenced September 2017 and completed in March 2018;
- *Getting Governance* – two of these programmes took place in November 2017 and March 2018 and received very positive feedback in the evaluations. There is a waiting list for future programmes which are planned for 2018.

Breakfast Seminars

The autumn series of Breakfast Seminars commenced in September 2017 with a morning workshop *How 0.07 Seconds Transforms an Organisation!* delivered by Judith Glazer. Due to almost 100 applications the event was held in CEC and feedback about the event was very positive. There were further events held at Leadership Centre including Richard Jackson, MBE, who delivered a session on *The Winning Edge – Mindset Management*. This was followed by *Changing Living Systems: how living systems really work* on 17 January 2018 and *Creating a Culture of Safety* on 14 March 2018. We have met with the PSNI to discuss a potential partnership including a Spring 2018 series of joint seminars.

Looking Ahead to 2018 -19

Following the publication of the HSC Collective Leadership Strategy in autumn 2017, the Leadership Centre is supporting the rollout of some of the recommendations from the Strategy. These include the establishment and embedding of a core set of values and associated behaviours for the HSC. In addition the Leadership Centre has submitted bids to the Department for regional funding to support organisations with the implementation of the Collective Leadership Strategy. The Leadership Centre recognises the need to develop a three year strategic plan and we hosted a workshop in January 2018 with HR Directors and Assistant

HSC Leadership Centre

Directors with Organisational Development responsibility. This identified the key strategic challenges for the system over the next three years. The outcomes were used to form the basis of a three year strategy for the Centre which will be presented to the Council for approval in June 2018.

Encompass Programme

Key Achievements and Developments in 2017-18

The *Encompass Programme* is an HSC-wide initiative that will support transformation and introduce an integrated digital care record to Northern Ireland. The programme is a Northern Ireland-wide initiative that will support transformation and introduce new digital technology to our Health and Social Care Services. The vision is for a digital-record-in common for every citizen in Northern Ireland that facilitates their health and well-being through their life. The record will be built on a digital platform that streamlines services and patient/client journeys and links information across primary, community and social care. This will be known as an *Electronic Health and Care Record (EHCR)* and is being taken forward on a programme basis, hosted within BSO, with full implementation due by 2026.

The embedding of an ethos of collective responsibility throughout the HSC will be key to the delivery of the Programme. Three regional workshops were held, organised by the encompass Programme, to help shape future digital care. There was a high level of engagement from staff and patient representatives who took part, giving valuable input from their experience and expertise across a range of disciplines, grades and care settings.

Looking Forward to 2018-19

Encompass will be in the early stages of implementation during 2018-19 and will aim to have put in place and provided support for appropriate governance mechanisms, structure and plans to ensure successful procurement and delivery.



Operations Directorate



Mr Sam Waide

Director of Operations

This has been another successful year for our largest Directorate within BSO, with increasing number of service offerings within Operations. The year has been one of innovation, growth and effectiveness. We continue to work with delivery partners in collaboration with local, national and international organisations to deliver high quality services across Health and Social Care in Northern Ireland. Our service offerings include Procurement and Logistics Service (PaLS), Family Practitioner Services (FPS), Pensions Administration, Counter Fraud and Probity Services (CFPS) and the Small Business Research Initiative (SBRI).

I would like to formally thank the leadership team, management and staff in delivering effective services to patients, users and customers, whilst being positively recognised by external stakeholders in our quality of services.

Recognition of our success includes:-

- Successful re-accreditation as a Centre of Procurement Expertise (COPE) in Northern Ireland, representing public sector procurement for the Health and Social Care sector;
- Continued benchmarking of services with NHS, Gartner and Chartered Institute of Public Finance & Accountancy (CIPFA);
- BSO Customer Survey result of 98% satisfaction across the Directorate;
- UK and Ireland Finalists in Government GO Procurement Awards;
- Pathfinder organisation for developing social procurement clauses in partnership with Strategic Investment Board;

Operations Directorate

- Enhanced operational efficiencies within our logistics warehousing network, including commissioning of new efficient racking systems;
- Continued success and NI wide leadership of Small Business Research Initiative projects, to unlock innovation in service delivery solutions across health services. This includes two successful field trials in medicines optimisation and five working prototype technology solutions successfully delivered for patients in their homes;
- Additional services have been developed and deployed in Procurement and Pensions;
- Key note speeches in Italy, Germany, Republic of Ireland and Northern Ireland; and
- Thought Leadership activities with Department of Health, Central Procurement Directorate NI and Institute of Directors.

In addition, the Directorate has provided leadership in formally closing the Business Services Transformation Programme.

The following sections demonstrate the diligent work, commitment and successful outcomes provided by staff across the Directorate, in another year where demand for services have increased, whilst funding continues to be constrained. Moving forward in 2018-19, the Directorate has a clear programme of work to pursue excellence and deliver value to our customers. At the same time, the contribution of members of staff in growing our services continues to be developed.

Procurement and Logistics Service

Key Achievements in 2017-18

The 2017-18 financial year was significant for Procurement & Logistics Service (PaLS) as the re-accreditation of our Centre of Procurement Expertise was due. The work required to secure the re-accreditation is considerable and we were pleased to be successful in this following a rigorous assessment.

Along with this important achievement PaLS continued “business as usual” and had notable success:

- The Social Care Procurement Unit got up and running and began supporting procurements across a number of HSC organisations.
- Led the “*Innovative Use of Social Procurement Clauses*” transformation workstream on behalf of HSC
- Continued modernisation of our warehouse with the introduction of new “push-back” racking to improve space efficiency.
- Replacement of all long-span warehouse racking to support warehouse modernisation.
- Establishment of our own Cardiac Rhythm Management framework which will deliver considerable savings to HSC organisations.
- Supported HSC organisations in contract management of a failing postal services contract along with helping to successfully transition to a new provider.
- Expanded our range of equipment frameworks to allow HSC organisations to order a wider range of goods online using the HSC electronic catalogue.
- Supported the upgrade of the eProcurement system delivering customer training across all organisations.
- Developed a range of digital training materials for eTendersNI and eProcurement software to assist PaLS staff and HSC customers.
- Developed and launched a PaLS SharePoint site including a staff portal with training materials, procedures, information sources.
- Successful procurement of innovation proposals through Small Business Research Initiative (SBRI)
- Finalists in Government Procurement Excellence GO Awards in both Northern Ireland and Republic of Ireland regions.

Procurement and Logistics Service

Performance Metrics

The table below shows the key measures of BSO PaLS performance within the BSO Corporate Scorecard:

Indicator	Target	Actual PaLS Performance
% Products Supplied on First Request	95%	98.55%
Average Processing Time For Non-Stock Requisitions	5 days	3.55 days
Stock Turnover Ratio	1.9	1:11

Looking Ahead to 2018-19

The year ahead will see some important opportunities for PaLS to grow alongside changes in legislation that are likely to impact on how we conduct our business.

Firstly, we are growing our customer base through implementing formal provision of procurement services to NI Fire and Rescue Service. We hope to expand our Community Equipment and Contenance Service to new customers along with extending our Receipt and Distribution Point management service. The new GDPR regulations will require adaptations to our terms and conditions. They will also require completion of a review of all contracts that PaLS manage on behalf of HSC to establish areas affected by the new regulations. Most significant will be the UK's exit from the European Union and the impact that may have on our supply chains and security of supply. There will be a need for robust business continuity planning and mitigation of risks to ensure continuity of supply.

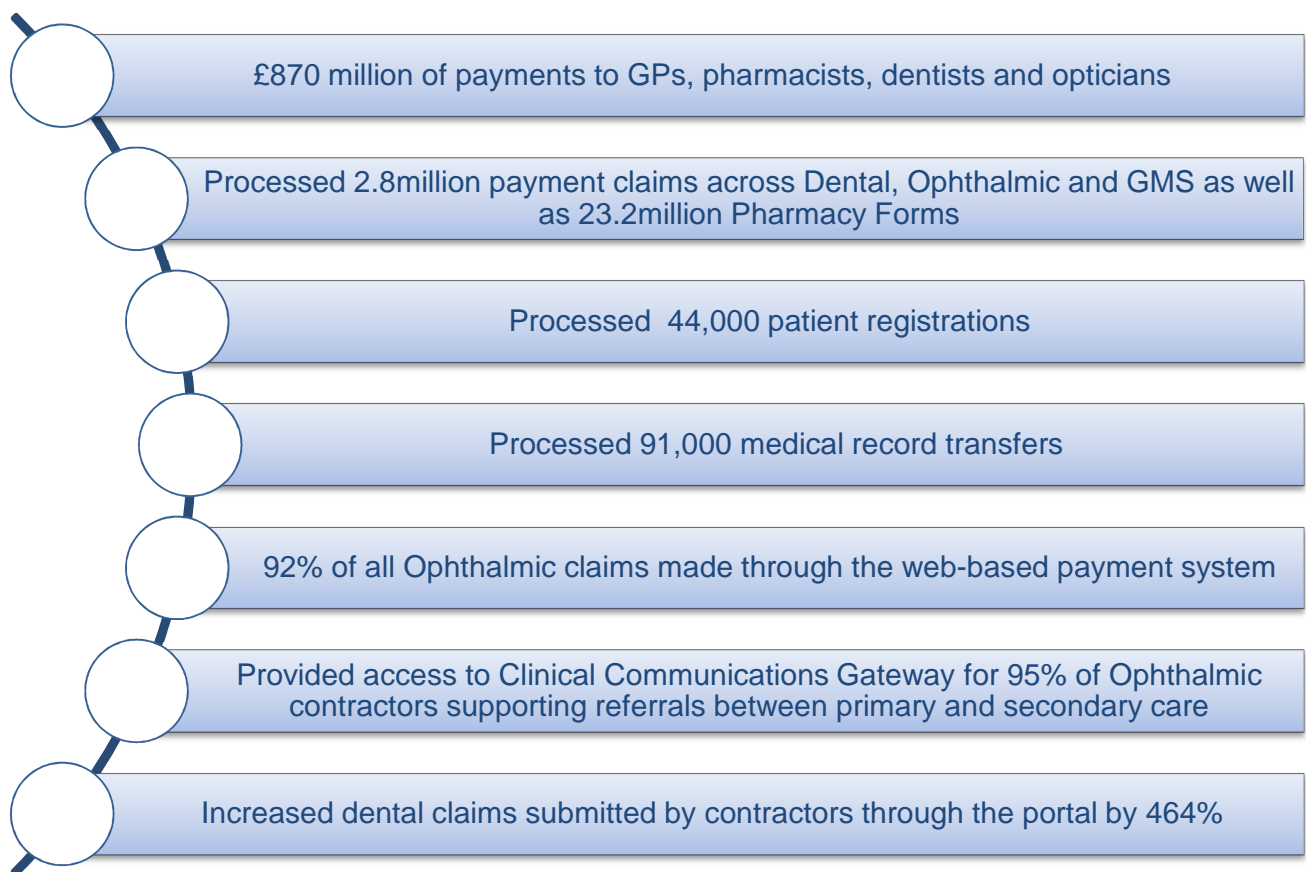


PaLS staff “Delivering Together” with HSC colleagues

Family Practitioner Services (FPS)

Key Achievements and Developments in 2017-18

- FPS provides services, on behalf of the Health and Social Care Board (HSCB), to support General Medical Practitioners, General Dental Practitioners, Chemist Contractors and Community Ophthalmic Practitioners deliver primary care across Northern Ireland.
- These services include payment, maintaining an up-to-date patient registration database, medical record transfers, professional support and an analysis, reporting and research function.
- FPS also administers the call and re-call services for cervical cancer and bowel cancer screening on behalf of the Public Health Agency, and provides information to the HSCB and Department of Health (DoH).



Family Practitioner Services (FPS)

Looking Ahead to 2018-19

- Support ongoing development for electronic transfer of prescriptions
- Support deployment of Clinical Communications Gateway to contractors
- Deployment of new enhanced clinical schemes facilitated through the portal
- Roll-out of self-service password management to dental contractors
- Release FPS Official Statistics compendium report summarising activity across payment areas
- Support deployment of the GP2GP Electronic Transfer of Medical Records Project

Counter Fraud and Probity Services

Counter Fraud and Probity Services (CPFS) provide a range of specialist services to HSC bodies on behalf of the Department of Health.

Key Achievements in 2017-18

It has been a challenging year for Counter Fraud and Probity Services. We are pleased to report that the team has delivered an increasingly effective service for the benefit of users and providers across Health and Social Care in Northern Ireland. Key Achievements for the year and forward plans are set out in the following paragraphs.

Fraud Prevention

We are routinely involved in the annual induction programmes for Junior Doctors, Vocational Dentists, Pre-registration Pharmacists and Student Nurses. This year the Fraud Prevention resource was focused on the delivery of work-streams that had been generated by the NI Adult Safeguarding Partnership and Northern and Western HSC Trusts to raise awareness of governance requirements and reporting pathways for financial abuse in the social care sector. A programme has been developed in targeting fraud awareness amongst middle management. This will highlight their responsibilities in preventing fraud and will be available to our clients in the coming year.

Awareness activities undertaken during 2017-18 included:-

- 28 fraud awareness presentations (internal and external);
- One regional counter fraud campaign – International Fraud Awareness Week (IFAW);
- 12 fraud alerts;
- Two fraud bulletins;
- 49 social media posts receiving 64,130 impressions*; and
- 2,457 visitors to the CPFS website and 5706 page views*.

*as at 28th February 2018.

Counter Fraud and Probity Services

Fraud Detection

The Access to Healthcare team continued with the pilot to verify patient entitlement to receive healthcare in Northern Ireland for those registered with a GP. In 2017-18 this work provided assurance of entitlement for over 52,000 registered patients. It identified 981 individuals who had no entitlement and have been removed from the patient list. The projected cost avoidance† of these removals is £2,068,929. A further 156 individuals who have no entitlement are now in the removal process. In addition to this work the team provided 33 awareness sessions to HSC and GP staff on patient entitlement. The data analytics team provided valuable support to all areas of our services and our customers through various projects. Going forward the team will continue to provide an innovative and quality service to support our customers.

†based on the National Audit Office average cost to the HSC of £2109 per person per annum.

Fraud Investigation

During April 2017 – February 2018 the investigation team dealt with 55 new investigations and 75 ongoing cases. A number of these investigations have been complex and required significant investigative resource. There has also been an increase in the number of referrals in respect of financial abuse. In this period the team secured 18 criminal sanctions ranging from Community Service Orders and Adult Cautions to Custodial Sentences. The process of monthly review with clients has facilitated an improvement in the timely resolution of cases.

Probity Services

The Probity Services Team has, once again, achieved the Service Level Agreement targets agreed with the HSCB. This year the team carried out post payment verification checks on 500 Family Practitioner contractors, with the number of dental contractors reviewed increasing by 25% compared to last year. These checks included visits to GPs and ophthalmic practitioners and desktop reviews of dental and pharmaceutical contractors. Within the GMS payments area, this year saw the team introduce checks on three new Enhanced Services. The team is estimated to recover over £110k in the 2017-18 year.

Counter Fraud and Probity Services

Throughout the year the team has also been working closely with and supporting HSCB colleagues with regard to Probity cases which have been referred to the HSCB Disciplinary Committee.

Patient Exemptions

We carry out a range of random exemption checks on dental and ophthalmic charges claimed in Northern Ireland. This year the Patient Exemptions Team has continued to increase the number of cases being selected for checking with a total of 52,000 cases. In 2017-18 the number and value of recoveries have increased also. As at 12 March 2018 the team has recovered monies totalling £322k which is an increase of 144% compared to the total recovered in 2016-17 (£132k). It shows an increase of 318% compared to the total recovered in 2015-2016 (£77k). Growing numbers of recoveries are now being made electronically which results in a more stream-lined process and less administrative work for staff.

Throughout the year the team has carried out a review of processes, working closely with checking agencies to deliver further improvement to this service.

Healthy Start

The team continues to administer the Northern Ireland component of the National Healthy Start Scheme. This Scheme has made reimbursements of over £500k in relation to the supply of milk to children under five years of age.

Looking Ahead to 2018-19

Business Services Organisation (BSO) continues to grow our services and customer base. Against this objective, we plan to extend our Counter Fraud Services to NI Fire & Rescue Service, as a new customer. In parallel, and in partnership with South Eastern and Western HSC Trusts, we are developing new methods of engagement to increase awareness and effectiveness of Counter Fraud activities. We look forward to another successful year.

HSC Pensions Service

The HSC Pension Scheme provides retirement benefits to Health and Social Care employees, GPs, Dentists and employees of other approved organisations in Northern Ireland.

Key Achievements and Developments in 2017-18

During 2017-18, key metrics for HSC Pension Service include:-

- Processed 429,230 accurate and timely payroll payments to HSC Pensioners, which equated to 14,308 per WTE (Whole Time Equivalent) per member of staff.
- Provided 3,769 pension estimates, and also processed 448 refunds and 360 transfers of benefits.
- Managed 361 referrals to Occupational Health Service for application for ill health retirement.
- Successfully processed 1,637 GP certificates.
- Managed an automated call distribution system, handling approximately 37,430 calls per annum to assist members and pensioners so that queries are dealt with more efficiently.
- Managed the processing and payment of 1,642 new pensioners to the pension scheme.

This year the Pension Board was fully operational. The Pension Board has the responsibility for assisting the scheme manager in securing compliance with all relevant pensions' law, regulations and directions as well as the relevant Pension Regulators codes of practice. This role is one of providing assurance in and governance of the scheme administration. The Pension Board has an equal number of employer and member representatives and is overseen by an independent chair.

We have continued to issue our GP Practice Staff Newsletter, Employer Technical Update, GP Locum Newsletters and Member and Employer Newsletters. All newsletters are tailored to the particular group they are targeted at and provide information on the many changes to the Pension Scheme.

