



**Business Services
Organisation**

Providing Support to Health and Social Care

**Business Services Organisation
Annual Report and Accounts
For the year ended 31 March 2016**

Business Services Organisation

Annual Report and Accounts

For the year ended 31 March 2016

*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, Social Services
and Public Safety*

on

31 August 2016

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Section A

PERFORMANCE REPORT

PERFORMANCE OVERVIEW

Introduction from the Chairman



Mr Alexander Coleman

Chairman

Welcome to the Annual Report and Accounts 2015-16 of the HSC Business Services Organisation.

I am pleased to present this seventh Annual Report for the BSO. This report describes how, over the last twelve months, our organisation has continued to carry out an increasingly significant essential supporting role within health and social care. That is in no small part due to the energy and commitment of the retiring Chief Executive David Bingham who ably led and developed the BSO since its establishment in 2009.

I would also like to express my sincere thanks to my Non-Executive colleagues on the BSO Board for their dedication to the work of the organisation, including the many site visits and contribution to the various workshops held throughout the year. Together with the members of the Senior Management Team, they have helped to provide clear direction for the organisation during another year of considerable change and challenge.

I continue to be impressed also with the professionalism and diligence of BSO staff as all play their part in the improvement of the health and well-being of the whole population of Northern Ireland.

Please take the opportunity to read this report. It provides many examples of how BSO delivers high quality, value-for-money business services in partnership and collaboration with our stakeholders and customers.

Statement from the Chief Executive



Mr David Bingham
Chief Executive

This is the seventh and last Annual Report I will make as Chief Executive of BSO. It is with mixed feelings that I will leave such a great organisation and the committed and innovative staff who work there.

During the year, Minister Hamilton set out his ambition for reform and transformation of Health and Social Care Service in Northern Ireland. The Minister's vision is for a world class service which puts the patient at the centre. BSO is uniquely positioned to provide professional support and expertise in transforming the health and social care system so that outcomes for patients and clients are improved.

There have been a number of developments which occurred during the past year which will be particularly pertinent to the future plans for BSO. As part of the DHSSPS Review of HSC Administration, the Permanent Secretary requested BSO to undertake scoping studies for a range of functions in April 2015. These functions had been identified as having potential to be provided on a regional basis within HSC. BSO completed the factual scoping studies in conjunction with other HSC organisations by June 2015. Feasibility studies have subsequently been completed in relation to the implementation of expanded shared services in a range of functions and the recommendations on the way forward are awaited.

As part of the HSC transformation, in November 2015 Minister Hamilton announced his intention to move away from the current system of healthcare commissioning in Northern Ireland. The Minister consequently proposed that the Health and Social Care Board should be stood down and its functions transferred to other parts of the HSC system. This proposal was intended to de-layer the HSC system and strengthen its accountability and responsiveness. While legislation will be

needed for any major structural change, BSO will continue to engage positively with our HSC colleagues on the issue of restructuring.

Work will also continue in the coming year and beyond to finalise proposals and implement plans for the provision of further services to one of our newest customers, the Northern Ireland Fire and Rescue Service (NIFRS).

BSO is totally dependent on the dedication of its staff and I am delighted to report that the organisation as a whole achieved re-accreditation of the Investors in People Core Standard. One of the key priorities for BSO during 2016-17 proposed from our annual senior planning events is to continue to attract, retain and develop staff across our wide range of services. I would like to acknowledge the personal contributions and support of the many people I have had the pleasure of working with throughout and beyond the HSC over the years, but particularly those within BSO.

I feel privileged to have been part of the journey of improvement in health and social care and have no doubt that BSO will continue to have a strong influence on the shape of health and social care under the leadership of my successor, Mr Liam McIvor.

Purpose and Activities of the Organisation

Services Provided

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

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

BSO Activity 2015-16 at a Glance



40,678,350

Prescription items processed in 2015/16



75.6%

Overall Staff Engagement Score



£1.3m

Debt Recovery 2015/16



114m

The amount of money that flows through our books each year



1,717,509

Dental Claim forms processed in 2015/16



£5m

New Contract procurement savings achieved in 2015/16



1.5m

Total Invoices paid



400k

Pension payments made



Overall Customer Satisfaction

83.7%

1.4m

Pays issued by Payroll

90%

Health Care Professionals using NIECR each month



52,000

Counter Fraud Website and social media views



50k

IT Service Desk calls



35,000

Emails responded to by HR

Our Mission

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

Strategic Objectives and Values 2015-18

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

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

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

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

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

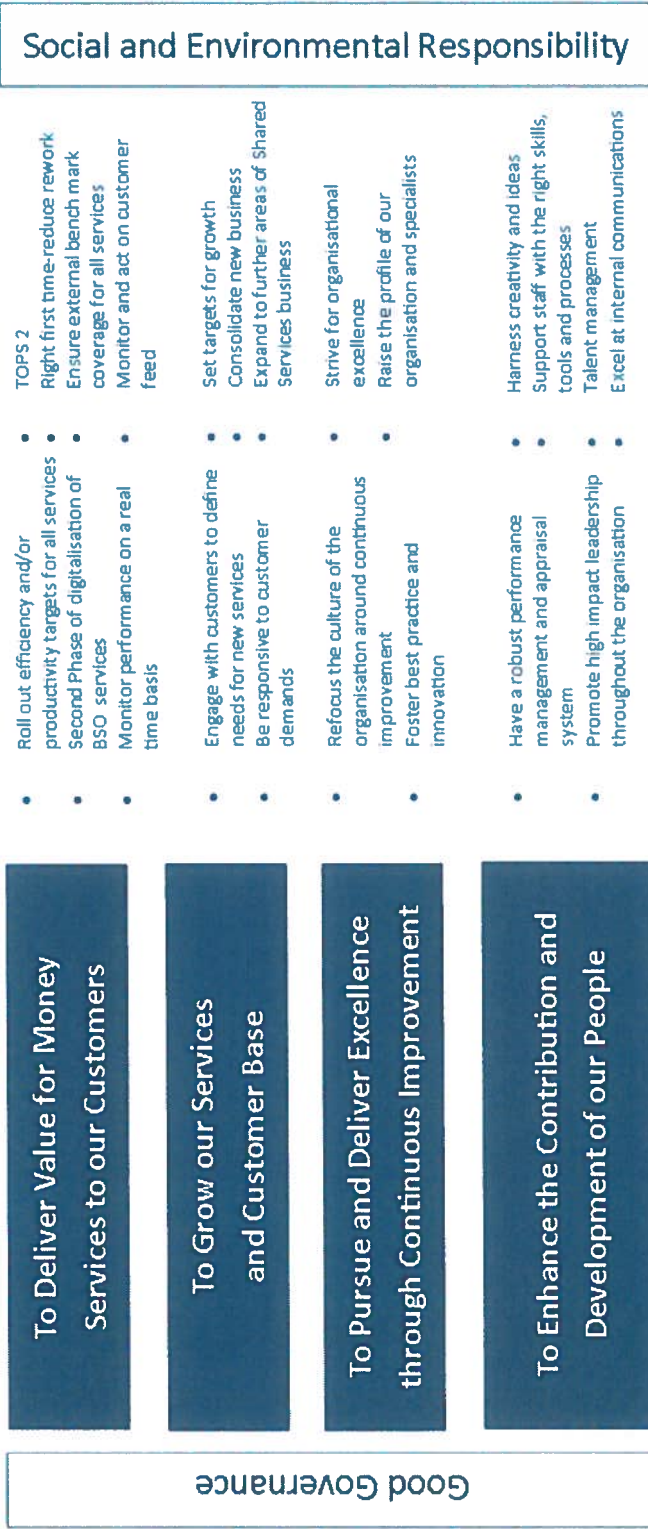
STRATEGIC OBJECTIVES, MISSION & VALUES 2015-18

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

Supporting the Programme for Government and the Public Health Agenda

2015-18 Objectives

Key Elements



Strategic Issues and Risks

Business planning and risk management is at the heart of governance arrangements within BSO. This ensures that statutory obligations and ministerial priorities are properly reflected in the management of business at all levels within the organisation. 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, Social Services and Public Safety (DHSSPS). 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.

As outlined in the Chief Executive's Statement, there have been a number of developments which occurred during 2015-16 which will affect future plans for the BSO. These include Ministerial announcements on the reform and transformation of Health and Social Care, with BSO subsequently being asked to undertake scoping studies for a range of functions with the potential to be provided on a regional, shared service basis.

A further strategic issue associated with the reform of Health and Social Care was the Ministerial proposal to stand down the Health and Social Care Board and transfer its functions to other parts of the HSC system. While legislation will be needed for any major structural change, BSO will engage positively with HSC colleagues on the issue of restructuring.

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 Directorate 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 and quarterly by the BSO Board through 2015-16. Further detail concerning issues and challenges to BSO in 2015-16 and anticipated future issues is contained in the Governance Statement section of this Corporate Governance section of the Annual Report and Accounts 2015-16.

PERFORMANCE ANALYSIS

How Did We Perform in 2015-16?

As part of its annual planning cycle, the BSO held a series of Strategic and Business Planning Workshops with BSO Board members and senior staff in Autumn 2014 which included input from key stakeholders and customers. The results of our annual Customer Satisfaction Survey were also scheduled in order to ensure that account was taken of customer feedback in planning our services.

The outcome of our planning was the creation of a new three-year Corporate Strategy to cover the period 2015-18 which included our Strategic Objectives, Mission and Values and will be supported by an annual Business Plan setting out the key priorities and targets to be delivered during that year. The BSO's mission, which is *"to deliver value for money and high quality business services to Health and Social Care, so contributing to the health and well-being of the population in Northern Ireland"*, remains particularly relevant in the increasingly challenging economic environment.

Our four Strategic Objectives for 2015-18 are:

- *To Deliver Value for Money Services to Our Customers*
- *To Grow our Services and Customer Base*
- *To Pursue and Deliver Excellence through Continuous Improvement and*
- *To Enhance the Contribution and Development of Our People.*

The BSO had a wide range of challenging priorities and targets to meet in 2015-16. These requirements were aligned with our Strategic Objectives and incorporated into our Business Plan with appropriate key actions set against them. The following gives a flavour of our achievements throughout the year, including performance against those priorities and targets.

1. DELIVERING VALUE FOR MONEY SERVICES TO OUR CUSTOMERS

KEY ACHIEVEMENTS:

- By April 2015, we had ***identified a number of internal efficiencies***, including items relating to income, to the value of £0.4m.

- By January 2016, ***the new HSC online Interpreting booking portal had gone live following successful implementation across the five HSC Trusts and GP Services.*** By March 2016, more than 3,000 HSC Staff and Practitioners have registered to use the system and over 20,200 bookings have been submitted for appointments up to December 2016.
- By March 2016, we had achieved ***annual savings on new contracts awarded through Procurement and Logistics Service of almost £5m.*** Savings represent actual cash released to HSC organisations and are based on the achievement of a lower price on a new contract when compared to the old contract price. (The total annualised savings delivered by PaLS on live contracts is almost £14m.)

