



Business Services
Organisation

Providing Support to Health and Social Care

Business Services Organisation
Annual Report and Accounts
For the year ended 31 March 2019

Business Services Organisation

Annual Report and Accounts

For the year ended 31 March 2019

*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
4th July 2019*

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This report is available in alternative formats upon request.

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Section A

PERFORMANCE REPORT

Statement from the Chief Executive



Mr Liam McIvor
Chief Executive

Welcome to the Annual Report and Accounts 2018-19 of the HSC Business Services Organisation (BSO). This ninth Annual Report of the BSO provides an overview of the work and achievements of the organisation during 2018-19. BSO is entirely dependent on the dedication and professionalism of its staff and in February 2019 I was delighted to learn that BSO had been successfully reaccredited to the new Investors in People (IIP) Standard at Silver level. Our accreditation lasts for the next three years and, in line with the recommendations of the IIP report, we will continue to make improvements in people management throughout the organisation. The BSO will also continue to play its part in co-operation with colleagues to make Health and Social Care (HSC) a rewarding and fulfilling place to work for everyone. This is in line with the Department of Health's long-term Workforce Strategy, *Delivering for Our People*, launched in 2018.

The NI Shared Services Project progressed to recommendations in September 2018. This Project was established to consider the development of shared services across the entire public sector in Human Resources, Payroll, IT and Finance. Initial findings had indicated that the BSO provided high-performing, effective and value-for-money services to our customers in Northern Ireland. This was borne out in the concluding recommendations that each sectoral area (Health, Education, NI Civil Service) should focus on delivering shared services within their own base. On 4 March 2019 the Permanent Secretary and HSC Chief Executive wrote to HSC Chief Executives expressing his commitment to move towards a shared services model for IT. Shane Devlin, the Chief Executive of

the Southern HSC Trust has been asked to act as Senior Responsible Officer for a programme of work to develop this approach and determine the best model to support better care to patients. The BSO will continue to contribute to this proposed direction of travel through the Programme Board and any working groups which will be established.

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*. In the past year funding of £100 million was made available to the HSC to support the process of Transformation. BSO has continued to work in a partnership with HSC colleagues to establish the detailed governance structures and planning arrangements that will be required for the proposed closure of the HSCB. While there has been much progress, any final decisions on future operating models for HSC will be subject to business case approval and will require Ministerial consideration and legislation. Work has commenced on the drafting of the legislation required to close the HSCB and this may also provide an opportunity for an amendment to the legislation to enable BSO to provide services to non HSC bodies.

During the year, BSO employees have again been recognised for their outstanding contributions to health and social care in a variety of regional and national awards. Our own Staff Recognition Event in November 2018 took the form of Values Awards. The BSO Values Awards were designed to recognise the behaviours associated with our five Core Values (*Respect, Accountability, Trust, Partnership and Professionalism*) with an award made under each category. This was a really enjoyable event and an opportunity to showcase the many innovative projects being carried out across the organisation. It was encouraging to see the number of applications and acknowledgement of the wider HSC of the significant contribution made by BSO to improving health and well-being in our community. This was provided in an opening speech from the Permanent Secretary who said, *“The activity outlined in these awards reflects the efforts of teams and individuals, aligned to BSO Values, which seek to improve the health and well-being of us all. It is important that we take these opportunities to celebrate endeavour, effort and success and share the message as widely as we can.”*

As an organisation we look forward to the coming year and working collaboratively with colleagues to deliver even more for our customers and the public that we serve.

Report of the Non-Executive Directors



Ms Julie Erskine

Chair

The BSO Board continued to devote time this year in a number of workshops and Committee meetings to providing a clear strategic direction for the organisation. This has been the first year of operation of the BSO Corporate Plan for 2018-21. Our refreshed Mission is “*to provide high quality business services which support our customers to improve health and well-being*”. Our new Corporate Objectives, aligned with our Values have been the focus of the supporting Annual Business Plan for 2018-19. It is the aim of BSO to:

- Deliver High Quality, Valued Services (*Respect; Professionalism*)
- Develop Our Services in Partnership with Our Customers (*Partnership; Trust*)
- Demonstrate Continuous Improvement in Pursuit of Excellence (*Professionalism; Accountability*)
- Help Our People Excel at What We Do (*Professionalism; Accountability; Respect; Trust*).

Mr Jeremy Stewart continued to chair the Governance and Audit Committee and Mr Robert Bannon the Business Development Committee. The role and remit of these two significant committees was reviewed during the year as part of the annual Board Governance Self-Assessment.

In October 2018 an interactive Board Workshop was facilitated by the Customer Care and Performance team in BSO. The primary purposes of the workshop were to:

- provide an update on the draft BSO Corporate Plan 2018-21 and Annual Business Plan 2018-19 and set the context for forward planning into 2019-20;
- review the Information Requirements of the BSO Board (including the Corporate Balanced Scorecard) and
- review the BSO Corporate Risk and Assurance Report.

Following the workshop, Non-Executive and Executive Directors arranged to meet together in pairs to complete some more detailed work in the areas of Information Requirements and Corporate Risk and Assurance Reporting.

Non- Executive Directors continued to explore different ways to engage with the organisation and its staff and our customer organisations during the year. The NICON Conference in May 2018 provided a valuable opportunity for learning and networking with colleagues from the wider HSC and beyond. There was an opportunity for Non-Executive Directors to participate in the BSO Charity Dinner Dance in April 2018 and the NHS 70th Anniversary Charity Tea Party Events. The BSO Board continues to fulfil one of its key functions of overseeing delivery of planned results with Board meetings being held at various BSO venues throughout the region during the year. These meetings incorporate presentations and engagement with key members of staff from each of the service areas. As Chair, I attended a number of awards ceremonies in which BSO staff were successful entrants. The BSO Board agreed that the Recruitment Shared Service Centre should be the location for the Permanent Secretary's Staff Engagement Visit in January 2019 due to the major focus on Transformation Recruitment. One of the Non-Executive Directors, Mr Robert Bannon participated as a member of the Steering Group set up by BSO to work towards the successful re-accreditation of Investors in People Standard. Professor Dorothy Whittington continued to carry out a valuable role as Disability Champion for BSO.

Mr Deep Sagar stepped down from the BSO Board on 28 February 2019 and we congratulate him on his new appointment as Chair of the South Eastern HSC Trust.

The Non-Executive Directors of the BSO Board also look forward to the coming year and continuing to provide strategic direction and support to the organisation as it seeks to play an increasingly significant part in the improvement of health and well-being.

Purpose and Activities of the Organisation

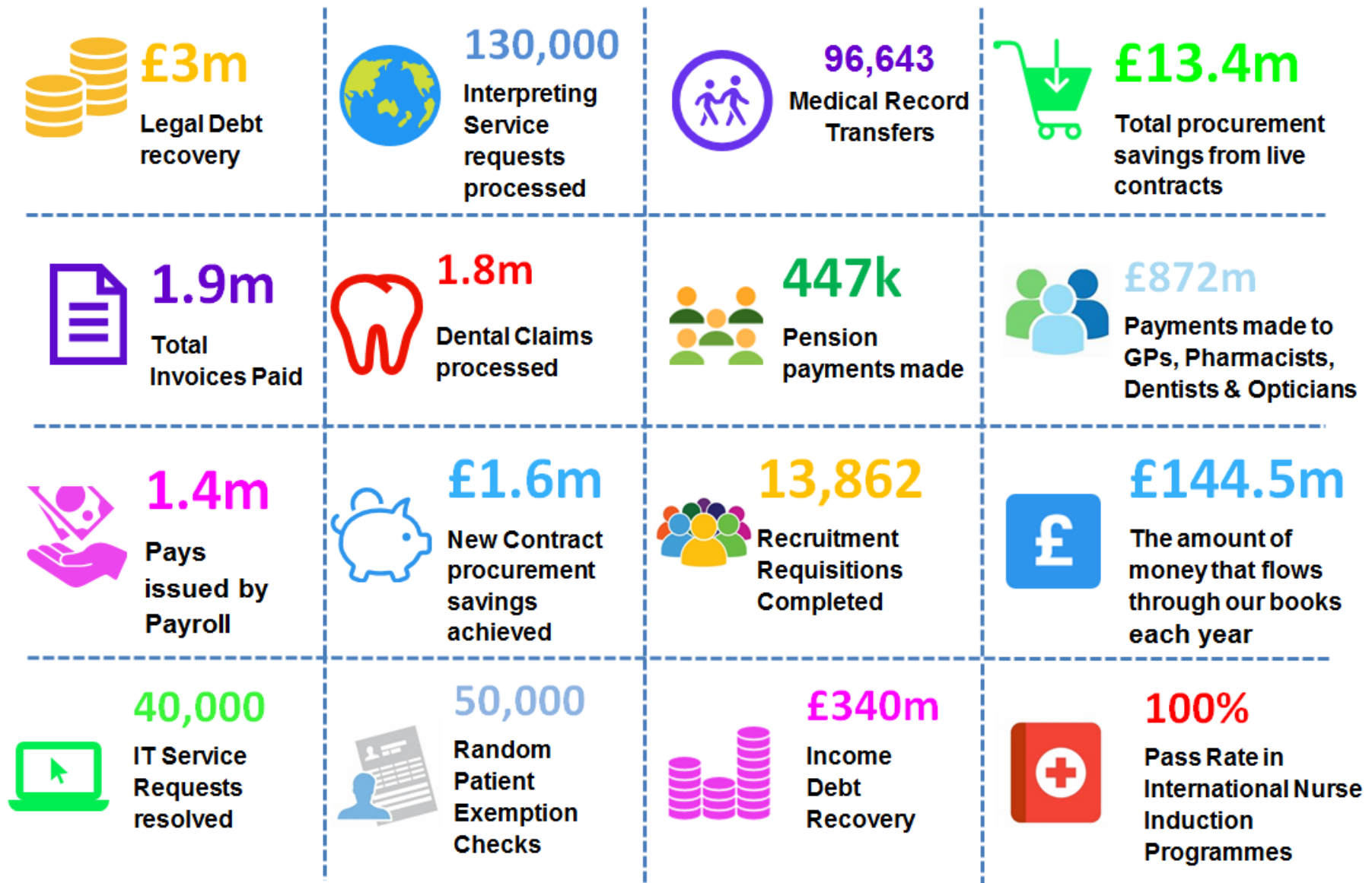
Services Provided

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, BT2 8DQ.

Unless otherwise stated, the statistics and figures presented within the Performance report and part of the Accountability report from pages 13 to 93, are sourced from management information and have not been separately audited.

BSO Activity 2018-19 at a Glance



Our Mission:

“To provide high quality business services which support our customers to improve health and well-being.”

Strategic Objectives and Values 2018-21

In order to help us fulfil our Mission, our Corporate Objectives for the three year period 2018-21 will be to:

- (i)** Deliver High Quality, Valued Services
- (ii)** Develop Our Services in Partnership with Our Customers
- (iii)** Demonstrate Continuous Improvement in Pursuit of Excellence
- (iv)** Help Our People Excel At What We Do.

Our Values will be aligned our Corporate Objectives to ensure that we deliver to our Mission and will be the focus of everything we do:

- Respect
- Accountability
- Trust
- Partnership
- Professionalism.

The BSO Strategy for 2018-21 is diagrammatically represented overleaf.

CORPORATE MISSION, VALUES & OBJECTIVES 2018-21

“to provide high quality business services which support our customers to improve health and well being”



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 2018-19 which will affect future plans for the BSO have been outlined in the 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 2018-19.

The BSO risk control framework has been further strengthened in 2018-19 by the implementation of a new Risk Management Strategy in line with an agreed HSC Regional Risk Approach and based on the principles of ISO 31000: 2018.

Further detail concerning Risk Management processes, issues and challenges to BSO in 2018-19 and anticipated future issues is contained in the Governance Statement section of this document.

PERFORMANCE ANALYSIS

How Did We Perform in 2018-19?

The current BSO Corporate Strategy covers the three-year period from 2018-21 and includes our Strategic Objectives, Mission and Values. The BSO had a wide range of challenging priorities and targets to meet in 2018-19. These requirements were aligned with our strategic Corporate 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 High Quality, Valued Services.*

KEY ACHIEVEMENTS:

- By May 2018, we had **issued Service Level Agreements with appropriately realigned costings to each of our HSC customers.**
- By February 2019 we **had registered 19 Arabic Interpreters trained to OCN Level 4 to meet demand for Syrian patients under the UK Government's Syrian Refugee Settlement Scheme.**
- By March 2019, **we had achieved over 99% first time delivery within Logistics.**
- By March 2019, we had worked with the Social Care Procurement Project Board **to transition the newly established Social Care Procurement Service to a Business-as-Usual position.**
- By March 2019, **we had introduced an HSC wide single integrated Wi-Fi solution to provide seamless access to healthcare systems, regardless of organisation or physical location.**

How Did We Perform in 2018-19?

2. *Developing our Services in Partnership with Our Customers.*

KEY ACHIEVEMENTS:

- By June 2018, *members of the NI Electronic Care Record (ECR) E-Triage team in ITS in conjunction with the Northern HSC Trust had been successful in winning an award at the Public Sector Paperless Awards ceremony.* By October 2018, we had *commenced a procurement service to the NI Fire and Rescue Service.*
- By October 2018, *the first meeting of the Digital Care Forum had been held to bring together nurses, doctor, allied health professionals, pharmacists and social workers as part of the Encompass Programme.*
- By March 2019, OREC had *produced new guidance on involvement of Adults Lacking Capacity in research (except drug trials) in Northern Ireland in conjunction with the Public Health Agency and key researchers.*
- By March 2019, the Small Business Research Initiative (Pre-Commercial Procurement) had *secured £1.25m through access to the GovTech SBRI award for a project on prescribing pathways in prison health. This project involves clinicians from South Eastern and Belfast Trusts, PSNI, Courts Service, Prisons and Transport to ensure the best and most timely medicines management during the committal process.*
- By March 2019, the *HSC Clinical Education Centre had completed a number of sessions to build capacity for partnership working and raise awareness of the DoH Co-production Guide, 2018.* Further sessions are planned up to March 2020.
- By March 2019, we had received a *formal expression of commitment from the Permanent Secretary and HSC Chief Executive to the move towards a Shared Services Model within HSC for IT.*

How Did We Perform in 2018-19?

3. *Demonstrating Continuous Improvement in Pursuit of Excellence.*

KEY ACHIEVEMENTS:

- By October 2018, *Income Shared Services had received the CIPFA Award for Public Sector Best Practice, Innovation and Improvement 2018.*
- By December 2018, *we had re-instated the formal release of the BSO Official Statistics Publication for Family Practitioner activity.*
- By January 2019, Legal Services *had been externally assessed successfully for continued accreditation to the ISO and Lexcel Quality awards.*
- By March 2019, the Small Business Research Initiative (Pre-Commercial Procurement) had *secured £1.25m through access to the GovTech SBRI award for a project on prescribing pathways in prison health. This project involves clinicians from South Eastern and Belfast Trusts, PSNI, Courts Service, Prisons and Transport to ensure the best and most timely medicines management during the committal process.*
- By March 2019, we had *saved the HSC sector over £3.3m 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.*
- By March 2019, *Internal Audit had successfully undergone an External Quality Assessment performed by the Institute of Internal Auditors.*

How Did We Perform in 2018-19?