HSC Pensions Service

The Trust Liaison Officer (TLO) Team has provided Employers and Scheme members with expert information and guidance on the regulations of the HSC Pension Schemes, the impact of Pension Reform. The Team also ensures that Employers meet the statutory legal obligations in line with overarching pension legislation. The TLO team has:

- Delivered over 200 Tailored Pension Scheme Workshops to over 6,000 Scheme Members
- Provided 220 individual pension consultations to Scheme Members

We have continued with our poster campaign to inform employers and employees of features of and changes to the Scheme. Our website has been upgraded, making it more user-friendly and responsive to individual searches. Instructional videos have been developed for guidance on different elements of the schemes and these are available on our website.

HSC Pensions Service continues to participate in Inter-Judiciary Fora between England, Wales, Scotland and Isle of Man. We also have membership of the Northern Ireland Public Service Pension Group. HSC Pension Service is still one of the most cost effective Public Sector Pension Providers. Having partaken in the CIPFA benchmarking club we are the second most efficient provider in comparison with 46 other UK providers whilst still delivering on all SLA and KPI targets.

HSC Pension Service has reconciled Guaranteed Minimum Pension details of nearly 40,000 members. We are on course to complete the GMP Reconciliation exercise by cut-off date of 31 December 2018. Member Self Service (MSS) allows members to access to their pension information online. During the year we also made the Annual Benefit Statement for 2016-17 available through the portal.

Financial modelling has suggested that many 2008 Section members with either Full or Tapered Protection could be better off if they moved to the 2015 Scheme from its start. This is because the 2015 Scheme builds up pension benefits in a different way to the 2008 Section. Consequently, unless members anticipate a substantial pay increase, for example through

HSC Pensions Service

promotion, it is likely that the 2015 Scheme would provide a higher pension than for the same period of membership in the 2008 Section. 2008 Section members with Full Protection or Tapered Protection are therefore being offered the chance to move post-1 April 2015 benefits into the 2015 Scheme. Protection Opt-out letters have been issued to eligible members so that they can make their decision and replies are due to be returned by 30 June 2018.

HSC Pension Service continues to expand our services, and signed a new Service Level Agreement with Northern Ireland Fire and Rescue Service to provide pension services for their Scheme members. Our software systems and websites are currently being updated to reflect these new arrangements.

Looking Ahead to 2018-19

Alongside our business as usual activities, the service will be completing the Reconciliation project for Guaranteed Minimum Pension (GMP). This will be in addition to preparation and implementation of the new Pensions Service to Northern Ireland Fire and Rescue organisation, including technology and process enhancements.

The Trust Liaison Team will deliver over 100 Tailored Pension Scheme workshops to employer organisations and their staff; over 50 classes in the navigation of the MSS Portal and over 80 days for the provision of one to one consultations for scheme members.

Small Business Research Initiative

The Small Business Research Initiative (SBRI) is also known as Pre-Commercial Procurement (PCP). It is an innovation based, international programme to bring new technology based solutions to health and social care services and address some of our critical service problems. It is used when we know and understand our problem but when there is no ready-made solution available to procure.

This has an added benefit to the NI economy by enabling local suppliers to create new products for the wider market. The suppliers are also afforded insights into the hospital and community services so that solutions are designed in the real-world environment.

The SBRI programme is led in the NI Health and Social Care Services by Business Services Organisation and is delivered in partnership with InvestNI who support local businesses to bring solutions to the market and to gain the maximum leverage from winning an SBRI competition. The SBRI model operates an open procurement for a Phase One, where multiple suppliers are funded to develop their solution prototypes. There is then a further Phase Two procurement which is open only to Phase One suppliers. In this phase, successful suppliers are able to test their solutions in field trials within the Trusts.

Key Achievements in 2017-18

Small Business Research Initiative (SBRI) is also known as Pre-Commercial Procurement (PCP). It is a programme designed to promote innovation and development of technologies to help address some of our service issues within the wider Health and Social Care sector in Northern Ireland. SBRI is a phased research and development programme: typically Phase One being the creation of a working prototype and Phase Two enabling field trial testing within the Trust environment. In 2017-18 there were four main projects developing 19 different prototypes. *MAGIC* (Mobile Assistance for Individuals and Groups in the Community) is an international EU Horizon 2020 funded PCP where solutions to enable effective home base rehabilitation are being created. There were eight promising prototypes designed in Phase One and in Phase Two. The suppliers refined and built their prototypes and sought Research Governance and Ethics approval in order to enable large scale field trials/ feasibility studies to be conducted in Italy and Northern Ireland.

Small Business Research Initiative

FAST is a Data Analytics project designed to deploy hospital based Pharmacists effectively to the patients most in need of their care. Phase One concluded with three prototypes and Phase Two commenced with the trials in Altnagalvin and Antrim Area Hospitals.

HOME is designed to ensure safe medicines management in the home when a service user is in the receipt of Home Care support through Domiciliary Care Services. There were five prototypes developed in Phase One, two of which entered into the feasibility testing phase. The Phase Two projects were based in the Northern and Belfast HSC Trusts.

GEMS involves the design of prototype technologies to assist pregnant women with diabetes manage their pregnancies with fewer antenatal hospital visits. At the same time it aims to increase safety, independence and deliver a very clear longer-term health promotion message. Five HSC Trusts participated in GEMS with the Southern, Western and Belfast Trusts hosting suppliers in Phase One.

Looking Ahead to 2018-19

As the programme moves into the new financial year, not only will the current projects continue but two more are likely to commence; one to improve Prison Health and the other to use Space Data. These projects are truly pushing the boundaries of innovation in the health and social care sector, with dependency of ongoing financial support. All funding associated with the Horizon 2020 EU funded MAGIC Project has been received by BSO. The project can therefore operate without risk from EU Exit until its expected close in April 2020.

Customer Care and Performance Directorate



Mrs Karen Bailey

Director of Customer Care and Performance

The Customer Care and Performance Directorate drives improved performance and adds value for our customers as well as having a number of operational services. There is a small Customer Care and Performance team which, in addition to corporate customer care and performance responsibilities, carries out a number of governance functions on behalf of the organisation. The Directorate also comprises Information Technology, the Office of Research Ethics Committees NI, Equality and Human Rights and the Honest Broker Services.

Customer Care and Performance

The Customer Care and Performance team comprises an Assistant Director, a Customer Care and Performance Officer and a Governance and Risk Officer. During the year the team was supported by a Graduate Intern.

This small team manages the following on behalf of the organisation:

- Customer Relations through the management of Service Level Agreements, client liaison, establishment and facilitation of customer partnership forums, customer surveys, monitoring arrangements and issue resolution;
- Corporate Performance Management Reporting through the Corporate Balanced Scorecard and quarterly monitoring of Performance against Annual Business Plan;
- Facilitation of Service Improvement and Quality initiatives, including benchmarking and creation of the Annual Quality Report;
- Strategic and business planning processes for the organisation;
- Aspects of governance and accountability, including co-ordination of Controls Assurance and risk management arrangements and reporting through the Corporate Risk Register and facilitation of Board Governance Assessment processes;
- Supporting the Accountability Review process and liaison with our Departmental Sponsor Branch;
- Aspects of corporate communications, including production of the monthly staff newsletter, *BSO Business Matters* and the BSO Annual Report.

Key Achievements and Developments in 2017-18

There was continued input from the team into the Corporate Induction process in relation to risk awareness training.

As part of the corporate governance agenda, the Customer Care and Performance team has supported the Board by the preparation of induction packs for the newly appointed non-executive Directors.

Customer Care and Performance

The team helped arrange and participated in a Strategic Planning Workshop for Board members in October 2017. This workshop helped to stimulate thinking on the elements of successful shared services organisations and communications.

The team also arranged and co-facilitated with the HSC Leadership Centre a Strategic and Business Planning Workshop for senior staff in November 2017. This event included an opportunity to celebrate the various successes across BSO, as well as planning for continued success in the future.

The guest speaker was Mr. David Gordon, Director of Communication for the Department of Health. This was in keeping with the current focus on successful communications within the Business Services Organisation.



Liam McIvor (BSO CEO) and David Gordon (DoH Director of Communications)



Business Planning Workshop Attendees

Customer Care and Performance

As a result of the planning events and discussions, Customer Care and Performance members of staff have created a new draft Corporate Plan to take BSO forward into 2018-21. This is in addition to the Annual Business Plan for the year ahead. The results of the annual BSO Customer Satisfaction Surveys, also facilitated by Customer Care and Performance, were taken into account in planning services for 2017-18.

Looking Ahead to 2018-19

The Customer Care and Performance team looks forward to working closely with internal and external customers to ensure that the key priorities and objectives set out in the new BSO Corporate Strategy 2018-21 and Annual Business Plan are delivered.

Equality Unit

Key Achievements and Developments during 2017-18

During the year, the Equality Unit facilitated the BSO and seven of the regional Health and Social Care (HSC) organisations in developing **new Equality and Disability Action Plans**. *Tapestry*, our Disability Staff Network, played a key role in developing workplace-related actions.

The draft plans were consulted on between October and December 2017. As part of the consultation, the Equality Unit facilitated an interactive event in December. It brought together consultees from the voluntary and statutory sector as well as an elected representative and senior representatives from the consulting organisations. Julie Erskine, the BSO Chair, chaired the event.

At the end of March, the consultation report had been drafted and finalised plans submitted to Senior Management Teams.



In December 2017, together with our Trust colleagues we launched a **new eLearning resource on Equality, Good Relations and Human Rights**, called *'Making a Difference'*. Professor Dorothy Whittington, the BSO Disability Champion, spoke at the launch event in Stormont. The resource aims to show how staff can make a difference by:

- Promoting positive attitudes to diversity
- Ensuring everyone is treated with respect and dignity
- Behaving in a way that is in keeping with HSC values and equality and human rights law.

Following public consultation, we finalised the new **Gender Identity Employment Policy**. The BSO Senior Management Team approved the policy in October 2017.

Equality Unit

Looking Ahead to 2018-19

Facilitating the delivery of key actions in the new Plans will be the focus of the Equality Unit's work in the coming year. This will include:

- Providing targeted information for staff who are carers on support available (within the BSO and beyond)
- Providing information for line managers on steps to take when a member of staff declares a disability (flowchart and guidance)
- Together with senior HR and Equality staff from the HSC Trusts, supporting the consistent implementation of the Gender Identity Employment Policy. (This will be through developing staff procedures for handling information records in relation to transgender and non-binary staff. It will also include drafting a training and awareness plan for HSC staff on gender identity issues).

We will continue to resource and facilitate *Tapestry* in playing an active role in setting the disability and carers 'agenda in the BSO and in our regional partner organisations.

The Office for Research Ethics Committees (ORECNI)

The ORECNI is the administrative hub for Health and Social Care (HSC) ethical review in Northern Ireland. The service is based on Research Ethics Committees comprised of volunteer members from both expert and lay backgrounds who provide ethical advice on the performance of research studies involving Health and Social Care and the wider NHS. The ORECNI and its Health and Social Care Research Ethics Committees (HSC RECs) are part of a UK wide network of NHS Research Ethics Committees and work closely with the Health Research Authority (HRA) in England and the ethics service counterparts in Scotland and Wales. Our mission is: *“to maintain a Research Ethics Service to protect the rights, dignity and welfare of research participants within the HSC/NHS, and to protect the rights of researchers to perform ethical research and legitimate investigation”*.

Key Achievements and Developments in 2017-18

During the financial year 2017-18, the ORECNI service considered a total 162 of new research applications involving human subjects, their tissue or data, which took place within the HSC and NHS. The service also reviewed 172 substantial amendments. The range of research reviewed included clinical trials of medicinal products or drugs, trials of medical devices or other interventions as well as social care studies. Research categories involving vulnerable subjects such as patients/service users with learning difficulties, mental impairment, and ‘looked after’ children were also reviewed. It also included ethical approval of research databases or datasets. The range of research is diverse and includes sponsorship from the HSC, from charities, commercial companies, and the universities. The service has met all legal timeframes required under the UK Clinical Trials Directive (2004) and National Standard Operating Procedures.

This year’s BSO customer survey for the ORECNI produced very positive feedback on the service provided by the HSC RECs, and the ORECNI staff in particular. During this year the service has managed to maintain its fastest times for ethical review and is working to full capacity for workload. It continues to achieve 100% of the UK national KPIs relating to ethics review at full REC and post approval amendments and is the most efficient service in the UK.

The Office for Research Ethics Committees (ORECNI)

The service has exceeded its target of 75% paperless ethical review at its full committee meetings, this year, for the first time and is 100% paperless in all other areas of the service.

On 6 March 2018 a training event was organised by the ORECNI. Its primary aim was to provide annual training to its Health and Social Care Research Ethics Committees Members (HSC REC Members). The Chair of the BSO Board, Mrs Julie Erskine gave a welcome address and thanked the ORECNI staff and HSC REC members, and in particular the Chairing Teams for their hard work. Managers with responsibility for Research and Development within the Public Health Agency (PHA) and the HSC Trusts also attended for part of the day. Three sessions were presented by Dr Janet Messer, Director of Approval Services HRA:

- Health Research Authority (HRA) Policy updates: The revised Governance Arrangements for Research Ethics Committees (GAfREC), the Updated Research Governance Framework and other.
- The new General Data Protection Regulation (GDPR) – A view from the Medical Research Council
- Workshop GDPR – what are the implications for ethical review?

Further sessions were delivered by Dr Janice Bailie, Assistant Director of Public Health Agency Research & Development Division and Dr Siobhan McGrath, Head of the ORECNI. The day was well attended, evaluated very positively by attendees and leaves the service well informed for the future.

Looking Ahead to 2018-19

The challenges will include:

- Participation in the UK national pilot to prepare for the revised EU Clinical Trials Regulation.
- Obtaining quality external re-accreditation for the HSC RECs.
- Continuing to achieve a fast ethical turnaround without compromising the quality of the ethical review.

The Office for Research Ethics Committees (ORECNI)

- Training new committee members and staff so that the quality of ethical review and customer service remains high.



From L to R: Mrs Julie Erskine (Chair of BSO), Dr Siobhan McGrath (Head of the Office for Research Ethics Committees Northern Ireland (ORECNI), BSO), Dr Janice Bailie (Assistant Director of the Public Health Agency (PHA) R and D Division), Mrs Karen Bailey, Director of Customer Care and Performance, BSO, Dr Janet Messer (Director of Approval Services, Health Research Authority (HRA) England).

Information Technology Services

Key Achievements and Developments in 2017-18

The scope of services and projects managed and delivered by ITS have more than doubled in the eight years since it was established in April 2009. Since its creation in 2009, ITS have successfully delivered approximately £250 million of spend on transformational IT projects and operational support. We currently provide regional IT services to the HSC and a full range of managed IT services to all HSC regional Arms-Length Bodies and to the NI Fire and Rescue Service (NIFRS).

All regional technology-led transformation projects are delivered by ITS. Our teams are also responsible for the ongoing provision of a large number of “Tier 1” and other services which are critical to the operation of the HSC. There have been some notable developments in 2017-18.

Data Centre Migration Programme

- The Technical Operations team has moved all of the BSO hosted services to the new “Tier 3” datacentres and a refreshed technology platform.
- This was a very high risk programme involving the migration over 120 discrete regional enterprise clinical and business services. These services had to be moved with little or no impact on the HSC users of the services and no impact on the patients and clients who depend on those services.
- The systems and services were moved successfully from the legacy data centres in the Belfast City and Royal Victoria Hospitals with minimal impact on clinical and business services.
- The new datacentres are very resilient to most of the issues which impacted the legacy datacentres, such as power outages or bad weather.
- The programme is producing cost savings which are released back to HSCB for reinvestment.

NIFRS managed IT service

In 2017-18 a decision was taken by NIFRS to secure a managed service from ITS. Members of NIFRS IT staff have been transferred into BSO. The transferred NIFRS staff and the rest of the ITS team have nearly completed the technical refresh of the IT infrastructure. The significant technical debt issues and risks with the legacy NIFRS technology have been addressed, providing a stable modern platform for the organisation to move forward on in 2018-19.

Community, Social Services and Primary Care

We continue to deliver innovations including a new carers’ assessment module for NISAT, further enhancement of child health services and the migration of EMIS GP practice management systems to EMIS web. There has also been significant work

Information Technology Services

to enable the further transfer of data and services to PARIS, ECR and the regional data warehouse.

Information and Analytics

These capabilities delivered by ITS underpin the core disciplines for health and social care planning and delivery. The regional data warehouse has been extended to cover community systems such as Child Health, PARIS and Soscare. The use of the Honest Broker Service by researchers has continued to grow. The data warehouse team also continues to work on the EU Midas project using a broad anonymised set of children's data as the exemplar.

Electronic Care Record

The use of the NI Electronic Care Record (NIECR) has continued to grow with over 21,000 active accounts by February 2018 and 750,000 logins in that month. The ECR team has now developed a Diabetic pathway that will ultimately replace the existing Diamond and Twinkle systems. The ECR team has also deployed the mortality and morbidity system which introduces an electronic system for the recording of deaths. The core ECR platform also went through a major upgrade to a current version of the software which has allowed a number of the recent developments to be deployed.

The national healthcare award-winning 'eTriage' Electronic referral functionality continues to be rolled out to all areas. Electronic Document Transfer was rolled out to 100% of GP Practices and the Northern HSC Trust has moved to being paperless in this area using these facilities.

The ECR continues to be nominated for awards including:

- Highly commended for Electronic Transfer of Discharge at Building Better Healthcare awards in November 2018
- Highly commended for Key Information Summary at NI Healthcare awards in February 2018
- Final three for Public Sector Paperless awards for Electronic Transfer of Discharge July 2017

Best practice standards in IT Service Management

ITS achieved the successful reaccreditation audit for ISO20000 in February 2018. Future plans are to increase the scope of the ISO20000 internal audit process across all 32 teams within ITS. Consideration of how this will integrate with the move towards ISO27001 is underway.

Information Technology Services

Infrastructure and Applications review

ITS have led a regional infrastructure and applications review encompassing all technology and systems used across the HSC. The process of collecting and analysing the asset information was completed in September 2017. The analysis of this information, including identifying the opportunities for investment and consolidation has been completed and the final report published.