2. GROWING OUR SERVICES AND CUSTOMER BASE

KEY ACHIEVEMENTS:

- By April 2015, we had developed ***eight new Leadership Training Products linked to key strategic themes (High Impact Leadership, Culture and Engagement, Building Service Reform and Efficiency etc)*** available through the HSC Leadership Centre.
- By April 2015, we had included in the 2015-16 Service Level Agreement between the NI Social Care Council (NISCC) and BSO an arrangement whereby ***BSO Legal Services would take responsibility for investigation, preparation and representation at Conduct Committees on behalf of NISCC.***
- By June 2015, a scoping study of options for the ***rationalisation of data centres*** had been completed and by September 2015 a contract had been awarded.
- By June 2015, ***scoping studies for an expansion of shared services in a range of functions had been completed and submitted to the DHSSPS.***
- By March 2016, we had ***scoped a number of potential new services to the NI Fire and Rescue Service (NIFRS) and the GP Confederation Support Unit.***

3. PURSUING AND DELIVERING EXCELLENCE AND CONTINUOUS IMPROVEMENT

KEY ACHIEVEMENTS:

- Following extensive development and User Acceptance Testing, ***the third, and final, system within the Family Practitioner Payments System project went live at the end of May 2015.*** This new system for General Medical Services made its first payment to GP practices by the end of June 2015.
- By September 2015, the Clinical Education Centre had initiated the delivery of a ***range of programmes to prepare for the new processes for Revalidation for Nurses and Midwives.***
- By September 2015, the ALTAIR system functionality had been signed off with the software provider to allow ***the HSC Pensions Service to meet its new responsibilities re Pension Reform.***
- By October 2015, the Directorate of Legal Services had achieved ***continued re-accreditation to the ISO and Lexcel Quality Awards.*** The accompanying Audit Report noted: *"The Practice continues to demonstrate a high level of compliance..."*
- In February 2016, a temporary IT Audit Manager joined the Internal Audit Team ***to develop IT audit capacity.***
- By March 2016, the Office of Research Ethics Committees NI had become ***the UK leader in terms of meeting nationally set Key Performance Indicators of fast and efficient ethical review of proposed research.***
- By March 2016, we had ***exceeded the standard of paying 95% of undisputed invoices within 30 days and the target of 70% within 10 days.***
- By March 2016, we had ***issued our Service Offering to our customers in conjunction with draft Service Level Agreements for 2016-17.***
- During 2015-16, our Counter Fraud and Probity Services implemented ***a revised exemption checking process on HSC dental and ophthalmic charges claimed.*** This

included the introduction of a new payment facility allowing patients to repay charges by debit/credit card. By March 2016, over 30,000 treatments had been checked, resulting in over 6,000 cases requiring follow up. liaising directly with patients and agencies. The total recoveries for the 2015-16 year are estimated to rise to £70,000, a 40% increase on last year.

- By March 2016, we had achieved international recognition through the Small Business Research Initiative by being awarded €3.65m of European Union funding through the Horizon 2020 programme. BSO, on behalf of HSCNI, is the lead organisation of 14 consortium members across eight EC member states. This funding is being directed towards Pre-Commercial Procurement activities which ***ultimately will aim to improve the quality of life of post stroke patients (Mobile Assistance for Groups in the Community, commonly known as the MAGIC project).***

4. ENHANCING THE CONTRIBUTION AND DEVELOPMENT OF OUR PEOPLE

KEY ACHIEVEMENTS:

- By September 2015, we had delivered and evaluated a range of BSO ***Team Effectiveness Programmes.***
- By December 2015, we had ***achieved re-accreditation of the Investors in People Core Standard.***
- By March 2016, we had ***delivered a wide range of health promoting activities and support for staff such as Annual Health Fairs*** across all main sites in BSO.
- By March 2016, we had ***established and launched a Disability Staff Network for colleagues working in the HSC Agencies*** in line with commitments given in Disability Action Plans. This Forum was open to all members of staff who have a disability, care for someone with a disability, or have an interest in disability.

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, as set out below.

The BSO introduced Environmental Management and Waste Management Policies in 2013, setting out the Organisation's commitment to environmental issues and the responsible management and disposal of waste.

Sustainable Infrastructure

One of the local initiatives to assist in our sustainability drive was the installation of LED lighting in BSO sites. These sites have been fitted with passive infra-red sensors to ensure that lights are not in continuous use unnecessarily. It is calculated that the installation of these lights will reduce our carbon foot print by 7%, with over £1500 being saved per month to date. We have been able to reduce the number of fittings by one third. A similar project installed the same

technology in our PaLS facility and this is calculated to save £19K per annum with further sites in Campsie to be fitted should funding become available.

In 2015, a bid was made under the Carbon Emission Reduction Initiative (CERI) with the funds used to install energy efficient hand dryers across several BSO sites, as £10K was being spent on unrecyclable towels per year. Each hand drying session is equivalent to the use of 27 paper towels. Additional funding was requested in 2016 and all sites now have the most up to date technology where appropriate with the most recent installation being completed in January 2016

We further improved on our gas usage by introducing a condensing multi pump boiler in BSO Headquarters which is expected to increase performance by up to 30%. This installation has also reduced gas costs by approximately £1800 in January and February 2016, compared to the same period last year. Point-of-use boilers have been installed for local supply of hot water in all of our bathrooms, and removing kettles by installing boilers. A further boiler replacement scheme is presently being scoped to improve energy efficiency in the HSC Leadership Centre. Corporate Services are constantly seeking ways to improve on our energy supply. It is a positive indication that our energy ratings since 2012 have been constantly improving, indicating BSO's commitment to a sustainable footprint.

Franklin Street	2014	2015	2016
Energy Performance Rating (100 Typical)	102	97	88
Category	E	D	D
Annual Energy Use - Heating (kWh/m2)	105	111	110
Annual Energy Use - Electricity (kWh/m2)	108	93	86

PaLS Boucher Crescent	2014	2015	2016
Energy Performance Rating (100 Typical)	68	65	54
Category	C	C	C
Annual Energy Use - Heating (kWh/m2)	124	115	108
Annual Energy Use - Electricity (kWh/m2)	52	48	39

PaLS Lissue	2014	2015	2016
Energy Performance Rating (100 Typical)	57	52	57
Category	C	C	C
Annual Energy Use - Heating (kWh/m2)	92	70	80
Annual Energy Use - Electricity (kWh/m2)	49	46	52

Social & Community Involvement



BSO Accounts Payable raised £190 on their Christmas Jumper Day. The money was then spent on toys and gifts for the Cool FM Cash for Kids Appeal.



The amount of money raised by BSO in aid of Cystic Fibrosis was £2986.04



After the success of the second Annual Dinner Dance, held in the Malone Lodge hotel on 2nd October 2015, BSO were delighted to present 'TinyLife' with a cheque for £4,052.



On 24 September, BSO Procurement and Logistics Service staff in PaLS Ballymena hosted a Coffee Morning in support of Macmillan, Cancer Support, which raised a total of £234.

Chief Executive

DATE: 14-June-2016

Section B

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

BSO Board

Chairman

Mr Alexander Coleman

Chief Executive

Mr David Bingham

Non-Executive Directors

Mrs Geraldine Fahy (Until 16 March 2016)

Mr Alan Hanna

Mr Greg Irwin

Mr Sean Mahon

Mrs Hilary McCartan (Until 11 Feb 2016)

Mr Robin McClelland

Mr Brian McMurray

Mr Gerald Strong

Executive Directors

Mr Patrick Anderson, Director of Finance (until 31 May 2015)

Mrs Andrea Henderson, Acting Director of Finance (from 1 June 2015 to 30 April 2016)

Mr Hugh McPoland, Director of Human Resources & Corporate Services

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

Committees of the BSO Board

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

Audit and Assurance

The responsibility for Audit of the BSO rests with the Northern Ireland Audit Office and was delivered by PricewaterhouseCoopers LLP. The Accounts include a non-cash charge of £118,000 for the statutory audit of the 2015-16 Annual Accounts. No other audit or non-audit services were provided to the BSO in 2015-16.

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



Mr David Bingham

Chief Executive (until 31 March 2016)

The Heads of Shared Services, HSC Clinical Education and Leadership Centres reported directly to the Chief Executive of BSO during 2015-16. The Head of Shared Services attended meetings of the Senior Management Team weekly and the Heads of HSC Leadership and Clinical Education Centres on a monthly basis.

Shared Services

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

- Accounts Payable;
- Accounts Receivable;
- 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. This year has proved to be an exceptionally challenging year for Shared Services staff.



At the 2015 BSO Recognition Awards, Maxine Paterson, Head of Accounts Payable Shared Services receives the Chairman's Award for Excellence award from Alex Coleman (Chairman).

Accounts Payable

The Accounts Payable Shared Services Centre (SSC) is based in Greenmount House, Ballymena and from December 2014 had full responsibility for managing the payments function for all of HSC.

The Accounts Payable SSC processes all supplier invoices and payments arising from HSC Organisations' procurement activities, as well as the processing of supplier invoices and payments raised without Purchase Orders.

Accounts Receivable

The Accounts Receivable Shared Services Centre is based in Tyrone and Fermanagh Hospital, Omagh. It manages the operational aspects of the accounts receivable services for the HSC.

Accounts Receivable Shared Services processes all Customer, Product and Invoice requests or amendments which are correctly submitted and authorised by HSC Organisation. The SSC is responsible for the production and despatch of all invoices, including supporting documentation.

In the majority of cases, SSC will be the first and only point of contact with customers who may have an invoice query. The exception to this process will be where there is a prior agreement with an Organisation to print out and send invoices locally, where confidential patient information needs to be attached to invoices.

Full debtors' collection and follow up procedures are also the responsibility of SSC.

Payroll, Travel and Subsistence

The Payroll Shared Services Centre is based in College Street, Belfast managing the operational aspects of the Payroll, Travel and Subsistence services for the HSC.

The Payroll Shared Service Centre (PSSC) is responsible for the end to end processing of standing employee and pay data to produce the employee's pay and ensure that the appropriate financial information has been updated within the organisations accounts.

The Payroll Shared Service Centre processes monthly, fortnightly and weekly payrolls, depending upon the organisational needs. In addition to standard processing, the PSSC will also complete a full year end process to produce tax documents such as the P60 and the P11d and support any annual account activity as required by HSC Employers.

In addition to standard periodic processing, the PSSC also produces off cycle payments to enable payment to employees outside of the normal processing timeframes. The processes for these off cycle payments have not yet been finalised. Once employees have access via self-service to their own employee record, it is envisaged that they will be able to update on-line any changes to their personal details i.e. name, address, bank details etc.

Shared services will also manage all travel and subsistence claims from submission of claim to payment via payroll.

Recruitment & Selection

The Recruitment & Selection Shared Services Centre is based in Rosewood Villa, St Luke's Hospital, Armagh. It manages the recruitment process from approval/authorisation of a post to the issue of the employee contract and creation of the new employee record on the HR system. The Recruitment & Selection Shared Service leads and supports recruitment and selection activities for BSO, Regional Organisations and the Southern Health and Social Care Trust.

Proposals for the dates for the remaining Organisations' transition to Recruitment & Selection Shared Services have been agreed and will complete by September 2016.

Business Services Team

The common system and data administration operations provided by Business Services Team (BST) are closely aligned with the activities of other BSO support functions based in Belfast, including BSO Information Technology Services and BSO Customer Care Directorate.

The Business Services Team (BST) also provides Supplier Master Data Management services, including supplier creation and amendments as well as a dedicated Supplier Enquiry Helpdesk.

Key Achievements and Developments in 2015-16

In addition to the key challenges faced by the establishment and stabilisation of a new Shared Service Centre, were the following significant activities:

- BSO Chairman's Award for Excellence recognised Maxine Paterson for the successful implementation and improvement of the payments service on behalf of the HSC.
- Implementation and rollout of electronic invoicing & billing solutions resulting in a reduction in paper invoices and more efficient invoice processing.
- Accounts Receivable SSC achieved business case targets ahead of timeline.
- Relocation of Payroll SSC into newly refurbished College Street in January 2016.