4. *Helping Our People Excel At What We Do.*

KEY ACHIEVEMENTS:

- By June 2018, we had been ***awarded top place in the Inspire Workplaces Wellbeing Innovation category for our 'Success, Not Stress' Project run in conjunction with Soma Analytics.***
- By November 2018, ***we had held a refreshed Recognition Awards event based on BSO Values with an increase from 16 to 55 in the number of applications received.***
- By December 2018, ***the BSO Coaching Culture had received recognition when the entry from the HSC Leadership Centre won the All Ireland award of the International Coaching Federation.*** The Leadership Centre had been instrumental in developing and supporting the BSO Coaching Culture.
- By February 2019, we had been ***corporately re-accredited to the Investors in People (IIP) Generation Six Standard*** at Silver level.
- By March 2019, we had ***achieved the corporate attendance management target set by the Department of Health.***

Sustainability Report

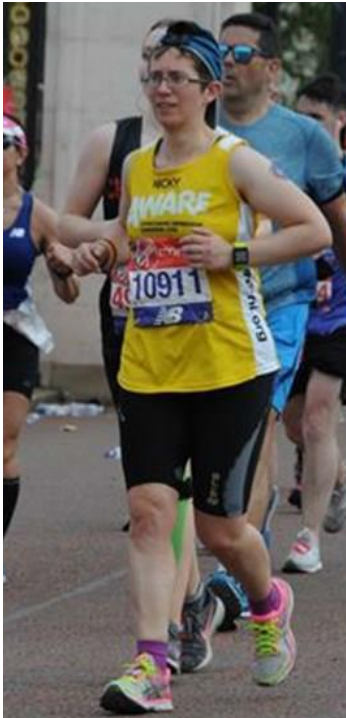
The Statutory Duty for Sustainable Development applicable to public authorities is set out at section 25 of the Northern Ireland (Miscellaneous Provisions) Act 2006 and applies to all Northern Ireland Departments and District Councils. The six priority areas are:

- 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.

During the year BSO Corporate Services rolled out printing services to the Northern Ireland Ambulance Service outstations as part of the Managed Print Service. There was also an increase in the energy efficiency in key buildings through both improved technology and processes.

Social & Community Involvement



In April 2018, Finance Officer Nicky Hoare completed the London Marathon raising £800 for Aware NI.



The BSO Charity Dinner Dance in April 2018, raised a total of £2268.40 for the Friends of the Cancer Centre



BSO celebrated the 70th anniversary of the NHS with tea parties across different directorates throughout the month of July 2018.



On 7th May 2018, the FPS Information Unit ran the Belfast City Marathon raising £256 for Mencap.



FPS Registration Services raised £480 by participating in the 'World's Biggest Coffee Morning' in aid of MacMillan Cancer Support in September 2018.



PaLS Ballymena staff contributed to the local Food Bank 'Bags of Hope' Christmas Appeal in December 2018.



HSC Pension Services also raised a total of £250.61 for MacMillan Cancer Support.

Chief Executive

DATE: 11 June 2019

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 Sean McKeever

Mr Deep Sagar (until 28 Feb 2019)

Mr Jeremy Stewart

Prof. Dorothy Whittington

Executive Directors

Ms Karen Hargan, Director of Human Resources & Corporate Services

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 Development 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 £124k for the statutory audit of the 2018-19 Annual Accounts. The auditors' remuneration reflects time incurred re the preparation of the Shared Services Report in addition to the audit of the financial statements for the year ended 31 March 2019.

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 the HSC Clinical Education and Leadership Centres and the *Encompass* Programme reported to the Chief Executive of BSO during 2018-19. Together with the Head of Shared Services, they attended meetings of the Senior Management Team on a monthly basis.

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 2018-19

The CEC continued to meet all of the expected standards and targets in relation to the Service Level Agreement and the transformation agenda.

International Nursing

The CEC continued to design and deliver the International Nurse Induction Programme and the Objective Structured Clinical Examination (OSCE) Preparation Programme. These programmes support the newly recruited International Nurses to meet Nursing and Midwifery Council (NMC) Registration requirements. As at March 2019, 100% pass rate has been achieved.

Transformation Projects

The CEC was successful in securing funding to take forward a range of transformational projects during 2018-19. In respect of CEC's own applications we were able to secure funding to appoint two Nurse Education Consultants to support the International Nursing Programme and upgrade audio-visual equipment across two CEC sites. We also appointed a number of Regional Quality Framework (RQF) Assessors who will develop a regionally agreed induction & development pathway for all newly appointed Nursing Assistants.

The CEC was allocated Department of Health (DoH) funding to build capacity for partnership working and to raise awareness of the Co-production Guide DoH (2018). It is planned to undertake a scoping exercise on existing partnership working training material and will develop an interactive online skills package. This capacity building directly supports the mandate of Delivering Together Section 4 which identifies "partnership working" as one of the five key enablers of HSC transformation. A number of Co-production Awareness sessions have been completed and are planned right up to March 2020.

HSC Clinical Education Centre

The Mental Capacity Bill received Royal Assent on 9 May 2016 to become the Mental Capacity Act (Northern Ireland) 2016 (MCA (NI)). The Act delivers on a major recommendation arising from the Bamford Review of Mental Health and Learning Disability 2007 to reform mental health legislation to achieve parity of esteem with physical health. The CEC was commissioned by DoH to prepare a range of educational programmes, in partnership with stakeholders from a wide variety of settings and professional groups, to support the commencement of the Act, expected to be in 2020. The training programmes and packages developed range from basic level awareness to detailed modules for those who will undertake specific roles set out in the Act.

The CEC was also allocated funding from the Public Health Agency (PHA) to take forward two projects:

- The development, implementation and co-ordination of an education programme for General Practice Nurses and Healthcare Assistants in line with the priorities set out in the General Practice Nursing Framework 2016.
- To complete a learning needs analysis to determine the priority areas of need relating to education and training for care homes.

Learning Events

Throughout the year the CEC organised two multi-disciplinary learning events:

- Human Factors and Patient Safety
- Diabetes – Sharing Best Practice

Looking Ahead to 2019-20

The CEC will continue to take forward the transformational projects commenced in 2018-19. Further opportunities will be explored to take forward Inter-Professional Education (IPE). We will continue to invest in our people to ensure they remain motivated and highly skilled with opportunities to develop their leadership capacity. The CEC will continue to enhance its educational infrastructure with further development of simulation, digital technology and human factors within its programmes. In addition CEC 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 2018-19

Despite the challenging financial climate, the Leadership Centre managed to maintain our Service Level Agreements (SLAs) at the 2017-18 levels. Several client organisations increased their SLA spend throughout the year including NIAS who more than doubled its investment with the Centre. In addition, we substantially exceeded our Other Fee Earning target.

Regional Funding

The HSC Leadership Centre was successful in its bid for regional funding in 2018-19 to allow it to extend its offer to clients.

With the recent launch of the HSC Collective Leadership Strategy, the Centre used regional funding to put in place:

- A new medical leadership programme aimed at Consultants and GPs – *Colesco*
- *Collective* – a cross section of the workforce and service users to promote stronger cross boundary working and assist the implementation of Collective Leadership
- *Succession Planning* – a programme aimed at equipping and signposting aspiring Directors to the development needed to reach the next level.

We continued with our senior leadership programmes, *Acumen*, *Proteus* and *Aspire* and uni-professional programmes for senior social workers and Allied Health Professionals.

HSC Leadership Centre

Strategy 2018-21

At the beginning of 2018 the Leadership Centre consulted HR Directors to help develop a three year plan detailing how the Centre can support HSC organisations with their key strategic challenges. The strategy was endorsed by the Leadership Centre Council in June 2018.

International Coaching Federation – Irish Chapter

The Centre became a member of the ICF which will lead to internal accreditation of our coaching programmes. The Centre entered the *BSO Coaching Culture*, which it developed and supported, and got recognition through winning the All Ireland award in December 2018. We were also pleased to run a successful workshop with Professor Peter Hawkins and invited colleagues from ROI the event in Crumlin Road Gaol.

New Brochure Programmes

The Centre has designed and delivered a number of new programmes which have had excellent feedback and due to the oversubscription we have had to add additional dates:

- Accelerating Change
- PPI – with service users
- Accelerating Management
- Getting Governance

Breakfast seminars

The Centre continues to offer breakfast seminars to clients and this year we extended our offer of places to the PSNI. Included this year were:

Dave Caesar – Ethical decision making

Myron Rogers – Systems change specialist

Brigadier Kevin Beaton – Lessons from afar

Team Joe Barr

Associate use

The Leadership Centre continues to supply Associate Consultants to HSC organisations and the DoH where demand exceeds our own capacity. A recent recruitment exercise has increased the size of the Associate List to around 130 consultants.

HSC Leadership Centre

Looking Ahead to 2019-20

In addition to our senior leadership development offer, we are planning to focus on:

- Leadership development for HR middle managers
- Multi-disciplinary leadership development.
- Succession planning for HR
- A talent management framework for HSC organisations
- Building the Quality Improvement capability within BSO.

Encompass Programme



Encompass is an HSC-wide programme, hosted by the BSO, working to deliver the digitally enabled transformation of Health and Social Care in Northern Ireland. The *Encompass* Programme vision is for a digital care record for every citizen in Northern Ireland that better informs and supports their health and wellbeing throughout their life. The digital record will be built on a platform that streamlines services and patient journeys and links information across primary, secondary, community and social care. This will be provided in partnership with a global supplier and designed collaboratively with staff and patients to work across the whole of Northern Ireland.

Important patient safety features like electronic prescribing will be incorporated in the new system as well as giving the public a choice of more modern ways to interact with services via their own portal. *Encompass* is planning for the system to go live in summer 2021, starting in the South Eastern HSC Trust before rolling out to Belfast and the remaining Trusts by the end of 2023.

Key Achievements and Developments in 2018-19

2018-19 has been largely about selecting the right partner to work with on this hugely significant programme, while also building collaborative structures, widening engagement and strengthening the programme team.

Key achievements this year include:

- The *Encompass* Outline Business Case was approved in May 2018, allowing the programme to move to launch the procurement process in June 2018.
- In July and August 2018, new recruits to the programme team started in post and the Selection Stage of the procurement was completed, with twelve interested suppliers shortlisted down to four.

Encompass Programme

- The *Encompass* ADEPT fellow for 2017-18, Dr Emma Cunningham, handed over to Dr Grace Cuddy, ADEPT fellow for 2018-19
- In September 2018 the team completed their move to temporary office accommodation in Castle Buildings, Stormont Estate.



- There were several events in October 2018, including a recruitment and training session for public and patient involvement in the selection of the *encompass* supplier, the first meeting of the Digital Care Forum attended by over 150 staff, and the launch of an *Encompass* information animation.

Encompass Programme

- November saw over 280 HSC and PPI representatives trained and involved in evaluating the 4 remaining bidders' solutions, with demonstrations of nine scenarios from each of the four bidders observed and scored. As a result, two bidders were taken through and dialogue meetings have been underway since December, with a decision expected on the preferred supplier in May 2019.
- Also in December, the South Eastern HSC Trust was selected as the lead Trust in the encompass implementation sequence, with the Belfast Trust due to go next, followed by the remaining three Trusts, and the first meeting of the Digital Business Support Forum was attended by more than 150 staff.
- From January 2019, engagement events have continued, in parallel with the procurement dialogue meetings. A number of new staff members have joined the team bringing total numbers to 18, alongside eight Trust/Organisation Lead colleagues.

Looking Forward to 2019-20

The year 2019-20 will see the conclusion to the process of selecting the right partner to deliver the digital care record across the HSC, with a decision expected in May 2019. This will be supported by a Full Business Case, the approval of which will enable contract award and a move into the design and delivery phase of the programme.

The incoming year will involve the building of collaborative governance structures and working to further embed the co-production and collective leadership approaches within the *Encompass* Programme. There will be a significant exercise undertaken to recruit and train over 200 members of implementation staff that will be required. The team will be moving into their new office space in Belfast city centre.

Operations Directorate



Mr Sam Waide
Director of Operations

Key Achievements and Developments in 2018-19

The Operations Directorate has delivered another successful year, enhancing value and support to patients, service users and customers. With over 600 delivery staff and new services launched in 2018-19, our value is stronger than ever. We have achieved ongoing success through working in collaboration with our partners, supply chain and customers, whilst managing the continued uncertainty caused by EU Exit. This section provides a Directorate summary, followed by individual service areas. 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).

Firstly, I would like to formally thank the Operations leadership team, management and staff in delivering more effective, higher value services, and congratulate their successes, including:-

- No 1 in the UK Public Sector for effective and efficient Pensions Administration
- Public Sector Team of the Year accolade 2019, at the recent NI GO Awards
- BSO Value Award winners across a number of service teams
- Customer Service Award nomination for the Information Unit team's Neurology Lookback Project

Operations Directorate

- New Family Practitioner online, electronic stock ordering service was launched with GP Practices, for items such as printed stationery, needles & syringes
- Procurement teams raised over £5,300 for Friends of Cancer charity
- Family Practitioner Service team donated £850 to NI Cancer Charities

All of this success has only been possible through effective collaboration, co-design and co-production of high quality, high value outcomes. New and growing services across Operations include:-

- Pensions Liaison service across Northern Ireland Health & Social Care
- Strategic sourcing and Counter Fraud services with NI Fire & Rescue Service
- Digital, visualisation dashboards for enhanced performance monitoring
- Retendered Multi-million pound Technology Framework Agreement for customers
- Social Care Procurement service transitioned into business as usual offering
- Multi Million £ savings to HSCNI through smarter procurement of Pharmacy Drugs
- Successful UK GovTech SBRI funding for prescribing pathways in Prisons, in partnership with Trusts, Police Service, Prison Service & Transport and Courts Service
- New official statistics released for Family Practitioner Services
- Increased financial recoveries within Patient Exemptions service through enhanced data analytics
- Greater social media presence, digital messaging and interactive service training.
- Successful improvement Project in GP Registration Unit
- Family Practitioner Services staff committee established
- ILM Level 5 Middle Manager Programme (attended by Band 4,5 & 6 managers)
- MAGIC programme enabled three large scale international clinical trials for patients to test new technologies in support of stroke rehabilitation in the home

The year has demonstrated continued pursuit of excellence, increasingly using digital solutions to grow services and increase service user satisfaction. We have grown our workforce through recruitment, continued staff development and investment.

Operations Directorate

Looking Ahead to 2019-20

As we move into 2019-20, the strategic priority for the Directorate is to continue our digital journey, whilst enhancing quality and effectiveness of services. Through the BSO Process Efficiency and Quality Improvement strategies, we will demonstrate continuous improvement. Areas of particular focus across the Directorate, alongside delivery of services will include:-

- Continuation of effective services through EU Exit related pressures
- Workforce development to meet future needs
- Continued development of electronic prescription solution
- Support deployment of GP to GP electronic records transfer
- Counter fraud awareness sessions to middle management staff grades
- Completion of Guaranteed Minimum Pension reconciliation project
- Continued pursuit of funding for new Innovation in Health projects
- Provision of new pension service and technology to NI Fire & Rescue Service.
- Rollout of Clinical Communications Gateway to General Dental Services
- Digital and visualisation dashboards for Family Practitioner Services



Public Sector Procurement Team of the Year accolade 2019, at the recent NI GO Awards

Procurement and Logistics Service

Key Achievements in 2018-19

The word that could be most appropriately applied to Procurement and Logistics Service (PaLS) during the past year is “preparation”. The early part of the year was given over to preparing for the implementation of the General Data Protection Regulation. The latter part of the year focussed on supply chain preparations for the UK’s exit from the European Union. Both exercises were of substantial significance in their own right and had the potential for considerable impact on PaLS services to our clients.

In addition to these two exceptional pieces of work, PaLS had a number of important successes/ key activities in 2018-19.