The expectation is that the review will provide the basis for an infrastructure programme covering:

- Datacentre consolidation
- Network restructure
- Client device refresh
- Server refresh
- Identity management, access and security policy management.

Most of these initiatives are prerequisites for the major HSC programmes which have dependencies on these capabilities being in place.

Public Sector Shared Services

ITS provided the IT lead for the Public Sector Shared Services (PSSP) programme. This has provided IT benchmarking information across all sectors of the public sector including HSC. This programme will produce a business case identifying options for the further implementation of shared services by September 2018.

The benchmark information showed that HSC ICT costs were well below the median costs globally but also towards the bottom of the “cost per seat” benchmark figure across NI public sector. The implications of the benchmark findings for future investment in service delivery are still being considered.

E-Pharmacy

ITS have led the e-pharmacy project which aims to implement electronic transfer of prescriptions from GPs to community pharmacists and through to the payments systems. The outline business case for this has been completed and is about to be submitted for approval. The preparation work for this project will continue in anticipation of approval for the capital expenditure.

Information Technology Services

Patient Portal

ITS have been commissioned to implement a proof of concept patient portal facilitated by the *Atlantic Philanthropies Fund* which is focused on improving the care of dementia patients. The portal will initially be rolled out to dementia patients and their carers and, if successful, a business case for wider deployment may be developed.

Digital identity service

The existing systems for Health and Care number and GP registrations (NHAIS) are now both end of life. These systems and the related business processes play a key role in identifying all patient and client who use HSC services. This ensures that all information relevant to the individual can be presented to clinicians or other care provider within systems such as ECR or NIPACS. A business case for their replacement with a digital identity service has been submitted to DoH.

Android phone migration

The legacy Blackberry mobile estate which was used by BSO and all regional bodies was replaced with a Samsung Android fleet. This involved the migration and deployment of approximately 1000 smartphones.

LIMS replacement

This programme underpins the wider Pathology Transformation Programme and is aimed at replacing the existing nine LIMS systems with a single system and standardising pathology testing across HSC. It will also replace the blood products system used by the NI Blood Transfusion Service. The LIMS replacement programme has extensive buy-in from HSC stakeholders and a specification for the replacement has been developed. An Outline Business Case (OBC) for the replacement will be submitted early in 2018-19.

NIPACS replacement

The existing NIPACS imaging managed service contract has been extended to 2022. The replacement programme will procure and implement a new service several years before the end of the existing contract. This new service will subsume the existing NIPACS service and also replace the RVH and BCH systems which currently sit outside NIPACS. The new system is planned to have the capability to hold all images captured across HSC including medical photography, digital pathology, cardiology, and radiology.

Information Technology Services

Digital Pathology

This service captures tissue sample slides as digital images, meaning that they do not have to be stored. An interim digital pathology service will be deployed in HSC using the existing NIPACS contract. The interim service will be replaced as part of the broader NIPACS replacement. Development of a business case for the interim service is underway.

GP2GP

This project involves the electronic transfer of patient records between GP practices which is required when a patient moves practice. It will also implement the transfer of records for deceased patients to an archive in the BSO removing the need to store paper. An OBC for the project has been developed and implementation is planned for 2018-19 once the business case is approved.

Cyber Security

ITS is leading on the development of a OBC for a significant cyber security programme which aims to put in place fit for purpose information security management systems across all areas of the HSC. In the interim some short term enhancements have been put in place and a programme structure has been created.

Common identity framework

This project aims to look at how identity is managed for HSC staff using systems within the HSC. The current landscape is fragmented with multiple instances of organisation-based active directories and 70% of systems authenticating on a standalone basis. We are currently agreeing technical options with HSC Trusts which will be used within an OBC.

Out of Hours IT support

This project aims to develop two separate business cases for 24 hour IT support. In the first instance this will be for BSO managed enterprise services and in the second instance the broader support requirements of HSC. The business case for the resource required for the initial work has been submitted with both business cases planned to be completed in 2018-19.

Looking Ahead to 2018-19

ITS have a number of key priorities commissioned by HSCB and outlined in the corporate BSO Annual Business Plan for 2018-19 which relate to the projects referenced above.

Information Technology Services

ITS will progress the development of key regional clinical and business systems and services including:

- Approved OBC for the regional LIMS replacement by December 2018
- Approved OBC for replacement of the existing NIPACS imaging service by March 2019.
- Development of the Cyber Security programme OBC by March 2019
- Digital Identity Service to go to market before end of 2018-19
- GP2GP to begin implementation in 2018/19
- Technology Framework agreement to be in place by December 2018
- OBC for out of hours support for HSC by March 2019
- E-pharmacy OBC approval by March 2019.

Honest Broker Service

The Honest Broker Service (HBS) was established as a function within BSO in June 2014. The mission of the HBS is to facilitate access for approved researchers, health planners and policy makers to anonymised and pseudonymised Northern Ireland Health and Social Care (HSC) data and to assist in the analysis of such data as required.

The aims of the HBS are to:

- Facilitate approved research that may contribute to the promotion, protection and maintenance of the health of the public;
- Facilitate the planning, evaluation and delivery of health services;
- Support activities related to the above aims across the full spectrum of health;
- Contribute to knowledge regarding research methods relating to health data collection, linkage of health-related data and compilation and use of health related statistics generally; and
- Following appropriate governance, permit the outcomes of activities related to the above aims to be available for the benefit of the public and to contribute to knowledge on an open and equitable basis.

The HBS is managed jointly by the heads of the Regional Data Warehouse and the Information and Registration Unit within BSO who report on its performance to the Director of Customer Care and Performance. There are two members of staff who work full time within HBS; a statistician on secondment from the Northern Ireland Statistics and Research Agency and an ICT specialist. A number of other staff across BSO also contributes to the service alongside their normal duties.

The HSC Regional Data Warehouse (RDW) is a large, secure data store which receives regular data extracts from a range of key HSC Information Systems. It is managed by BSO and hosted within the HSC Regional datacentres. It ensures that authorised users have secure access to timely, robust and accurate management information, while complying with the requirements of the Data Protection Act (DPA). It enables sophisticated analysis of stored de-identified data

Honest Broker Service

using a Business Intelligence toolset and a Management Information Portal. HSC organisations have access to their own data collected for direct patient care, with any other organisation (for example the Health and Social Care Board or DoH) only granted access through Data Access Agreements or through HBS.

HBS enables secure access to linked de-identified Warehouse data for HSC purposes, including Business Intelligence and management reporting facilities, and for approved HSC related research. HBS is now the preferred method of granting organisations access to data. All HBS processes are in line with Data Protection and confidentiality requirements, and with the Information Commissioner's Office (ICO) Codes of Practice.

Key Achievements and Developments in 2017-18

Non-research projects have supported the Department of Health, Health and Social Care Board (HSCB), Public Health Agency (PHA) and Trusts in performance management, clinical audits and service evaluation in areas as diverse as Tele-monitoring, Laboratory benchmarking and Mortality outcomes. Research projects have included various maternal and child health issues, prescribing of antibiotics, prescribing of anti-depressants, and cancer outcomes.

Looking Ahead to 2018-19

The HBS underwent a review by the Leadership Centre during the course of 2017-18 and a number of recommendations have been made for consideration. It is anticipated that the HBS will continue to support a wide range of both non-research and research projects, providing a valuable contribution to health and social care policy.

Finance Directorate



Wendy Thompson
Director of Finance

Key Achievements and Developments in 2017-18

Year End Accounts

The BSO achieved its statutory breakeven requirements in 2017-18, arriving at a £54k surplus for the Organisation at the financial year end. During the 2017-18 financial year, the Financial Management Division continued to monitor the financial position of the organisation using a rolling monthly forecasting process to enable us to effectively manage the break-even requirement.

Budget holders continue to have access to online, drill-down monthly financial information.

BSO's financial statements for 2017-18 (included as part of this document) were approved by the Board on 12 June 2018 and were given an unqualified opinion by the Northern Ireland Audit Office.

Finance Directorate

Client Accounting

The Directorate provided a range of financial management services during 2017-18 to a number of Arms-Length Bodies namely, NISCC, NIGALA, PCC, NIPEC, NIMDTA and RQIA. The client accounting team also prepared full year end statutory accounts for all these bodies.

Financial Governance

The Directorate services and supports the Organisation's Governance and Audit Committee (GAC) which met six times during 2017-18.

BSO is an active participant in the National Fraud Initiative (NFI) and provides regular updates to the NIAO on developments in this regard. The Directorate is also responsible for the wider issue of fraud prevention and detection within the BSO. We work closely with Counter Fraud and Probity Services to ensure all fraud matters are being dealt with appropriately by the BSO.

Controls Assurance Standards

The Finance Directorate is required to achieve a substantive level of compliance in respect of the Financial Management Standard. This year a substantive level of compliance was again achieved.

Looking Ahead to 2018-19

In 2018-19 the challenge will be to continue to provide a high quality financial service delivering accurate, reliable and timely information to support the strategic decision-making processes within both BSO and the other arms length bodies we support.

Internal Audit

The BSO Internal Audit Unit provides an internal audit service to all 17 Arms-Length Bodies of Department of Health (DoH), including BSO itself. We also provided services to one other small organisation during 2017-18.

The Internal Audit Service strives to add value and improve client organisations' operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

We have a number of ways of engaging with its clients, as routine parts of delivering the Internal Audit service. We also have an Internal Audit Partnership Forum, which meets every six months. This Forum provides a mechanism for clients to ensure the on-going development of the service is in line with customer needs.

The Internal Audit Service is accredited to the ISO 9001:2008 quality standard and is an approved Association of Chartered Certified Accountants (ACCA) Gold status Employer Training and Professional Development Service.

Key Achievements and Developments in 2017-18

The key objective of the Service is to ensure the delivery of the Internal Audit Annual Plans to all client organisations. All Head of Internal Audit Annual Reports will be issued by the April 2018 deadline. Given the staff resource issues that the Unit has had during 2017-18, its key achievement must be the successful delivery of all audit assignments due to the continued hard work and dedication of staff.

Internal Audit introduced the use of the new public sector wide definitions of audit assurance and prioritisation of recommendations, from 1 April 2017. We also reviewed, updated and successfully implemented a new audit report format in 2017-18.

Internal Audit

Feedback from client organisations highlighted continued satisfaction with the service and particularly the professionalism of the audit team.

During 2017-18, an IT Audit Manager was appointed and the development of IT audit skills and data analytics in the wider audit team has been progressed.

Looking Ahead to 2018-19

BSO Internal Audit will continue to seek to improve the value we add to our client organisations. IT auditing will continue to be an area for development in 2018-19.

Legal Services Directorate



Mr Alphy Maginness

Chief Legal Advisor

Throughout the year 2017-18 the Directorate of Legal Services (DLS) continued to provide high quality, cost-effective legal services exclusively to all Health and Social Care bodies.

During 2017-18 overall activity remained similar to that of 2016/17, with a total of 86,930 hours (an overall increase of over 20% in the last 5 years).

Key Achievements and Developments in 2017-18

The following key events occurred in the course of the year:

- (i) DLS continued the accreditation to the ISO and Lexcel Quality awards following external assessment by SGS which concluded on 22 January 2018. In addition DLS continues to be an Investor in People (IiP). Reaccreditation to IiP was achieved across BSO in December 2015.
- (ii) A Quality of Service survey conducted among clients by the BSO revealed a satisfaction level of over 90% for DLS.

Legal Services Directorate

- (iii) DLS continued to provide advice and representation in all core areas of law: it also provided training on a wide range of legal issues, with over 40 training sessions having taken place throughout the year.

- (v) Debt Recovery: An estimated total of £1,507,000 has been recovered on behalf of clients in 2017-18 which amounts to over £5 Million in the last 5 years.

- (vi) On the 1 January 2015 DLS rolled out a new Counsel Panel which includes a cap on Counsel Fees. This has realised savings of £743,000 in 2017/18; this equates to over £3 Million having been saved in the last five years. DLS also challenges third party solicitor costs which achieved a saving of £2,771,000 in 2017/8. Together these two initiatives have saved the HSC sector over £ 3.5 Million this year.

Looking Ahead to 2018-19

Continuing financial pressures, coupled with increasing activity levels from clients has meant that the year 2017-18 was both challenging and demanding. The excellent ratings from the client survey are again evidence of the high quality of service provided by all DLS staff. The Directorate continues to identify efficiencies where possible and to maintain the high standards of service to clients it has set over the years.

Human Resources and Corporate Services



**Mr Hugh McPoland (Until
31st December 2017)**

Director of Human Resources
& Corporate Services



**Mrs Karen Hargan (Commenced
30th March 2018)**

Director of Human Resources &
Corporate Services

Key Achievements and Developments in 2017-18

In 2017 the Human Resources department continued to support the BSO and client organisations on a range of strategic people issues. The issues included major change management initiatives, structure design, the development of robust HR policies and procedures and the implementation of terms and conditions of employment.

We have started to embed our corporate services provision with client organisations and have been working closely with BSO and client organisations to prepare for the introduction of GDPR legislation in 2018.

Human Resources and Corporate Services

Performance

Alongside general activity to support managers and ensure that all members of staff are paid accurately and on time, the BSO HR team responded to 18,500 queries via the email address bsc.humanresources@hscni.net during 2017-18.

We continue to provide Contracts of Employment within nine days of receipt of new start papers and achieved a rate of 96% against this key performance metric. In addition to managing a significant numbers of employment matters which have been successfully resolved, we have experienced a large increase in the number of formal employee relations cases. A total of 45 cases were managed by the BSO HR team in 2017 across the BSO and our client organisations. In an attempt to address the growing level of employee relations cases, training for managers in this area has been created with the support of the HSC Leadership Centre. There were a number of sessions delivered in 2017-2018 and more sessions will be delivered in the next financial year.

The continuation of the VES scheme in 2017-18 meant that HR provided advice and estimates for a range of staff and client organisations. This resulted in eight applications being processed across the organisations we serve.

The HR team has continued to work collaboratively with our colleagues in the Recruitment and Selection Shared Services Centre on a number of areas. This has included the implementation of new Job Description and Personnel Specification Templates as well as changes within the process of pre-employment checks. Retained Recruitment has conducted over 400 pre-employment I.D checks within 2017-18, ensuring that we maintain a mutually successful and symbiotic relationship with our colleagues in RSSSC. We also monitor in-coming job requisitions to ensure they are fit for purpose prior to being forwarded to RSSSC. The provision of guidance and advice for Recruiting Managers remains a core role with over 1000 requisitions reaching the Retained Recruitment Dashboard during the year.

Human Resources and Corporate Services

We have continued to support and manage the process for Job Evaluations on both existing and new posts from managers and employees in BSO, and client organisations. More than 100 requests were received and actioned in 2017-18. Whilst offering on-going daily support to managers in recruitment processes and procedures, we also conducted 14 Workshops. These were on the topics of Writing Job Descriptions, Values Based Recruitment and Recruitment and Selection Training. Sessions held in various geographical venues to enable managers in all sites to participate.

The BSO continues to expand the number of training initiatives across the organisation. This is the third year of the successful “Career Pathways” initiative and a new cohort of staff commenced this programme in January 2018. It is planned to roll out a further “Building Potential” programme for staff at Bands One to Four. The BSO has embarked on developing a Coaching culture throughout the organisation. A number of coaching programmes are being rolled out over 2017-18 and 2018-19 and available to all staff. This includes the establishment of accredited “Coaching Champions” within the organisation. There is continued encouragement for individual staff development demonstrated by uptake on the Acumen, Aspire, Proteus and Succession Planning programmes.

Employee Health and Wellbeing

During 2017-18 we continued to focus on enhancing the contribution and development of our people. The HRPTS system enables us to identify reasons for absence and therefore helps direct our resources accordingly.

2017 saw the return of Global Corporate Challenge (GCC) with an increased number of participants (a total of 371). Participants were challenged to walk on average 10,000 steps per day over 100 days, promoting exercise as well as engagement, learning more about mindfulness, nutrition, sleep and recovery. Staff noted improvements in their weight, sleep and recovery. Over the 100 days, participants walked a total of 447,839,910, covering 178,096 miles, 63% getting the recommended seven hours plus sleep, a reported weight loss of 144kgs and 65% of participants feeling less stressed. At the end of this year's challenge, a cycle event was organised in aid of Clic Sargent and raised over £3,000 for such a worthwhile charity.

Human Resources and Corporate Services

This year also saw the introduction of our Success, Not Stress mental wellbeing app in conjunction with Soma Analytics. BSO is the first public sector organisation, as well as the first NHS organisation to implement such an innovative product. Once downloaded, participants are able to select certain objectives personal to them, for example, how to get a good night's sleep, how to be more productive, that they feel will improve their mental wellbeing. Advice is also given on steps to help achieve personal objectives.

To finish the year on a high, the BSO HR Directorate won a HPMA NI award in recognition of our health and wellbeing initiatives of GCC and our Success, Not Stress app.



HPMA NI Award

Looking ahead to 2018-19

We will continue to invest in health and well-being initiatives during 2018-19 ensuring our staff are equipped both mentally and physically to deal with the challenges that come their way. We will continue to monitor our absence through the HRPTS system. More training, support and information will be provided to managers to help them make decisions relating to attendance management and staff support initiatives.

Coaching and mentoring will continue to form an integral part of the HR Strategy in the year ahead. There will be a focus on the BSO going for Generation VI (IIP) reaccreditation later in the year.

Human Resources and Corporate Services

BSO HR will continue to work with GP Federations to support the development and introduction of multidisciplinary team working. BSO will be actively contributing to the implementation of the HSC Leadership Strategy and the HSC Workforce Strategy as outputs of the Ministerial vision, Delivering Together 2026. We will work closely at a regional level and with customer organisations on implementation frameworks.

Corporate Services

HR will also contribute to the development of the corporate communication strategy and in 2017 will actively utilise social media.