Performance Metrics

Since the launch of the various centres there has been a significant growth in volumes of activity as summarised below:



1.5m invoices paid
£3bn value of invoices paid



70,000 invoices raised
3,000 credit notes issued



1.4m pays issued
110,000 average pays per month



6,000 requisitions processed



20,000 supplier creations
20,000 supplier amendments
1,000 service desk queries resolved

HSC Regional Interpreting Service

The HCS Regional Interpreting Service is a managed shared service within the responsibility of the Head of Shared Services. The aim of the HSC Regional Interpreting Service is to improve access to Health & Social Care for patients who do not speak English proficiently, through the provision of trained Interpreters to ensure:

1. Clear, accurate and impartial communication between patients, service users and health and social care practitioners
2. That the risks of misdiagnosis and litigation are minimised
3. Consent is truly informed
4. Confidentiality and respect for the dignity of service users
5. Reduction in the use of untrained interpreters (family, friends, children) to eliminate the risk of misunderstanding and misinterpretation
6. HSC Practitioners and Staff can provide a responsive and efficient service

Demand for interpreting continues to increase on an annual basis with 98,000 requests for Interpreters processed during 2015-16 and 97% of bookings successfully fulfilled. The Service currently engages 294 trained and quality controlled registered Interpreters covering a range of 37 different languages.

Key Achievements and Developments in 2015-16

The new HSC online Interpreting booking portal went live on 20 January 2016 following successful implementation across the five HSC Trusts and GP Services. To date more than 3,000 HSC Staff and Practitioners have registered to use the system and over 20,200 bookings have been submitted for appointments up to December 2016.

Looking Ahead to 2016-17

1. The HSC Regional Interpreting Service will continue to work in partnership with the Health and Social Care Board to achieve an appropriate rebalance of face to face and telephone interpreting as recommended by the 2013 Review of Interpreting.
2. The Service is due to participate in the first HSCB-chaired Interpreting Service Regional Advisory Group in 2016. The Group is responsible for the future development of Interpreting Services to ensure quality, timeliness of delivery, accessibility, financial stability and compliance with agreed governance arrangements. Membership of the Group includes HSCB Commissioning, Finance, Integrated Care, Shared Services, Service User Panel, Independent contractors and HSC Trusts. An Interpreting Service User Panel has also been established to enable patient and client representation to improve user experience. Membership of the Service User Panel is to include representation from the Patient and Client Council, NICEM, Bryson Intercultural, Stronger Together network, Chinese Welfare association and the Polish Welfare Association.
3. The Service will continue to roll out Working Well with Interpreters Training to HSC Staff and Practitioners across NI. This tailor-made training programme emphasizes the importance of providing for the needs of ethnic minority communities in terms of access to services, legislation, language need and cultural differences. The training is also

provided to Queens University Belfast School of Medicine and other external agencies as a source of income generation.

4. This coming year will see the launch of a new Interpreting Service leaflet providing detail on the role of the Service within HSC. The leaflet has been translated into a number of different languages to allow both Patients and Practitioners to provide feedback in order to enhance service delivery and improve the quality of Registered Interpreters.

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. During 2015-16 the CEC delivered a wide range of education programmes to support professional development and enable service reform. The CEC also provided education and training on a consultancy basis to voluntary and independent sector organisations.

Key Developments and Achievements in 2015-16

The CEC achieved the targets set within the Service Level Agreement during the financial year. The Service Level Agreement for Nursing and Midwifery was reconfigured for all HSC Trusts at the beginning of 2013 and the year 2015-16 represented the third year of a three year plan. This plan has facilitated a move towards a more equitable distribution of resource following the integration of the former legacy in-service consortia.

The Allied Health Professionals (AHP) Unit continued its delivery of programmes to seven of the AHP groups working within the five HSC Trusts in Northern Ireland. The Unit is on target to achieve the Service Level Agreement target set by the DHSSPS in 2015-16, despite the three month delay in receiving the AHP Education Commissioning Group Plan. This was possible due to the dedication shown by the staff within the Unit and the strong links established with clinicians and professional Heads of Service to ensure programmes meet service need.

A key imperative for the CEC's Nursing and Midwifery Unit through 2015-16 was the continued focus on regionalisation to harmonise working practices and the further standardisation of programmes and products to ensure consistency in quality and content across the region. In addition a number of new programmes were developed in response to local strategic developments. A notable development in this respect has been the work to support the preparedness of the nursing and midwifery workforce for revalidation. Programme design was by necessity heavily influenced by the decisions and timelines of the Nursing and Midwifery Council (NMC) relating to the new processes for revalidation. As a result the CEC initiated the delivery of a range of programmes starting in September 2015. It is pleasing to note that 241 staff attended Revalidation Awareness Sessions. Across the region 963 staff attended Reflective Writing and

Portfolio Building Programmes between September 2015 and February 2016. A further 201 members of staff will have attended or reserved places on programmes running between March and June 2016. In addition, 283 staff have attended a programme on the Confirmer's Role between November 2015 and February 2016 and a further 78 will have attended or reserved a place on the Confirmer's Role programme between March and June 2016.

Following a request from the DHSSPS, the AHP Unit designed and delivered the supervision eLearning training programme for AHPs. The pilot was completed by 104 AHPs from across all seven AHP groups. Following successful evaluation of the pilot which indicated 94% felt better informed about the AHP Supervision Policy, the programme will be rolled out across AHPs working across HSC. This will be complemented by face to face training which will be designed and delivered by the AHP Training Consultant appointed in December 2015.

The AHP Unit worked in close partnership with the regulator, Health and Care Professions Council (HCPC) to support registrants in meeting their Continuing Professional Development standards. This involved the delivery of 10 sessions, to 510 registrants and their managers (free of charge), in various locations across NI, some of which took place in the evening to facilitate release of staff to attend.

Additional non-recurrent funds secured in the year 2015-16 enabled the CEC to obtain new furnishings and fittings to enhance the environment in Fern House and Clady Villa.

Throughout the year via non-recurrent funding the CEC hosted and delivered a number of learning events. Some of these were targeted at uni-professional audiences with others being targeted at multi-professional audiences:

1. Measuring outcomes in Learning Disability Nursing (23 October 2015)
2. Diabetes in Pregnancy (25 November 2015)
3. Ultrasound of the Foot and Ankle for Podiatrists (27 November 2015)
4. Eating Disorders (3 December 2015)
5. Transforming Care in Primary Care (29 February 2016)
6. Solihull Plus Regional Trainers Event (14 March 2016).

The CEC's website (www.cec.hscni.net) has been in place for approximately three years. During 2015-16 the Centre has continued the development of the website and functionality. From a participant perspective, the recently redesigned certificate of attendance (which is generated from the website) now includes a reflective log. This supports NMC and HCPC registrants to reflect on their Continuous Professional Development after completion of a study day. This is of particular importance to Nurses and Midwives in relation to the new requirements for revalidation.

In August 2015 the CEC launched its new universal number (028 9536 1200). This was accompanied by new handsets in two of its four sites. A capital bid has been raised to secure sufficient handsets for the remaining sites.

Recognising the importance of information governance, the CEC has continued to actively participate and contribute to the BSO's Information Governance Management Group (IGMG). In line with this Group's work plan the CEC underwent a records management audit in the Craigavon site in June 2015, the outcome of which was pleasing with a small number of recommendations to support the process of continuous improvement. Work has been progressed to implement a new standardised electronic records management structure across the CEC. Through the IGMG CEC staff made an effective contribution to the regional consultation on Good Management Good Records.

The achievements of a number of CEC staff were recognised throughout the year:

- Maurice Devine, Assistant Head received a MBE for his services to Nursing in the field of learning disabilities in particular
- Sharon Maginn won the Valerie Morrison Award for Excellence in Nurse Education.
- Several of CEC's staff have attended or presented at regional, national or international events including for example:
 - Dr Esther Reid, Midwife Education Consultant was accepted to attend a five day research workshop on "Social Technology Solutions to Postnatal Care" in Florianapolis in Brazil. The workshop ran from 7th to 11th March 2016
 - Majella Doran, Senior Education Manager with Anne Finn (recently retired Nurse Education Consultant) presented at the Commonwealth Nurses and Midwives Conference on 12 & 13 March 2016

- The Head of CEC presented at a recent Ulster University event for pre-registration nursing students on leading in complex situations

Stakeholder Engagement

The CEC held a regional Stakeholder Event during November 2015 in Fern House, Antrim. This provided CEC with the opportunity to support service colleagues to consider the key strategic and professional priorities for learning and development.

Looking Ahead to 2016-17

In 2016-17 the CEC will continue to work closely with the DHSSPS, Trusts, independent and voluntary sector organisations to plan and deliver education. The aim will be to support Nurses, Midwives and Allied Health Professionals to respond to the changing demands associated with a dynamic modern health and social care system.

HSC Leadership Centre

The Leadership Centre is committed to providing products and support to deliver outstanding leadership in the HSC. The business focuses on three product areas:

- Consultancy – bespoke support and products to meet client needs;
- Brochure programmes;
- IT – a wide range of programmes from basic IT skills, Human Resources, Payroll, Travel and Subsistence (HRPTS) and Finance, Procurement and Logistics (FPL) systems support, through to the development of innovative IT solutions to support transformation change.

In the past year we have worked with all organisations across the HSC and we are pleased to add new clients in other organisations connected to our sector.

Key Developments and Achievements in 2015 -16

The Leadership Centre has delivered a high quality service which has fully met the expectations of Service Level Agreements (SLAs) and clients. We have succeeded in attracting new clients for the growth of our business, working closely with the NI Medical and Dental Training Agency (NIMDTA) focusing on the leadership development of doctors in training. We have attracted significant business from the DHSSPS in the commissioning of new leadership development initiatives.

Regional Programmes

This year we launched three new regional senior leadership programmes:

Acumen – aimed at Director/Medical Director level

Proteus – aimed at Assistant Director/AMDs

Aspire – aimed at Service Leads/Clinical Directors

The programmes have content appropriate to the level but follow the same six themes which are:

1. Personal leadership planning
2. Organisational resilience
3. Collaboration across boundaries
4. Innovation and improvement

5. Systems thinking
6. Outcomes based accountability

We are pleased to have representation from senior staff across the programmes. The first modules of each of the programmes have taken place and have been very well received.

In addition, we have launched two programmes aimed at Senior Social Workers, which the DHSSPS is fully funding. We are also delighted to have secured funding for the first time to develop a programme for GPs, aimed at their management and leadership development.

The Regional Succession Planning programme also started during February. Participants at AD level across the HSC are taking part in this programme which will give each participant a bespoke menu of development to prepare them for the next step in their career.

HSC Knowledge Exchange

The Knowledge Exchange was established in February 2014 with the creation of a website and network for people delivering health and social care in Northern Ireland. The website has so far had more than 34,000 visits from 19,000 unique users. It is a place where new policy, news and thinking can be accessed from the UK and global health and social care community (updated at least 2-3 times per week).

In addition all key HSC organisations have submitted case studies of NI specific good practice and improvement work. The network currently has 1,000+ Twitter followers and 500+ forum members with a range of events and network activities being planned for the coming year. Research is underway to identify "Leaders in Field" who can contribute to leading thinking around the issues we face in Northern Ireland.

The Knowledge Exchange is being used both as a system wide events calendar and as a repository of speaker presentations and recordings for access by a wider audience. Membership is diverse and includes GPs, social workers, nurses, students, managers and researchers. As one GP has commented, *"a great resource, now if I only have five minutes between patients I can keep up to date with what's happening"*.

Supporting Improvement and Reform

This year saw a significant increase of in our support for improvement and reform throughout the HSC. We delivered over 400 days supporting 30 major improvement initiatives, an increase of 20% on 2014-15. These included major service reviews, service evaluations and a range of Lean projects across acute, community and support services. As well as working with our core clients, we facilitated improvement projects in GP surgeries and Hospices. We also helped build improvement capacity in organisations, including training Integrated Care Partnership (ICP) colleagues in improvement methodologies.

In addition, we worked closely with the Public Health Agency (PHA) to roll out FISH training (improvements in flow) to over 200 individuals, many of whom are now at practitioner level. Most recently, we have been involved in the roll out of the Department's Quality Attributes Framework and we are currently funded to develop an eLearning package to build knowledge at foundation level – Level 1.