- Our newly established Social Care Procurement Service was transitioned into a Business As Usual operating status.
- The new “Social Care Procurement Board” was established to provide oversight and assurance in this area for HSC.
- Northern Ireland Fire and Rescue Service (NIFRS) became a new customer for our procurement sourcing service in October 2018.
- The Smarter Procurement Programme was embedded into our normal operating procedures. This programme was designed to support delivery of two of the three strategic initiatives set out by the Regional Procurement Board in 2016.
- Building on the work done in 2017-18 to create our PaLS Portal, a new Sourcing Portal was launched to facilitate the transitioning of PaLS Sourcing Teams to an entirely paperless operation. Our portal has now become a vital tool in conducting our day to day procurement business.
- A standardised performance dashboard developed by Logistics has been launched across all PaLS teams.
- Following significant staff engagement, modernised performance measurement and management was re-introduced to our warehouse environment.
- Initiatives commenced to improve recruitment into procurement and logistics including for the first time attendance at schools career fairs.

Procurement and Logistics Service

- Procurement successes included the establishment of a new Technology Framework Agreement. Our pharmaceutical procurement, working with Belfast and Northern HSC Trusts to procure newly off-patent drugs delivered multi-million pound savings.
- PaLS continued to support BSO's chosen charity, Friends of the Cancer Centre, through a series of fund-raising events. Most notable were the teams at The Cottage, Ballymena and Pinewood Villa, Armagh who between them raised over £5300.
- In BSO's Values Recognition awards PaLS had 14 entries; six were shortlisted with two winners across 5 categories. All entries can be viewed on the PaLS section of the BSO website.
- Our Service and Maintenance Procurement Team won Procurement Team of the Year at the 2019 GO Awards Northern Ireland. The team went on to be judged overall winner with automatic entry in the GO National Awards 2019.

Performance Metrics

Key measures of BSO PaLS performance within the BSO Corporate Scorecard:

Indicator	Target	Actual Performance as at 31.3.19
% Products Supplied on First Request	95%	99.4%
Average Processing Time For Non-Stock Requisitions	5 days	3.6
Stock Turnover Ratio	1.9	1.5
New Savings Delivered	£3.5m	£1.6m ¹

¹ represents 7.9% saving on new contracts during 2018-19.

Procurement and Logistics Service

Looking Ahead to 2019-20

There is no doubt that the year ahead will be dominated by planning for the UK exit from the European Union and this will require PaLS to manage the impact on our supply chains and contract terms. Next year will also hopefully bring to conclusion a number of major procurements including the Automated Laboratory Medicines System contract which will support any changes flowing from the HSC Pathology Review. We look forward to launching the PaLS workforce plan which will help ensure we have a capable workforce with the right skills available to meet all future challenges.



The eTendering Support Team and Regional Systems Support Team won the 'Trust' category award at the BSO Values Awards.



The Sourcing Community Medical Team in Ballymena won the 'Accountability' award.

Family Practitioner Services (FPS)





FPS provides services, on behalf of the Health and Social Care Board (HSCB), to support General Medical Practitioners, General Dental Practitioners, Pharmacy Practitioners and Community Ophthalmic Practitioners to 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 acts as a Centre of Expertise for accessing Health & Social Care in Northern Ireland.

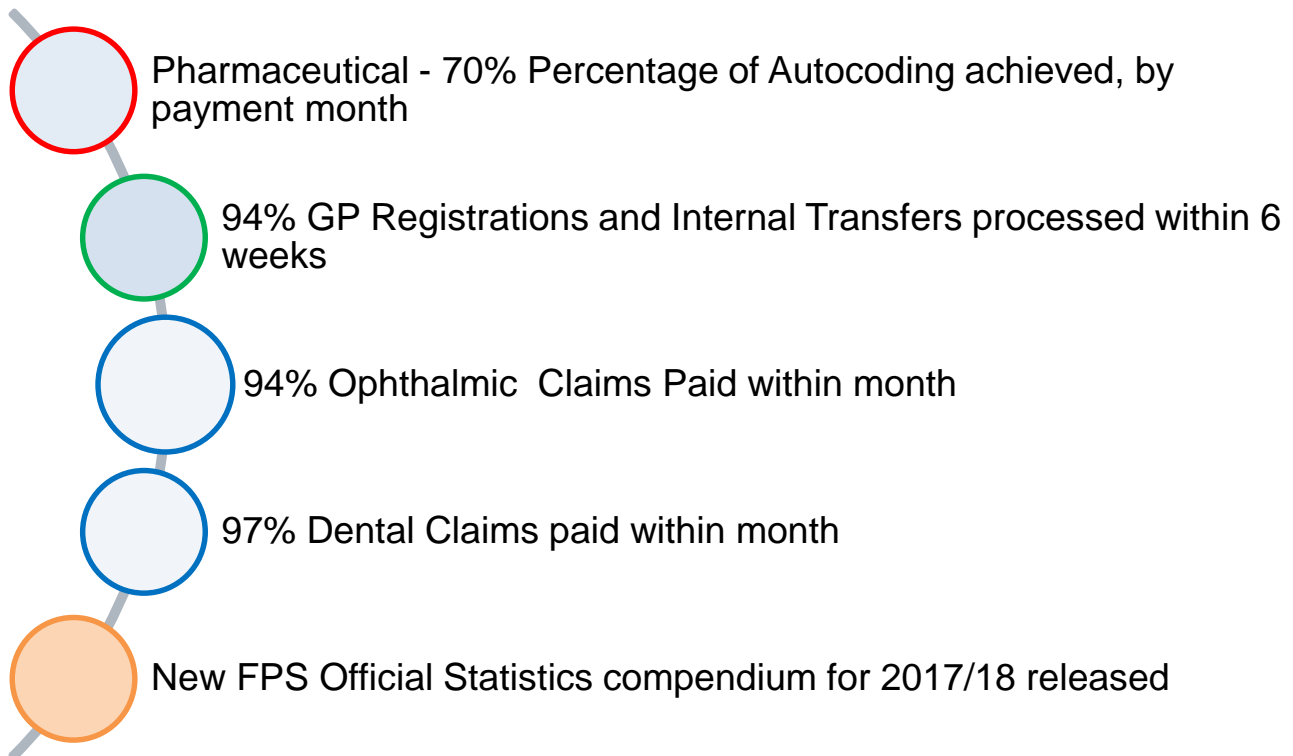
FPS also administers the call and re-call services for cervical cancer and bowel cancer screening on behalf of the Public Health Agency, and provides information to the HSCB and Department of Health and Social Services and Public Safety (DHSSPS).

Key Achievements and Developments in 2018-19

		2017/18 Comparison
1.8 million	Dental Payment claims processed	 3.7%
179,486	Ophthalmic Payment claims processed	 0.4%
128,893	GMS Payment claims processed	 0.4%
23 million	Pharmacy forms processed	 0.9%
£872m	Payments made to GPs, pharmacists, dentists and opticians	
22,643	New registrations applicants checked	
886	Individuals confirmed to date as not entitled to access free HSC treatment	
96,643	Medical record transfers completed	

Family Practitioner Services (FPS)

Key Performance Indicators (KPIs) in 2018-19:



Nominated Awards:

- BSO Honest Broker Service was shortlisted for the Professionalism category of the BSO Values award for the Pathways to a Cancer Diagnosis Study
- The FPS Information Unit was nominated for the Customer Service Award in the Northern Ireland Civil Service Awards for support in relation to the Neurology Lookback Project.

Looking Ahead to 2019-20

- Support ongoing development for electronic transfer of prescriptions
- Support deployment of Clinical Communications Gateway to contractors

Family Practitioner Services (FPS)

- Continue to promote FPPS Portals to Dentist and Pharmacy users through targeted workshops.
- Deployment of new enhanced clinical schemes facilitated through the portal
- Roll-out of self-service password management to Dental and Pharmacy contractors
- Release FPS Official Statistics compendium report summarising activity across payment Areas
- Support deployment of the GP2GP Electronic Transfer of Medical Records Project
- Redevelop Ophthalmic Claim System (OCS) into FPPS

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 2018-19

The CFPS team has delivered an 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.

Counter Fraud Services

This year Counter Fraud Services formalised their partnership with the Northern Ireland Fire and Rescue Service (NIFRS) and embarked on the delivery of a successful programme of workshops on Managing the Fraud Risk to Area, Group, Station, Watch and Crew Commanders as well as those staff in administrative management grades.

A further new area of work was commissioned following a request from an Inspector of the Police Service of Northern Ireland (PSNI) who was keen to take a proactive approach to the increasing problem of the abuse of prescription drugs. The request was in respect of upskilling police officers and criminal investigation department (CID) staff on the CFS role of raising awareness and investigation of cases of this nature. A five-week programme commenced in the Lisburn area in February 2019 and has received very positive feedback.

Ongoing liaison with CFS counterparts in England, Scotland and Wales continued as well as the co-ordination of responses from legal teams in relation to national pharmaceutical cases. In this year, CFS engaged with various internal and external bodies some examples include Department for Economy (NI), Charities Commission, Public Prosecution Service (PPS), and Department for Social Protection (DoSP), Republic of Ireland.

During the year the investigation team dealt with over 30 new investigations and more than 70 ongoing cases. A number of these investigations have been complex and required significant investigative resource. In this period the team secured 13 criminal sanctions and assisted in three disciplinary cases. Criminal sanctions ranged from Community Service Orders and Adult Cautions to Suspended Custodial Sentences.

Counter Fraud and Probity Services

A series of Workshops has also been delivered to managers across client organisations, highlighting their responsibilities in preventing fraud.

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 over 500 Family Practitioner contractors. These checks included visits to GPs and ophthalmic practitioners and desktop reviews of dental and pharmaceutical contractors. Within the Ophthalmic payments area, this year saw the team introduce checks on two new Enhanced Services and also the re-introduction of routine checking clinics within the pharmaceutical payments area. The team is estimated to recover over £92k in the 2018-19 year.

During 2018-19 the Probity Team has continued to work closely with and support HSCB colleagues with regard to probity cases which have been referred to regulatory bodies/Disciplinary Committee.

Patient Exemptions

The Patient Exemptions Team carry out a range of random exemption checks on dental and ophthalmic charges claimed in Northern Ireland. The team has carried out checks on some 50,000 cases during the year, while also managing to maintain the significantly increased level of recoveries achieved during the previous year. Over £322k has been recovered in 2018-19, involving the processing of over 24,000 letters and 6,000 payments. The team has also successfully managed the transition from manual to computerised checks regarding Tax Credit cases. It is hoped to introduce further improvements to this element of the process during 2019-20.

Healthy Start

The team continues to administer the Northern Ireland component of the National Healthy Start Scheme. This Scheme has made reimbursements of over £600k in relation to the supply of milk to children under five years of age.

Counter Fraud and Probity Services

Looking Ahead to 2019-20

Counter Fraud Services

A regional fraud awareness working group will be established to develop a fraud awareness strategy in partnership with HSC organisations. This strategy will set out how HSC organisations will work with CFS to deliver a comprehensive and consistent approach to fraud awareness. The aim is to reduce fraud against HSC to a minimum, thereby safeguarding public resources.

CFS will build on the success of the engagement within the social care sector of one HSC Trust by continuing to deliver a rolling programme of awareness events to staff within the residential, nursing and supported living sectors. It is envisaged that similar programmes will also be organised and delivered in other Trust areas.

Awareness sessions for middle management grades will also commence next year. The annual induction programmes for Junior Doctors, Vocational Dentists, Pre-registration Pharmacists and Student Nurses will continue.

Under the fraud prevention remit we will continue to deliver targeted presentations to our client organisations on request.

Probity Services

Probity Services intends to introduce GMS checks on services provided by GP Federations.

HSC Pensions Service

The HSC Pension Service (HSCPS) for Northern Ireland provides payroll services to over 36,000 pensioners and administers the Pension Scheme for 95,000 current and deferred members drawn from HSC employees, GPs, dentists and employees of other approved organisations in Northern Ireland.

Key Achievements and Developments in 2018-19

During 2018-19, key metrics for HSCPS include:-

- Processed 447,043 accurate and timely payroll payments to HSC pensioners, which equated to 14,901 per WTE (Whole Time Equivalent) per member of staff.
- Provided 3219 pension estimates, and also processed 1409 refunds and 600 transfers of benefits.
- Managed 302 referrals to Occupational Health Service for applications for ill health retirement.
- Successfully processed 1,386 GP certificates.
- Managed an automated call distribution system, handling approximately 36,500 calls per annum to assist members and pensioners so that queries are dealt with more efficiently.
- Managed the processing and payment of 1,806 new pensioners to the pension scheme.
- Implemented Member Self-Serve (MSS) allowing members to access their pension information on-line and registered over 10,000 members in the initial roll-out phase
- Issued quarterly newsletters to GP Practice staff, employers, GP Locums and members.

The Trust Liaison Officer (TLO) Team continues to provide Scheme members with expert support and guidance on the rules and regulations of the HSC Pension Schemes. The Team also provides valuable support to Employers to ensure they are aware of and meet their statutory legal obligations in line with overarching pension legislation.

HSC Pensions Service

For the year 2018-19, the TLO team has delivered:

- 113 Tailored Pension Scheme Workshops to 3,000 Scheme Members
- 792 individual pension consultations to Scheme Members
- Information stands at four Health and Wellbeing Fairs engaging with approximately 800 – 1,000 staff
- Ad-hoc training to Human Resources Teams on an employer's role and responsibilities in administering the HSC Pension Scheme
- Posters updating employers and employees of features of and changes to the Scheme.
- Technical Updates to all employers
- Upgrades to the website making it more user-friendly and responsive to individual searches including on-line calculators and other tools such as Instructional videos.

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.

HSCPS 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. HSCPS is still one of the most cost effective Public Sector Pension Providers. Participation in the CIPFA benchmarking club again has again shown that the total cost per member continues to be well below average at £9.91 compared with £21.85 across other organisations.

HSCPS has reconciled the Guaranteed Minimum Pension details of nearly all of its members. We are on course to complete the GMP Reconciliation exercise by early 2019. Member Self

HSC Pensions Service

Service (MSS) allows members to access to their pension information online. During the year we made the Annual Benefit Statement for 2017-18 available through the portal.

HSCPS continues to expand 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 2019-20

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 Service, 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. HSCPS staff will continue to deliver bespoke workshops to specific groups as the need arises, such as GP locums and practices.

Small Business Research Initiative

Key Achievements in 2018-19

Small Business Research Initiative (SBRI), also known as Pre-Commercial Procurement (PCP), 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 1 being the creation of a working prototype and Phase 2 enabling field trial testing within the HSC Trust environment.

SBRI health reached its fourth anniversary in the HSC during the year. It certainly was the most successful year to date with the programme more than doubling in size and seeing new investment in a broader more dynamic range of health innovation projects. There were eight Phase 1 contracts, four Phase 2 contracts and three Phase 3 contracts awarded, covering a broad range of topics with prototype solutions developed and field trials undertaken. Technologies included data analytics to enable patients in hospital to receive more speedy and effective care and for young people with serious mental health issues to be cared for more rapidly. Other initiatives included were for the rehabilitation of patients' speech and physical health post stroke and medicines to be managed more safely by care workers for the benefit of patients in their own home.

This year saw unprecedented numbers of healthcare professionals involved in the programme, directly influencing technology development to ensure that patients receive the best care possible.

BSO continues to lead an international project, MAGIC, and innovative technologies are currently being trialled in Northern Ireland and Italy by post stroke patients. BSO also secured £1.25m through the prestigious GovTech SBRI award and commenced a project on prescribing pathways in prison health. This project includes clinicians from the South Eastern and Belfast Trusts, PSNI, Courts Service, Prisons and Transport to ensure the best and most timely medicines management during the committal process.

BSO also coordinated Belfast's participation in a UKSpace Agency funded Urban and Healthy Living project which enabled, for the first time, very detailed air quality data to be geospatially

Small Business Research Initiative

mapped. It is hoped that this project will be the forerunner to a bigger dynamic study to improve air quality in Belfast.