BSO will be actively contributing to the development of the HSC Leadership Strategy as an output of the Ministerial vision, *Delivering Together 2026*. We will work closely at a regional level and with customer organisations on an implementation framework.

Coaching and mentoring will form an integral part of the HR Strategy in the year ahead and there will be a review of the Appraisal /Performance Management system within the BSO.

Complaints

BSO has a published policy and associated procedure for handling complaints which received a satisfactory assurance following an audit report during the year.

Within this financial year the Corporate Services team dealt with 79 complaints, 53 of which have been responded to, with 26 still being processed. This is a decrease from 108 in the 2016-17 financial year. Lessons learned reviews are carried out after each complaint where appropriate. Quarterly reports are analysed to identify trends and reported to the Business and Development Committee of the Board. A formal Annual Complaints Report is produced for consideration by the full Board.

Data Breaches

During the period 2017-18 there was one instance regarding a data breach reported to the Information Commissioner's Office for which, on investigation, the ICO decided to take no further action.

We will continue to work with client organisations in the coming year to embed and expand our corporate service provision to client organisations and support organisations in the implementation of the General Data Protection Regulations.

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES.

Under Health and Social Care (Reform) Act (Northern Ireland) 2009, the Department of Health has directed the Business Services Organisation to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Business Services Organisation of its income and expenditure, changes in taxpayers equity and cash flows for the financial year.

In preparing the financial statements the Accounting Officer is required to comply with the requirements of Government Financial Reporting Manual (FREM) and in particular to:

- Observe the Accounts Direction issued by the Department of Health including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in FREM have been followed, and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Business Services Organisation will continue in operation.
- Keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Business Services Organisation.
- Pursue and demonstrate value for money in the services the Business Services Organisation provides and in its use of public assets and the resources it controls.

The Permanent Secretary of the Department of Health as Principal Accounting Officer for Health and Social Care Resources in Northern Ireland, has designated Liam McIvor of the Business Services Organisation as the Accounting Officer for the Business Services Organisation. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Business Services Organisation's assets, are set out in the Accountable Officer Memorandum, issued by the Department of Health.

GOVERNANCE STATEMENT

Governance Statement

1. Introduction/Scope of Responsibility

The Board of BSO is accountable for internal control. As Accounting Officer and Chief Executive of the Board, I have responsibility for maintaining a sound system of internal governance that supports the achievement of the Organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am responsible in accordance with the responsibilities assigned to me by the Department of Health.

There are a range of processes and structures in place to facilitate appropriate accountability. These include:

- **Management Statement and Financial Memorandum** to ensure accountability between the DoH and the BSO. Formal accountability meetings are in place in addition to on-going informal liaison.
- **Service Level Agreements with Client Organisations** to manage the working relationships with, or within, the Health and Social Care Board (HSCB), Public Health Agency (PHA), HSC Trusts and other Health and Social Care Organisations.
- **Partnership Forums and Shared Services Regional Customer Forums**
Partnership Forums with client organisations, take place at least twice a year. These Forums follow an agreed Terms of Reference by which business is conducted.

1.2 In addition to the main BSO function, the following Regional Programmes and Administered Services fall within the BSO's accounting boundary:

Business Services Transformation Programme/Business Systems Forum to coordinate, direct, resource and oversee the implementation of the BSTP and related projects in order to deliver the expected outcomes and benefits within the agreed financial resources and timescales.

Regional ICT Programme

Individual ICT projects are commissioned from BSO Information Technology Services (ITS) by HSCB within the context of the Regional HSC e-Health Strategy. BSO is

responsible for ensuring that programme funding is spent in line with the annual spend projections agreed between BSO and HSCB, with any exceptions reported to HSCB.

Administered Services

On instruction from the DoH, BSO undertakes payment arrangements for a range of services, namely, Bursaries for Nurse Training, Blood Infected Scheme, Healthy Start Initiative, Supplement for Undergraduate Medical and Dental Education (SUMDE) and Regional Training Schemes for which total funding of approximately £18.2m is received via the Revenue Resource Limit (RRL). BSO also makes payments for Interpreting Services on behalf of HSCB totaling approximately £3.6m.

2. Compliance with Corporate Governance Best Practice

The Board of BSO applies the principles of good practice in Corporate Governance and continues to further strengthen its governance arrangements. The Board of BSO does this by undertaking continuous assessment of its compliance with Corporate Governance best practice, for example, through compliance with the relevant Control Assurance Standards and by assessing the BSO Governance arrangements against the Department of Health's Board Governance self-assessment Assessment tool.

The BSO undertook its annual Board Governance self-assessment in August 2017 and an Action Plan is in place. The Board Governance self-assessment tool focuses on four key areas: Board Composition and Commitment, Board Evaluation Development and Learning, Board Insight and Foresight and Board Engagement and Involvement. A Board Impact Case Study also forms part of this exercise. The self-assessment for 2017/18 did not indicate any significant governance issues.

The BSO also receives assurance from external and internal auditors through the Report to those Charged with Governance and Internal Audit Reports.

3. Governance Framework

The Board of BSO exercises strategic control over the operation of the organisation through a system of corporate governance which includes:-

- a Corporate Plan supported by an Annual Business Plan;
- a schedule of matters reserved for Board decisions;
- a scheme of delegation, which gives decision making authority, within set parameters, to the Chief Executive and other officers;
- standing orders and standing financial instructions;
- the operation of a Governance and Audit Committee;
- the operation of a Remuneration Committee and Terms of Service Committee;
- the operation of the Business and Development Committee;
- the Management of Information Systems.

3.1 The Role of the BSO Board is to establish the Organisation’s strategic direction and aims, in conjunction with the Senior Management Team, to ensure accountability to the public for the Organisation’s performance and also ensure that the organisation is managed with probity and integrity. The BSO Board has three sub committees:

- Governance and Audit
- Remuneration and Terms of Service
- Business and Development

Attendance records are maintained for the Board of BSO and its sub committees. These are detailed in the table below. Each sub committee has an approved Terms of Reference which is reviewed on an annual basis to ensure that the Committee is discharging its role and performance responsibilities.

Table 1: Attendance records for Board of BSO and Sub Committees as at 31 March 2018

Board/Committee	Number of meetings	% Attendance
BSO Board	12	89
Governance and Audit	6	96
Remuneration and Terms of Service	1	75
Business and Development	5	95

3.2 *Role of the Governance and Audit Committee (GAC)*

The GAC, under the Chairmanship of a Non-Executive Director, meets not less than four times a year in line with its Terms of Reference. Its main role is to provide an

independent and objective view of internal control by overseeing internal and external audit services, reviewing financial systems, ensuring compliance with the BSO Standing Orders and Standing Financial Instructions and reviewing the Financial Statements including the Schedule of Losses. The work of internal and external audit is fundamental in providing assurances on the ongoing effectiveness of the system of internal control. Following each meeting, the Chair presents a summary report from the meeting to the BSO Board highlighting any specific governance issues. Minutes of the Committee are submitted to the BSO Board for information/noting once approved by the Committee. The GAC Chair also provides the BSO Board with an annual report in June.

The GAC completes the National Audit Office Audit Committee Self-Assessment Checklist on an annual basis to assess its effectiveness. The 2016/17 assessment was carried out in June 2017 and did not indicate any significant issues.

3.3 *Role of the Remuneration and Terms of Service*

The Remuneration and Terms of Service Committee is chaired by the Chairman of the BSO Board and its role is to advise the Board about appropriate remuneration and terms of service for the Chief Executive and other Senior Executives, guided by DoH policy and best practice. In addition, the Committee oversees the proper functioning of the performance appraisal systems.

3.4 *Role of the Business and Development Committee*

The Business and Development Committee is chaired by a Non-Executive Director and is required to meet quarterly. The role of this Committee is to increase the capacity of the BSO Board to oversee the running of the Organisation and provide assurance to Non-Executive Directors that sufficient time is being spent scrutinising organisational performance. The Committee focuses on information management, Service Level Agreement performance, management of complaints, adverse incidents and freedom of information.

Following each meeting, the Chair presents a summary report of the meeting to the BSO Board highlighting any specific issues. Minutes of the Committee are submitted to the BSO Board for information/noting once approved by the Committee.

4. Business Planning and Risk Management

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

4.1 Business Planning

The BSO as an Arm's Length Body is required to take its lead from the wider Department of Health strategic vision and goals and contributes to the priorities set out by the NI Programme for Government. Therefore, the business planning process is carried out in accordance with DoH guidance the outcome of which results in the production of a Corporate Plan. This Corporate Plan sets out the mission, core values and long term objectives that will shape the strategic direction and priorities for a three year period. The BSO has four long term corporate objectives which are set out on page 13 of this Annual Report and Accounts. The Corporate Plan is supported by an Annual Business Plan which contains key priorities, targets and actions grouped under strategic objectives focusing on the organisation's core purpose. The plan includes appropriate objectives and targets relating to corporate governance, quality, resources and service delivery/improvement.

To date, it has been the practice for the DoH to utilise the BSO Annual Business Plan as a basis for accountability reviews and checks progress periodically throughout the year. The BSO also uses the Business Plan internally to guide action and update performance management metrics and risk registers. These Plans are also useful to customers to show the strategic direction of BSO. Corporate and business plans are driven beyond the BSO strategic planning process into the operational layers of the organisation. Each business area within the BSO has its own local business plan which reflects the Strategic Objectives and feeds into the corporate Business Plan. These local business plans have formed the basis of work for Directors, Assistant Directors, Managers and Staff across the organisation and of individual and team performance appraisals.

4.2 Risk Management

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives it can therefore only provide reasonable and not absolute assurance of effectiveness.

The BSO's Risk Register is an integral part of the Assurance Process and is used as a mechanism for the Board, Governance and Audit Committee and SMT to assess the effectiveness of controls and assurances which have been identified to manage risks to the achievement of BSO objectives.

The Chief Executive is responsible for ensuring that the BSO has a systematic programme of risk identification, assessment, management and quality improvement processes and procedures. These are approved and monitored by the Governance and Audit Committee on behalf of the BSO. The Director of Finance is the Board's Accountable Officer for Risk Management, which is delivered through the Directorate of Customer Care and Performance. However, operational responsibility for risk is led by BSO Directors who are responsible for the management of risks within their respective Directorates.

The BSO has a Risk Management Strategy and associated policies and procedures in place which describe the arrangements for embedding risk management into the activities of the BSO. These were reviewed in January 2016 by the Governance and Audit Committee.

The BSO's aim is to ensure good risk management is evident and sustained throughout the organisation by the involvement of all staff in the identification and management of risk in their service area. Staff are involved in identifying and assessing risks for their service area; the outcome of which is reported through completion of the following:

Corporate Risk Register which is managed by SMT and quantifies strategic risks and outlines controls / assurances and action plans approved by the Governance and Audit Committee on behalf of the BSO Board to ensure the focused and effective management of these risks.

Service Area Risk Register which is managed at service level and quantifies all risks, sets out controls in place and determines the residual risk that remains. It is comprised of all the identified risks for each service within a service area and it is the direct responsibility of the various Assistant Directors/Heads of Service to manage the risks in their respective areas.

Assurance regarding the effectiveness of the risk management policy is gained through:

- Annual risk management systems audit by Internal Audit
- Annual controls assurance risk management questionnaire which is verified by Internal Audit.

Risk Awareness training is included in the formal BSO Corporate Induction programme and one to one training is also provided as the need arises.

5. Information Risk

The General Data Protection Regulation (GDPR) took place across Europe on 25 May 2018. This brought with it significantly increased responsibilities in respect of how organisations collect, process and secure personal data and significant penalties for breaching the requirements. The BSO has developed a detailed action plan which complements the other arrangements in respect of information governance set out below. Implementation of the action plan will ensure that our policies, procedures and practices are compliant with GDPR. Implementation of the action plan is now substantially complete. Progress against the action plan is reported on a regular basis to SMT and the Board.

Central to the safeguarding of information held by BSO is the effective management of information risks. Risks to the management of information / data security are identified and managed by individual directorates and that work is coordinated through the Information Governance Management Group, representatives of which are drawn from across the BSO.

Regular reports are provided to SMT and the BSO Board through the Business and Development Committee. The Chief Legal Adviser is the Data Guardian for the Organisation whilst the Director of Human Resources and Corporate Services is the senior Information Risk Officer.

The Information Governance Management Group oversees all aspects of information governance including Freedom of Information, Information Management Controls Assurance Standard, Records Management and all information management related Policies. It also monitors progress in respect of the completion and updating of Information Asset Registers, Information Flow Mapping and Corporate Records Inventory.

Operationally, there are controls in place at directorate level to manage access to personal data. All of the regional systems and those which support the FPS payments are governed by data subject access requirements. All key systems are password protected and subject to automatic protocols which require regular change.

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

6. Public Stakeholder Involvement

The BSO is not required by statute to establish appropriate governance arrangements to involve and consult with service users, however, the BSO recognise that effective involvement is a key component in the delivery of a high quality service. Customer Forums have been established and customer and staff surveys undertaken to ensure that appropriate and proportionate measures are in place to make certain that service delivery arrangements are informed by the views of our stakeholders. The BSO Board holds several of its meetings outside Belfast each year to enhance public access to its meetings.

7. Assurance

The BSO Assurance Framework was approved by the Board in October 2013 and provides a mechanism for the effective and focused management of the principal risks

to meeting the BSO Strategic objectives. In addition, a Schedule of Assurances mapped out to each BSO area of service was presented to the Governance and Audit Committee in April 2015 and reviewed in October 2016.

The BSO receives assurances through the following key internal control frameworks: reports from sub committees to the Board, risk management process, monitoring of the corporate Annual Business Plan, controls assurance standards, performance frameworks, business continuity exercises, budgetary control process, audit control process, performance appraisals, mid-year and annual governance statements, adverse incidents and complaints, customer partnership forums, customer and staff surveys. Policies and procedures are reviewed regularly to ensure they are fit for purpose.

The BSO Board has considered the quality of information/data being presented to the Board and how this could be maintained / improved. The agreed process for ensuring the quality of data presented to the BSO Board assigns responsibility to each BSO Director for the quality of data within their own remit or area of expertise.

7.1 *Compliance with Circular HSS (F) 67/2006*

In 2006 the DHSSPS issued a circular on the arrangements for dealing with payments to legal representatives for claims and the controls expected. As the sole provider of legal services to the HSC, the BSO Directorate of Legal Services is required to comply with this circular.

The Chief Legal Adviser has confirmed that the BSO is compliant with the requirements outlined in the Departmental Circular HSS (F) 67/2006.

7.2 *Fraud*

BSO 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, coordinates 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 or every three years.

7.3 The BSO assessed its compliance with the applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress is expected in 2017/18. The Department has confirmed that from 1 April 2018 the Controls Assurance process will cease to exist. BSO in conjunction with the Department, will ensure that suitable and proportionate assurance arrangements are in place going forward for each of the areas covered by the previous standards.

The Organisation achieved the following levels of compliance for 2017/18:

Table 2: Controls Assurance Standard – Outcomes

Standard	DoH Expected Level of Compliance %	Overall Level of Compliance Achieved %	Reviewed by
Buildings, Land, Plant	Substantive (75 – 100)	Substantive (88)	Self-Assessed
Emergency Planning	Substantive (75 – 100)	Substantive (86)	Self-Assessed
Environmental Management	Substantive (75 – 100)	Substantive (83)	Self-Assessed
Fleet and Transport	Substantive (75 – 100)	Substantive (91)	Self-Assessed
Financial Management*	Substantive (75 – 100)	Substantive (89)	Internal Audit
Fire Safety*	Substantive (75 – 100)	Substantive (87)	Internal Audit
Governance*	Substantive (75 – 100)	Substantive (92)	Internal Audit
Health & Safety	Substantive (75 – 100)	Substantive (86)	Self-Assessed
Human Resources	Substantive (75 – 100)	Substantive (93)	Self-Assessed
ICT	Substantive (75 – 100)	Substantive (90)	Self-Assessed
Purchasing and Supply	Substantive (75 – 100)	Substantive (93)	Self-Assessed
Information Management	Substantive (75 – 100)	Substantive (79)	Self-Assessed
Risk Management*	Substantive (75 – 100)	Substantive (88)	Internal Audit
Security Management	Substantive (75 – 100)	Substantive (87)	Self-Assessed
Waste Management	Substantive (75 – 100)	Substantive (85)	Self-Assessed

The three core standards of Risk Management, Governance, and Financial Management, in addition to scoring for the Fire Safety Standard (all marked * in Table 2) have been verified by Internal Audit.

8. Sources of Independent Assurance

The BSO obtains Independent Assurance from the following sources:

8.1 Internal Audit

The BSO utilises an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. In 2017-18 Internal Audit reviewed the systems documented in the table below.

In her annual report, the Head of Internal Audit provided a satisfactory assurance on the adequacy and effectiveness of the BSO's framework of governance, risk management and control. However, she also highlighted Limited assurances in relation to a number of areas, most notably Payroll Shared Services (as at March 2018) and elements of the IT Audit. A satisfactory opinion in relation to COPE (Centre of Procurement Expertise) was also provided. Recommendations to address control weaknesses have been or are being implemented. Details in respect of all limited audits are set out in the table below and narrative which follows:

Table 3: Internal Audit Reports – Level of Assurance

AUDIT ASSIGNMENT	OVERALL LEVEL OF ASSURANCE
Bursaries	SATISFACTORY
Claims Management	SATISFACTORY
Family Practitioner Service – Dental Services	SATISFACTORY
Financial Review	SATISFACTORY
FPL Upgrade	SATISFACTORY
Income Shared Service	SATISFACTORY
IT Audit	LIMITED: IT Incident Management LIMITED: secure configuration SATISFACTORY: malware prevention
Management of new Finance system contracts	SATISFACTORY: Management of HRPTS and FPL Contracts LIMITED: HRPTS Change Request Management
PaLS – Procurement	SATISFACTORY

AUDIT ASSIGNMENT	OVERALL LEVEL OF ASSURANCE
Payments Shared Service	SATISFACTORY
Payroll Shared Service – September 2017	LIMITED: Payroll Processing and Payroll System Stability UNACCEPTABLE: Payroll Function Stability
Payroll Shared Service – March 2018	LIMITED
Pension Processing – HSC Pension Schemes	SATISFACTORY: Employee Pension processing in BSO (with the exception of death in service payments) LIMITED: Employer Superannuation Payments and Death In Service Payments
Recruitment Shared Services	SATISFACTORY
Risk Management	SATISFACTORY
Shared Service Governance, including measurement of outcomes/benefits	SATISFACTORY

8.1.1. IT Audit

The internal audit opinion in respect of this report was split. An overall satisfactory opinion was provided in relation to Malware protection however limited opinions were provided in relation to incident management and secure configuration. There was one priority one finding which highlighted the need for clarity of responsibility for HSCNI IT Governance (Incident Management).