Lessons from Leaders

During the year, the Leadership Centre continued to provide seminars where innovative and inspirational speakers shared their experience with the wider HSC and public sector audience. This series of short 'lessons' is highly valued by the service and we are currently putting together our programme for 2016-17.

IT Services

The Digital solutions and training team has had another productive year, providing eLearning, web solutions and IT training support to the HSC. Our eLearning consultants currently support and maintain eLearning training areas for 16 HSC organisations, with approximately 31,000 users currently registered. The team has also developed bespoke and regional eLearning programmes for use by the service, including Code of Practice for Confidentiality of Service User Information, Clinical Supervision for Allied Health Professionals, Neurological Conditions Awareness and Engage and Involve Awareness. Our Software Solutions Consultants have continued to design and further develop their portfolio of software products. These include Patient and Colleague 360 Feedback, a bespoke staff activity recording system and an online course administration system.

The team were also delighted to be shortlisted for the 2015 HSC eHealth Innovation awards for their regional eLocum system.

Upgrade of Facilities

During 2015-16, we secured additional funding to continue our programme of refurbishment. Works to bring us into line with fire regulations have taken place, but also improvements have been made to the syndicate rooms. The Conference Room, Lounge and Board Room within the Beeches House are being updated at the time of writing.

Recognition Awards

The Leadership Centre team was delighted to win the Healthcare People Management Association (HPMA) 'NI HR Team of the Year' during 2015 – 16. At the same ceremony, one of our consultants picked up the HPMA Professional Award 2015-16 and another, the Development Means Success 'HR Professional of the Year 2016' which spans all sectors in Northern Ireland.

Looking Ahead to 2016-17

In the year ahead our team of experienced consultants will continue to support senior leaders in health, social care and public safety. We will continue to progress under the BSO's Corporate Strategy and provide services in line with our strategic themes of Culture and Engagement, Service Reform and Efficiency and High Impact Leadership Development. We will continue to focus on improving the responsiveness of the Centre to client requests and expanding our business to new clients and areas of work. Our staff are important and we will continue to develop them, providing them with the tools to deliver innovative and high quality services to our clients. We will also participate in research in order to ensure the delivery of safe, effective and innovative services to our patients and clients across the system.

Operations Directorate



Mr Sam Waide

Director of Operations

The Operations Directorate within BSO is the largest and most diverse in terms of service offerings to customers across HSC, working in collaboration with local, national and international organisations to deliver high quality services across HSC Northern Ireland. These service offerings include Procurement and Logistics Service (PaLS), Family Practitioner Services (FPS), Pensions Administration, Counter Fraud & Probity Services (CFPS) and the Small Business Research Initiative (SBRI). In addition, the Directorate has provided leadership and benefits through the Business Services Transformation Programme, specifically leading the Benefits Realisation Project (BRP) throughout 2015-16 and through a successful Programme Gateway review in March 2016.

The following sections demonstrate the diligent work, commitment and successful outcomes provided by staff across the Directorate. In a year where we have experienced considerable change, whilst being positively acknowledged and valued by our customers, key messages are as follows.

PaLS continue to deliver an effective service whilst introducing innovation on a number of fronts. Pensions Administration rank one of the most efficient administrators of Pensions across the UK public sector, achieving this whilst successfully implementing complex changes for adherence to Pension Reform legislation. CFPS continues to deploy more data mining and analytics to

accelerate case reviews and probity coverage for our customers. FPS are transforming how primary care practitioners are submitting payment information in a paperless manner. The BRP team have developed and supported the implementation of new technology to enhance the effectiveness of internal and external facing services across finance and HR related transactions.

The SBRI team achieved international recognition and success by being awarded €3.65m of European Union funding through the Horizon 2020 programme. BSO, on behalf of HSCNI, is the lead organisation of 14 consortium members across eight EC member states. This funding is being directed towards Pre-Commercial Procurement activities which ultimately will aim to improve the quality of life of post stroke patients (Mobile Assistance for Groups in the Community, commonly known as the MAGIC project).

Procurement and Logistics Service

Key Achievements and Developments in 2015-16

The BSO Procurement and Logistics (PaLS) team took a number of significant steps forward in 2015-16 managing its business as well as the delivery of services to HSC clients. These included:

- Client Satisfaction
- Implementation of the new eTendersNI tendering system
- Piloting and introduction of time recording software to our procurement functions
- Harmonisation of warehouse management and financial systems
- Procurement Board Strategic Initiatives
- Success in BSO Recognition Awards

Customer Satisfaction

Following the annual BSO Customer Satisfaction Survey, we were delighted that our scores had improved across all areas surveyed for the second year running. PaLS will strive to sustain client satisfaction and to ensure our services meet their needs.

Implementation of eTendersNI

In financial year 2013-14 we began working with Central Procurement Directorate and other Centres of Procurement Expertise (CoPE) to procure a replacement for the eSourcingNI single tendering portal. The procurement project, known as eTendersNI, completed in early 2014-15. Following the design and development of the final system configuration, PaLS went live with the new system on 1 September 2015. The preparatory work to enable a smooth go-live was considerable and involved development of new standard operating procedures, development of detailed guides for system users and training of all PaLS procurement staff. The implementation went smoothly and support for staff has continued to ensure correct and consistent use of the system. In addition PaLS have provided copies of user guides to other CoPEs and to Antrim and Newtownabbey Borough Council staff to assist them in their implementation. All of this was completed by a small team of dedicated staff and led by the Head of Non-Clinical Procurement. Implementation of the system was achieved by that team whilst also undertaking their normal duties.

Piloting and introduction of time recording software to procurement functions

As part of PaLS work to improve efficiency and deliver added value to our customers, we took the decision to procure a time recording system to enable us to identify and accurately cost work we were carrying out on behalf of clients. The system would also identify pressure points where blockages might occur and help us evidence such instances to our clients. The system was procured in Quarter Three and work undertaken to configure the software to our needs. Mindful of the impact on staff and the importance of developing a system that was workable, we engaged with a cross-section of our procurement staff to assess the activities that needed to be captured. This resulted in an initial pilot with a small group of staff and then a full pilot with two procurement departments before the system went live. We expect that we will be able to see results and begin to make use of the information produced during 2016-17 and beyond.

Harmonisation of warehouse management and financial systems

During the financial year 2014-15 we carried out work to cleanse old data from our warehouse management and financial systems. This work exposed some issues in how the two systems interfaced with each other. During 2015-16 the PaLS Logistics senior team, under the leadership of the Head of Logistics, worked with warehouse staff, colleagues from Finance, colleagues from Benefits Realisation Project and the system contractor to make improvements to the system and associated controls in order to resolve the interfacing problems. This was successfully completed and has made a significant difference to the effectiveness of the warehouse systems.

Procurement Board Strategic Initiatives

During 2015-16 the Permanent Secretary, DHSSPS took over the chairmanship of the Regional Procurement Board. This step has been welcomed by BSO PaLS for the importance it places on procurement as a strategic tool to support health and social care delivery. The Regional Procurement Board agreed three strategic initiatives for 2016-17 to 2018-19 which are:

- Exploitation of New Finance Procurement and Logistics Systems (FPL)
- Demand Management
- Social Care Procurement

Most significant of these initiatives is Social Care Procurement and during 2015-16 PaLS secured agreement from the Regional Procurement Board to establish a central procurement service for a range of social care procurement contracts. The implementation of this service will be a key objective for 2016-17.

Success at BSO Recognition Awards

At the 2015-16 BSO Recognition Awards PaLS won two awards;

- the Innovation Award for the Logistics Team who introduced a KPI Tracker to improve fleet utilisation which resulted in significant savings in distribution costs
- the Team Award for the Capital Equipping Team who introduced a range of contracts to allow direct ordering of small items of equipment by HSC staff reducing manual intervention and supplier lead times.

Performance Metrics

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

Indicator	Corporate Target	SLA Target	Actual PaLS Performance
% Products Supplied on First Request	97.5%	95%	99.4%
Average Processing Time For Non-Stock Requisitions	3 days	5 days	3.7 days
Stock Turnover Ratio	1:9	N/A	1:11.4

Sustainability and Corporate Social Responsibility

This is an area where PaLS continues to work actively in an effort to increase the use of social clauses, improve access to HSC opportunities for local Small / Medium Enterprises (SMEs), conduct environmentally friendly procurement, encourage healthy lifestyle and support our staff in socially responsible activities.

During 2015-16 PaLS has developed a working relationship with the Strategic Investment Board aimed a mutual support in developing and embedding social clauses into service contracts using the Buy Social Toolkit. PaLS have been an active contributor to a range of “Meet The Buyer” events across Northern Ireland where we have engaged with local companies to help them understand how Health and Social Care procures its goods and services. More recently, PaLS have been working with the Belfast Health and Social Care Trust and Healthy Cities to encourage use of more locally produced foods in order to improve the health and wellbeing of patients and staff.

In the area of Corporate Social Responsibility PaLS staff have traditionally been generous of their time to support charitable causes and 2015-16 was no different with over £2700 being raised in twelve different events run by PaLS staff and supported by BSO.

Looking Ahead to 2016-17

It is anticipated that the year ahead for PaLS will see the introduction or mainstreaming of a number of new services by PaLS these will include:

- Social Care Procurement – the implementation, subject to funding, of a team to manage approximately £500m of procurement relating to “services to the person” as described in the Public Contracts Regulations 2015. These are critical services in supporting the care of the population.
- EProc Support Service – this new service will provide support to our clients in order to help maximise the benefits from the newly implemented finance, procurement and logistics systems.
- Data Analysis Service – following the success of our Deep Dive Analyses carried out for Western, South Eastern and Southern HSC Trusts, PaLS has secured agreement from the Regional Procurement Board for the mainstreaming of a data analysis service. This will

support Trusts in identifying savings opportunities within existing contract and highlight areas where further savings might be achieved through benchmarking.

- Expansion of Community Equipment Services in WHSCT – during 2016-17 we expect to go-live with a long-awaited community equipment service extending across all of Western Trust. This will modernise existing services and apply the service models already enjoyed by Belfast and South Eastern Trusts increasing recycling opportunities and providing services to the patients' doorstep.

In addition, PaLS will conduct a substantial number of contract renewals aiming to increase savings delivery and manage cost of products across HSC through effective contracting and supply chain management.

Family Practitioner Services (FPS)

Key Achievements and Developments in 2015-16

Family Practitioner Services (FPS) have delivered a number of key achievements during 2015-16.

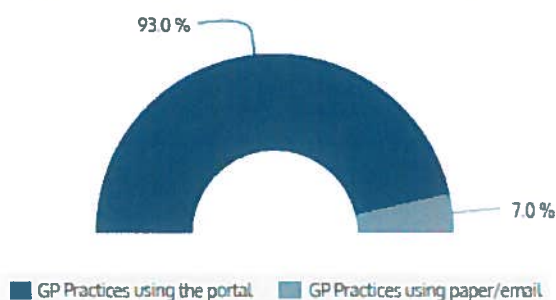
Family Practitioner Payment System (FPPS)

Following extensive development and User Acceptance Testing the third, and final, system within the FPPS project went live at the end of May 2015. This was the new system for General Medical Services (GP practice) payment system and it made the first payment at the end of June 2015. All three of the new systems were developed jointly for FPS by BSO's Information Technology Services (ITS) and a third party software provider. The three systems within FPPS (Pharmaceutical, Dental and GP payment) replaced the 'legacy' payment systems. In 2014-15 the three contractor groups covered by the new systems accounted for £777m of health service expenditure in 2014-15.

The introduction of the three new systems has reduced the risks associated with a number of secondary databases which were deployed to accommodate changes to independent contractors' payments in recent years. During the 2015-16 year FPS realised some recurrent annual savings with the full savings to be realised from the end of the 2016-17 year on. In 2015-16 FPS also carried out much of the preparation for the contractors portals. The portals are key strands in enabling FPS to modernise how contractors submit claims and view reports relating to their payments.