To date BSO has undertaken eight SBRI/ PCP projects:

- ‘Medicines Optimisation’: Phase 1 in 2014 was a six-month programme including six suppliers. Of these, two progressed to Phase 2 in 2015. The programme closed at the end of March 2017 with two market ready solutions designed to improve medication adherence.
- ‘GEMS’ (Gestational, Type 1 and Type 2 Diabetes Empowering Mothers through Mobile Technologies). Three companies created new technologies in Phase 1 in 2017-18. The project did not need to progress to Phase 2 as the solutions were ready for direct procurement rather than further refinement through trials field.
- ‘HOME’ (Medication Management for the Elderly to Support Domiciliary Care Services). Phase 2 completed in February 2019 with two very successful solutions having been developed.
- ‘FAST’ (Automated Staff Deployment of pharmacists and pharmacy technicians within secondary care). Phase 2 was completed in September 2018. This project was a resounding success and both solutions have had very good feedback from the clinicians at their host sites. Pharmacy leads within the HSCB now wish to move towards Regional Procurement and initial meetings have started.
- ‘MAGIC’ (Mobile Assistance for Groups and Individuals with the Community - Stroke Rehabilitation). EC Horizon 2020 supported this PCP and BSO leads the international consortium. Three successful suppliers commenced Phase 3 in October 2018 and the International Field Trial stage will run until March 2020. There are six large research field trials, three are currently live within Italy and three within Northern Ireland.
- ‘CHAT’ (Optimising Provision of Speech and Language Therapy to meet the NICE guidelines following a stroke). *
- ‘MARIO’ (Meaningful Analytics in Clinical Registries for Investigating Outcomes). *

Small Business Research Initiative

- 'DETECT' (Detecting Emerging Traits of Psychosis in Educational and Community Cohorts). *

* Phase 1 of each of these three projects took place during 2018-19, with Phase 2 scheduled to commence in April 2019.

Between 2016 and 2018 a total of 85 tender submissions have been received for SBRI Tenders leading to the award of 27 Phase 1 Contracts. Four Projects have progressed beyond Phase 1 leading to the award of ten Phase 2 Contracts and three Phase 3 Contracts. A ninth PCP Tender has just launched:

Looking Ahead to 2019-20

The current projects will continue with planning underway to support six new SBRI projects subject to funding being available. The BSO team has also developed, in partnership with HSC Trusts and practitioners, a range of SBRI proposals and are actively seeking funding To see projects delivered in the below areas:

PAIN – This project would look into how the provision of a digital technology could support people living with persistent pain by aiding self-management.

Dysphagia

This project would involve creating innovative technologies to assist dysphagia sufferers or carers and include the assessment of a patient's current swallowing ability.

Space Data Analytics

This would involve analysing how the Belfast Air Pollution data from the Urban and Healthy Living project could be used in a health care environment.

BRIK (Building Resilience in Kids)

This project would involve using new innovative technologies to support early parenting skills for young mothers/ new parents.

Small Business Research Initiative

Connect – This would consider how communities may respond to the growing problem of social isolation and enable health and well-being improvements.

Community Pharmacy – this would enable a greater role for technology in the empowerment of people by allowing access to contemporary health information and advice in a format that they can understand.

These projects are pushing the boundaries of innovation in the health and social care sector, with dependency of ongoing financial support. Despite BREXIT, all funding associated with the Horizon 2020 EU funded MAGIC Project has been received by BSO and so the project can operate without risk until 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 year the team also hosted a Senior Communications Project Manager 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 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 the corporate Communications Project, production of the monthly staff newsletter, *BSO Business Matters* and the BSO Annual Report.

Key Achievements and Developments in 2018-19

During the year, the Customer Care and Performance team hosted the Senior Project Manager and Graduate Intern support leading on the implementation of the Communication Strategy approved by the BSO Board. Good progress has been made on the implementation of the Action Plan aligned to the Communications Strategy with a focus on the areas of digital communication as a first step. The strategy focused on developing a solid foundation and building capability so that the BSO can maximise digital opportunities.

Customer Care and Performance

The key priorities during the year have included:

- Developing digital channels and tools.
- Promoting awareness of digital channels and increase digital skills among BSO staff
- Using digital channels to directly provide information and to engage and consult stakeholders and the wider public.
- Integrating digital opportunities into offline communications activities and events.

Corporate Facebook and Twitter accounts have been created and are regularly updated. The BSO E-Zine, *Business Matters*, has been refreshed on the new Page Tiger platform which is more interactive and engaging to staff members. The organisation can now use analytics to track how many times the site has been visited which is averaging 1,200 engagements.

The team continued to support the BSO corporate governance agenda during the year through the facilitation of the Board Workshop in October 2018 and the annual Board Governance Self-Assessment.

The team also arranged and co-facilitated with the HSC Leadership Centre a Business Planning Workshop for BSO senior staff in November 2018. This event provided an opportunity for participants to gain a shared understanding of the key priorities for the organisation and plan how they would contribute to their achievement.

The guest speaker was Mr. Shane Devlin, Chief Executive of the Southern HSC Trust who provided a stimulating customer perspective on the services provided by BSO with an opportunity for discussion and reflection. A new Annual Business Plan for the year ahead has been drafted which takes account of feedback from our customers to the effect that the provision of high quality, value-adding services, underpinned by demonstrable value-for-money is their priority.



Mr Shane Devlin
Chief Executive, Southern HSC Trust

Looking Ahead to 2019-20

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 BSO Annual Business Plan 2019-20 are delivered. We also look forward to the successful completion of the Communications Implementation Plan, including a refresh of the BSO website and intranet site.

Equality Unit

Key Achievements and Developments during 2018-19

During the year, the Equality Unit facilitated *Tapestry*, our staff disability network. This included developing and maintaining a stand-alone website for the network which was launched in September. Part of this work has also included working alongside voluntary and government organisations (e.g. Department of Communities) to learn more about employment support programmes for people with disabilities, such as Access to Work.

The Equality Unit also engaged with Carers NI to learn more about good practice in supporting staff who provide care for family members. An article has been developed for HSC staff highlighting different workplace policies that are available for carers, as well as signposting to other organisations offering help and support.

The Disability Work Placement scheme is facilitated by the Equality Unit and the Health and Social Care Board jointly for the eleven regional HSC organisations. The scheme is currently in its fifth year, and to date, over 90 placements have been offered to people with a range of disabilities.



Looking Ahead to 2019-20

One focus of the Equality Unit's work in the forthcoming year will be to facilitate delivery of key actions in current Equality and Disability Action plans, together with senior HR and Equality staff from the HSC Trusts. This will include implementing the Gender Identity Employment Policy. (This policy involves developing staff procedures for handling information records in relation to transgender and non-binary staff and 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 2018-19

Normal Business:

During the financial year 2018-19, the ORECNI service considered a total of 153 of new research applications involving human subjects, their tissue or data, which took place within the HSC and NHS. The service also reviewed 163 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 and tissue banks. The range of research is diverse and includes sponsorship from the HSC, 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.

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. This is a credit to all involved given that this year, in particular, has been challenging as the service has been involved in a significant change programme. This has

The Office for Research Ethics Committees (ORECNI)

included a number of initiatives and introduction of joint working processes across a number of areas/disciplines. Two of the service improvements are highlighted below.

Service Improvements:

Adults lacking Capacity – involvement in research in Northern Ireland

The Head of the ORECNI, Dr Siobhan McGrath produced new guidance on involvement of Adults Lacking Capacity in research (except drug trials) in Northern Ireland. There was a lack of tailored guidance in this area within Northern Ireland. This was produced collaboratively and in consultation with key Northern Ireland Researchers, the HSC RECs, Dr Janice Bailie PHA R & D Division, the BSO Departments of Legal Services and the Equality Unit, and also with Patient public involvement input. It was published in March 2019, enabling Dr McGrath to deliver training on the subject to the REC members and the HSC R and D managers using case studies on 5th March 2019.

Approval of Clinical Trials of Medicinal Products –Combined Ways of Working Pilot

Since April 2018, the HSC RECs and the staff at ORECNI have been involved in a UK wide service improvement initiative to prepare for the revised EU Clinical Trials Regulation. The novel aspect of this project was to work with other stakeholders in the regulatory process such as NHS/HSC Research and Development management, and the Medicine and Healthcare Products Regulatory Agency (MHRA) to reduce duplication, contradictions and confusion for our shared customers and the research applicants. It is hoped that this will make Northern Ireland and the rest of the UK a good place to continue to do research irrespective of any BREXIT outcome.

Being active participants in this national project has ensured that both staff and committee members at ORECNI are prepared for changes to the ethical review processes as well as new processes to engage with other regulatory stakeholders. There have been challenges for both the ORECNI staff and committee members, however this has meant that the ORECNI service has been able to directly contribute to new working instructions and to participate in UK led project meetings, involving other UK REC staff. Customer feedback has advised that the new process is good and efficient in terms of getting decisions from the MHRA and the REC at same time.

The Office for Research Ethics Committees (ORECNI)

Annual Training

On 5 March 2019 a training event was organised by the ORECNI. Its primary aim was to provide annual training to the 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. In the morning, workshops were presented on ethical challenges in Artificial Intelligence and Mental Health; and a possible framework for ethical review. In the afternoon training was delivered on the new guidance on involving adults lacking capacity to consent for themselves in research in Northern Ireland, and on the National Combined Ways of Working Pilot.

The day was well attended, evaluated very positively by attendees and leaves the service well informed for the future.

Looking Ahead to 2019-20

The challenges will include:

- Continuing participation in the UK national pilot to prepare for the revised EU Clinical Trials Regulation.
- Continuing to achieve a fast ethical turnaround without compromising the quality of the ethical review.
- A new *Blue Ocean* Service Improvement 'SLIXPAC' to streamline the information submitted by customers to the service for ethical review

The Office for Research Ethics Committees (ORECNI)



From L to R: Dr Alastair Walker (Chair of Health and Social Care Research Ethics Committee A (HSC REC A); Mrs Julie Erskine (Chair of BSO), Dr Hugh Davies (Health Research Authority (HRA); Dr Anne Moorhead (Vice-Chair of HSC REC B); Sue Trouton (Alternate Vice-Chair of HSC REC B); Dr Siobhan McGrath (Head of the Office for Research Ethics Committees Northern Ireland (ORECNI) BSO), Professor Patrick Murphy (Chair of HSC REC B)

Information Technology Services

Key Achievements and Developments in 2018-19

BSO ITS is responsible for the provision of a wide range of ICT services across the HSC, HSC regional Arms-Length bodies and Northern Ireland Fire and Rescue Service (NIFRS). These services range from the routine support of large, complex clinical, business and social care systems to the procurement and implementation of large projects/programmes supporting the ongoing modernisation and transformation of Health Care in Northern Ireland. ITS supports over 50,000 users across nearly 300 systems and is responsible for annual ICT expenditure of around £30 million.

ITS is currently responsible for the delivery of 71 regional technology programmes/projects and supporting critical systems throughout the region. During 2018-19 46 commissioned projects/programmes were completed.

Some of the notable developments in 2018-19 are outlined below:

Laboratory Management Systems

The regional Laboratory Management System (LIMS) will introduce more effective clinical, scientific and management decision making. This will replace the current aging and isolated systems with a regional, network LIMS. Standardisation of various elements of Pathology Services has been a key piece of work which has progressed significantly. The Outline Business Case is expected to be approved in September 2019 to allow this important programme to proceed to procurement and implementation.

General Practice Intelligence Platform

The General Practice Intelligence Platform (GPIP) is one of the projects in the Dementia Phase 2 e-Health and Analytics Programme. It was initiated to meet the business intelligence needs of individual GP practices, GP Federations and Multi-Disciplinary Teams. The project will facilitate the extraction of data from all GP practices in Northern Ireland and establish a data warehouse for primary health care records. This should result in the delivery of high quality and consistent analytics.

Information Technology Services

Northern Ireland Electronic Care Record

The Northern Ireland Electronic Care Record (NIECR) was introduced to bring together key information from health and social care records from throughout Northern Ireland in a single, secure computer system. This should result in the provision of better, safer, faster care. Work is ongoing on all aspects of this programme. Key areas delivered are:

- Electronic referrals / triage
- Diabetes pathway
- Medicines reconciliation
- Radiology Requests
- Various pathways
- Additional interfaces
- Community access (optometrists, pharmacists etc)
- Electronic Document Transfer from secondary to primary care
- Results sign off



NIECR eTriage in conjunction with NHSCT won the category 'Most Flexible Digital System of the Year' at the Public Sector Paperless Awards.

Information Technology Services

Digital Identity Programme (HCNI replacement)

The digital identity takes the form of a Health and Care number matched to the individual's demographic details. This provides a unique identifier that allows the various elements of information used in the delivery of clinical and social care services to be matched to the correct individual patient or client. This project provides an opportunity to look at options for delivering an enhanced Digital Identity Service for HSCNI to replace and transform two existing key systems, (HCN Index and NHAIS). This will provide an opportunity to consolidate and simplify how patient and client identity is managed and shared throughout the HSC.

The Outline Business Case approval is expected in April/May 2019. Technical workshops and market testing have been carried out and once approval to proceed is given the programme will move to procurement/implementation of the new solution.

Data Centre Transition

This was a high risk programme that involved the migration of over 120 discrete regional enterprise clinical and business systems. Phase 2 of the rationalisation of the existing environment is now complete and the new data centre is now fully operational.

Cyber Security

The purpose of the Cyber Security programme is to understand the range of IT security controls deployed across the HSC, their effectiveness in countering present day cyber-attacks from internal and external threats. The programme also aims to identify improvements for implementation within three key categories: Technical, Governance and Cultural. Several work streams have been prioritised and commenced within BSO ITS: Third Party Management, Training and awareness, Review of IT security, Awareness sessions - Cyber responsibilities, IT security policies. Training is currently being rolled out.

Regional Wi-Fi

This project will implement a Wi-Fi solution to provide seamless access to healthcare systems regardless of employing organisation. Surveying and implementation of the wireless equipment, to enhance and extend existing Wi-Fi infrastructure across the entire HSC estate is underway.

Information Technology Services

GP Clinical Migration System

In September 2014 HSCB and BSO completed negotiations with suppliers to establish replacement Framework Contracts for the provision of GP clinical systems and associated services to all practices in Northern Ireland. The roll-out of the preferred solutions is due to complete by the end of March 2019.

Patient Portal (Dementia)

The Patient Portal project is part of the eHealth and Data Analytics Dementia Pathfinder Programme and gives patients access to their own health and care record. The aim of the project is to provide support for patients in the self-management of care, information management and through easier transactions with their clinicians. Phase 1 of the portal, “*My Care Record*”, went live in December 2018 and provides patients and their nominated representatives with:

- a searchable library of curated and trusted information (leaflets, videos etc.) related to their condition
- The facility for patients and those involved in the delivery of their care to electronically share documents directly with each other
- A comprehensive “circle of care” facility that helps coordinate all of the key people involved with the patient
- The facility to see previous and upcoming appointments

Phase 2 will be released in July 2019 and its goal is to promote ongoing engagement in patient health by allowing personalised care plans to be provided for patients.

Phase 3 will be released in winter 2019.

Whilst initially aimed at those living with dementia, the portal will be expanded to include patients with other conditions

Northern Ireland Picture Archiving and Capture Service

The Northern Ireland Picture Archiving and Capture Service (NIPACS) system is due for replacement by September 2022. The objective for this programme is to provide a single

Information Technology Services

enterprise imaging solution. An Outline Business Case is being developed and approval is expected in September 2019.

Digital Pathology

The Digital Pathology project, which is part of NIPACS, provides storage, distribution, image viewing, reporting and advanced software. The Business Case has been approved and equipment procured with implementation and go-live expected by June 2019.