8.1.2 Management of new Finance System Contracts

The internal audit opinion in respect of this report was split. An overall satisfactory assurance was provided in relation to the management of HRPTS and FPL Contracts however, a limited assurance was provided in relation to HRPTS Change Request Management. There were two priority one findings, the first related to weaknesses identified in the HRPTS Change Request process and the second highlighted significant costs incurred following a decision by the Business Systems Forum to halt progress on a system development intended to provide mobile access to the HRPTS employee self-service portal for HSC employees. The expenditure incurred has resolved a lot of the issues around using this type of technology, and this will be utilised in possible future systems developments.

8.1.3 Payroll Shared Service

Internal audit provided a Limited level of assurance in relation to Payroll Function Stability, Payroll System Stability and Payroll Processing. The level of assurance over Payroll Function Stability was raised from the previous Unacceptable level provided in

September 2017 as internal audit noted improvements in respect of Overpayments identification, calculation, notification and reporting. There were no new priority one findings however, internal audit reported two significant findings. The first related to previously reported issues in relation to the Payroll Shared Services structure, staffing and resourcing, management of customer queries, variance monitoring processes and incomplete operating procedures. Internal audit highlighted that whilst it was evident that a new Payroll Improvement Project had been established, the output from the workstreams within this project was still at an early stage. The second significant finding related to previously identified and known issues in respect of the under payment of Employers Superannuation, the manual calculation of P11Ds, P60s National Insurance Contributions for staff with multiple employments which may result in non-compliance with HMRC requirements. In addition, Internal Audit noted delays in implementing the National Living Wage which have resulted in HMRC fines being levied to HSCNI organisations. BSO continues to work, in conjunction with customers, to discuss payroll issues and potential solutions through the work of the Customer Assurance Board, the Business Systems Forum and the working groups which support this.

8.1.4 Pension Processing – HSC Pension Schemes

The internal audit opinion in respect of this report was split. An overall satisfactory assurance was provided in relation to Employee Pension Processing in BSO (with the exception of Death in Service Payments). A Limited assurance however, was provided in respect of Employer Superannuation Contributions and Death in Service Payments. There were two priority one findings, the first related to an error in the HRPTS system resulting in superannuation contributions being underpaid in certain circumstances. Further details of this issue can be found under the internal control section of the Governance Statement (paragraph 10.2.3.) The second significant finding related to death in service payments and highlighted that three out of five incorrect payments had been made to surviving spouses. Corrective action has now been taken.

8.1.5 All accepted recommendations made in the 2017/18 Internal Audit reports (listed in para 8.1, Table 1) have been implemented or are being progressed by management.

8.1.6 Prior Year Recommendations

During 2017/18, 436 (83%) of the 523 recommendations followed up were fully implemented, a further 84 (16%) were partially implemented, and 3 (<1%) were not yet implemented. All 3 of the not implemented recommendations are priority two recommendations. The audit control process reported progress on recommendations to the GAC and to SMT and this will continue during 2018/19. The Internal Audit Plan for 2018/19 will continue to focus on addressing those areas deemed to pose the highest risk to the attainment of the Organisation's objectives.

8.1.7 There were five limited audits issued in the previous year, three of which have been reported again in this Governance Statement (Payroll Shared Services, Pensions Processing and Recruitment Shared Services). The two remaining areas Management of Contracts and Counter Fraud and Probity Services were also reviewed by internal audit in their Follow Up exercise and progress noted. A Programme Screening audit is planned for 2019/20 which will again review weaknesses highlighted in the 2016/17 Management of Contracts audit and a further audit in relation to Counter Fraud and Probity Services is planned for 2018/19.

8.2 Northern Ireland Audit Office

The Financial Statements of the BSO are audited by the Northern Ireland Audit Office who provide independent assurance to the Northern Ireland Assembly. Any control weaknesses identified in the course of conducting the audit are communicated to the Governance and Audit Committee in the Report to those Charged with Governance. A representative from the Northern Ireland Audit office attends the BSO GAC meetings.

8.3 ***Attainment /Reaccreditation***

The BSO continues to promote the value of external assurance gained through benchmarking services, attainment / reaccreditation of recognised awards such as Centre of Procurement Expertise (COPE), Investors in People (IIP), Lexcel, Mark of Excellence Award and International Standards Organisation (ISO). They form part of the assurance process which assist the BSO in providing assurance to others that risks are effectively managed and the organisation is on track to achieve its strategic vision, aims and objectives.

9. Review of Effectiveness of the System of Internal Governance

As Accounting Officer, I have responsibility for the review of 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 internal auditors and the executive managers within the BSO who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Governance and Audit Committee and the Business and Development Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place.

10. Internal Governance Divergences

10.1 Update on prior year control issues which have now been resolved and are no longer considered to be control issues

10.1.1 Recruitment and Selection Shared Services

Recruitment and Selection Shared Services received a limited assurance from internal audit in February 2017. However, following this a number of internal audit recommendations were fully implemented which led to a satisfactory level of assurance being provided by internal audit in September 2017.

10.1.2 FPS Replacement systems

All three family practitioner payment applications are live, functioning as expected and operating on a stable technical platform. Risks previously reported in relation to delayed/inaccurate payments have been mitigated following planned system developments/enhancements which have led to increased stability.

BSO ITS are continuing to focus on business as usual developments as well as striving to continually improve the systems to enhance user experience. ITS have supplemented their development and support team with the addition of 2 developers. ITS have also access to specialist technical resource from a third party software

development organisation, to augment project teams and provide additional delivery capacity.

10.1.3 *HRPTS system performance*

Following the implementation of the 1% pay award and pension auto-enrolment commencing from October 2016, the HRPTS system began to experience significant systems performance issues. A remediation plan has now been delivered by the system supplier which has addressed the root cause of the issue experienced in October 2016. BSO have continued to monitor system performance which has remained stable since March 2017. The subsequent implementation of the 2017/2018 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.

10.1.4 PaLs Contract Exception Report

A referral had been made by BSO to the Competition and Markets Authority (CMA) in relation to a regional tender for the provision of secure facilities for the storage of records and related ancillary services. BSO PaLS had concerns in relation to increased charges submitted by bidders and as a result of legal advice, decided to postpone the tender process pending the conclusion of the CMA investigation. In the interim a Direct Award Contract (DAC) approved by the Permanent Secretary, Department of Health, was put in place pending renewal of the regional framework for storage of records and ancillary services. Feedback from the Competition and Markets Authority indicated that the issues experienced by HSC are common across UK but that they cannot prioritise resources to an investigation at this point. The Regional Framework has been re-competed and awarded and is now available for use by all HSC organisations.

10.1.5 NIPACs

An existing contract, managed by BSO and funded through the HSCB, relates to the managed service for the regional Picture Archiving and Communication System (PACS) and Radiology Information System (RIS) solution, which captures, stores, distributes and displays digital medical images and associated media across all hospital trusts in Northern Ireland (“the NIPACS Contract”). An element of this service is provided by a

sub-contract arrangement between the NIPACS contractor and a third party sub-contractor.

Discussions between BSO and the NIPACS contractor revealed a potential disparity between the NIPACS contractor and its sub-contractor in respect of their respective interpretation of the sub-contract between them, indicating that the sub-contractor may have incorrectly overcharged the NIPACS contractor. BSO has no contractual relationship with the sub-contractor, however the sub-contractor's charge is included in the amount charged to BSO by the NIPACS contractor pursuant to the NIPACS contract. This expenditure is recharged in full to HSCB.

Following a prolonged period of discussion and negotiation with the NIPACS contractor, BSO have reached a satisfactory resolved position, and are content that no further action is required in relation to this matter.

10.2 Update on prior year control issues which continue to be considered control issues

10.2.1 HSC Data Centres

The legacy Regional ITS data centres are hosted in the Royal Victoria Hospital (RVH) and Belfast City Hospital (BCH) in an environment provided by the Belfast Trust Estates Department. There were a number of serious interruptions to service between 2011 and 2013 primarily caused by instability in the facilities provided to the data centre such as power and cooling. Further incidents which related to hardware failure and unplanned interruption of power in July 2014 and September 2015 respectively also took place.

The stability of power supplies to the legacy data centres and the priority of the data centres within the overall estates environment still remains a concern. However, a number of actions have been taken in response to these events including enhancing the management and automation of the facilities (power and cooling) within the legacy data centres to improve the resilience of the data centres. BSO continues to operate a third copy of the data outside the two data centres. This replicates the overnight backup

process off site from the data centres to storage in Centre House and provides an “insurance copy” for disaster situations.

BSO is part of the shared public Data Centres project along with the Department of Finance and Translink. BSO commissioned the new tier 3 data centres in August 2016.

BSO ITS have also built a new HP private cloud platform which finished testing and handover in February 2017. A formal project with Trust representation has been set up to oversee the migration process for 120+ services to the new platform and data centres. The new data centres represent a significant increase in resilience and reliability over the legacy Tier 2 data centres particularly in relation to facilities such as power, cooling and addressing the potential impact of adverse weather events such as snow or lightning strike which have all effected services in the past.

As of the end of March 2018 all 1400 servers to be migrated have been successfully migrated to the new data centres, as well as all of the physical equipment that is to be migrated such as the security infrastructure. Work has now been undertaken 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 to be moved. Backup systems in the legacy data centre are to be maintained until June 2018 to ensure we adhere to our own data retention agreements at which point the legacy hardware will be shut down. 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 BHSCCT access to regional services will be moved to BHSCCT facilities. Anecdotal evidence has shown significant improvement in various services in relation to performance of the systems and the time to backup.

10.2.2 Interface from Payroll Systems to Pensions Systems

Pensions Service (HSCPS) Altair system receives an electronic interface from BSO Shared Services payroll system, updating member records on a monthly basis. At the outset of procuring a new payroll solution this interface requirement was identified and included as part of the new system requirements. In May 2012 an initial specification

was submitted to the system supplier, detailing Altair data interface requirements and subsequently the interface went live on 25 May 2016.

Although the interface is operating as per design, errors are occurring due to incomplete information within the payroll system. At December 2017 there were approximately 7,500 outstanding payroll queries of which 3500 have now been resolved. In order to help address these data issues and support the BSO Shared Services Payroll team, HSC Pension Service resourced a dedicated team to resolve these queries. In parallel, HSC Pension Service is currently working with the Business Services Team (BST) within Shared Services to improve data transfer and investigate potential software solutions to prevent further occurrence. The current backlog will be addressed by 30 June 2018.

10.2.3 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. This error in the specification of the system dates back to the introduction of HRPTS which went 'live' in BSO in December 2012 and was rolled out throughout HSC on a phased basis thereafter.

Subsequent significant investigations resulted in the identification of a material regional liability in respect of underpayments of these contributions dating back to the introduction of the new HRPTS system in each individual HSC body. All HSC employers made a 75% payment of the estimated liability to the Pension Scheme in March 2018. The mechanism to correct the system is currently available. Financial resources to support testing will be made available in June 2018. Once the solution has been validated for accuracy and compliance it will be implemented into the HRPTS system. The HSC bodies have confirmed that payments to maintain the pensions scheme fund will continue each month in 2018/19.

10.3 Identification of new issues and challenges in the current year and anticipated future issues.

10.3.1 *Regional IT incident management*

In August 2017 Internal audit conducted an assignment to review aspects of cyber security within BSO. A priority one finding was reported in respect of the lack of an HSC wide IT incident management protocol. Funding has been made available to support the purchase of software to strengthen the defences of HSC systems and a dedicated cyber security manager was appointed in March 2018. In addition a regional programme board for cyber security has been established and have engaged external support to complete a full risk assessment in this area.

11. Budget Position and Authority

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 28th 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.

12. 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 decision 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.

13. Conclusion

The BSO has a rigorous system of accountability which I can rely on as Accounting Officer to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI (MPMNI).

Further to considering the accountability framework within the Body and in conjunction with assurances given to me by the Head of Internal Audit, I am content that the BSO has operated a sound system of internal governance during the financial year 2017/18.

REMUNERATION AND STAFF REPORT

Remuneration Report

A Committee of Non-Executive Board members exists to advise the full Board on the remuneration and terms and conditions of service for Senior Executives employed by the Business Services Organisation.

While the salary structure and the terms and conditions of service for Senior Executives is determined by the Department of Health,(DoH), the Remuneration and Terms of Service Committee has a key role in assessing the performance of Senior Executives and, where permitted by DoH, agreeing the discretionary level of performance related pay.

A circular on the 2017-18 Senior Executive pay award had not been received from the DoH by 31 March 2018, therefore related payments have not been made to Executive Directors.

The 2016-17 Senior Executive's pay award was set out in Departmental circular HSC (SE) 1/2016 and was paid in line with the Remuneration Committee's agreement on the classification of Executive Directors' performance, categorised against the standards of 'fully acceptable' or 'incomplete' as set out within the circular.

The salary, pension entitlement and the value of any taxable benefits in kind paid to both Executive and Non-Executive Directors is set out within this report. None of the Executive or Non-Executive Directors of the BSO received any other bonus or performance related pay in 2017-18. It should be noted that Non-Executive Directors do not receive pensionable remuneration and therefore there will be no entries in respect of pensions for Non-Executive members.

Non-Executive Directors are appointed by the DoH under the Public Appointments process and the duration of such contracts is normally for a term of four years. Three of the BSO's Non-Executive Directors completed their extended terms of on 30 September 2017. Two new appointments were made on 13 November 2017.

Remuneration Report

Executive Directors are employed on a permanent contract unless otherwise stated in the following remuneration tables.

Early Retirement and Other Compensation Schemes

There were no early retirements or payments of compensation for other departures relating to current or past Senior Executives during 2017-18.

Membership of the Remuneration and Terms of Service Committee:

Ms Julie Erskine – Chair

Mr. Robert Bannon

Mr. Mark Campbell

The Committee is supported by the Chief Executive and the Director of Human Resources

Remuneration Report

Senior Employees' Remuneration (Audited)

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Business Services Organisation were as follows:

Name	2017-18					2016-17				
	Salary £000s	Bonus / Performance Pay £000s	Benefits in kind (rounded to nearest £100)	Pension Benefits (rounded to nearest £1,000)	Total £000s	Salary £000s	Bonus / Performance Pay £000s	Benefits in kind (rounded to nearest £100)	Pension Benefits (rounded to nearest £1,000)	Total £000s
Non-Executive Members										
Alexander Coleman Resigned 30/11/16	-	-	-	-	-	10-15	-	-	-	10-15
Robin McClelland Resigned 30/9/17	3-5	-	-	-	3-5	5-10	-	-	-	5-10
Greg Irwin Resigned 30/9/17	3-5	-	-	-	3-5	5-10	-	-	-	5-10
Sean Mahon Resigned 30/9/16	-	-	-	-	-	3-5	-	-	-	3-5
Brian McMurray Resigned 30/9/16	-	-	-	-	-	3-5	-	-	-	3-5
Gerald Strong Resigned 30/9/16	-	-	-	-	-	3-5	-	-	-	3-5
Alan Hanna Resigned 30/9/17	3-5	-	-	-	3-5	5-10	-	-	-	5-10
Julie Erskine Appointed 1/12/16	5-10	-	200	-	5-10	0-3	-	-	-	0-3
Dorothy Whittington Appointed 1/12/16	5-10	-	-	-	5-10	0-3	-	-	-	0-3
Jeremy Stewart Appointed 1/12/16	5-10	-	-	-	5-10	0-3	-	-	-	0-3
Mark Campbell Appointed 1/12/16	5-10	-	100	-	5-10	0-3	-	-	-	0-3

Robert Bannon Appointed 1/12/16	5-10	-	-	-	5-10	0-3	-	-	-	0-3
Patricia Gordon Appointed 1/12/16	5-10	-	-	-	5-10	0-3	-	-	-	0-3
Sean McKeever Appointed 13/11/17	0-3	-	-	-	0-3	-	-	-	-	-
Deep Sagar Appointed 13/11/17	0-3	-	-	-	0-3	-	-	-	-	-
Executive Members										
Liam McIvor (Appointed as Chief Executive on 25/4/16)	95-100	-	200	67	150-155	85-90 (95-100 full year equivalent)	-	200	9	95-100
Hugh McPoland (Left on 31/12/17)	55-60 (75-80 full year equivalent)	-	1,900	-	60-65	75-80	-	2,000	-	75-80
Sam Waide	75-80	-	6,000	3	85-90	80-85	-	7,200	1	85-90
Wendy Thompson*	65-70	-	3,800	16	85-90	60-65 (65-70 full year equivalent)	-	3,200	19	85-90
Andrea Henderson*	-	-	-	-	-	5-10 (65-70 full year equivalent)	-	-	-3	0-5
Alphy Maginness	80-85	-	100	-	80-85	80-85	-	100	9	90-95
Karen Bailey	75-80	-	-	5	80-85	75-80	-	-	8	80-85
Karen Hargan (Appointed as Director of Human Resources on 30/3/18)	0-5 (80-85 full year equivalent)	-	-	-	0-5	-	-	-	-	-

* Andrea Henderson (Assistant Director of Finance) acted up into the role of Director of Finance from 1 June 2015 to 30 April 2016 and Wendy Thompson took up post on 1 May 2016.