Following a brief period of stabilisation for the General Medical Services (GMS) payment system a series of training events were organised at venues spread across Northern Ireland. These events were attended by GP practices and the pathfinder practices went live with the portal in June 2015. Practices use the portal to submit claims for a range of enhanced services that are commissioned of them by the HSCB. The most up to date portal take up figures are in the table below. In October 2015 a survey was carried out to establish how practices perceived the portal, the results of the survey demonstrated that it was considered an outstanding success by 95% of users who replied to the survey.

GMS Practices (Enhanced Service Claims)



During 2015-16, FPS continued processing high volumes of claims and other activity from primary care contractors. The table below shows the activity across a range of Key Performance Indicators during 2015-16.

FPS Processing Activity	2015-16
Pharmacy prescription forms paid	22,793,495
Pharmacy prescription items paid	40,678,350
Dental Claims paid	1,717,509
Medical registrations	50,854
Medical deductions	36,371
Medical amendments inc. address updates	244,900
Ophthalmic claims paid	708,563
Bowel Screening invitations issued	139,939

Medical

During 2015-16 the Registration team dealt with a range of complex cases for individuals seeking entitlement to be registered for health services in Northern Ireland. The team also worked with the Board and the Directorate of Legal Services in relation to a Judicial Review taken by a member of the public in relation to the FPS assignment process. This process assigns a patient to a specialist practice when the current practice removes a patient from the practice list with immediate effect, following a violent incident.

During the year, FPS learned that the National Health and Infrastructure Services patient registration system would be replaced in England by March 2017. This has caused concerns for a

range of FPS customers given the high dependency on the system for a range of screening programmes. FPS has worked with ITS to consider how the replacement of the system in Northern Ireland should be taken forward.

Ophthalmic Practitioners Web-Based Portal

During 2015-16, significant effort was also put into encouraging Community Ophthalmic Practitioners to make use of a web-based portal. The electronic Ophthalmic Claims and Reporting System (OCS) is an innovative approach to processing ophthalmic claims for payment and for providing contractors with enhanced reporting services. It is designed to make it easier for optometrists to manage their claims, this innovative web-based solution is free for practices to use; essentially a practice needs only a computer and Internet connection to connect.

By the end of the financial year, 76% of ophthalmic contractors were submitting claims via the portal.

GOS PRACTICES	2014-15	2015-16
Ophthalmic Claim System (OCS)	45%	76%
Paper	55%	24%

Looking ahead to 2016-17

During 2016-17 FPS will move ahead with the rollout of Dental and Pharmacy Portals to contractors with plans to make the portal available to all contractors who wish to use them before the end of the financial year.

The FPS workforce plan will articulate how financial benefits will be delivered in 2016-17, with the achievement of these driven mainly by the uptake of FPPS Portals by all contractors.

As on-going continuous improvement activity, FPS managers and staff will identify further system enhancements for design, development, testing and deployment.

FPS is also looking forward to working with BSO ITS colleagues on the proposed replacement of the patient registration system (NHAIS).

Counter Fraud and Probity Services

Counter Fraud and Probity Services (CFPS) provide a range of specialist services to HSC bodies on behalf of DHSSPS. These include:

- Probity activities, (delivering assurances in relation to c£800 million of HSCNI Primary Care expenditure);
- Verification of patient exemptions claimed from statutory dental and ophthalmic charges;
- Fraud prevention activities aimed at increasing fraud awareness;
- Fraud investigations;
- Fraud detection, proactive projects to identify areas at risk from fraud and error;
- Administration of the National Healthy Start Scheme;
- Advice and guidance to HSC staff on health service legislation and policy in respect of entitlement to accessing free healthcare;
- Maintenance of regional fraud reporting database and regional fraud hotline.

Key Achievements / Developments in 2015-16



220+

New Fraud Investigations - 16% increase



£300k+

FDA projected savings across Primary & Secondary health care



90%+

Survey rating of very good or good



52,000+

Views across website and social media platforms

Fraud Prevention

During 2015-16 CFPS continued to deliver a range of activities aimed at increasing the level of fraud awareness held by staff across the HSC. Presentations and awareness events were delivered to over 3,600 HSC staff, a 20% increase on 2014-15. Following the extension to the CFPS remit in matters of financial abuse, CFPS as one of the stakeholders in the NI Adult Safeguarding Partnership, has been working closely with HSCB and HSC Trust Safeguarding Leads to increase awareness of financial abuse. This has involved participation in workshops, delivering presentations and the development of tailored financial abuse literature setting out possible warning signs of financial abuse and the action that should be taken where it is suspected.

With the support of HSC bodies, CFPS once again participated in International Fraud Awareness Week (IFAW) during November 2015. Awareness events were held at key HSC sites and a range of new materials were developed in support of this work. Engagement with the Executive Information Service and HSC Communication Teams resulted in a social media outreach of some 92,000. Local TV and radio interviews led to an estimated audience of 300,000 across digital and printed media platforms.

A regional online fraud awareness survey was once again issued to all HSC organisations during IFAW. The response rate this year increased by 49%. Analysis of the results showed that there is a steady growth in the numbers of staff becoming aware of the role of counter fraud and also their responsibilities to prevent and report HSC frauds.

A regional campaign was undertaken in June 2015 aimed at reducing losses in respect of dental and ophthalmic charges. A range of materials were produced and issued to dental and ophthalmic practitioners.

Fraud Detection

The work undertaken by the Access to Health Care team is varied; remit extending to Primary, Secondary and Social Care and includes:

- *Centre of Expertise* and specialist advice for the HSC;
- *Increased Awareness* and specialist training for HSC staff;
- *Proactive Work* – two secondary care pilot schemes identifying potential savings to HSC of up to £220,000 for a six month period

In 2015-16 the forensic analyst service used the latest techniques/software to detect and prevent fraud. One such improvement identified patients who were ineligible to access health services in NI, assisting in reducing the numbers. Each ineligible patient removed from the Patient Registration System results in a projected saving of approximately £2,000 per patient, per annum. The Access to Health Team has also assisted in the design, development and implementation of new methods of working which are more systematic and compliant with relevant legislation. An electronic assessment aid has also been developed to assist with educating and raising the level of understanding and significantly reduce the numbers accessing health services in Northern Ireland when they are not entitled.

Fraud Investigations

Investigations undertaken are highly varied and complex in nature with the number of cases referred to the investigation team standing at 220. This is a 16% increase from the 2014-15 year when CFPS received 189 new cases. The increase in referrals can be attributed to an increase in fraud awareness across HSC and as a direct result of the extended remit in regard to financial abuse in respect of adults at risk.

As well as investigating and reporting on cases referred the team is sharing learning with HSC bodies with the objective of improving systems and procedures to prevent fraud in the future.

Probity

The Probity team has Service Level Agreement targets with the HSCB which have been met. This year they carried out approximately 400+ post payment verification checks in relation to c£800 million of primary care expenditure. These included visits to GP's and Ophthalmic Practitioners, desktop reviews and checking clinics in respect of community pharmacies and desktop reviews of dental contractors. The team is estimated to recover £120,000+ in the 2015-16 year.

Patient Exemptions

CFPS carry out a range of random exemption checks on HSCNI dental and ophthalmic charges claimed. A review of the exemption checking process conducted in 2015-16 resulted in the introduction of a new payment facility allowing patients to repay charges by debit/credit card. In total, over 30,000+ treatments were checked resulting in over 6,000 cases requiring follow up work which involved liaising directly with patients and agencies. Total recoveries for the 2015-16 year estimated to rise to £70,000, 40% increase on year.

Healthy Start

CFPS continue to administer the Northern Ireland component of the National Healthy Start Scheme, resulting in reimbursements of £500,000+ in relation to the supply of milk to children aged 5 years.

Looking ahead to 2016-17

There are goals including the establishment of two oversight groups for Secondary and Social Care, and development of a Fraud Action Plan to focus on specific areas. These areas include financial abuse, domiciliary care, increased collaborative working through the establishment of Partnership Agreements with HSC organisations to deliver a regional fraud awareness programme, and automation of probity service checks, proactive projects in secondary and social care.

HSC Pensions Service

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

Key Achievements and Developments in 2015-16

During 2015-16, the HSC Pensions Service has;

- Processed 401,549 accurate and timely payroll payments to HSC Pensioners, which equated to 13,385 per WTE (Whole Time Equivalent) per member of staff.
- Provided 4,294 pension estimates, and also processed 588 refunds and 340 transfers of benefits.
- Managed 390 referrals to Occupational Health Service for application for ill health retirement.
- Successfully processed 1,465 GP certificates.
- Managed an automated call distribution system, handling approximately 34,722 calls per annum to assist members and pensioners so that queries are dealt with more efficiently.
- Managed the processing and payment of 1,050 new pensioners to the pension scheme this year.

This year we have continued issuing our GP Practice Staff Newsletter to inform and update practice managers about changes to the HSC Pension scheme and also provide assistance in completion of forms. We have also successfully completed a series of workshops dedicated to GP Practice managers.

In November 2015 the processing of GP Locum claims was transferred to HSC Pension Service from Ballymena FPS. All queries relating to GP pensions are now dealt with in Waterside House. We have been proactively managing our Employers' Forum with representatives from Payroll and Human Resources departments to discuss and assess HSC Pension issues and implications. We participate in Inter-Judiciary Fora between England, Wales, Scotland and Isle of Man. The HSC Pension Service is also a member of the Northern Ireland Public Service Pension Group. In addition, we have been proactively working with the Department of Health, Social Services and Public Safety (DHSSPS) to implement the reformed "*Health and Social Care Pension Scheme 2015*" on 1st April 2015. To assist our members and their employers in the communication and understanding of the new scheme arrangements we produced an easy to read guide for all

employees. Our eLearning package to help educate all members about the new CARE scheme is online and proving very successful.

This year HSC Pension Service has signed an SLA 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.

Despite all the statutory changes we were faced with, a 3.05% growth in Scheme membership and taking on new services such as GP Locum claims and NIFRS, HSC Pension Service is still one of the most cost effective Public Sector Pension Providers. The CIPFA benchmarking exercise indicates that we are the second most efficient provider in comparison with 46 other UK providers whilst still delivering on all SLA and KPI targets.

Looking Ahead to 2016-17

Following on from the introduction of the new CARE scheme there are other activities to be completed

- Protection Opt-out - Identify and issue communication to relevant members
- Choice 2 - Identify and issue communication to relevant members
- Introduction of Annual Benefit statements
- A dedicated Pension Liaison officer to be appointed to work directly with our customers across the HSC family.

Business Services Transformation Programme/ Benefits Realisation

The aim of the Business Services Transformation Programme is to transform and significantly improve the effectiveness of administration in Health and Social Care through the implementation of new Information Technology (IT) systems. The new IT systems play a key role in contributing to improved information quality and more informed decision-making, bringing benefit to patient care and service planning. Reduced operational costs in Human Resources, Finance, Procurement and Logistics functions will translate to savings for reinvestment in frontline services.

With the signing of the Contract Performance Point (CPP) statements, the programme moved from the implementation stage to the realisation of benefits. The SRO and the Programme Board agreed to restructure programme personnel into one team to focus on realising the benefits identified in the Outline Business Case. The team, Benefits Realisation Project (BRP), was established in September 2014 and remained in place until 31 March 2016.

Key Achievements and Developments in 2015-16

- **Finance, Procurement and Logistics (FPL)**

The BRP team assisted Shared Services (Payments and Income) and PaLS to design and implement seven initiatives in 2015-16. A further two are at the testing stage and will be implemented in 2016-17 by BSO.

- **Human Resources, Payroll, Travel and Subsistence (HRPTS)**

The BRP team assisted Payroll Shared Services to design and implement three initiatives in 2015-16. A further three are at the testing stage and will be implemented in 2016-17 by BSO.