PC Procurement Round 11

A value- for -money contract has been procured via the Civil Service Framework to supply the HSC with PCs/Laptops and associated services. The value of this framework is £8.5m and to date approx. £5m has been procured and implemented. Roll-out will continue into the next financial year.

Portfolio Management Office

A fully integrated Portfolio Management Office (PMO) has been set up within BSO ITS. Its function is to provide oversight, scrutiny and challenge and enable full traceability between agreed strategic plans and the investment.. This office also supports projects and programmes in respect of workforce planning, recruitment, financial management, contract management and procurement, PPM tools and techniques, best practice and knowledge management (lessons learned). The PMO is also responsible for the management of an e-health programme budget of circa £30m and the reporting of the portfolio's projects and programmes to the BSO Directors of Finance and Customer Care and Performance.

Infrastructure

During the year highlights included:

- Decommissioning of the legacy Datacentres at Belfast City and Royal Victoria Hospitals following the migration of services to the new Public Sector Datacentres.
- Complete technical refresh of the Theatre Management System in Northern Ireland
- Technical refresh and modernisation of GP email for 6,000+ Practice staff.
- Upgrade and enhancement of NI Fire and Rescue Service Wide Area Network for 80+ locations.

Information Technology Services

- Call handling and resolution of circa 40,000 calls against a customer base of 100,000. The majority of calls are Service Requests with less than 9% classified as Incidents.
- Procurement and commissioning of an on premise Public Key Infrastructure solution to enhance security of systems and services.
- On-going technical refresh of customers' client PCs/laptops with approx. 750 replacements in the current year.
- On-going upgrades on hardware, operating systems, databases, virtualisation software, network switches, high availability software, collaboration tools etc., to ensure IT services are both secure and supportable.
- A review of the HSC infrastructure and applications has been completed and findings reported back to the Board.

Looking Ahead to 2019-20

The following projects/programmes will continue next year:

- LIMS
- Digital Identity
- Cyber Security
- NIPACS replacement
- GPIP
- Patient Portal
- Regional Wi-Fi
- NIECR

New projects/programmes will be added to the ITS portfolio for next year:

- ICT Shared Services
- 24/7
- BSTP replacement
- e-Pharmacy.

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 using a Business Intelligence toolset and a Management Information Portal. HSC organisations

Honest Broker Service

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 2018-19

Non-research projects have supported the DoH, PHA, HSC Trusts and the Northern Ireland Cancer Network in performance management, clinical audits and service evaluation in areas as diverse as Antimicrobial Use in Northern Ireland, Analysis of Long-Term conditions and Patient Experience.

Research projects have included various studies related to patients with dementia; investigation of the link between maternal body mass index in early pregnancy and incidence of cerebral palsy in Northern Ireland.

Of particular note is a joint project entitled 'Pathways to a Cancer Diagnosis' that has been undertaken by BSO and QUB. This is the first time BSO have collaborated on an Honest Broker Service research project.

An extension to the Safe Haven facility has been completed which will increase the number of researcher workstations from two to six.

Looking Ahead to 2018-19

It is anticipated that the HBS will continue to support a wide range of both non-research and research projects which will provide a valuable contribution to health and social care policy.

Honest Broker Service

HBS has been asked to collaborate with Health Data Research UK (HDR UK) on setting up a safe and secure e-research platform in Northern Ireland. A pilot project is expected to be initiated in 2019.

Finance Directorate



Wendy Thompson
Director of Finance

Key Achievements and Developments in 2018-19

Year End Accounts

The BSO achieved its statutory breakeven requirements in 2018-19, arriving at a £39k surplus for the Organisation at the financial year end. During the 2018-19 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 2018-19 (included as part of this document) were approved by the Board on 11 June 2019 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 2018-19 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.

Nursing bursaries and NI infected blood scheme administration

The Finance Directorate is also responsible, on behalf of the Department of Health, for the effective administration of payments under the above schemes.

Capital accounting

The capital accounting team within the finance directorate continue to provide high quality support and advice to both BSO and client organisations, in all aspects of capital accounting, capital business case development and capital asset management.

Financial Governance

The Directorate services and supports the Organisation's Governance and Audit Committee (GAC) which met five times during 2018-19.

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.

Looking Ahead to 2019-20

In 2019-20 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 DoH, including BSO itself. The Internal Audit Unit 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.

BSO Internal Audit have a number of ways of engaging with its clients, as routine parts of delivering the Internal Audit service. It also has an Internal Audit Partnership Forum, which meets every six months, to provide 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 2018-19

The key objective of the Service is to ensure the delivery of the Internal Audit Annual Plans to all client organisations. Despite resource challenges in 2018/19, this objective was largely achieved as planned.

The Unit is professionally required to have an independent External Quality Assessment (EQA) approximately every five years. The Institute of Internal Auditors performed an EQA during 2018-19. They concluded that the BSO Internal Audit Service meets the vast majority of the Standards, as well as the Definitions, Core Principles and the Code of Ethics, which form the mandatory elements of the Public Sector Internal Audit Standards and the Institute of Internal Auditors' International Professional Practices Framework. This Framework is the globally recognised standard for quality in Internal Auditing.

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

Internal Audit

Looking Ahead to 2019-20

During 2019-20, the focus internally in the Unit will be on staffing stability and training and continued increased use of data analytics in our audit assignments.

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 2018-19

- Implementation of Payroll General Ledger Interface process automation. This is beneficial when file size is significantly increased due to retro calculations (such as the Pay Award). Processing time has been reduced from weeks to hours.
- Successful design and implementation of a Supplier Master Data Management Process Automation (SMD_RPA) to increase efficiency and effectiveness.
- Delivery of a Shared Services Customer Resource SharePoint site. The site is a front – end, one-stop-shop providing key stakeholders with one platform to view their information securely.
- Automation of reporting for Shared Services Recruitment of which has increased efficiency and transformed the process from Days to Minutes.
- Successful implementation of an automated process for BSO Human Resources contract forms which has resulted in greater efficiency and time savings.
- Delivery of Capital and Revenue enhancement projects worth circa £402 k to improve the system performance of HRPTS and FPL.
- Development of a training matrix to ensure 100% compliance with mandatory training
- Successful development and implementation of a Live-Management Dashboard to ensure 100% compliance of SLAs/ KPIs.

Shared Services

Looking Ahead to 2019-20

Key priorities will include:

- Continue to roll out use of the supplier master data automation.
- Investing in enhancement of the e-Recruitment job website by developing the help and FAQ section.
- To develop an e-Recruitment Dashboard for hiring managers to enable availability of key information to expedite recruitment process.
- To continue to assist, Doctors and Dentists in Training (DDiT) single employer project in conjunction with the DoH and regional medical HR experts.

Income Shared Services

Achievements in 2018-19:

- CIPFA (Chartered Institute of Public Finance and Accountancy) Award for Public Sector Best Practice, Innovation and Improvement 2018
- Successful delivery of Phases 1 and 2 of the HSC Upgrade of Capita V.11
- Successful roll out, migration and implementation of Direct Debit functionality for two HSC organisations.
- A continued downward trend in Days Sales Outstanding, demonstrating an ever faster recovery of public funds and creating a positive impact on HSC cash flow.
- Recovered £340m Debt
- Recovered £230m VAT
- Collected £20m Non-Debtor Income

Looking Ahead to 2019-20

Key priorities will include:

- Successful regional delivery and implementation of Capita V.11
- Achieving CICM (Chartered Institute of Credit Management) Quality Re-Accreditation in April 2019

Shared Services

- Achieving Centre of Excellence Status by March 2020
- Implementation of smart /robotic solutions to add value and increase service efficiency
- Roll out of Direct Debit functionality for two HSC organisations.
- Continue to share best practice in line with Public Sector Shared Services Programme and Shared Services UK Forum

Payments Shared Services

Achievements in 2018-19:

- Roll out of FPM (Finance and Procurement Management system) forms to cover the majority of the customer base
- Increased use of cloud invoicing
- Commencement of the process of developing of a centralised knowledge share
- Commencement of the process of developing of a centralised Authorisation Framework
- Commencement of the process of developing a Banking On-Line File Import for Foreign Currency Payments
- Development of a Business Continuity Plan to protect service provision during a Cyber Attack
- Contingency Payment Upload Banking On line Import File
- Achievement of Payments WTE staffing level with staff on permanent contracts, facilitating staff retention and development

Looking Ahead to 2019- 20

Key priorities will include:

- Growing the number of systems interfaces (ABACUS and Interpreting)
- The creation of a Nurse Bank invoice payment team
- The development of a centralised Knowledge Share
- The development of a centralised Authorisation Framework

Shared Services

- The development of Banking On-Line File Import for Direct Debits, Banking on Line and Foreign Currency Payments
- Development of internal Payments SharePoint Site

Recruitment Shared Services

Achievements in 2018-19:

- Satisfactory level of assurance secured following Internal Audit review of Recruitment Shared Services Centre (RSSC).
- Despite service requirements increasing by approximately 33%, performance has improved. The number of days taken on average to fill bespoke recruitment activity has reduced from 64 to 51 days and waiting list activity from 47 to 41 days.
- During the latter part of 2018-19 RSSC implemented a change in skill mix within the Centre which will continue to improve the workflows, quality and service delivery. This has been coupled with ongoing internal realignment, development and streamlining of a range of processes to maximise the requisition flow, 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). During the year this has included:
 - Launch of a HSC Recruitment and Selection Framework;
 - Launch of an improved Website / Landing Page;
 - Introduction of streamlined processes for pre-employment checks of Internal and cross organisational movers;
 - Completion of Concept Testing on new 'Employer Branding' for HSC.
- Ongoing development of staff engagement through our Involvement and Participation Team (IPT) to feed into service improvements. An example of this staff engagement process is the introduction of a new SharePoint site to facilitate communication with the Occupational Health Departments. This has resulted in improving the flow of information which supports the completion of pre-employment checks. Staff members were involved

Shared Services

throughout the development, testing and introduction of this tool which has proven to be a great success.

Charity Events

- Friends of Cancer charity event raised a sum of £233.12.
- Cash for Kids Christmas Appeal – a bundle of donations made.

Looking Ahead to 2018-19

Key Priorities and Actions will include:

- Continued collaborative working with HSC organisations to consider a range of outputs from the 4 SRIF workstreams specifically to include:
 - Development of a 'Candidate passport' SharePoint site to support improvements in the area of pre-employment checking;
 - Development of a Managers Dashboard to support visibility of their Requisition during the recruitment process
 - Development of new approaches to recruitment in response to the changing labour market;
 - Involvement in tender process for the development of Occupational Based Written assessments for the HSC;
 - Involvement in the roll out of a new Attraction strategy.
- Further refinement of processes and workflows within RSSC through staff engagement which focuses on continued service improvement and results in meeting of KPIs.
- Further enhancement to use of reporting tools to identify future areas for service improvement.

Shared Services

Payroll Service Centre (PSC)

Achievements in 2018-19:

- Successful delivery of the Pay Award and Pension Band Review
- Successful restructuring of the centre to an end-to-end processing operating model
- Successful restructuring of the IVR (Interactive Voice Response) system to deliver an improved customer experience
- Successful re-branding of the Centre following staff engagement and focus groups
- Continued reduction in incoming call and email contact volumes
- Introduction of customer surveys on e-mail contacts showing a measurable positive customer experience
- Delivery of a range of systems changes and improved governance controls
- Introduction of Monthly Internal Communications Newsletter to improve staff engagement

Looking Ahead to 2019–20

Key priorities will include:

- Introduction of monthly Pension Band Review methodology
- Delivery of the Transformation Roadmap to improve service quality and customer experience
- Delivery of the training platform (including e-learning) to support all aspects of the staff training and development plan following the training needs analysis
- Implementation of the revised Customer Relationship Management (CRM) system
- Launch of the first stage self-service platform including *Understanding Your Payslip*
- To achieve accredited status as a Payroll Centre of Excellence
- To improve governance and the control framework within Payroll SC
- Timely implementation of system changes to ensure compliance with HSC terms and conditions and legislative requirements
- To introduce call record into the Payroll SC

Shared Services

HSC Regional Interpreting Service

The Regional Interpreting Service (RIS) is the first point of contact for all HSC foreign language face to face interpreting in NI. Providing Interpreters enables HSC Orgs to provide a responsive and efficient service and ensures HSC compliance with legislative requirements.

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
- Complies with legislative requirements

Key Developments in 2018-19

- Over 130,000 requests processed during 2018-19
- 98.4% annual provision rate
- 18 OCN Level 4 Trained Interpreters registered in October 2018 to target priority languages including Arabic, Bulgarian, Farsi, Somali and Romanian
- 19 OCN Level 4 Trained Arabic Interpreters registered in February 2019 to meet demand for Syrian Patients under the UK Government's Syrian Refugee Resettlement Scheme
- Further enhancements to the online booking system ensuring effective resource management and innovative use of technology
- 2018 Customer Survey - 98% of HSC Staff and Practitioners rated the Service as "Very good" or "Good"

Shared Services

Looking Ahead to 2019-20

Key priorities will include:

- Commencement of the Regional Communication Support Service for Deaf, Deaf/Blind and Hard of Hearing Service to offer consistency, standardisation, accessibility of service delivery and value for money

Legal Services Directorate



Mr Alphy Maginness

Chief Legal Advisor

The Directorate of Legal Services (DLS) continued to provide high quality, cost-effective legal services exclusively to all Health and Social Care bodies, during the year 2018-19.

Overall activity amounted to circa 92,000 hours based on the time recording system.

Key Achievements and Developments in 2018-19

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

- DLS continued the accreditation to the ISO and Lexcel Quality awards following external assessment by SGS which concluded in January 2019. In addition DLS contributed to the BSO achieving liP accreditation (Silver Award).
- A Quality of Service survey conducted among clients by the BSO revealed a satisfaction level of over 90% for DLS.
- A project in collaboration with four Trusts to recover debt, particularly in relation to residential charges, was initiated in July 2018 and has proven to be very successful; circa £3 million has been recovered this financial year. Over £8 million has been recovered in the last 6 years.

Legal Services Directorate

- DLS continued to provide advice and representation in all core areas of law: additionally it is providing legal support and representation in the Neurology Public Inquiry and the Infected Blood Public Inquiry.
- A cap on Counsel Fees has realised savings of circa £500,000 this year and equates to over £3.5 million having been saved in the last six years. DLS also challenges third party solicitor costs and this has realised £2.8 million savings in 2018/19. These are significant savings for the HSC Sector.

Looking Ahead to 2019-20

Increasing activity levels have flowed from the increased demand for Legal Services. This has been a feature of the last number of years and is expected to continue in 2019/20.

It is a tribute to the staff that they have maintained the high standards of service and professionalism, despite the increased pressures. Their commitment is acknowledged and hugely appreciated. DLS will maintain those high standards in 2019/20.

Human Resources and Corporate Services



Mrs Karen Hargan

Director of Human Resources & Corporate Services

Human Resources

Throughout 2018-19 Human Resources (HR) continued to support the BSO and client organisations on a wide range of people issues at both a practical and a strategic level.

The additional funding for transformation posts resulted in an increase in the number of job evaluations required and recruitment activity within the Retained Recruitment team. Over 600 posts were quality assured and managed through the Retained team to Recruitment and Selection Shared Services Centre (RSSC) in 2018-19, an increase of around 200 posts compared to 2017-18. In October 2018 the HSC Recruitment and Selection Framework was launched to provide consistency in the recruitment of staff. User guides to support staff in various aspects of recruitment were developed regionally. The HR team within BSO participated actively in these regional forums, with the aim of improving the recruitment experience for managers and potential candidates.

BSO HR also continued to provide recruitment support to GP Federations, appointing to multidisciplinary teams.