Remuneration Report

Pensions of Senior Management (Audited)

Name	Real increase in pension and related lump sum at age 60 £000s	Total accrued pension at age 60 and related lump sum £000s	CETV at 31/03/17 £000s	CETV at 31/03/18 £000s	Real increase in CETV £000s
Liam McIvor	2.5-5 plus lump sum of 7.5-10	30-35 plus lump sum of 100-105	651	743	67
Hugh McPoland	-	-	-	-	-
Sam Waide	0-2.5 plus lump sum of 0	2.5-5 plus lump sum of 0	26	29	2
Wendy Thompson	0-2.5 plus lump sum of 0	10-15 plus lump sum of 25-30	156	178	16
Alphy Maginness	-	-	-	-	-
Karen Bailey	0-2.5 plus lump sum of 0-2.5	25-30 plus lump sum of 80-85	531	565	14
Andrea Henderson	0-2.5 plus lump sum of -2.5-0	15-20 plus lump sum of 35-40	217	237	12
Karen Hargan	0-2.5 plus lump sum 0-2.5	0-2.5 plus lump sum 0-2.5	-	-	-

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital 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 the disclosure applies. The CETV figures and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HPSS pension scheme.

Remuneration Report

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 within the guidelines prescribed by the institute and Faculty of Actuaries.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of 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.

Fair Pay Statement (Audited)

The Hutton Fair Pay Review recommended that, from 2011-12, all public service organisations publish their top to median pay multiples each year. The DoH issued Circular HSC (F) 23/2012 and subsequently issued Circular HSC (F) 23/2013, setting out a requirement to disclose the relationship between the remuneration of the most highly paid director in the organisation and the median remuneration of the organisation's workforce. Following application of the guidance contained in Circular (F) 23/2013, the following can be reported:

Band of Highest Paid Director's Total

Remuneration: £95-100k

Median Total Remuneration: £20,347

Ratio: 4.7

STAFF REPORT

Staff Report

Staff Profile and Composition

The following shows staff earning more than £67k as at 31 March 2018:

Staff Gender Breakdown within the BSO 2017-18 Senior Management (excl. Board Members)	
Female	11
Male	10

Staff Numbers and Related Costs (Audited)

Staff Costs

	2018			2017
	Permanently employed staff	Others	Total	Total
	£000s	£000s	£000s	£000s
Staff costs comprise:				
Wages and salaries	37,698	4,590	42,288	40,933
Social security costs	3,571	7	3,578	3,378
Other pension costs	5,777	9	5,786	5,468
Sub-Total	47,046	4,606	51,652	49,779
Capitalised staff costs	(411)	(56)	(467)	(543)
Total staff costs reported in Statement of Comprehensive Expenditure	46,635	4,550	51,185	49,236
Less recoveries in respect of outward secondments			(1,090)	(974)
Total net costs			50,095	48,262

The BSO participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the BSO and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DoH. The BSO is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

Staff Report

As per the requirements of IAS 19, 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. The 2016 valuation for the HSC Pension scheme updated to reflect current financial conditions (and a change in financial assumption methodology) will be used in 2017-18 accounts.

Average number of persons employed

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

	2018		2017	
	Permanently employed staff No.	Others No.	Total No.	Total No.
Administrative and clerical	1,405	146	1,551	1,510
Total average number of persons employed	1,405	146	1,551	1,510
Less average staff number relating to capitalised staff costs			11	18
Less average staff number in respect of outward secondments			43	35
Total net average number of persons employed			1,497	1,457

The staff numbers disclosed as 'Others' in 2017-18 relate to temporary members of staff.

Staff report

Reporting of early retirement and other compensation scheme – exit packages (Audited)

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of packages by cost band	
	2018	2017	2018	2017	2018	2017
<£10,000	-	-	-	-	-	-
£10,000-£25,000	-	-	1	1	1	1
£25,000-£50,000	-	-	2	7	2	7
£50,000-£100,000	-	-	-	1	-	1
£100,000-£150,000	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-
Total number of exit packages by type	-	-	3	9	3	9
	£000s	£000s	£000s	£000s	£000s	£000s
Total resource cost	-	-	101	317	101	317

Redundancy and other departure costs have been paid in accordance with the provisions of the HSC Pension Scheme Regulations and the Compensation for Premature Retirement Regulations, statutory provisions made under the Superannuation Act 1972. Exit costs are accounted for in full in the year in which the exit package is approved and agreed and are included as operating expenses at note 3. Where early retirements have been agreed, the additional costs are met by the employing authority and not by the HSC pension scheme. Ill health retirement costs are met by the pension scheme and are not included in the table.

Staff Benefits

Refer to pages 111 to 112.

Retirements due to ill health

During 2017-18 there were 3 early retirements from BSO agreed on the ground of ill-health. (2016-17: Nil). The estimated additional pension liabilities of these ill-health retirements will be £447k. These costs are borne by the HSC Pension Scheme.

Staff Report

Staff Absence

The cumulative sickness and absenteeism rate for the organisation as at the end of March 2018 was 4.43% which was above the Departmental target of 4.13%.

Staff Communication and Employee Involvement

The BSO communicates with staff using a range of channels. Team briefings are intended to facilitate a clear communication of the connection between an individual's contribution and corporate success. The monthly newssheet "*BSO Business Matters*" has continued to be developed as a means of disseminating corporate information. Further details on employee engagement may be found as appropriate within the report of the Director of Human Resources and Corporate Services.

Equality

The BSO is committed to promoting equality of opportunity for all. Details of good practice and training initiatives, including those relating to disability issues are contained within the Equality and Human Rights section of the report of the Director of Customer Care and Performance.

Health and Well-Being

Details of BSO Health and Well-Being initiatives are contained within the report of the Director of Human Resources and Corporate Services.

Health and Safety

Classroom and on-line training on a variety of Health and Safety issues such as Fire Safety are available to members of BSO staff on Induction and as required.

Learning and Development

Details of Learning and Development for BSO staff are contained within the report of the Director of Human Resources and Corporate Services.

Community and Social Involvement

Information on Community and Social Involvement undertaken by BSO staff is contained within the Performance Analysis section of the Performance Report.

Expenditure on Consultancy

The BSO did not undertake any projects involving external consultancy during the 2017-18 financial year.

Off Payroll Staff Resources

	Number of staff
Off Payroll staff as at 1 April 2017	0
New engagements during the year	0
Number of engagements transferred to department's payroll	0
Number of engagements that have come to an end during the year	0
Off Payroll staff as at 31 March 2018	0

ACCOUNTABILITY AND AUDIT REPORT

ACCOUNTABILITY REPORT

Assembly Accountability Disclosure Notes

i) Losses and Special Payments (Audited)

Type of loss and special payment	2017-18		2016-17
	Number of Cases	£	£
Cash losses			
Cash Losses - Theft, fraud etc	2	634	-
Cash Losses - Overpayments of salaries, wages and allowances	-	-	-
Cash Losses - Other causes	5	129	200
	7	763	200
Claims abandoned			
Waived or abandoned claims	-	-	-
	-	-	-
Administrative write-offs			
Bad debts	2	6,024	-
Other	-	-	-
	2	6,024	-
Fruitless payments			
Late Payment of Commercial Debt	-	-	80
Other fruitless payments and constructive losses	17	41,269	273,637
	17	41,269	273,717
Stores losses			
Losses of accountable stores through any deliberate act	-	-	-
Other stores losses	2,385	11,126	8,896
	2,385	11,126	8,896
Special Payments			
Compensation payments			
- Clinical Negligence	-	-	-
- Public Liability	-	-	-
- Employers Liability	-	-	-
- Other	-	-	-
	-	-	-
Ex-gratia payments	-	-	-
Extra contractual	-	-	-
Special severance payments	-	-	-
	-	-	-
TOTAL	2,411	59,182	282,813

ACCOUNTABILITY REPORT

Special Payments

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

Other Payments and Estimates

There were no other payments made during the year.

Losses and Special Payments over £250,000

The BSO had no losses or made no special payments over £250,000.

ii Fees and Charges

There were no other fees and charges during the year.

iii Remote Contingent Liabilities (Audited)

In addition to contingent liabilities reported within the meaning of IAS37, the BSO also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability.

The BSO had no remote contingent liabilities.



Chief Executive

Date 12 June 2018

Section C

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

FOREWORD

The accounts for the year ended 31 March 2018 have been prepared in a form determined by the Department of Health based on guidance from the Department of Finance's Financial Reporting manual (FReM) and in accordance with the requirements of the Health and Social Care (Reform) Act (Northern Ireland) 2009.

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

CERTIFICATE OF THE DIRECTOR OF FINANCE, CHAIR AND CHIEF EXECUTIVE

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 129 to 174) which I am required to prepare on behalf of the Business Services Organisation have been compiled from and are in accordance with the accounts and financial records maintained by the Business Services Organisation and with the accounting standards and policies for HSC bodies approved by the DoH.



Director of Finance

Date 12 June 2018

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 129 to 174) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chair

Date 12 June 2018



Chief Executive

Date 12 June 2018

BUSINESS SERVICES ORGANISATION

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 Business Services Organisation for the year ended 31 March 2018 under the Health and Social Care (Reform) Act (Northern Ireland) 2009. The financial statements comprise 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 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 Business Services Organisation's affairs as at 31 March 2018 and of the Business Services Organisation's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Health and Social Care (Reform) Act (Northern Ireland) 2009 and Department of Health directions issued thereunder.

Opinion on regularity

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

Basis 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 the Business Services Organisation 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 Business Services Organisation and the Accounting Officer are 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 Health directions made under the Health and Social Care (Reform) Act (Northern Ireland) 2009; 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 Business Services Organisation and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Business Services Organisation and the Accounting Officer are 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 Health and Social Care (Reform) Act (Northern Ireland) 2009.

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 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

25 June 2018

BUSINESS SERVICES ORGANISATION

STATEMENT of COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2018

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

	NOTE	2018 £000s	2017 £000s
Income			
Income from activities	4.1	103,179	100,967
Other income (excluding interest)	4.2	18,814	17,820
Deferred income	4.3	-	-
Total operating income		<u>121,993</u>	<u>118,787</u>
Expenditure			
Staff costs	3	(51,185)	(49,236)
Purchase of goods and services	3	(48,191)	(47,662)
Depreciation, amortisation and impairment charges	3	(17,239)	(14,301)
Provision expense	3	(52)	(138)
Other expenditures	3	(46,183)	(45,410)
Total operating expenditure		<u>(162,850)</u>	<u>(156,747)</u>
Net Expenditure		<u>(40,857)</u>	<u>(37,960)</u>
Finance income	4.2	-	-
Finance expense	3	-	-
Net expenditure for the year		<u>(40,857)</u>	<u>(37,960)</u>
Revenue Resource Limit (RRL) received from DoH	24.1	40,911	38,005
Surplus / (Deficit) against RRL		<u>54</u>	<u>45</u>

OTHER COMPREHENSIVE EXPENDITURE

	NOTE	2018 £000s	2017 £000s
Items that will be classified to net operating costs:			
Net gain/(loss) on revaluation of property, plant & equipment	5.1/8/5.2/8	230	268
Net gain/(loss) on revaluation of intangibles	6.1/8/6.2/8	1,294	3,129
Net gain/(loss) on revaluation of financial instruments	7/8	-	-
Items that may be reclassified to net operating costs:		-	-
Net gain/(loss) on revaluation of investments		-	-
TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March		<u>(39,333)</u>	<u>(34,563)</u>

The notes on pages 133 to 174 form part of these accounts.


BUSINESS SERVICES ORGANISATION

STATEMENT of FINANCIAL POSITION as at 31 March 2018

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

	NOTE	2018		2017	
		£000s	£000s	£000s	£000s
Non Current Assets					
Property, plant and equipment	5.1/5.2	34,117		35,420	
Intangible assets	6.1/6.2	47,142		50,499	
Financial assets	7	-		-	
Trade and other receivables	12	-		-	
Other current assets	12	-		-	
Total Non Current Assets			81,259		85,919
Current Assets					
Assets classified as held for sale	9	-		-	
Inventories	10	4,220		3,727	
Trade and other receivables	12	18,185		24,846	
Other current assets	12	1,703		1,868	
Intangible current assets	12	-		-	
Financial assets	7	-		-	
Cash and cash equivalents	11	3,113		3,521	
Total Current Assets			27,221		33,962
Total Assets			108,480		119,881
Current Liabilities					
Trade and other payables	13	(28,841)		(32,073)	
Other liabilities	13	-		-	
Intangible current liabilities	13	-		-	
Financial liabilities	7	-		-	
Provisions	15	(195)		(240)	
Total Current Liabilities			(29,036)		(32,313)
Total assets less current liabilities			79,444		87,568
Non Current Liabilities					
Provisions	15	(447)		(469)	
Other payables > 1 yr	13	(1,186)		(1,920)	
Financial liabilities	7	-		-	
Total Non Current Liabilities			(1,633)		(2,389)
Total assets less total liabilities			77,811		85,179
Taxpayers' Equity and other reserves					
Revaluation reserve		9,666		8,142	
SoCNE Reserve		68,145		77,037	
Total equity			77,811		85,179

The financial statements on pages 129 to 174 were approved by the Board on 12 June 2018 and were signed on its behalf by:

Signed  (Chair) Date 12 June 2018

Signed  (Chief Executive) Date 12 June 2018

The notes on pages 133 to 174 form part of these accounts.

BUSINESS SERVICES ORGANISATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2018

The Statement of Cash Flows shows the changes in cash and cash equivalents of the BSO during the reporting period. The statement shows how the BSO 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 BSO. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the BSO future public service delivery.

	NOTE	2018 £000s	2017 £000s
Cash flows from operating activities			
Net surplus after interest/Net operating expenditure		(40,857)	(37,960)
Adjustments for non cash costs		17,393	14,667
(Increase)/decrease in trade and other receivables		6,826	(2,847)
<i>Less movements in receivables relating to items not passing through the NEA</i>			
Movements in receivables relating to the sale of property, plant & equipment		-	-
Movements in receivables relating to the sale of intangibles		-	-
Movements in receivables relating to finance leases		-	-
(Increase)/decrease in inventories		(493)	199
Increase/(decrease) in trade payables		(3,966)	1,039
<i>Less movements in payables relating to items not passing through the NEA</i>			
Movements in payables relating to the purchase of property, plant & equipment		604	(690)
Movements in payables relating to the purchase of intangibles		(2,603)	13
Movements in payables relating to finance leases		-	-
Use of provisions	15	(119)	(74)
Net cash outflow from operating activities		<u>(23,215)</u>	<u>(25,653)</u>
Cash flows from investing activities			
(Purchase of property, plant & equipment)	5	(7,003)	(11,607)
(Purchase of intangible assets)	6	(1,933)	(2,481)
Proceeds of disposal of property, plant & equipment		18	10
Proceeds on disposal of intangibles		-	-
Proceeds on disposal of assets held for resale		-	-
Net cash outflow from investing activities		<u>(8,918)</u>	<u>(14,078)</u>
Cash flows from financing activities			
Grant in aid		31,725	38,144
Cap element of payments - finance leases and on balance sheet (SoFP) PFIs and other service concession arrangements		-	-
Net financing		<u>31,725</u>	<u>38,144</u>
Net increase (decrease) in cash & cash equivalents in the period		(408)	(1,587)
Cash & cash equivalents at the beginning of the period	11	3,521	5,108
Cash & cash equivalents at the end of the period	11	3,113	3,521

The notes on pages 133 to 174 form part of these accounts.

BUSINESS SERVICES ORGANISATION

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY for the year ended 31 March 2018

This statement shows the movement in the year on the different reserves held by the BSO, analysed into the 'Statement of Comprehensive Net Expenditure Reserve' (i.e. those reserves that reflect a contribution from the Department of Health Social Services and Public Safety). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The Statement of Comprehensive Net Expenditure Reserve (SoCNE Reserve) represents the total assets less liabilities of the BSO, to the extent that the total is not represented by other reserves and financing items.

	NOTE	SoCNE Reserve £000s	Revaluation Reserve £000s	Total £000s
Balance at 31 March 2016		76,623	4,745	81,368
Changes in taxpayers' equity 2016-17				
Grant from DoH		38,144	-	38,144
Other reserves movements including transfers		-	-	-
(Comprehensive expenditure for the year)		(37,960)	3,397	(34,563)
Transfer of asset ownership		-	-	-
Non cash charges - auditors remuneration	3	115	-	115
Non cash charges – notional costs	3	115	-	115
Balance at 31 March 2017		77,037	8,142	85,179
Changes in taxpayers' equity 2017-18				
Grant from DoH		31,725	-	31,725
Other reserves movements including transfers		-	-	-
(Comprehensive expenditure for the year)		(40,857)	1,524	(39,333)
Transfer of asset ownership		124	-	124
Non cash charges - auditors remuneration	3	116	-	116
Non cash charges – notional costs	3	-	-	-
Balance at 31 March 2018		68,145	9,666	77,811

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTES TO THE ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES

1. Authority

These accounts have been prepared in a form determined by the Department of Health based on guidance from the Department of Finance's Financial Reporting Manual (FReM) and in accordance with the requirements of Article 90(2) (a) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14) as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

The accounting policies follow IFRS to the extent that it is meaningful and appropriate to the BSO. Where a choice of accounting policy is permitted, the accounting policy which has been judged to be most appropriate to the particular circumstances of the BSO for the purpose of giving a true and fair view has been selected. The BSO's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts, unless otherwise stated.

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.

1.2 Currency

These accounts are presented in UK Pounds sterling. The figures in the accounts are shown to the nearest £1,000.

1.3 Property, Plant and Equipment

Property, plant and equipment assets comprise Land, Buildings, Dwellings, Transport 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 entity;
- 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 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 building, ward or unit, irrespective of their individual or collective cost.