BRP took a lead role in a major system upgrade for the HRPTS system. This was done as an enabler to allow further future enhancements. The team also worked with Trusts to document their processes and identified system enhancements for consideration.

Looking Ahead to 2016-17

The BRP was due to stand down at 31 March 2016, subject to a successful BSTP Programme Gateway Review. This review was completed by an independent team between 21-23 March 2016, with the recommendation that the BSTP and consequently BRP could be closed. This closure is subject to the BRP team transitioning remaining activities to the Business Services Team within BSO Shared Services business as usual.

It is a significant achievement to have reached this stage in the programme, and thanks goes to all stakeholders involved, including Trust functional expertise, supplier partners and programme delivery staff, for their dedication and contributions. BSO looks forward to working with key stakeholders in 2016-17 to deliver further success.

Small Business Research Initiative

Small Business Research Initiative (SBRI), also known as Pre-Commercial Procurement (PCP), was introduced into the Health and Social Care System with Business Services Organisation (BSO) leading the improvement process to help find innovative solutions to complex issues within the System. SBRI/ PCP can be used by procurers when no near-to-market solutions are available to meet requirements. It enables the procurement of Research and Development to create and test potential solutions; it involves different suppliers competing through different phases of development.

A Medicines Optimisation SBRI has progressed with six suppliers developing solutions in Phase One and Two suppliers having successfully progressed to Phase Two. In Phase Two the solutions will be tested to scale within Health and Social Care Services and are being designed to ensure compliance with prescribed medication.

An international consortium comprising 14 organisations and led by the BSO has been successful in an application under the 'Societal Challenges' pillar of the European Union's Horizon 2020 funding programme. The project, which is entitled Mobile Assistance for Groups and Individuals in the Community (MAGIC), will receive a European Commission grant of €3.6m (£2.7m) for the development of solutions for post-stroke care. The terms of the grant require that solutions are developed and tested through pre-commercial procurement. The project will run for 52 months, concluding in September 2019, and will involve a three-phase pre-commercial procurement competition. In Phase One up to seven suppliers will be awarded funding for solution development; in Phase Two up to four of these suppliers will receive funding for prototype development; and in Phase Three up to three suppliers will be funded to implement and trial their solutions in Northern Ireland and Italy. The successful suppliers are likely to be SMEs and companies will have the opportunity to tender in the EU-wide procurement.

BSO, in developing the MAGIC project brought together experts across Europe dedicated to enabling a significant change in the delivery of health and care services to empower patients post-stroke. The consortium has recognised a significant gap in care associated with the recovery of such patients, and the need to find a new cost-effective solution. Demographic changes across Europe are such that health and social care systems are failing to keep pace with demand. Currently, a third of stroke patients are discharged from hospital with a significant

change to lifestyle, wellbeing, health status and independence, but community health and care services are not adequately resourced to optimise recovery.

At the close of 2015-16, BSO secured financial support to enable two further SBRI/ PCPs to be developed through winning an application for Northern Ireland Executive's Challenge Fund. Work commenced to prepare for one of these SBRI projects; Home Medication Management for the Elderly to support Domiciliary Care Services (HOME). Project HOME, led by BSO, united many organisations contributing to with the provision of care in the community, for example Trusts, Pharmacists and Domiciliary Care Providers and will see £400,000 invested in a Phase One development in the forthcoming financial year.

Customer Care and Performance Directorate



Mrs Karen Bailey

Director of Customer Care and Performance

The Customer Care and Performance Directorate has both a corporate function to drive improved performance and add value to our customers as well as an operational delivery function. The corporate function is carried out by the Customer Care and Performance team. The operational teams include Information Technology, the Office of Research Ethics Committees NI, Equality and Human Rights and the Honest Broker Services.

Customer Care & Performance

The Customer Care and Performance team comprised an Assistant Director, a Performance Improvement Manager, and a Governance and Risk Officer in 2015-16. During the year the team continued to receive temporary support from 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;
- Facilitation of Service Improvement and Quality initiatives, including benchmarking and creation of the Annual Quality Report;
- Strategic and business planning processes for the organisation;
- Aspects of governance and accountability, including co-ordination of Controls Assurance and risk management arrangements and reporting through the Corporate Risk Register and facilitation of Board Governance Assessment processes;
- Supporting the Accountability Review process and liaison with our Departmental Sponsor Branch;
- Aspects of corporate communications, including production of the monthly staff newsletter, *BSO Business Matters* and the BSO Annual Report.

Key Achievements and Developments in 2015-16

The team shared in the facilitation of a number of workshops at Board level in relation to planning and governance issues. The annual Board Workshop was held in February 2015 to allow Board Members to scrutinise the Corporate Risk Register in detail. Again, an annual Board Workshop on the Corporate Balanced Scorecard was held in March 2016. There was continued input from the team into the Corporate Induction process in relation to risk awareness training and for senior managers involved in the identification and assessment of risks.

BSO is required to achieve a substantive level of compliance in respect of Risk Management and Governance Controls Assurance Standards. Co-ordination and management of this area of work

falls within the remit of the Customer Care and Performance. This year substantive levels of compliance were again achieved with improved scores.

As part of the corporate governance agenda, the Customer Care and Performance team has been significantly involved in supporting the Board in the completion of the Board Governance Self-Assessment required by the Department. The team has also ensured progression with the action plan to ensure compliance with good practice arising from the assessment carried out last year.

As part of its annual planning cycle, the team again organised and facilitated a series of Strategic and Business Planning Workshops in Autumn 2015 with Board members and senior staff which included input from key stakeholders and customers.

The key speaker at the Strategic Planning Event held for the Board members in November 2015 was again the Permanent Secretary of DHSSPS, Mr. Richard Pengelly. The results of the annual BSO Customer Satisfaction Survey were also taken into account in planning services for 2016/17.



Looking Ahead to 2016-17

The Customer Care and Performance team looks forward to working closely with all of our internal and external stakeholders to ensure that the key priorities and objectives set out in the BSO Corporate Strategy and Annual Business Plan are delivered during the coming year.

Equality and Human Rights Service

The Equality and Human Rights Service in the BSO is responsible for facilitating equality, good relations and human rights within the BSO and a number of partner organisations.

Key Achievements and Developments in 2015-16

During the year, we worked with our partners, the regional Health and Social Care (HSC) organisations, to develop a common Good Relations Statement. We launched the statement in the context of a visit to the premises of the Belfast Islamic Centre and an introductory lecture on Islam on 3 March 2016.

Together with our colleagues from the Health and Social Care (HSC) Trusts we jointly progressed the development of a gender identity employment policy. To this end, equality and human resources staff engaged with groups and individuals from the gender identity sector as well as the LGB&T staff forum. Likewise, staff from the regional gender identity service fed into the process.

With regard to the disability agenda, together with the Health and Social Care Board, we led on setting up a Disability Forum for staff working in the regional HSC organisations. In conjunction with our partners we undertook a staff survey and held discussions with staff across the 11 organisations on a future forum, its role, remit and membership. The forum was formally launched on 14 March 2016, sponsored by our partner, the Health and Social Care Board.

This year, we have also been able to grow the work placement scheme for people with a disability. In total, eight individuals began their 26-week placement with us. The scheme is run jointly with the other regional HSC organisations. Overall, 25 opportunities were created in 2015-16; 15 individuals currently participate in the scheme.

We featured two staff awareness days on disabilities during 2015-16. In September 2015, we focused on Hearing Loss. In February 2016, we drew the attention to Learning Disabilities. On both days, staff across a number of our office locations had the opportunity to attend a talk from Action on Hearing Loss, Mencap and the Evergreen Centre. In addition, we provided staff with information materials and signposting information on how to access further support.

During the year, we undertook the Five Year Review of our Equality Scheme.

Looking Ahead to 2016-17

Looking ahead, the coming year will see a number of key initiatives. We will provide support to the Disability Staff Forum. In a first step, this will involve drafting Terms of Reference to reflect the discussions at its inaugural meeting and setting up communication channels. We will also place emphasis on supporting staff to undertake screenings and Equality Impact Assessments, including in relation to new functions and service areas.

The Office for Research Ethics Committee Northern Ireland (ORECNI)

ORECNI is the administrative hub for Health and Social Care (HSC) Ethical review in Northern Ireland and is comprised of the Head of the ORECNI, the HSC Research Ethics (REC) Committee Managers, and the Ethics Assistant. 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 National Research Ethics Service at the Health Research Authority in England and its counterparts in Scotland and Wales.

ORECNI Mission

"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".

ORECNI Objectives

- To support the volunteer-based HSC RECs and link with the National Research Ethics Service;
- Ensure the HSC RECs comply with governance arrangements as set out in the Northern Ireland Research Governance Framework, The UK national policy Governance Arrangements for Research Ethics committees (GAfREC 2011) and the UK Clinical Trials Regulation (2004) and other relevant legislations which impact on research;
- Provide training and administrative support to the HSC RECs;
- Ensure all stakeholders understand arrangements;
- Develop and maintain effective working arrangements with our customers and major stakeholders.

Key Achievements and Developments in 2015-16

During the financial year 2015-16, the ORECNI service considered 128 new studies reviewed at full committee, 67 new studies reviewed by Proportionate ethical review and 169 post approval amendments which took place within the HSC and NHS. The ranges 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 reviewed. It also included ethical approval of research databases or Human Tissue Sample Banks.

The range of research is diverse and includes sponsorship from the HSC, from charities, commercial companies, and universities. The service has met all legal timeframes required under the UK Clinical Trials Directive (2004) and National Standard Operating Procedures and compares well with other parts of the UK in this respect.

This year's BSO customer survey for ORECNI produced very positive feedback on the service provided by the HSC RECs, and the ORECNI staff in particular.

This year has been an important year for the following reasons;

- Through a continuing paperless research ethics service initiative, two out of three of ORECNI's main work stream activities are now totally paperless, reducing printing costs by 60% within nine months.
- The ORECNI is now the UK leader in terms of meeting nationally set Key Performance Indicators of fast and efficient ethical review.
- All committees have been given full quality accreditation by the Health Research Authority London Quality Assurance Department
- It has consistently maintained a very good or excellent standard of customer service as evidenced in the BSO annual customer satisfaction survey.

The ORECNI moved to new premises on 1 February 2016 which are located at;
Business Services Organisation,
Lissue Industrial Estate West,
Moira Road,
Lisburn BT28 2RF

On 15 March 2016 an event was organised by the Office for Research Ethics Committees Northern Ireland (ORECNI) at its new premises. Its primary aim was to provide annual training to its Health and Social Care Research Ethics Committees Members (HSC REC Members).

Training sessions were presented on:

- 'Let us reason together: What is fair ethical review?'
Dr Hugh Davies (Health Research Authority)
- 'Study overview to the committee: How best to present a lead review to a committee audience'
Dr Hugh Davies (Health Research Authority)
- Demonstration of the REC members' web based Portal
Dr Siobhan McGrath (Head of the ORECNI)
- 'Data protection and research', Ms Shauna Dunlop, Information Commissioner's Office
- 'Best way to induct and train new research Ethics Committee members'
Professor Patrick Murphy (Chair of HSC REC B).

All in all, the day was fascinating and productive, was well attended and leaves the service well informed for the future.

Looking Ahead to 2016-17

Our objectives for the next year are:

- Embedding the service at our new premises;
- Maintaining the service despite increasing fiscal challenges;
- Further embedding a paperless approach to ethics review at ethics committee meetings;
- Continuing to achieve a fast ethical turnaround without compromising the quality of the ethical review;
- Training committees and staff so that the quality of the ethical review and customer service remains high;
- Planning for, and managing, an increased workload for ethical review due to the expansion of the BSO Honest Broker Service.

Information Technology Services (ITS)

ITS is responsible for the delivery and support of a wide range of regional ICT Services to HSC organisations in Northern Ireland. In addition to supporting mature 'Business as Usual' (BAU) systems, we are commissioned to deliver major ICT projects to the HSC. This includes the production of complex business cases, management of large procurements, system implementations and a range of on-going support.