HR provides on-going support to staff and managers in the management of attendance. This is done on a case by case basis and in the provision of training. *“Staff responsibilities in*

Human Resources

Management of Attendance” were highlighted in a poster and displayed at various facilities. In June 2018 BSO won the Innovation category in the *Inspire Workplace Wellbeing Awards*. Further development of health and wellbeing initiatives for staff will continue in 19/20.

The number of employee relations issues rose again, with more than 50 formal complaints live in March 2019. It is hoped that the roll out of the new policy and procedure for dealing with Conflict, Harassment and Bullying in the Workplace which will be supported by training, awareness sessions and a poster campaign will have a positive impact in this area. A number of HR staff have now completed their Mediation training

Workforce information is essential to better inform people issues. In 2018-19 over 1500 reports were produced by the Workforce Information team. This is likely to continue to be an area of increased activity in the new financial year particularly for workforce planning.

The BSO is committed to the continual development of staff and continues to provide opportunities for training, coaching and mentoring with a wide range of courses available to meet staff developmental needs such as Acumen, Aspire and Proteus, Mediation Training, Coaching to Level 5, Building Potential and a suite of IT courses and project management.

The “*Focus on Four*” toolkit was designed in collaboration with stakeholders to help with the management of staff in four particular areas. These were clarifying people’s contribution; role modelling behaviours in line with BSO Values; supporting people to develop and recognising people’s contribution.

This year also saw the re-launch of the Values Awards. The awards recognise and celebrate the contribution and achievement of staff in delivering organisational objectives.

In February 2019 BSO was successful in achieving the *Investors in People* award at Silver level. This accreditation lasts for three years and provides recommendations to ensure we continue to improve people management within the organisation.

Corporate Services

Estates and Facilities

During 2018-19, Corporate Services designed, scoped and completed over 20 projects within budget for various agencies including BSO. Working in conjunction with Assets and Estates Management Branch, DoH and the Directorate of Legal Services, we simplified Interbody occupations by negating the need for commercial leases when accommodating health bodies. We also negotiated the lease preparation for two new BSO sites; *Encompass* and ITS and assisted with lease negotiations and preparation with NI Medical and Dental Training Agency (NIMDTA). We have also proactively worked with the Reform of Property Management Department as part of the Belfast Optimisation Project to co-locate several agencies

During the year Corporate Services rolled out printing services to the Northern Ireland Ambulance Service outstations as part of the Managed Print Service. There was also an increase in the energy efficiency in key buildings through both improved technology and processes.

Our services have now expanded to the Health & Social Care Board and BSO has assumed responsibility for the estates aspects of Linenhall Street with several upgrades undertaken. We will continue to positively engage with our clients in order to continuously improve our service provision.

Complaints

BSO has a published policy and associated procedure for handling complaints.

Within this financial year the Information Governance (IG) team dealt with 103 complaints. This is an increase from 79 in the 2017-18 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. An annual Complaints Report is produced for consideration by the full Board.

The Information Governance (IG) team also ran an awareness campaign to alert staff to their responsibilities in managing both complaints, and whistleblowing concerns. Management of complaints has also been incorporated into the terms of reference for BSO's internal Information Governance Management Group.

Corporate Services

Information Requests

During the 2018-19 year, the IG team processed 639 requests for information, via:

- The Freedom of Information Act (2000)
- Data Protection Legislation
- The Access To Health Records Order

This is an increase from 596 in the 2017-18 year.

Data Breaches

During the period 2018-19 there were two instances regarding a data breach reported to the Information Commissioner's Office. The ICO has decided to take no further action in one instance, and BSO is awaiting the outcome of the second incident.

General Data Protection Regulation (GDPR)

BSO undertook a range of actions in preparedness for GDPR. This included:

- Awareness campaigns for staff
- Updating policies, procedures and privacy notices
- Reviewing all information held, and flows of information
- Employment of a Data Protection Officer

We will continue to work with client organisations in the coming year to embed and expand our corporate service provision in the continued implementation of GDPR.

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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.
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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:

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 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 2018 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 2018/19 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 2019

Board/Committee	Number of meetings	% Attendance
BSO Board	13	84
Governance and Audit	5	80
Remuneration and Terms of Service	2	100
Business and Development	4	88

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 2017/18 assessment was carried out in June 2018 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, benchmarking, customer satisfaction, management of complaints, human resources and corporate services policies, 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 15 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 2019 by the Governance and Audit Committee. The updated Strategy is in line with the overall HSC Regional Risk approach and based on the principles of ISO 31000: 2018.

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 effect 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. BSO has also appointed a Data Protection Officer.

The Information Governance Management Group oversees all aspects of information governance including Freedom of Information, 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 recognises 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 annually. The most recent review was in January 2019.

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, self-assessments based on former 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.

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 2018-19 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 2019) and Cyber Security. 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
Financial review	SATISFACTORY: Financial processes reviewed LIMITED: Assurance specific to HRPTS system administrator processes
BSO's compliance with DoH's Permanent Secretary's Instructions Regarding Travel	SATISFACTORY
Family Practitioner Service – Ophthalmic Services	SATISFACTORY
PaLs procurement	SATISFACTORY

AUDIT ASSIGNMENT	OVERALL LEVEL OF ASSURANCE
Management of community equipment service	SATISFACTORY
Information governance	LIMITED
IT Audit –cyber security	SATISFACTORY: Home and mobile working LIMITED: Network security
Leadership Centre	SATISFACTORY: Financial processes LIMITED: Management and operation of the associate list
Payroll Shared Service – September 2018	LIMITED
Payroll Shared Service – March 2019	LIMITED
Payments shared services	SATISFACTORY
Recruitment Shared Services	SATISFACTORY
Business Services Team	SATISFACTORY
Counter fraud services	SATISFACTORY

8.1.1. IT Audit - cyber security

The internal audit opinion in respect of this report was split. An overall satisfactory opinion was provided in relation to mobile working on the basis that there are processes to ensure mobile devices are encrypted and connections to these are encrypted whilst outside of HSCNI networks.

However limited assurance was provided on HSCNI network security due to a range of Priority 1 recommendations including the fact that the physical structure of the HSCNI WAN (Health and Social Care NI Wide Area Network) does not align with governance over the same and there is no single accountable person for the security of HSCNI WAN. In addition there is no formal, systematic risk-based approach to obtaining assurances on Network Security and data traffic flows through HSCNI are not readily identifiable. BSO are working with the strategic lead for ICT in HSCNI, the HSCB eHealth and Care Lead, who is the owner of many of the recommendations contained within the report.

8.1.2 Financial review

The internal audit opinion in respect of this report was split. Satisfactory assurance was provided in respect of financial processes reviewed but limited assurance was provided on HRPTS systems administrator processes. Priority 1 recommendations included the number of individuals with systems administrator roles, lack of use of an audit trail facility within the system and late notification of contractual changes leading to over/under-payments. Corrective actions are being taken against all accepted recommendations.

8.1.3 Information governance

Internal Audit provided limited assurance in relation to Information Governance within the Organisation. Limited assurance was provided on the basis that further work is needed to develop the Information Asset Registers and associated Risk Assessments and the information governance assurance mechanisms within the organisation. There are also gaps in training and governance structures around information governance.

Whilst providing limited assurance the Head of Internal Audit noted that BSO had taken proactive action to prepare for GDPR i.e. governance structures had been established, action plans developed and implemented, which included, the appointment of a Data Protection Officer, development of privacy notices, the lawful basis determined and guidance developed to ensure appropriate use of Data Protection Impact Assessments.

8.1.4 Payroll Shared Service

Whilst providing only limited assurance in respect of the payroll shared service, internal audit did note that improvements in control have been made since the last audit, specifically in the areas of variance monitoring, PSC structural review and the management of historical overpayments. However, significant previously reported issues remain in respect of development of PSC knowledge and capacity and written procedures; management of overpayments (although improved); HMRC compliance; customer relationship management; and employer superannuation system calculations. Specific focused testing in the current audit also highlighted significant issues with the control environment around timesheet processing and sickness payments. Internal audit also raised an issue around the need to perform significant reconciliation, investigation and correction work to fully quantify and assess whether Real Time Information (RTI) data from SAP system matches up with HMRC data.

The BSO recognises the importance of the findings in relation to payroll. They will continue to be resolved through the detailed workplans, and monitored through additional GAC scrutiny.

8.1.5 HSC Leadership Centre

Internal audit provided satisfactory assurance on the financial processes in operation within the Leadership centre, but provided limited assurance on the operation of the HSC Leadership Centre Associate list. Priority 1 recommendations included increasing the formality and regulation around the management and use of the associate list, and ensuring use of the list complies with Departmental circulars on the use of professional services

8.1.5 All accepted recommendations made in the 2018/19 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 2018/19 242 (76%) of the 317 recommendations followed up were fully implemented, a further 71 (22%) were partially implemented, and 4 (2%) were not yet implemented. All 4 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 2019/20. The Internal Audit Plan for 2019/20 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 5 fully or partially limited audits issued in the previous year, 2 of which have been reported again in this Governance Statements namely two audits of Payroll Shared Services. The three remaining areas HRPTS change request management, IT incident management and secure configuration and elements of pension processing in respect of death in service and employers superannuation payments were also reviewed by internal audit in their Follow Up exercise and progress noted.

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 *HSC Data Centres*

BSO have completed their migration to the Shared Public Sector Data centres. The legacy Regional ITS data centres hosted in the Royal Victoria Hospital (RVH) and Belfast City Hospital (BCH) are in the process of being decommissioned. 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 no longer represents a major operational risk. 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 affected services in the past.

BSO has completed the migration of 1400 servers along with the associated storage and network to the new datacentres. The applications which ran on those platform have also been moved the new data centres and the legacy equipment safely disposed of. The only live equipment left on the RVH and BCH sites is the network equipment required to provide connectivity from those 2 sites to the new datacentres.

10.1.2 Pension Band Review process

During August 2018, the Payroll Shared Services Centre concluded a review of pension band tiers for all HSC employees. This review was required to determine whether appropriate pension contribution rates were being paid by HSC employees, based on their pensionable pay from the 1st April 2018. At a regional meeting of HSC HR and Finance Directors it was agreed that the backdated impact of this review would be recovered in a single amount from employees in August 2018, with loans being made available for any staff who subsequently requested them.

However due to a failure to communicate in a timely and effective manner with individual affected employees, the resulting impact on certain staff led to significant media and Trade Union interest and concern.

The Payroll Shared Services Centre moved quickly to issue loans to all members of staff who requested them and out of the approx. 5,000 staff who were adversely impacted by the pension band review process, approx. 500 were given a loan.

To avoid such an issue arising in the future HSC HR representatives worked with Trade Unions and the BSO Payroll Shared Services Centre to agree a formal protocol for the communication process for any future reviews of this nature which are identified as having an impact on net pay for any group of staff.

This protocol was initiated in the most recent pay award and pension band review process in February 2019, and the issues previously experienced around media and Trade Union interest and concern did not re-occur. Payroll shared service centre continue to refine communication and operational processes to ensure lessons learnt are mainstreamed into business as usual activities.

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

10.2.1 Interface from Payroll Systems to Pensions Systems

Pensions Service (HSCPS) Altair system receives an electronic interface from the BSO Shared Services payroll system, updating members' 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 data queries. A previous backlog of outstanding queries has now been resolved, however ongoing queries are continuing to build up. A comprehensive change request has now been agreed, an impact assessment completed and is now with software provider for implementation. A transfer of pension related functions from the Payroll Shared Services Centre to HSC Pension Services (HSCPS) to streamline pension activity and improve customer service is now under way. Staff have been recruited and will be in new accommodation within HSCPS by May 1st. It is now anticipated that this issue will be resolved by 30th September 2019.

10.2.2 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. The responsibility for an HSC wide protocol lies with HSCB as BSO only have responsibility for the BSO managed IT estate. Some work has been carried out to put in place interim arrangements for incident management. A dedicated cyber security programme manager within BSO was appointed in March 2018 and a regional programme board for cyber security has been established. DXC have just completed a high level risk assessment against ISO27001 across the HSC.

A draft regional cyber incident process has been agreed as part of the regional cyber security programme. The approach is based on the current “federated” delivery model where each organization will manage an incident which occurs within it’s own IT estate. If an incident occurs within more than one organization then BSO will take on the management of the incident. The intention is to desk test the new incident process in May 2019.

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 available and is currently being tested extensively. It is expected to be implemented into the HRPTS system in June 2019. The HSC bodies have confirmed that payments to maintain the pension scheme fund have continued on a monthly basis in 2018/19 and the remainder of the overall shortfall in employers’ pension contributions was paid over to the Pension Scheme in March 2019.

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

There were no new issues and challenges identified.

11. Budget Position and Authority

In the continuing absence of an Executive and a sitting Assembly the Northern Ireland Budget Act 2018 was progressed through Westminster, receiving Royal Assent on 20th July 2018, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 which received Royal Assent on 15th March 2019. The authorisations, appropriations and limits in these Acts provide the authority for the 2018-19 financial year and a vote on account for the early months of the 2019-20 financial year as if they were Acts of the Northern Ireland Assembly.

12. UK exit from the EU

During 2018/19 BSO has worked within the structures established by Department of Health NI (DoH) to ensure our preparedness for EU Exit. BSO completed a readiness assessment across the organisation for all services, and updated Corporate and functional Business Continuity Plans, as directed by DoH. Subsequently, the organisation conducted a number of business continuity exercises, in line with Departmental protocols and agreed scenarios. Our Board have been kept abreast of risk mitigations through our Corporate Risk & Governance processes and protocols.

BSO has provided supply chain advice and support to HSC organisations, in particular Trusts, in respect of securing stocks of medical devices and clinical consumables for local use. BSO itself has secured additional stock of critical products to provide continuity of supply in the event of supply chain disruption arising immediately following the UK's exit from the European Union. BSO has worked closely with procurement and logistics colleagues from England, Scotland and Wales to adopt a common approach to preparations & engagement with supply chains for the medical devices and clinical consumables.

In parallel, BSO have engaged at a regional level with DoH and Trusts in regard to workforce matters. BSO completed an assessment of the potential for disruption to staffing resources as a result of disruption to cross border movement and assessed the risk as low with very small numbers of cross border workers identified. Contingency arrangements were made as part of normal business continuity processes. A comprehensive update was provided to staff in March which included information on arrangements to maintain service continuity, advice on driving in the EU post EU exit, the EU settlement scheme, and professional regulation and recognition of professional qualifications.

In conjunction with leads in the Department of Health BSO also completed an assessment of the data transfers which had the potential to be impacted as a result by a no deal exit. Arrangements were made to ensure that appropriate authorities existed to maintain these processes.

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 2018/19.

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 2018-19 Senior Executive pay award had not been received from the DoH by 31 March 2019, 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 2018-19. 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. One of the BSO's Non-Executive Directors stepped down from his appointment on 28th February 2019 to take up another Board appointment within HSC.

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 2018-19.