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

Valuation of Land and Buildings

Land and buildings are carried at the last professional valuation, in accordance with the Royal Institute of Chartered Surveyors (Statement of Asset Valuation Practice) Appraisal and Valuation 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 an independent executive body within 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 BSO 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.

Fair values are determined as follows:

- Land and non-specialised buildings – open market value for existing use
- Specialised buildings – depreciated replacement cost
- Properties surplus to requirements – the lower of open market value less any material directly attributable selling costs, or book value at date of moving to non-current assets

Modern Equivalent Asset

DoF has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. Land and Property Services (LPS) have included this requirement within the latest valuation.

Assets Under Construction (AUC)

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Assets are revalued and depreciation commences when they are brought into use.

Short Life Assets

Short life assets are not indexed. Short life is defined as a useful life of up to and including 5 years. Short life assets are carried at depreciated historic cost as this is not considered to be materially different from fair value and are depreciated over their useful life.

Where estimated life of fixtures and equipment exceed 5 years, suitable indices will be applied each year and depreciation will be based on indexed amount.

Revaluation Reserve

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited

to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

1.4 Depreciation

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 which meet the definition of “non-current assets held for sale” are also not depreciated.

Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and similarly, amortisation is applied to intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. Assets held under finance leases are also depreciated over the lower of their estimated useful lives and the terms of the lease. The estimated useful life of an asset is the period over which the BSO expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The following asset lives have been used.

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

1.5 Impairment loss

If there has been an impairment loss due to a general change in prices, 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 expenditure within the Statement of Comprehensive Net Expenditure. If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the Statement of Comprehensive Net Expenditure and an amount up to the value of the impairment in the revaluation reserve is transferred to the Statement of Comprehensive Net Expenditure 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 firstly to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.6 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 the BSO's 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.

1.7 Intangible assets

Intangible assets includes any of the following held - software, licences, trademarks, websites, development expenditure, Patents, Goodwill and intangible Assets under Construction. 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 asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the BSO's business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the BSO; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date of commencement of the intangible asset, until it is complete and ready for use.

Intangible assets acquired separately are initially recognised at fair value.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, and as no active market currently exists depreciated replacement cost has been used as fair value.

1.8 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered 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 the 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 and the sale is considered likely to be concluded within one year. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value, less any material directly attributable selling costs. Fair value is open market value, where one is available, including alternative uses.

Assets classified as held for sale are not depreciated.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount. The profit from sale of land which is a non depreciating asset is recognised within income. The profit from sale of a depreciating asset is shown as a reduced expense. The loss from sale of land or from any depreciating assets is shown within operating expenses. On disposal, the balance for the asset on the revaluation reserve is transferred to the Statement of Comprehensive net Expenditure reserve.

Property, plant or equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.10 Income

Operating Income relates directly to the operating activities of the BSO and is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Grant in aid

Funding received from other entities, including the Department and the Health and Social Care Board are accounted for as grant in aid and are reflected through the Statement of Comprehensive net Expenditure Reserve.

1.11 Investments

The BSO does not have any investments.

1.12 Other expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

1.13 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.

1.14 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The BSO as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the BSO's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land may be either an operating lease or a finance lease depending on the conditions in the lease agreement and following the general guidance set out in IAS 17. Leased buildings are assessed as to whether they are operating or finance leases.

The BSO as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the BSO's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the BSO's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.15 Private Finance Initiative (PFI) transactions

The BSO has had no PFI transactions during the year.

1.16 Financial instruments

- Financial assets

Financial assets are recognised on the Statement of Financial Position when the BSO 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.

- Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the BSO 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.

- 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 relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within the HSC Bodies in creating risk than would apply to a non public sector body of a similar size, therefore the ALBs are not exposed to the degree of financial risk faced by business entities.

ALBs have 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 the ALBs in undertaking activities. Therefore the HSC is exposed to little credit, liquidity or market risk.

- Currency risk

The BSO is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The BSO has no overseas operations. The BSO therefore has low exposure to currency rate fluctuations.

- Interest rate risk

The BSO has limited powers to borrow or invest and therefore has low exposure to interest rate fluctuations.

- Credit risk

Because the majority of the BSO's income comes from contracts with other public sector bodies, the BSO has low exposure to credit risk.

- Liquidity risk

Since the BSO receives the majority of its funding through its principal Commissioner which is voted through the Assembly, it is therefore not exposed to significant liquidity risks.

1.17 Provisions

In accordance with IAS 37, provisions are recognised when the BSO has a present legal or constructive obligation as a result of a past event, it is probable that the BSO will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

Where a provision is measured using the cash flows estimated to settle the obligation its carrying amount is the present value of those cash flows using DoF-issued discount rates of:

Rate	Time period	Real rate
Short-term	0-5 years	-2.42%
Medium-term	5-10 years	-1.85%
Long-term	10+ years	-1.56%

as at 31 March 2018. The discount rate to be applied for employee early departure obligations is +0.10% with effect from 31 March 2018.

The BSO 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 increases in the discounted amount arising from the passage of time and the affect 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.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the BSO has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the BSO has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with on-going activities of the entity.

1.18 Contingencies

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly. Under IAS 37, the BSO 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 BSO, 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 BSO. 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, HSC Trusts and ALBs should disclose for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

1.19 Employee benefits

Short-term employee benefits

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been determined using individual's salary costs applied to their unused leave balances determined from a report of the unused annual leave balance as at 31 March 2018. It is not anticipated that the level of unused leave will vary significantly from year to year. Unused flexi leave is estimated to be immaterial to the BSO and has not been included.

Retirement benefit costs

Past and present employees are covered by the provisions of the HSC Superannuation Scheme.

The BSO participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the BSO and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DoH. The BSO is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Further information regarding the HSC Superannuation Scheme can be found in the HSC Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health.

The costs of early retirements are met by the BSO and charged to the Statement of Comprehensive Net Expenditure at the time the BSO commits itself to the retirement.

As per the requirements of IAS 19, 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. The 2016 valuation for the HSC Pension scheme updated to reflect current financial conditions (and a change in financial assumption methodology) will be used in 2017-18 accounts.

1.20 Reserves

Statement of Comprehensive Net Expenditure Reserve

Accumulated surpluses are accounted for in the Statement of Comprehensive Net Expenditure Reserve.

Revaluation Reserve

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

1.21 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.22 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the BSO has no beneficial interest in them. Details of third party assets are given in Note 23 to the accounts.

1.23 Government Grants

The note to the financial statements distinguishes between grants from UK government entities and grants from European Union.

1.24 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 HSC 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.

1.25 Accounting Standards that have been issued but have not yet been adopted

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

The IASB have 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 of National Statistics (ONS) control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same

adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. 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.

Management consider that any other new accounting policies issued but not yet adopted are unlikely to have a significant impact on the accounts in the period of the initial application.

1.26 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.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

The core business and strategic direction of the Business Services Organisation is the provision of both shared and support services to the HSC.

The BSO Board acts as the Chief Operating Decision Maker and receives financial information on the BSO under the following headings:

- BSO core – this segment incorporates Finance, Legal Services, Human Resources, Family Practitioner Services, Counter Fraud and Probity, HSC Pensions, Customer Care and Performance, HSC Leadership Centre and Clinical Education Centre, the Business Services Transformation Project and Shared Services.
- Information Technology Services (ITS) – this segment incorporates the functions transferred to the BSO from the Department of Health formally known as the Directorate of Information Services (DIS)
- Procurement and Logistic Services (PaLS) – this segment represents the procurement and supply services provided to HSC Trusts and other HSC Bodies
- Managed Services – the BSO manages several regional services on behalf of the HSC, such as Nursing Bursaries and Healthy Start. The costs of these services are represented in this segment.

The analysis by segment for 2017-18 is provided in the following table. Comparative figures are provided in a subsequent table.

BUSINESS SERVICES ORGANISATION

NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

Statement of Operating Costs by Operating Segment for the Year Ended 31 March 2018

		Core	ITS	PaLS	Managed Services	TOTAL
	Note	£000s	£000s	£000s	£000s	£000s
Staff Costs						
Wages & Salaries	3	30,208	8,835	10,356	1,786	51,185
		<u>30,208</u>	<u>8,835</u>	<u>10,356</u>	<u>1,786</u>	<u>51,185</u>
Other Expenditure						
IT Programme	3	-	10,122	-	-	10,122
SUMDE	3	-	-	-	1,567	1,567
Bursaries	3	-	-	-	12,149	12,149
Healthy Start	3	-	-	-	3,013	3,013
Regional Interpreting Services	3	-	-	-	3,798	3,798
Cost of Sales	3	-	-	47,206	-	47,206
Supplies and services - general	3	845	5	133	2	985
Establishment	3	7,627	1,044	410	-	9,081
Transport	3	311	45	904	50	1,310
Premises	3	1,092	464	1,071	-	2,627
Miscellaneous	3	696	21	98	993	1,808
Research & development	3	606	-	-	-	606
Depreciation	3	8,692	-	-	-	8,692
Amortisation	3	7,930	-	-	-	7,930
Impairments	3/8	617	-	-	-	617
(Profit)/ loss on disposal of assets (excluding profit on land)	3	(14)	-	-	-	(14)
Provisions provided for in year	3	52	-	-	-	52
Auditors Remuneration	3	116	-	-	-	116
Notional costs	3	-	-	-	-	-
		<u>28,570</u>	<u>11,701</u>	<u>49,822</u>	<u>21,572</u>	<u>111,665</u>
Income						
GB/Republic of Ireland Health Authorities	4	-	-	-	-	-
HSC Trusts	4	32,565	23,396	12,295	4,837	73,093
Sales	4	-	-	47,206	-	47,206
Recoveries in respect of outward secondments	4	519	92	134	345	1,090
Research & development	4	604	-	-	-	604
		<u>33,688</u>	<u>23,488</u>	<u>59,635</u>	<u>5,182</u>	<u>121,993</u>
Net Expenditure		<u>(25,090)</u>	<u>2,952</u>	<u>(543)</u>	<u>(18,176)</u>	<u>(40,857)</u>
Revenue Resource Limit (RRL)	24	<u>25,201</u>	<u>(2,952)</u>	<u>543</u>	<u>18,119</u>	<u>40,911</u>
Surplus/(deficit) against RRL as reported		<u>111</u>	<u>-</u>	<u>-</u>	<u>(57)</u>	<u>54</u>

BUSINESS SERVICES ORGANISATION

NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

Statement of Operating Costs by Operating Segment for the Year Ended 31 March 2017

		Core	ITS	PaLS	Managed Services	TOTAL
	Note	£000s	£000s	£000s	£000s	£000s
Staff Costs						
Wages & Salaries	3	29,304	8,101	9,821	2,010	49,236
		<u>29,304</u>	<u>8,101</u>	<u>9,821</u>	<u>2,010</u>	<u>49,236</u>
Other Expenditure						
IT Programme	3	-	10,378	-	-	10,378
SUMDE	3	-	-	-	1,292	1,292
Bursaries	3	-	-	-	11,641	11,641
Healthy Start	3	-	-	-	3,067	3,067
Regional Interpreting Services	3	-	-	-	3,401	3,401
Cost of Sales	3	-	-	47,266	-	47,266
Supplies and services - general	3	277	10	106	3	396
Establishment	3	8,610	785	461	7	9,863
Transport	3	324	55	829	57	1,265
Premises	3	1,182	443	1,033	-	2,658
Miscellaneous	3	765	118	34	580	1,497
Research & development	3	120	-	-	-	120
Depreciation	3	6,650	-	-	-	6,650
Amortisation	3	7,651	-	-	-	7,651
Impairments	3/8	-	-	-	-	-
(Profit)/ loss on disposal of assets (excluding profit on land)	3	(2)	-	-	-	(2)
Provisions provided for in year	3	138	-	-	-	138
Auditors Remuneration	3	115	-	-	-	115
Notional costs	3	115	-	-	-	115
		<u>25,945</u>	<u>11,789</u>	<u>49,729</u>	<u>20,048</u>	<u>107,511</u>
Income						
GB/Republic of Ireland Health Authorities	4	-	-	-	-	-
HSC Trusts	4	30,942	22,450	12,500	4,535	70,427
Sales	4	-	-	47,266	-	47,266
Recoveries in respect of outward secondments	4	368	66	79	461	974
Research & development	4	120	-	-	-	120
		<u>31,430</u>	<u>22,516</u>	<u>59,845</u>	<u>4,996</u>	<u>118,787</u>
Net Expenditure		<u>(23,819)</u>	<u>2,626</u>	<u>295</u>	<u>(17,062)</u>	<u>(37,960)</u>
Revenue Resource Limit (RRL)	24	<u>23,426</u>	<u>(2,415)</u>	<u>(34)</u>	<u>17,028</u>	<u>38,005</u>
Surplus/(deficit) against RRL as reported		<u>(393)</u>	<u>211</u>	<u>261</u>	<u>(34)</u>	<u>45</u>

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 3 EXPENDITURE

	2018 £000s	2017 £000s
Operating Expenses		
Staff costs ¹ :		
Wages and salaries	41,821	40,390
Social security costs	3,578	3,378
Other pension costs	5,786	5,468
IT Programme	10,122	10,378
Supplement for Undergraduate Medical and Dental Education (SUMDE)	1,567	1,292
Bursaries	12,149	11,641
Healthy Start	3,013	3,067
Regional Interpreting Services	3,798	3,401
Cost of Sales	47,206	47,266
Supplies and services – general	985	396
Establishment	9,081	9,863
Transport	1,310	1,265
Premises	2,627	2,658
Interest charges	-	-
Miscellaneous	1,808	1,497
Research & development expenditure	606	120
Non cash items		
Depreciation	8,692	6,650
Amortisation	7,930	7,651
Impairments	617	-
(Profit) on disposal of property, plant and equipment (including land)	(14)	(2)
(Profit) on disposal of intangibles	-	-
Loss on disposal of property, plant and equipment (including land)	-	-
Loss on disposal of intangibles	-	-
Increase / Decrease in provisions (provisions provided for in year less any release)	52	138
Cost of borrowing provisions (unwinding of discount on provisions)	-	-
Auditors remuneration	116	115
Notional property costs	-	115
Total	162,850	156,747

During the year the BSO purchased non audit services to the value of £Nil from its auditor in relation to the National Fraud Initiative (2016/17: £6k).

¹ Further detailed analysis of staff costs is located in the Staff Report on page 116 within the Accountability Report

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 4 INCOME

4.1 Income from Activities

	2018	2017
	£000s	£000s
GB/Republic of Ireland Health Authorities	-	-
HSC Trusts	55,973	53,701
Non-HSC:- Private patients	-	-
Sale of goods	47,206	47,266
Clients contributions	-	-
Total	103,179	100,967

4.2 Other Operating Income

	2018	2017
	£000s	£000s
Other income from non-patient services	17,120	16,726
Seconded staff	1,090	974
Charitable and other contributions to expenditure	-	-
Donations / Government Grant / Lottery Funding for non current assets	-	-
Profit on disposal of land	-	-
Interest receivable	-	-
Research and development	604	120
Total	18,814	17,820

4.3 Deferred income

	2018	2017
	£000s	£000s
Income released from conditional grants	-	-
Total	-	-

TOTAL INCOME

121,993	118,787
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BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 5.1 Property, plant & equipment - year ended 31 March 2018

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Cost or Valuation									
At 1 April 2017	2,865	9,484	-	-	268	1,470	54,774	1,959	70,820
Indexation	143	116	-	-	3	50	96	(23)	385
Additions	-	-	-	448	6	289	5,565	91	6,399
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	107	3,348	-	3,455
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	(3,542)	-	(3,542)
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(47)	(12,423)	(66)	(12,536)
At 31 March 2018	3,008	9,600	-	448	277	1,869	47,818	1,961	64,981
Depreciation									
At 1 April 2017	-	1,239	-	-	168	794	32,642	557	35,400
Indexation	-	53	-	-	2	31	49	(7)	128
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	2,074	-	2,074
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	(2,898)	-	(2,898)
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(47)	(12,419)	(66)	(12,532)
Provided during the year	-	324	-	-	23	174	8,027	144	8,692
At 31 March 2018	-	1,616	-	-	193	952	27,475	628	30,864

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 5.1 (continued) Property, plant & equipment- year ended 31 March 2018

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Carrying Amount									
At 31 March 2018	3,008	7,984	-	448	84	917	20,343	1,333	34,117
At 31 March 2017	2,865	8,245	-	-	100	676	22,132	1,402	35,420
Asset financing									
Owned	3,008	7,984	-	448	84	917	20,343	1,333	34,117
Finance leased	-	-	-	-	-	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2018	3,008	7,984	-	448	84	917	20,343	1,333	34,117

Any fall in value through negative indexation or revaluation is shown as impairment.