ITS continues to grow its customer base and support its customers through growth and transformation.

A number of teams covering IT Operations, Projects, Resources and Delivery, make up a total of 208 employees (163 posts funded from core budget and 45 from the regional ICT programme budget). Most of our team members have third level qualifications in computer science and/or related disciplines. We are well on the way towards achieving a target of 100% ITIL qualified teams by April 2017, (currently at 75%). Many of our team members hold PRINCE 2, and other technical specialist accreditation such as Orchestrator, Cache Systems Management, CISCO UC (CI-IPT1), CCNA and BIG-IP APM.

Key Achievements and Developments in 2015-2016

Projects - eHealth

ITS continue to lead on the development and delivery of the Northern Ireland Electronic Care Record (NIECR). In 2015-16 the eHealth Programme team was the recipient of two awards, the NHSCT Chairman's award for innovation and the inaugural HSCNI eHealth award for innovation. Both awards recognised the introduction of electronic consultant triage for outpatient referrals to secondary care within NIECR. This project involved collaboration between ITS GMS, Integration and NIECR teams to produce a scalable innovation with the capability to underpin outpatient reform initiatives.

The scope of NIECR functionality has continued to grow and the number of users in HSC settings is also expanding:

- Used by HSC professionals to provide care to over 927,000 patients (>50% of population).
- Used by 14,500 health and social care professionals each month (>90% of the medical

workforce) to provide faster, safer, better care to patients and service users.

- Provides a Regional single ordering platform for Radiology diagnostic tests
- Introduction of a holistic, integrated diabetes pathway with over 2,000 registered patients in the South Eastern Trust

Operations - Systems

HSC teams typically print and post over 2.5 million letters between providers each year. Our team has worked with HSC colleagues to introduce systems that will considerably reduce, and eventually eradicate the need to print and post referral, clinic and discharge letters. This Electronic Document Management Framework is now being used to transfer documents created on the HSCNI Patient Administration Systems (PAS).

By the end of March 2016 over 200 of our 350 General Practices will receive documents electronically with the remainder completing in May 2016.

GP practices further benefited from:

- the expansion of the Electronic Referral facility to include Tissue Viability; Occupational Therapy; Obstetrics; and Audiology;
- the introduction of the *eMed3 fit* note that now enables practices to send electronic 'fit notes' to the Department for Social Development;
- the further rollout of Patient Facing Services to enable the public to book GP appointments and order repeat prescriptions online; and
- updates to the QOF (Quality Outcomes Framework) system to reflect activity related payments to GPs in 2015-16.

ITS will facilitate the movement of 104 GP Practices using an older version of the EMIS practice management software to the centrally hosted EMIS Web GP clinical system by September 2016.

ITS teams managed the relocation of 6 GP practices into a single Health Centre in Ballymena in 2015. The ITS GMS team working on this relocation designed a shared server infrastructure that improves performance, reliability and resilience and is providing cost savings to the centre.

Northern Ireland Ambulance Service (NIAS) required a solution similar to GP Out-of-Hours systems for non-urgent cases. To meet this need our teams facilitated the introduction of the *Adastra* computer system, completing the task in March 2016.

ITS teams delivered solutions to other Community Health and Social Service areas:

- Developed an electronic interface to facilitate the transfer of school roll information between Department of Education (C2K) and the Child Health System used by Trusts. This will bring very significant benefits to the scheduling and management of school nurse visits.
- Child Health staff continued to enhance the CHS Data warehouse throughout 2015-2016. This will provide improved, easier access to CHS information which in turn supports delivery and planning. The data warehouse reduces the need for manual collation and increases the scope of accessible, accurate data for analysis.
- Adult and Children Single assessments have been further enhanced in 15-16 with the introduction of functionality to support the 'Looked After Children' pathway in *Unocini* and a streamlining of eNISAT
- The data-warehousing capabilities for SOS CARE and eNISAT data continue to be enhanced. A series of reports and returns have been developed by the community team which will significantly reduce the effort required by Trust staff in meeting the information requirements of the HSCB and DHSSPS.

In 2015-16, we continued to innovate and expand our services in a number of areas:

1. Enhancements to Community Systems have been developed and implemented removing unnecessary duplication and paperwork, saving staff time, speeding up referrals and enhancing patient safety.
2. Annual savings of £300,000 achieved by negotiating a new support contract for the H+CN service.
3. Annual savings of £300,000 achieved by refreshing the GP Network, and significantly increasing bandwidth capacity in the process.

Development (Warehouse & Integration)

The integration team plays a key role in the seamless transfer of information between functions within the HSC. In 2015-16 we provided support to:

- 1,700 system-to-system interfaces;
- The Integration team supports almost 200,000 daily Patient Administration System (PAS) messages to other systems.
- Legacy Human Resources and Finance systems in the transition to the new HRPTS and FPL systems;
- ITS worked with NI Direct to create a public webpage which gives real-time information on average waiting times in hospital emergency departments.

Operations - Infrastructure

The ITS Service Desk answered just over 50,000 calls during 2015-16 relating to Incidents (10 000), Service Requests (40 000) and Change Requests (1000).

ITS continued to experience growth in infrastructure including:

1. Client devices managed by ITS such as workstations and laptops increased by 10% to 2,901
2. Email accounts increased by 15% to 8,400
3. Mobile handsets increased by 4% to 879
4. Remote access accounts to the HSCNI network increased by 60% to 7,285
5. Virtual servers managed increased by 13% to 1,499
6. Managed datacenter storage increased by 13% to 1.2PB
7. Voice over IP telephony handsets increased by 18% to 2,362
8. WiFi Access Points increased by 49% to 366

An HSC-wide PC Refresh of £2.4million was completed. This is less than was spent in previous years due to pressures on capital expenditures across HSC.

Business Cases and Contract Management

ITS renegotiated a substantial number of contracts during 2015-16. This will enable the delivery of monetary savings in the order of approximately £578,000 for 2015-16 for the HSC. This saving is returned to the HSCB, as the commissioner, for redistribution.

Resource Management

In response to business demands, a new Resource Management System has been developed and deployed in ITS that records, monitors and reports the planned and actual resource deployment and utilization in the delivery of Business as Usual (BAU) and associated activities. It has been successfully rolled out into the following functional areas; Warehouse and Integration; Infrastructure; and Resource and Project management. The remaining ITS Functional Areas will be incorporated in 2016-17.

ITS successfully achieved ISO 20000 accreditation in 2015 and has continued to expand the scope of the accreditation throughout 2015-16. ISO 20000 is a global standard that describes the requirements for an information technology service management (ITSM) system. The standard was developed to mirror the best practices described within the ITIL framework. These standards and

approaches give the organisation a template to support our aim of providing the highest quality IT service to our HSC customers. We are continually working to increase the scope of adoption of ISO 20000 across service areas and teams are subject to bi-annual surveillance audits by an approved external auditor. The following Service Areas are currently in scope:

1. E-mail
2. Theatre Management Systems (TMS)
3. Human Resources, Payroll, Travel & Subsistence (HRPTS)
4. Finance Procurement & Logistics (FPL)
5. Electronic Care Record (ECR)
6. Integration

Work is underway to bring NIFRS, Desktop Service, Service Desk, Laboratory Systems, Communications and GMS into scope during 2016-17.

Looking Ahead to 2016-17

The Shared Public Sector Data Centre project is on schedule to deliver two new state of the art datacentres by the end of August 2016 (following the award of contract in September 2015 to BT). The new infrastructure design is on track to be completed and the equipment delivered in September for the Data Centre go-live. Migration of services will begin after a suitable period of testing with the aim to have 30% of services migrated by mid-2017 and all services migrated by March 2018.

ITS is in continued negotiation with the Northern Ireland Fire and Rescue Service (NIFRS) to deliver a managed service from ITS. We have already undertaken a large programme of change within the NIFRS infrastructure and anticipate signing an SLA with the NIFRS in 2016-17 (pending approval from the BSO SMT and Board).

Demand for ITS services continues to increase year on year to meet the increased number of new systems and end-users. Expectations of availability and access to services has also increased with demands for 24/7 availability of systems and access to service-desk support. ITS has addressed the initial demand for 24/7 availability by operating a rolling rota of cover for key infrastructure services and for the GP Out-of-Hours service. We are currently developing costed options for extending the service to 7 day and 24 hour working.

The Northern Ireland Electronic Care Record will continue to expand to include:

- Medicines Review and Reconciliation
- Diagnosis, Procedure and alert coding
- Creation of a single standard Immediate Discharge letter which will be transmitted to General Practice using the Electronic Document Transfer framework
- Establish a platform for acknowledgement of radiology, histopathology and Cytology results
- Key Information Summary (KIS) from GPs – which will share key data such as long term conditions, palliative care elements and relevant medical history via NIECR

A project to replace our aging Health and Care Number Index and our, soon to be decommissioned, NHAIS system has been established and will have made significant progress in 2016-17.

The Electronic Prescribing and Eligibility System (EPES) is the cornerstone system underpinning the calculation and payment of community pharmacy prescription charges plus optical and dental claims. These charges and claims total approximately £1.8million per month. This system has been operational since 2006 and will undergo a major technology refresh in 2016-17. This is projected to require a capital investment of £700,000.

TPA2013 is coming to an end, ITS will lead on a major European Procurement for a replacement £200million framework in 2016-17. A new TPA Ordering System will be rolled out for use by all of our customers. Training is planned for April 2016 with a go live date early May 2016. Revisions will address a number of audit recommendations.

Further referrals types will be added to the Electronic Referral System in 2016-17. These include: District Nursing (BHSCT); various Cardiac services; Dermatology Photo Triage; Paediatrics & CAMHS, Ophthalmology and Dentistry.

Good progress was made in 2015-2016 towards designing a solution to transfer notes electronically when a patient moves to a new GP practice. It is expected that significant progress will be made in 2016-17 towards the delivery and implementation of this solution which will reduce the transfer to minutes rather than the several weeks required currently. The Child Health System team will grow in 2016-17 to provide support and development services securing the medium to long term future of the system.

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 ethically 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 ethically 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.

Background

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.

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 have access to their own data collected for direct patient care, with any other organisation (for example

the Health and Social Care Board or DHSSPS) 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. It provides a more streamlined, secure process for data sharing for the HSC and also for the wider research community. This creates efficiencies and ensures the full benefits of data sharing for public health and well-being, while ensuring Data Protection and Confidentiality requirements are met. Data access is arranged following a formal application process.

The HBS provides greater protection of service user information whilst the needs of secondary users can be satisfied. Under current legislation, it does not share patient identifiable information with anyone, thus strengthening the protection of health and social care data and patient confidentiality, whilst maximising the uses and health service benefits which can be gained from sharing data safely. 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 2015-16

The main priorities for HBS centred around Infrastructure, Security and Governance, Communication and Operating Procedures.

The Regional Data Warehouse is continually growing, expanding the types of dataset held and increasing the numbers of functions and HSC organisations covered.

The HBS website contains a link to all of the guidance and information required by researchers and HSC applicants. It is continuously reviewed and updated to reflect the development and growth of the service.

An HBS Working Group continues to meet to discuss operational issues, which are then fed through to the Honest Broker Governance Board. Sub-Panels of the Governance Board consider and approve research applications.

A secure research 'safe haven' has been established and a research report on a pilot study on Post-Operative Variation in Patient Health was completed in June 2015.

A charging policy for the HBS, including management and administrative overheads, was agreed and introduced in April 2015.

Looking Ahead to 2016-17

It is anticipated that the HBS will continue to grow and develop, presenting a real opportunity for researchers to make a valuable contribution to the future development of health and social care policy. In this way, the Honest Broker Service will ultimately improve the overall health of the people of Northern Ireland.