Membership of the Remuneration and Terms of Service Committee:

Ms Julie Erskine – Chair

Mr. Robert Bannon

Mr. Deep Sagar (until 28 Feb 2019)

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

Remuneration Report

Senior Management 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	2018-19					2017-18				
	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										
Robin McClelland Resigned 30/9/17	-	-	-	-	-	3-5	-	-	-	3-5
Greg Irwin Resigned 30/9/17	-	-	-	-	-	3-5	-	-	-	3-5
Alan Hanna Resigned 30/9/17	-	-	-	-	-	3-5	-	-	-	3-5
Julie Erskine	20-25	-	100	-	20-25	5-10	-	200	-	5-10
Dorothy Whittington	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Jeremy Stewart	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Mark Campbell	5-10	-	-	-	5-10	5-10	-	100	-	5-10
Robert Bannon	5-10	-	-	-	5-10	0-3	-	-	-	0-3
Patricia Gordon	5-10	-	-	-	5-10	0-3	-	-	-	0-3
Sean McKeever	5-10	-	-	-	5-10	0-3	-	-	-	0-3
* Deep Sagar Resigned 28/2/19	5-10	-	-	-	5-10	0-3	-	-	-	0-3
Executive Members										
Liam McIvor (Appointed as Chief Executive on 25/4/16)	95-100	-	300	-5	90-95	95-100	-	200	67	150-155
Hugh McPoland	-	-	-	-	-	55-60	-	1,900	-	60-65

(Left on 31/12/17)						(75-80 full year equivalent)				
Sam Waide	80-85	-	100	20	100-105	75-80	-	6,000	3	85-90
Wendy Thompson (Left 6/5/19)	70-75	-	5,200	11	85-90	65-70	-	3,800	16	85-90
Alphy Maginness	80-85	-	100	-11	70-75	80-85	-	100	-	80-85
Karen Bailey	75-80	-	-	-4	75-80	75-80	-	-	5	80-85
Karen Hargan (Appointed as Director of Human Resources on 30/3/18)	80-85	-	-	337	415-420	0-5 (80-85 full year equivalent)	-	-	-	0-5

* Mr Sagar resigned on 28 February 2019 after serving a notice period of 3 months. This is in line with the standard notice period for BSO Directors. The Benefits in kind arise from any mileage expense claimed which is above the annual HMRC-approved rate or the taxable benefit from participating in the HSC Leased Car Scheme.

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 31/03/18 £000s	CETV at 31/03/19 £000s	Real increase in CETV £000s
Liam McIvor	0-2.5 plus lump sum of 0-2.50	35-40 plus lump sum of 105-110	743	841	8
Sam Waide	0-2.5 plus lump sum of 0	5-10 plus lump sum of 0	43	69	17
Wendy Thompson	0-2.5 plus lump sum of 0	10-15 plus lump sum of 25-30	172	211	9
Alphy Maginness	-	-	-	-	-
Karen Bailey	2.5-5 plus lump sum of 0-2.5	25-30 plus lump sum of 85-90	565	644	6
Karen Hargan	15-17.5 plus lump sum 0	15-20 plus lump sum 0	-	224	224

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 HPSS 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.

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.

Remuneration Report

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

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: £22,019

Ratio: 4.3

Range of Staff Remuneration £14k-95k

STAFF REPORT

Staff Report

Staff Profile and Composition

The following table shows staff composition of permanently employed and Board Members as at 31 March 2019:

Staff Gender Breakdown	Male	Female	Total
Non-Executive	5	3	8
Senior Management	11	10	21
Administrative & Clerical	763	616	1,379
	779	629	1,408

Staff Numbers and Related Costs (Audited)

Staff Costs

	2019			2018
	Permanently employed staff	Others	Total	Total
	£000s	£000s	£000s	£000s
Staff costs comprise:				
Wages and salaries	40,351	4,885	45,236	42,288
Social security costs	3,754	33	3,787	3,578
Other pension costs	6,235	27	6,262	5,786
Sub-Total	50,340	4,945	55,285	51,652
Capitalised staff costs	(898)	(191)	(1,089)	(467)
Total staff costs reported in Statement of Comprehensive Expenditure	49,442	4,754	54,196	51,185
Less recoveries in respect of outward secondments			(1,080)	(1,090)
Total net costs			53,116	50,095

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 2018-19 accounts.

Average number of persons employed (Audited)

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

	2019		2018	
	Permanently employed staff No.	Others No.	Total No.	Total No.
Administrative and clerical	1,408	182	1,590	1,551
Total average number of persons employed	1,408	182	1,590	1,551
Less average staff number relating to capitalised staff costs			27	11
Less average staff number in respect of outward secondments			57	43
Total net average number of persons employed			1,506	1,497

The staff numbers disclosed as 'Others' in 2018-19 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	
	2019	2018	2019	2018	2019	2018
<£10,000	-	-	-	-	-	-
£10,000-£25,000	-	-	-	1	-	1
£25,000-£50,000	-	-	-	2	-	2
£50,000-£100,000	-	-	1	-	1	-
£100,000-£150,000	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-
Total number of exit packages by type	-	-	1	3	1	3
	£000s	£000s	£000s	£000s	£000s	£000s
Total resource cost	-	-	62	101	62	101

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 119 to 120.

Retirements due to ill health

During 2018-19 there was one early retirement from BSO agreed on the ground of ill-health. (2017-18: 3). The estimated additional pension liabilities of these ill-health retirements will be £32k. 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 2019 was 4.17% which was below the Departmental target of 4.2%.

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 newsheet "*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.

Staff Report

Expenditure on Consultancy

The BSO did not undertake any projects involving external consultancy during the 2018-19 financial year.

Off Payroll Staff Resources

	Number of staff
Off Payroll staff as at 1 April 2018	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 2019	0

ACCOUNTABILITY AND AUDIT REPORT

ACCOUNTABILITY REPORT

Assembly Accountability Disclosure Notes

i) Losses and Special Payments (Audited)

Type of loss and special payment	2018-19		2017-18
	Number of Cases	£	£
Cash losses			
Cash Losses - Theft, fraud etc	-	-	634
Cash Losses - Overpayments of salaries, wages and allowances	-	-	-
Cash Losses - Other causes	-	-	129
	-	-	763
Claims abandoned			
Waived or abandoned claims	-	-	-
	-	-	-
Administrative write-offs			
Bad debts	10	4,997	6,024
Other	-	-	-
	10	4,997	6,024
Fruitless payments			
Late Payment of Commercial Debt	-	-	-
Other fruitless payments and constructive losses	-	-	41,269
	-	-	41,269
Stores losses			
Losses of accountable stores through any deliberate act	-	-	-
Other stores losses	2,048	8,814	11,126
	2,048	8,814	11,126
Special Payments			
Compensation payments			
- Clinical Negligence	-	-	-
- Public Liability	-	-	-
- Employers Liability	-	-	-
- Other	1	25,000	-
	1	25,000	-
Ex-gratia payments	-	-	-
Extra contractual	-	-	-
Special severance payments	-	-	-
	-	-	-
TOTAL	2,059	38,811	59,182

ACCOUNTABILITY REPORT

Funding Report

1. Funding

BSO is funded by the DoH through an annual Revenue Resource Limit and by management fees raised against HSC Organisations for services offered under Service Level Agreements.

2. Regularity of Expenditure (Audited)

BSO has processes, procedures and controls in place to endeavour to ensure that the expenditure and income reported for the year ended 31 March 2019, has been applied to the purposes intended by the NI Assembly and that transactions conform to the authorities which govern them. BSO has a delegated Scheme of Authority which sets out who are authorised to place non-pay expenditure. The Scheme sets out who are authorised to place requisitions and the maximum level of each requisition.

The Director of Finance ensures that expenditure is in accordance with regulations and all necessary authorisations have been obtained.

Long Term Expenditure Plans

Long term expenditure plans are referenced within the body of the annual report by functional area.

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 (Audited)

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 11 June 2019

Section C

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

FOREWORD

The accounts for the year ended 31 March 2019 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 2019

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 138 to 184) 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 (Interim)

Date 11 June 2019

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 138 to 184) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chair

Date 11 June 2019



Chief Executive

Date 11 June 2019

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 2019 under the Health and Social Care (Reform) Act (Northern Ireland) 2009. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. 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 2019 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 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, as amended.

My objectives are 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 the 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

28th June 2019

BUSINESS SERVICES ORGANISATION

STATEMENT of COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2019

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	2019 £000s	2018 £000s
Income			
Revenue from contracts with customers	4.1	108,606	103,179
Other operating income	4.2	18,141	18,814
Total operating income		126,747	121,993
Expenditure			
Staff costs	3	(54,196)	(51,185)
Purchase of goods and services	3	(49,624)	(48,191)
Depreciation, amortisation and impairment charges	3	(16,138)	(17,239)
Provision expense	3	(3)	(52)
Other expenditures	3	(48,239)	(46,183)
Total operating expenditure		(168,200)	(162,850)
Net Expenditure		(41,453)	(40,857)
Finance income	4.2	-	-
Finance expense	3	-	-
Net expenditure for the year		(41,453)	(40,857)
Revenue Resource Limit (RRL) received from DoH	23.1	41,492	40,911
Surplus / (Deficit) against RRL		39	54
OTHER COMPREHENSIVE EXPENDITURE			
	NOTE	2019 £000s	2018 £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	217	230
Net gain/(loss) on revaluation of intangibles	6.1/8/6.2/8	350	1,294
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 2019		(40,886)	(39,333)

The notes on pages 142 to 184 form part of these accounts.


BUSINESS SERVICES ORGANISATION


STATEMENT of FINANCIAL POSITION as at 31 March 2019

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	2019 £000s	2018 £000s
Non Current Assets			
Property, plant and equipment	5.1/5.2	31,029	34,117
Intangible assets	6.1/6.2	51,003	47,142
Financial assets	7	-	-
Trade and other receivables	12	-	-
Other current assets	12	-	-
Total Non Current Assets		82,032	81,259
Current Assets			
Assets classified as held for sale	9	-	-
Inventories	10	10,313	4,220
Trade and other receivables	12	19,206	18,185
Other current assets	12	2,008	1,703
Intangible current assets	12	-	-
Financial assets	7	-	-
Cash and cash equivalents	11	10,058	3,113
Total Current Assets		41,585	27,221
Total Assets		123,617	108,480
Current Liabilities			
Trade and other payables	13	(37,130)	(28,841)
Other liabilities	13	-	-
Intangible current liabilities	13	-	-
Financial liabilities	7	-	-
Provisions	15	(178)	(195)
Total Current Liabilities		(37,308)	(29,036)
Total assets less current liabilities		86,309	79,444
Non Current Liabilities			
Provisions	15	(421)	(447)
Other payables > 1 yr	13	-	(1,186)
Financial liabilities	7	-	-
Total Non Current Liabilities		(421)	(1,633)
Total assets less total liabilities		85,888	77,811
Taxpayers' Equity and other reserves			
Revaluation reserve		10,233	9,666
SoCNE Reserve		75,655	68,145
Total equity		85,888	77,811

The financial statements on pages 138 to 184 were approved by the Board on 11 June 2019 and were signed on its behalf by:

Signed  (Chair) Date 11 June 2019

Signed  (Chief Executive) Date 11 June 2019

The notes on pages 142 to 184 form part of these accounts.

BUSINESS SERVICES ORGANISATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2019

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	2019 £000s	2018 £000s
Cash flows from operating activities			
Net surplus after interest/Net operating expenditure		(41,453)	(40,857)
Adjustments for non cash costs		15,470	17,393
(Increase)/decrease in trade and other receivables		(1,326)	6,826
<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		0	-
(Increase)/decrease in inventories		(6,093)	(493)
Increase/(decrease) in trade payables		7,103	(3,966)
<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		(947)	604
Movements in payables relating to the purchase of intangibles		(2,960)	13
Movements in payables relating to finance leases		-	-
Use of provisions	15	(46)	(119)
Net cash outflow from operating activities		(30,252)	(20,599)
Cash flows from investing activities			
(Purchase of property, plant & equipment)	5	(4,031)	(7,003)
(Purchase of intangible assets)	6	(7,638)	(4,549)
Proceeds of disposal of property, plant & equipment		27	18
Proceeds on disposal of intangibles		-	-
Proceeds on disposal of assets held for resale		-	-
Net cash outflow from investing activities		(11,642)	(11,534)
Cash flows from financing activities			
Grant in aid		48,839	31,725
Cap element of payments - finance leases and on balance sheet (SoFP) PFIs and other service concession arrangements		-	-
Net financing		48,839	31,725
Net increase (decrease) in cash & cash equivalents in the period		6,945	(408)
Cash & cash equivalents at the beginning of the period	11	3,113	3,521
Cash & cash equivalents at the end of the period	11	10,058	3,113

The notes on pages 142 to 184 form part of these accounts.

BUSINESS SERVICES ORGANISATION

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY for the year ended 31 March 2019

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 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		0	0	0
(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	0	-	0
Balance at 31 March 2018		68,145	9,666	77,811
Changes in taxpayers' equity 2018-19				
Grant from DoH		48,839	-	48,839
Other reserves movements including transfers		-	-	0
(Comprehensive expenditure for the year)		(41,453)	567	(40,886)
Transfer of asset ownership			-	0
Non cash charges - auditors remuneration	3	124	-	124
Non cash charges – notional costs	3	0	-	0
		-	-	-
Balance at 31 March 2019		75,655	10,233	85,888

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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 contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the BSO for the purpose of giving a true and fair view has been selected. The particular policies adopted by the BSO are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Currency and Rounding

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

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

BSO acts as an agent on behalf of other HSC Organisations and receives income in the form of management fees for these services. Income is classified between Revenue from Contracts and Other Operating Income as assessed necessary in line with organisational activity, under the requirements of IFRS 15 and as applicable to the public sector. Judgement is exercised in order to determine whether the 5 essential criteria within the scope of IFRS 15 are met in order to define income as a contract. Income relates directly to the activities of the BSO and is recognised when, and to the extent that a performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Where the criteria to determine whether a contract is in existence is not met, income is classified as Other Operating Income within the Statement of Comprehensive Net Expenditure and is recognised when the right to receive payment is established.

In year of initial application, the introduction of IFRS 15 has not impacted on the timing of satisfying performance obligations of contracts in existence therefore the transaction price determined has not changed as a result of its introduction. The current impact of its introduction has resulted in reclassification of income based on consideration of whether there is a written, oral or implied contract in existence. Note 4 Income provides initial application disclosures in line with HM Treasury application guidance on transition to IFRS 15.

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 Research and Development expenditure

Following the introduction of the 2010 European System of Accounts (ESA10), from 2016-17 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. As a result, additional disclosures are included in the notes to the accounts.

1.13 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.

1.14 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.

1.15 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.

1.16 Private Finance Initiative (PFI) transactions

The BSO has had no PFI transactions during the year.

1.17 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. IFRS 9 introduces the requirement to consider the expected credit loss model on financial assets. The measurement of the loss allowance depends upon the HSC Body's assessment at the end of each reporting period as to whether the

financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument.

- 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.

1.18 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
Nominal	Short term (0 – 5 years)	0.76%
	Medium term (5 – 10 years)	1.14%
	Long term (10 - 40 years)	1.99%
	Very long term (40+ years)	1.99%
Inflationary	Year 1	2.00%
	Year 2	2.00%
	Into perpetuity	2.10%

as at 31 March 2019. Note that PES issued a combined nominal and inflation rate table to incorporate the two elements – please refer to this table as necessary, as included within issuing email of circular HSC(F) 39-2018.

The discount rate to be applied for employee early departure obligations is +0.29% % with effect from 31 March 2019.

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 effect of any change in the discount rate.

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

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.

1.19 Contingencies

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

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

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.

1.20 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 2019. 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 2018-19 accounts.

1.21 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.

1.22 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.

1.23 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.

1.24 Government Grants

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

1.25 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had 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.

1.26 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 suggested wording (to be updated as necessary once 2018-19 standard wording received from DoF) is as follows;

IFRS 16 *Leases* replaces IAS 17 *Leases* and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2020.

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

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

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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, Infected Bloods and Healthy Start. The costs of these services are represented in this segment.