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure Account in respect of assets held under finance leases and hire purchase contracts is £Nil (2017: £Nil)

The fair value of assets funded from the following sources during the year was:

	2018 £	2017 £
Donations	-	-
Government Grant	-	-
Lottery funding	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 5.2 Property, plant & equipment - year ended 31 March 2017

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Cost or Valuation									
At 1 April 2016	2,730	9,447	-	-	231	1,445	42,659	1,738	58,250
Indexation	135	37	-	-	5	27	178	-	382
Additions	-	-	-	4,055	32	103	8,090	17	12,297
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	(4,055)	-	-	4,055	213	213
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(105)	(208)	(9)	(322)
At 31 March 2017	2,865	9,484	-	-	268	1,470	54,774	1,959	70,820

Depreciation

At 1 April 2016	-	901	-	-	134	739	26,736	440	28,950
Indexation	-	16	-	-	3	16	79	-	114
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(106)	(200)	(8)	(314)
Provided during the year	-	322	-	-	31	145	6,027	125	6,650
At 31 March 2017	-	1,239	-	-	168	794	32,642	557	35,400

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 5.2 (continued) Property, plant & equipment- year ended 31 March 2017

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Carrying Amount									
At 31 March 2017	2,865	8,245	-	-	100	676	22,132	1,402	35,420
At 1 April 2016	2,730	8,546	-	-	97	706	15,923	1,298	29,300
Asset financing									
Owned	2,865	8,245	-	-	100	676	22,132	1,402	35,420
Finance leased	-	-	-	-	-	-	-	-	-
On SOFP PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2017	2,865	8,245	-	-	100	676	22,132	1,402	35,420
Asset financing									
Owned	2,730	8,546	-	-	97	706	15,923	1,298	29,300
Finance leased	-	-	-	-	-	-	-	-	-
On SOFP PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 1 April 2016	2,730	8,546	-	-	97	706	15,923	1,298	29,300

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 6.1 Intangible assets- year ended 31 March 2018

	Software Licences £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licences, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
Cost or Valuation									
At 1 April 2017	6,724	86,057	-	-	-	-	-	1,438	94,219
Indexation	131	2,169	-	-	-	-	-	-	2,300
Additions	2,670	1,400	-	-	-	-	-	466	4,536
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	1,782	(3,514)	-	-	-	-	-	(1,585)	(3,317)
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2018	11,307	86,112	-	-	-	-	-	319	97,738
Amortisation									
At 1 April 2017	5,188	38,532	-	-	-	-	-	-	43,720
Indexation	103	903	-	-	-	-	-	-	1,006
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	700	(2,760)	-	-	-	-	-	-	(2,060)
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Provided during the year	1,012	6,918	-	-	-	-	-	-	7,930
At 31 March 2018	7,003	43,593	-	-	-	-	-	-	50,596

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 6.1 (continued) Intangible assets- year ended 31 March 2018

	Software Licences £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licences, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
Carrying Amount									
At 31 March 2018	4,304	42,519	-	-	-	-	-	319	47,142
At 31 March 2017	1,536	47,525	-	-	-	-	-	1,438	50,499
Asset financing									
Owned	4,304	42,519	-	-	-	-	-	319	47,142
Finance leased	-	-	-	-	-	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2018	4,304	42,519	-	-	-	-	-	319	47,142

Any fall in value through negative indexation or revaluation is shown as impairment.

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure Account in respect of assets held under finance leases and hire purchase contracts is £Nil (2017: £Nil)

The fair value of assets funded from the following sources during the year was:

	2018 £	2017 £
Donations	-	-
Government Grant	-	-
Lottery funding	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 6.2 Intangible assets - year ended 31 March 2017

	Software Licences £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licences, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
Cost or Valuation									
At 1 April 2016	6,035	79,798	-	-	-	-	-	1,210	87,043
Indexation	229	4,724	-	-	-	-	-	-	4,953
Additions	460	1,219	-	-	-	-	-	789	2,468
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	348	-	-	-	-	-	(561)	(213)
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	(32)	-	-	-	-	-	-	(32)
At 31 March 2017	6,724	86,057	-	-	-	-	-	1,438	94,219
Amortisation									
At 1 April 2016	4,282	29,995	-	-	-	-	-	-	34,277
Indexation	214	1,610	-	-	-	-	-	-	1,824
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	(32)	-	-	-	-	-	-	(32)
Provided during the year	692	6,959	-	-	-	-	-	-	7,651
At 31 March 2017	5,188	38,532	-	-	-	-	-	-	43,720

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 6.2 (continued) Intangible assets- year ended 31 March 2017

	Software Licences £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licences, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
Carrying Amount									
At 31 March 2017	1,536	47,525	-	-	-	-	-	1,438	50,499
At 1 April 2016	1,753	49,803	-	-	-	-	-	1,210	52,766
Asset financing									
Owned	1,536	47,525	-	-	-	-	-	1,438	50,499
Finance leased	-	-	-	-	-	-	-	-	-
On SOFP PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2017	1,536	47,525	-	-	-	-	-	1,438	50,499
Asset financing									
Owned	1,753	49,803	-	-	-	-	-	1,210	52,766
Finance leased	-	-	-	-	-	-	-	-	-
On SOFP PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 1 April 2016	1,753	49,803	-	-	-	-	-	1,210	52,766

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 7 FINANCIAL INSTRUMENTS

As the cash requirements of BSO are met through Grant-in-Aid provided by the Department of Health, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body.

The majority of financial instruments relate to contracts to buy non-financial items in line with the BSO's expected purchase and usage requirements and the BSO is therefore exposed to little credit, liquidity or market risk.

NOTE 8 IMPAIRMENTS

	2018			
	Property, Plant & Equipment £000s	Intangibles £000s	Financial assets £000s	Total £000s
Total value of impairments for the period	644	-	-	644
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(27)	-	-	(27)
Impairments charged to Statement of Comprehensive Net Expenditure Account	617	-	-	617

	2017			
	Property, Plant & Equipment £000s	Intangibles £000s	Financial assets £000s	Total £000s
Total value of impairments for the period	-	-	-	-
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	-	-	-	-
Impairments charged to Statement of Comprehensive Net Expenditure Account	-	-	-	-

NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

The BSO did not hold any assets classified as held for sale in 2016-17 or 2017-18

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 10 INVENTORIES

	2018 £000s	2017 £000s
Goods for resale	4,220	3,727
Total	4,220	3,727

NOTE 11 CASH AND CASH EQUIVALENTS

	2018 £000s	2017 £000s
Balance at 1 st April	3,521	5,108
Net change in cash and cash equivalents	(408)	(1,587)
Balance at 31st March	3,113	3,521

The following balances at 31 March were held at

	2018 £000s	2017 £000s
Commercial banks and cash in hand	3,113	3,521
Balance at 31st March	3,113	3,521

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 12 TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS

	2018 £000s	2017 £000s
Amounts falling due within one year		
Trade receivables	14,954	21,995
Deposits and advances	-	-
VAT receivable	3,231	2,851
Other receivables – not relating to fixed assets	-	-
Other receivables – relating to property, plant and equipment	-	-
Other receivables – relating to intangibles	-	-
Trade and other receivables	<u>18,185</u>	<u>24,846</u>
Prepayments	1,703	1,868
Accrued income	-	-
Current part of PFI and other service concession arrangements prepayment	-	-
Other current assets	<u>1,703</u>	<u>1,868</u>
Carbon reduction commitment	-	-
Intangible current assets	<u>-</u>	<u>-</u>
Amounts falling due after more than one year		
Trade receivables	-	-
Deposits and advances	-	-
Other receivables	-	-
Trade and other receivables	<u>-</u>	<u>-</u>
Prepayments and accrued income	-	-
Other current assets falling due after more than one year	<u>-</u>	<u>-</u>
TOTAL TRADE AND OTHER RECEIVABLES	<u>18,185</u>	<u>24,846</u>
TOTAL OTHER CURRENT ASSETS	<u>1,703</u>	<u>1,868</u>
TOTAL INTANGIBLE CURRENT ASSETS		-
TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	<u>19,888</u>	<u>26,714</u>

The balances are net of a provision for bad debts of £5k (2016/17: £6k).

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 13 TRADE PAYABLES AND OTHER LIABILITIES

	2018 £000s	2017 £000s
Amounts falling due within one year		
Other taxation and social security	-	-
Bank overdraft	-	-
VAT payable	-	-
Trade capital payables – property, plant and equipment	118	48
Trade capital payables – intangibles	131	-
Trade revenue payables	10,346	16,397
Payroll payables	-	-
Clinical negligence payables	-	-
BSO payables	-	-
Other payables	790	600
Accruals	12,369	11,774
Accruals - relating to property, plant and equipment	446	1,120
Accruals - relating to intangibles	4,606	2,134
Deferred income	35	-
Trade and other payables	28,841	32,073
Current part of finance leases	-	-
Current part of long term loans	-	-
Current part of imputed finance lease element of PFI contracts and other service concession arrangements	-	-
Other current liabilities	-	-
Carbon reduction commitment	-	-
Intangible current liabilities	-	-
Total payables falling due within one year	28,841	32,073
Amounts falling due after more than one year		
Other payables, accruals and deferred income	1,186	1,920
Trade and other payables	-	-
Clinical negligence payables	-	-
Finance leases	-	-
Current part of imputed finance lease element of PFI contracts and other service concession arrangements	-	-
Long term loans	-	-
Total non current other payables	1,186	1,920
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	30,027	33,993

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 14 PROMPT PAYMENT POLICY

14.1 Public Sector Payment Policy - Measure of Compliance

The Department requires that BSO pay their non HSC trade creditors in accordance with applicable terms and appropriate Government Accounting guidance. The BSO's payment policy is consistent with applicable terms and appropriate Government Accounting guidance and its measure of compliance is:

	2018 Number	2018 Value £000s	2017 Number	2017 Value £000s
Total bills paid	221,519	123,288	211,076	136,578
Total bills paid within 30 day target	218,770	107,805	209,076	122,516
% of bills paid within 30 day target	99%	87%	99%	90%
Total bills paid within 10 day target	214,555	88,363	205,679	105,831
% of bills paid within 10 day target	97%	72%	97%	77%

14.2 The Late Payment of Commercial Debts Regulations 2002

	£
Amount of compensation paid for payment(s) being late	-
Amount of interest paid for payment(s) being late	-
Total	-

This is also reflected in the Accountability Report. New late payment legislation (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.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 15 PROVISIONS FOR LIABILITIES AND CHARGES – 2018

Name	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	CSR Restructuring £000s	Other £000s	2018 £000s
Balance at 1 April 2017	73	433	-	-	203	709
Provided in year	2	13	-	-	54	69
(Provisions not required written back)	-	-	-	-	(17)	(17)
(Provisions utilised in the year)	(5)	(32)	-	-	(82)	(119)
Cost of borrowing (unwinding of discount)	-	-	-	-	-	-
At 31 March 2018	70	414	-	-	158	642

CSR £

CSR utilised costs include the following:

Pension costs for early retirement reflecting the single lump sum to buy over the full liability

-

Redundancy costs

-

-

Comprehensive Net Expenditure Account Charges

	2018 £000s	2017 £000s
Arising during the year	69	174
Reversed unused	(17)	(36)
Cost of borrowing (unwinding of discount)	-	-
Total charge within Operating costs	52	138

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES – 2018

Analysis of expected timing of discounted flows as at 31 March 2018

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	CSR Restructuring £000s	Other £000s	2018 £000s
Not later than one year	5	32	-	-	158	195
Later than one year and not later than five years	19	127	-	-	-	146
Later than five years	46	255	-	-	-	301
At 31 March 2018	70	414	-	-	158	642

Provisions have been made for 3 categories of potential liability: early retirement for directors and other staff and outstanding legal cases. The provision for early retirements relates to the future liabilities for the BSO based on information provided by the HSC Superannuation Branch. For other provisions the BSO has estimated an appropriate level of provision based on professional legal advice.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 15 PROVISIONS FOR LIABILITIES AND CHARGES – 2017

Name	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	CSR Restructuring £000s	Other £000s	2017 £000s
Balance at 1 April 2016	75	461	-	-	110	646
Provided in year	3	17	-	-	154	174
(Provisions not required written back)	-	(13)	-	-	(23)	(36)
(Provisions utilised in the year)	(5)	(32)	-	-	(38)	(75)
Cost of borrowing (unwinding of discount)	-	-	-	-	-	-
At 31 March 2017	73	433	-	-	203	709

Analysis of expected timing of discounted flows as at 31 March 2017

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	CSR Restructuring £000s	Other £000s	2017 £000s
Not later than one year	5	32	-	-	203	240
Later than one year and not later than five years	19	126	-	-	-	145
Later than five years	49	275	-	-	-	324
At 31 March 2017	73	433	-	-	203	709

Provisions have been made for 3 categories of potential liability: early retirement for directors, other staff and outstanding legal cases. The provision for early retirements relates to the future liabilities for the BSO based on information provided by the HSC Superannuation Branch. For other provisions the BSO has estimated an appropriate level of provision based on professional legal advice.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 16 CAPITAL COMMITMENTS

Contracted capital commitments at 31 March not otherwise included in these financial statements	2018 £000s	2017 £000s
Property, plant and equipment	1,158	1,709
Intangible assets	3,800	3,525
	<u>4,958</u>	<u>5,234</u>

NOTE 17 COMMITMENTS UNDER LEASES

17.1 Finance Leases

BSO has 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:

Obligations under operating leases comprise	2018 £000s	2017 £000s
Land		
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>-</u>
Buildings		
Not later than one year	402	351
Later than one year but not later than five years	878	403
Later than five years	-	-
	<u>1,280</u>	<u>754</u>
Other		
Not later than 1 year	322	168
Later than 1 year and not later than 5 years	1,208	-
Later than 5 years	-	-
	<u>1,530</u>	<u>168</u>

NOTE 17 COMMITMENTS UNDER LESSOR AGREEMENTS

17.3 Operating Leases

BSO has not issued any operating leases.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 18 COMMITMENTS UNDER PFI CONTRACTS AND OTHER SERVICE CONCESSION ARRANGEMENTS

18.1 Off balance sheet PFI contracts and other service concession arrangements

BSO had no commitments under PFI and other concession arrangement contracts at either 31 March 2018 or 31 March 2017.

18.2 On balance sheet (SoFP) PFI Schemes

The BSO has no on balance sheet (SoFP) PFI and other service concession arrangements schemes.

NOTE 19 OTHER FINANCIAL COMMITMENTS

The BSO did not have any other financial commitments at either 31 March 2018 or 31 March 2017.

NOTE 20 FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT

The BSO did not have any financial guarantees, indemnities and letters of comfort at either 31 March 2018 or 31 March 2017.

NOTE 21 CONTINGENT LIABILITIES

The BSO did not have any quantifiable contingent liabilities at either 31 March 2018 or 31 March 2017.

NOTE 22 RELATED PARTY TRANSACTIONS

The BSO is an arm's length body of the Department of Health and as such the Department is a related party with which the BSO has had various material transactions during the year. In addition the BSO provides a range of shared services to all other HSC bodies.

During the year, none of the Board members, members of the key management staff or other related parties has undertaken any material transactions with the BSO with the exception noted below.

From 26 January 2018, Ms Wendy Thompson, BSO Director of Finance has been providing interim part time Director of Finance support to the NIFRS, an organisation who has an existing service level agreement with the BSO for the provision of a range of services.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 23 THIRD PARTY ASSETS

The BSO holds the following bank accounts, which are not included in these financial statements

Name of Account	Details
BSO NIGALA	This account is used for the transfer of funds on behalf of the Northern Ireland Guardian ad Litem Agency (NIGALA), for whom the BSO provides financial and other services. The income and expenditure relating to this account are included in the Annual Accounts of NIGALA and are covered by its audit process.
BSO NISCC BSO NISCC Registration	These accounts are used for the transfer of funds on behalf of the Northern Ireland Social Care Council (NISCC), for whom the BSO provides financial and other services. The income and expenditure relating to these accounts are included in the Annual Accounts of NISCC and are covered by its audit process.
BSO NIPEC	This account is used for the transfer of funds on behalf of the Northern Ireland Practice and Education Council for Nursing and Midwifery (NIPEC), for whom the BSO provides financial and other services. The income and expenditure relating to this account are included in the Annual Accounts of NIPEC and are covered by its audit process.
BSO RQIA	This account is used for the transfer of funds on behalf of the Regulation and Quality Improvement Authority (RQIA), for whom the BSO provides financial and other services. The income and expenditure relating to this account are included in the Annual Accounts of RQIA and are covered by its audit process.
BSO NIMDTA BSO NIMDTA Direct Debit	These accounts are used for the transfer of funds on behalf of the Northern Ireland Medical & Dental Training Agency (NIMDTA) for whom the BSO provides financial and other services. The income and expenditure relating to this account are included in the Annual Accounts of NIMDTA and are covered by its audit process.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 24 Financial Performance Targets

24.1 Revenue Resource Limit

The BSO is given a Revenue Resource Limit which it is not permitted to overspend.

The Revenue Resource Limit (RRL) for BSO is calculated as follows:

	2018	2017
	Total	Total
	£000s	£000s
DoH (excludes non cash)	26,865	26,441
Other Government Department	-	-
Non cash RRL (from DoH)	17,393	14,667
Total agreed RRL	<u>44,258</u>	<u>41,108</u>
Adjustment for IFRIC 12	<u>(3,347)</u>	<u>(3,103)</u>
Total Revenue Resource Limit to Statement Comprehensive Net Expenditure	<u><u>40,911</u></u>	<u><u>38,005</u></u>

24.2 Capital Resource Limit

The BSO is given a Capital Resource Limit (CRL) which it is not permitted to overspend.

	2018	2017
	Total	Total
	£000s	£000s
Gross Capital Expenditure	10,935	14,765
Less IFRIC 12 spend	(3,347)	(3,103)
(Receipts from sales of fixed assets)	(18)	(10)
Net capital expenditure	<u>7,570</u>	<u>11,652</u>
Capital Resource Limit	<u>7,591</u>	<u>11,667</u>
Overspend/(Underspend) against CRL	<u><u>(21)</u></u>	<u><u>(15)</u></u>

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

24.3 Financial Performance Targets

The BSO is required to ensure that it breaks even on an annual basis by containing its surplus to within 0.25% of RRL and Income

	2018	2017
	£000s	£000s
Net Expenditure	(40,857)	(37,960)
RRL	40,911	38,005
Surplus/(Deficit) against RRL	54	45
Break Even cumulative position (opening)	1,430	1,385
Break Even cumulative position (closing)	<u>1,484</u>	<u>1,430</u>

RRL and Income

RRL	40,911	38,005
Income per note 4.1	103,179	100,967
Total for inclusion in materiality test	<u>144,090</u>	<u>138,972</u>

Materiality Test:

	2018	2017
	%	%
Break Even in year position as % of RRL and Income	0.04%	0.03%
Break Even cumulative position as % of RRL and Income	1.03%	1.03%

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

There are no post balance sheet events having a material effect on the accounts.

DATE AUTHORISED FOR ISSUE

The Accounting Officer authorised these financial statements for issue on 25 June 2018.

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