The analysis by segment for 2018-19 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 2019

		Core	ITS	PaLS	Managed Services	TOTAL
	Note	£000s	£000s	£000s	£000s	£000s
Staff Costs						
Wages & Salaries	3	31,883	9,342	10,852	2,119	54,196
		<u>31,883</u>	<u>9,342</u>	<u>10,852</u>	<u>2,119</u>	<u>54,196</u>
Other Expenditure						
IT Programme	3	-	9,562	-	-	9,562
SUMDE	3	-	-	-	1,702	1,702
Bursaries	3	-	-	-	12,874	12,874
Healthy Start	3	-	-	-	2,489	2,489
Regional Interpreting Services	3	-	-	-	4,229	4,229
Cost of Sales	3	-	-	48,826	-	48,826
Supplies and services - general	3	625	98	71	4	798
Establishment	3	8,369	1,267	765	47	10,448
Transport	3	290	52	974	43	1,359
Premises	3	1,575	490	817	-	2,882
Miscellaneous	3	792	162	34	1,547	2,535
Research & development	3	59	-	-	-	59
Depreciation	3	8,260	-	-	-	8,260
Amortisation	3	7,870	-	-	-	7,870
Impairments	3/8	8	-	-	-	8
(Profit)/ loss on disposal of assets (excluding profit on land)	3	(24)	-	-	-	(24)
Provisions provided for in year	3	3	-	-	-	3
Auditors Remuneration	3	124	-	-	-	124
Notional costs	3	-	-	-	-	-
		<u>27,951</u>	<u>11,631</u>	<u>51,487</u>	<u>22,935</u>	<u>114,004</u>
Income						
GB/Republic of Ireland Health Authorities	4	-	-	-	-	-
Management fees from HSC Trusts	4	34,149	22,357	14,075	5,350	75,931
Sales	4	-	-	48,906	-	48,906
Donation /Government grant	4	771	-	-	-	771
Recoveries in respect of outward secondments	4	381	45	94	560	1,080
Research & development	4	59	-	-	-	59
		<u>35,360</u>	<u>22,402</u>	<u>63,075</u>	<u>5,910</u>	<u>126,747</u>
Net Expenditure		<u>(24,474)</u>	<u>1,429</u>	<u>736</u>	<u>(19,144)</u>	<u>(41,453)</u>
Revenue Resource Limit (RRL)	23	<u>24,179</u>	<u>(2,365)</u>	<u>534</u>	<u>19,144</u>	<u>41,492</u>
Surplus/(deficit) against RRL as reported		<u>(295)</u>	<u>(936)</u>	<u>1,270</u>	<u>-</u>	<u>39</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 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)	23	<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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 3 EXPENDITURE

	2019 £000s	2018 £000s
Operating Expenses		
Staff costs ¹ :		
Wages and salaries	44,147	41,821
Social security costs	3,787	3,578
Other pension costs	6,262	5,786
IT Programme	9,562	10,122
Supplement for Undergraduate Medical and Dental Education (SUMDE)	1,702	1,567
Bursaries	12,874	12,149
Healthy Start	2,489	3,013
Regional Interpreting Services	4,229	3,798
Cost of Sales	48,826	47,206
Supplies and services – general	798	985
Establishment	10,448	9,081
Transport	1,359	1,310
Premises	2,882	2,627
Interest charges	-	-
Miscellaneous	2,535	1,808
Research & development expenditure	59	606
Non cash items		
Depreciation	8,260	8,692
Amortisation	7,870	7,930
Impairments	8	617
(Profit) on disposal of property, plant and equipment (including land)	(24)	(14)
(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)	3	52
Cost of borrowing provisions (unwinding of discount on provisions)	-	-
Auditors remuneration	124	116
Notional property costs	-	-
Total	168,200	162,850

During the year the BSO purchased non audit services to the value of £Nil from its auditor in relation to the National Fraud Initiative (2017/18: £Nil). The auditors' remuneration reflects time incurred re the preparation of the Shared Services Report in addition to the audit of the financial statements for the year ended 31 March 2019.

¹ Further detailed analysis of staff costs is located in the Staff Report on page 122 within the Accountability Report

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 4 INCOME

4.1 Revenue from contracts with customers

	2019	2018
	£000s	£000s
Management fees - HSC Trusts	59,700	55,973
Non-HSC:- Private patients	-	-
Sale of goods	48,906	47,206
Clients contributions	-	-
Total	108,606	103,179

4.2 Other Operating Income

	2019	2018
	£000s	£000s
Other income from non-patient services	16,231	17,120
Seconded staff	1,080	1,090
Charitable and other contributions to expenditure	-	-
Donations / Government Grant / Lottery Funding for non current assets	771	-
Profit on disposal of land	-	-
Interest receivable	-	-
Research and development	59	604
Total	18,141	18,814

TOTAL INCOME

126,747	121,993
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* This is the initial year of application of IFRS 15 Revenue from Contracts with Customers. Under IAS 18 Revenue, should IFRS 15 not have been adopted, £108,606k would have been disclosed as Income from activities and £Nil as Other operating income, totalling £108,606k income for 2018-19. Refer to accounting policy note 1.10 for further information.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 5.1 Property, plant & equipment - year ended 31 March 2019

	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 2018	3,008	9,600	-	448	277	1,869	47,818	1,961	64,981
Indexation	150	47	-	-	2	23	23	30	275
Additions	-	22	-	824	-	440	3,649	43	4,978
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	25	-	25
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers (6.1)	-	-	-	(501)	-	-	427	-	(74)
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(200)	(247)	(9)	(456)
At 31 March 2019	3,158	9,669	-	771	279	2,132	51,695	2,025	69,729

Depreciation

At 1 April 2018	-	1,616	-	-	193	952	27,475	628	30,864
Indexation	-	23	-	-	1	13	10	11	58
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(29)	-	(29)
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(200)	(244)	(9)	(453)
Provided during the year	-	302	-	-	24	278	7,510	146	8,260
At 31 March 2019	-	1,941	-	-	218	1,043	34,722	776	38,700

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 5.1 (continued) Property, plant & equipment- year ended 31 March 2019

	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 2019	3,158	7,728	-	771	61	1,089	16,973	1,249	31,029
At 31 March 2018	3,008	7,984	-	448	84	917	20,343	1,333	34,117
Asset financing									
Owned	3,158	7,728	-	771	61	1,089	16,973	1,249	31,029
Finance leased	-	-	-	-	-	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2019	3,158	7,728	-	771	61	1,089	16,973	1,249	31,029

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:

	2019 £	2018 £
Donations	25	-
Government Grant	-	-
Lottery funding	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 5.2 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 2019

NOTE 5.2 (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 1 April 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	3,008	7,984	-	448	84	917	20,343	1,333	34,117
At 31 March 2018									
Asset financing									
Owned	2,865	8,245	-	-	100	676	22,132	1,402	35,420
Finance leased	-	-	-	-	-	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount	2,865	8,245	-	-	100	676	22,132	1,402	35,420
At 1 April 2017									

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 6.1 Intangible assets- year ended 31 March 2019

	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 2018	11,307	86,112	-	-	-	-	-	319	97,738
Indexation	44	679	-	-	-	-	-	-	723
Additions	3,379	1,501	-	-	-	-	-	5,718	10,598
Donations / Government grant / Lottery Funding	20	-	-	-	-	-	-	726	746
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers (5.1)	207	(133)	-	-	-	-	-	-	74
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	(15)	-	-	-	-	-	-	-	(15)
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2019	14,942	88,159	-	-	-	-	-	6,763	109,864
Amortisation									
At 1 April 2018	7,003	43,593	-	-	-	-	-	-	50,596
Indexation	34	339	-	-	-	-	-	-	373
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	16	13	-	-	-	-	-	-	29
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	(7)	-	-	-	-	-	-	-	(7)
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Provided during the year	1,167	6,703	-	-	-	-	-	-	7,870
At 31 March 2019	8,213	50,648	-	-	-	-	-	-	58,861

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 6.1 (continued) Intangible assets- year ended 31 March 2019

	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 2019	6,729	37,511	-	-	-	-	-	6,763	51,003
At 31 March 2018	4,304	42,519	-	-	-	-	-	319	47,142
Asset financing									
Owned	6,729	37,511	-	-	-	-	-	6,763	51,003
Finance leased	-	-	-	-	-	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2019	6,729	37,511	-	-	-	-	-	6,763	51,003

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:

	2019 £	2018 £
Donations	20	-
Government Grant	726	-
Lottery funding	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 6.2 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 2019

NOTE 6.2 (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 1 April 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	4,304	42,519	-	-	-	-	-	319	47,142
Carrying Amount At 31 March 2018									
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 1 April 2017	1,536	47,525	-	-	-	-	-	1,438	50,499

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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

	2019			
	Property, Plant & Equipment £000s	Intangibles £000s	Financial assets £000s	Total £000s
Total value of impairments for the period	-	8	-	8
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	-	-	-	-
Impairments charged to Statement of Comprehensive Net Expenditure Account	-	8	-	8

	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

NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

The BSO did not hold any assets classified as held for sale in 2018-19 or 2017-18

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 10 INVENTORIES

	2019 £000s	2018 £000s
Goods for resale	10,313	4,220
Total	10,313	4,220

NOTE 11 CASH AND CASH EQUIVALENTS

	2019 £000s	2018 £000s
Balance at 1 st April	3,113	3,521
Net change in cash and cash equivalents	6,945	(408)
Balance at 31st March	10,058	3,113

The following balances at 31 March were held at

	2019 £000s	2018 £000s
Commercial banks and cash in hand	10,058	3,113
Balance at 31st March	10,058	3,113

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 12 TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS

	2019 £000s	2018 £000s
Amounts falling due within one year		
Trade receivables	15,061	14,954
Deposits and advances	-	-
VAT receivable	4,145	3,231
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>19,206</u>	<u>18,185</u>
Prepayments	2,008	1,703
Accrued income	-	-
Current part of PFI and other service concession arrangements prepayment	-	-
Other current assets	<u>2,008</u>	<u>1,703</u>
Carbon reduction commitment	-	-
Intangible current assets	-	-
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>19,206</u>	<u>18,185</u>
TOTAL OTHER CURRENT ASSETS	<u>2,008</u>	<u>1,703</u>
TOTAL INTANGIBLE CURRENT ASSETS		
TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	<u>21,214</u>	<u>19,888</u>

The balances are net of a provision for bad debts of £5k (2017/18: £5k).

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 13 TRADE PAYABLES AND OTHER LIABILITIES

	2019 £000s	2018 £000s
Amounts falling due within one year		
Other taxation and social security	1,733	-
Bank overdraft	-	-
VAT payable	-	-
Trade capital payables – property, plant and equipment	-	118
Trade capital payables – intangibles	-	131
Trade revenue payables	10,107	10,346
Payroll payables	-	-
Clinical negligence payables	-	-
BSO payables	-	-
Other payables	1,203	790
Accruals	14,879	12,369
Accruals - relating to property, plant and equipment	1,511	446
Accruals - relating to intangibles	7,697	4,606
Deferred income	-	35
Trade and other payables	37,130	28,841
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	37,130	28,841
Amounts falling due after more than one year		
Other payables, accruals and deferred income	-	1,186
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
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	37,130	30,027

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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:

	2019 Number	2019 Value £000s	2018 Number	2018 Value £000s
Total bills paid	254,627	141,399	221,519	123,288
Total bills paid within 30 day target	251,418	122,704	218,770	107,805
% of bills paid within 30 day target	99%	87%	99%	87%
Total bills paid within 10 day target	247,592	105,823	214,555	88,363
% of bills paid within 10 day target	97%	75%	97%	72%

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 2019

NOTE 15 PROVISIONS FOR LIABILITIES AND CHARGES – 2019

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 2018	70	414	-	-	158	642
Provided in year	1	10	-	-	48	59
(Provisions not required written back)	-	-	-	-	(56)	(56)
(Provisions utilised in the year)	(5)	(32)	-	-	(9)	(46)
Cost of borrowing (unwinding of discount)	-	-	-	-	-	-
At 31 March 2019	66	392	-	-	141	599

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

	2019 £000s	2018 £000s
Arising during the year	59	69
Reversed unused	(56)	(17)
Cost of borrowing (unwinding of discount)	-	-
Total charge within Operating costs	3	52

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES – 2019

Analysis of expected timing of discounted flows as at 31 March 2019

	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	-	-	141	178
Later than one year and not later than five years	20	127	-	-	-	147
Later than five years	41	233	-	-	-	274
At 31 March 2019	66	392	-	-	141	599

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 2019

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	2017 £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

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	2017 £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, 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 2019

NOTE 16 CAPITAL COMMITMENTS

Contracted capital commitments at 31 March not otherwise included in these financial statements	2019 £000s	2018 £000s
Property, plant and equipment	1,087	1,158
Intangible assets	4,844	3,800
	<u>5,931</u>	<u>4,958</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	2019 £000s	2018 £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	402
Later than one year but not later than five years	476	878
Later than five years	-	-
	<u>878</u>	<u>1,280</u>
Other		
Not later than 1 year	322	322
Later than 1 year and not later than 5 years	886	1,208
Later than 5 years	-	-
	<u>1,208</u>	<u>1,530</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 2019

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 2019 or 31 March 2018.

18.2 On balance sheet (SoFP) PFI Schemes

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet (SoFP) PFI or other service concession transactions was £2,814k (2018: £3,347k). Total future obligations under on-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods:

Service elements due in future periods	2019 £000s	2018 £000s
Due within one year	2,814	2,814
Due later than one year and not later than five years	1,172	3,986
Due later than five years	-	-
	<hr/>	<hr/>
	3,986	6,800

The on balance sheet service concession arrangements included above are as follows:

- NIPACS (10 year contract ending August 2020)

NOTE 19 OTHER FINANCIAL COMMITMENTS

The BSO did not have any other financial commitments at either 31 March 2019 or 31 March 2018.

NOTE 20 CONTINGENT LIABILITIES

Court of Appeal judgment on backdated PSNI Holiday Pay:

On 17 June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the Northern Ireland Civil Service

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

(NICS) and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

The BSO did not have any contingent liabilities at 31 March 2018.

NOTE 20.1 FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT

The BSO did not have any financial guarantees, indemnities and letters of comfort at either 31 March 2019 or 31 March 2018.

NOTE 21 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 to 22 June 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 2019

NOTE 22 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 2019

NOTE 23 Financial Performance Targets

23.1 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:

	2019	2018
	Total	Total
	£000s	£000s
DoH (excludes non cash)	28,836	26,865
Other Government Department	-	-
Non cash RRL (from DoH)	16,241	17,393
Total agreed RRL	<u>45,077</u>	<u>44,258</u>
Adjust for income received re Donations/ Government Grant / Lottery for non current assets	(771)	-
Adjustment for IFRIC 12	<u>(2,814)</u>	<u>(3,347)</u>
Total Revenue Resource Limit to Statement Comprehensive Net Expenditure	<u><u>41,492</u></u>	<u><u>40,911</u></u>

23.2 Capital Resource Limit

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

	2019	2018
	Total	Total
	£000s	£000s
Gross Capital Expenditure	16,347	10,935
Less income received re Donations/ Government Grant / Lottery for non current assets	(771)	-
Less IFRIC 12 spend	(2,814)	(3,347)
(Receipts from sales of fixed assets)	<u>(27)</u>	<u>(18)</u>
Net capital expenditure	12,735	7,570
Capital Resource Limit	<u>12,750</u>	<u>7,591</u>
Overspend/(Underspend) against CRL	<u><u>(15)</u></u>	<u><u>(21)</u></u>

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

23.3 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

	2019	2018
	£000s	£000s
Net Expenditure	(41,453)	(40,857)
RRL	41,492	40,911
Surplus/(Deficit) against RRL	39	54
Break Even cumulative position (opening)	1,484	1,430
Break Even cumulative position (closing)	<u>1,523</u>	<u>1,484</u>

RRL and Income

RRL	41,492	40,911
Income per note 4.1	108,606	103,179
Total for inclusion in materiality test	<u>150,098</u>	<u>144,090</u>

Materiality Test:

	2019	2018
	%	%
Break Even in year position as % of RRL and Income	0.03%	0.04%
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 2019

NOTE 24 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 28 June 2019.

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