Finance Directorate



Mr Patrick Anderson
Director of Finance
(Until 31 May 2015)



Mrs Andrea Henderson
Acting Director of Finance
(From 1 June 2015 until 30 April 2016)

Key achievements and developments in 2015-16

Year End Accounts

The BSO achieved its statutory breakeven requirements in 2015-16, arriving at a £71k surplus for the Organisation at the financial year end. During the 2015-16 financial year, the Financial Management Division continued to monitor the financial position of the organisation and has continued the in-year forecasting regime, the Latest Best Estimate (LBE) process.

This process involved, at regular intervals during the financial year, engaging with operational directorates to produce formal projections for year-end outturn. These LBE exercises have strengthened the financial planning process, enabling a timely and more robust assessment of year-end outturn to be made and thereby facilitating actions to be taken where required to manage the 2015-16 year-end position.

The Financial Management team worked with budget holders during the year to give them access to the financial management segment of the FPL system ("Collaborative Planning"). This allows budget holders to review the most up-to-date financial information in their budget areas on-line.

BSO's financial statements for 2015-16 were prepared in accordance with Departmental guidelines. The statements were given an unqualified opinion by the Northern Ireland Audit Office. Having been approved by the Board on 14 June 2016, the financial statements were laid before the Northern Ireland Assembly.

The financial statements for the year ended 31 March 2016 are included in this combined document. The financial statements have been prepared under the direction as outlined in note 1 of these statements.

The Directorate produced 2015-16 statutory accounts on behalf of NISCC, NIGALA, PCC, NIPEC and NIMDTA. During 2015-16 the Directorate continued to provide a full financial and management accounting service to NIMDTA under a temporary arrangement.

As part of Continuing Professional Development, staff from the Finance Directorate attended the Healthcare Financial Management Association (HFMA) NI Branch Annual Conference in November 2015 and the HFMA Final Accounts workshop in February 2016.

Financial Governance

The Directorate services and supports the Organisation's Governance and Audit Committee (GAC) which met four times during 2015-16. The GAC undertook a review of its own effectiveness during October 2015 and concluded that it operates at a high level of effectiveness and conducts its business in accordance with best practice standards. The GAC regularly assesses progress in respect of the implementation of recommendations made by the Heads of Internal and External Audit.

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

Controls Assurance Standards

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

Looking Ahead to 2016-17

In 2016-17 the challenge will be to address any impacts on the directorate structure arising from the outcome of the expansion of shared services work, whilst continuing to service the Organisation and its HSC clients with a high quality financial service delivering accurate, reliable and timely information to support the strategic decision-making process.

**Mr Patrick Anderson resigned from BSO from 31st May 2015. Mrs Andrea Henderson was acting Director of Finance until 30 April 2016. Mrs Wendy Thompson took up post on 1 May 2016.*

Internal Audit

The BSO Internal Audit Service is configured in a two-sector model: South East Sector and North West Sector, and staff are based in Armagh, Ballymena, Belfast and Londonderry. During 2015-16, the Unit delivered Internal Audit services to all arms-length bodies of DHSSPS, including BSO itself. BSO Internal Audit also provided services to one other small organisation during 2015-16.

The Internal Audit Service strives to add value and improve client organisations' operations. The Service does this by delivering a risk based audit plan for each client organisation and providing assurance on the adequacy and effectiveness of risk management, control and governance. During 2015-16, key audit areas for the Internal Audit Service across HSC clients included shared services, embedding of new financial systems in HSC organisations, and Laboratory Procurement and Contract Management.

The Internal Audit Partnership Forum met twice during the year. The purpose of the forum is to provide a mechanism for customers of Internal Audit to ensure the on-going development of the service in line with customer needs and to clearly agree the services required.

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 2015-16

The key objective of the Service is to ensure the delivery of the Internal Audit Annual Plans to all client organisations. The Internal Audit Service issued all 2015-16 audit reports by March 2016. Feedback from client organisations highlighted satisfaction with the steady flow of draft reports issued throughout the financial year, the quality of audit reports and the professionalism of the audit team.

There was a particular focus in 2015-16 on developing IT audit capacity. In February 2016, an IT Audit Manager joined the Unit, as a temporary resource. The Unit also developed its approach to sharing learning across the HSC in 2015-16, through reports to the IA Partnership Forum and a presentation to a DHSSPS Audit Committee Chairs network event.

Looking Ahead to 2016-17

The areas of focus and development for Internal Audit in 2016-17 will include the development of IT auditing within the Unit including improved use of technology in the audit approach.

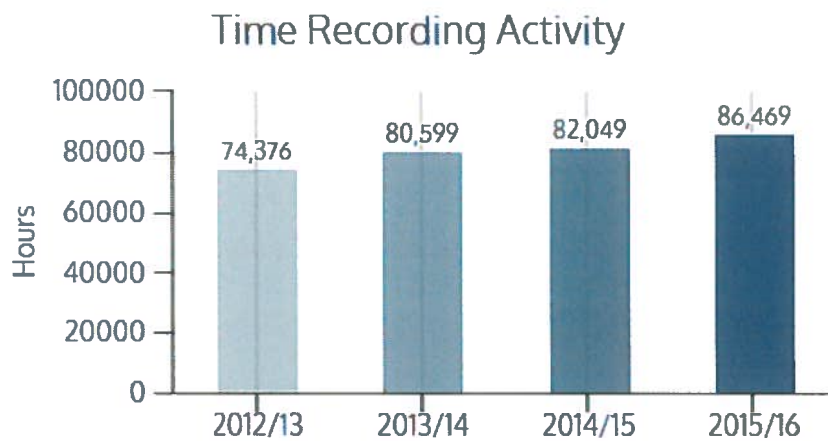
Legal Services Directorate



Mr Alphy Maginness
Chief Legal Advisor

Throughout the year 2015-16 the Directorate of Legal Services (DLS) continued to provide high quality, cost-effective legal services exclusively to all Health and Social Care bodies, with this year being the seventh complete year in which DLS acted for all HSC organisations.

During 2015-16 overall activity levels are estimated to rise by 5.4% compared to those during 2014-15, with the total hours estimated to be estimated at 86,469 hours as shown in the graph below;



Key Achievements and Developments in 2015-16

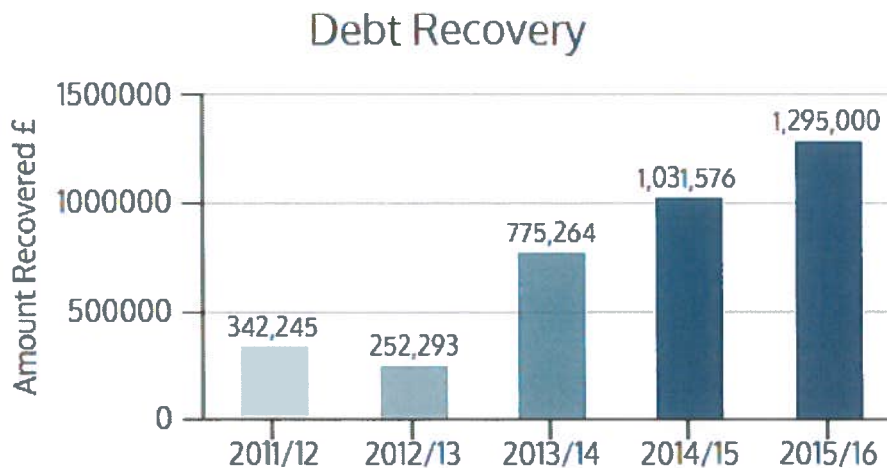
The following key events occurred in the course of the year:

DLS continued the accreditation to the ISO and Lexcel Quality awards following external assessment by SGS on 19th October 2015. The continued accreditation was a significant achievement with the Audit Report noting *“The Practice continues to demonstrate a high level of compliance...supported by the fact that no non-compliances were raised during the assessment”*.

- A Quality of Service survey conducted among clients by the BSO revealed a high level of satisfaction with the service provided in all areas of law. For example;
 - 98% confirmed they were satisfied with the quality of advice received from DLS
 - 100% believed that the DLS portrayed a professional image
 - 98% stated that DLS provided a high standard of service.
- DLS continued with a programme of internal auditing of financial activities to ensure that the financial controls in place are being adhered to and comply with Departmental Circulars.
- DLS continued to provide advice and representation in all core areas of law: it also provided training on a wide range of legal issues, with over 40 training sessions having taken place throughout the year.
- The Directorate is also representing the HSC Board in the Historical Institutional Abuse Inquiry which commenced in January 2014;

Debt Recovery

A total of £1,295,000 has been recovered on behalf of clients in 2015-16 which amounts to over £3.6 Million in the last 5 years, as shown below:



On 1 January 2015 DLS rolled out a new Counsel Panel. The new Panel arrangements continue to include a cap on Counsel Fees which have realised savings of £572,000 in 2015-16; this equates to around £5 Million having been saved since the Counsel Panel arrangements commenced.

In addition to the savings on Counsel Fees, DLS also challenged third party solicitor costs which achieved a saving of £2,217,000 2015-16. Together these two initiatives have saved the HSC sector over £ 2.7 Million this year.

DLS continues to be an Investor in People (IIP), now being part of a BSO wide corporate process. Reaccreditation to IIP was achieved in December 2015.

Looking Ahead to 2016-17

The year 2015-16 was challenging and demanding, not least because of the continuing financial pressures, coupled with the high activity levels. The excellent ratings from the client survey are evidence of the high quality of service provided by DLS. The Directorate continues to identify efficiencies and to maintain the high standards of service to clients it has set over the years. These successes are a tribute to the sheer hard work and commitment of DLS staff throughout the year and staff should be proud of their achievements.

Human Resources and Corporate Services



Mr Hugh McPoland

Director of Human Resources & Corporate Services

Introduction

2015-16 has been a successful and exciting year for HR. In response to growing demands on our service, the team took the opportunity to restructure, realigning roles and responsibilities to deliver a high quality and effective HR service for the organisation and our clients. This has supported the reaccreditation process of Investors in People Status which was successfully achieved in December 2015.

Performance

Notwithstanding the normal routine HR support associated with the day to day working of the organisations we service the past year has seen an immediate impact of the Ministerial announcements regarding restructuring of the HSC. Additional support and has been provided both individually and collectively to affected staff and managers.

The changing environment within the HSC has seen us process 232 Voluntary Exit Schemes estimates which turned into 99 VES applications across the range of organisations we serve. In 2015-16 a revised, more demanding performance indicator meant that we committed to providing Contracts of Employment within nine days of receipt of new start papers. 96% of all contracts were issued within this timescale.

A further feature of 2015-16 was the work we supported in regard to the scoping of potential development of further shared services within the HSC. This is likely to create a challenging HR agenda in the forthcoming year.

Customer Satisfaction Survey

From our customer survey this year we received some very positive responses with over 70% of our customers responding that they were satisfied or very satisfied with the quality of our service and the advice HR provided. Over 80% responded that they found HR staff to be courteous. We know we have further work to do and whilst 65% were happy with the time taken to respond to queries, we aim to work closely with our customers in the year ahead to improve on this and our overall performance.

Policy Review and Absence

2015-16 also saw the commencement of a significant process within HR to review all of our current HR Policies in line with employment legislation, best practice and in consultation with our Trade Union colleagues. This exercise included a major review of the Attendance at Work Policy and the roll out of a series of Policy Awareness Sessions right across the organisation attended by 74% of all staff. The formal training programme to support the Policy was also reviewed in 2015 and to date 83 managers have received formal training to support them manage absence more effectively.

DHSSPS set a target for all HSC organisations to reduce absence by 2.5 % which for BSO equates to a target of 4.52%. As at end of March 2016 our current level of absence is 4.10%. This is well below the Departmental target and reflective of the resource and commitment provided by HR to support the organisation to reduce absenteeism.

Organisation and Workforce Development

During 2015-16, the Organisation Workforce Development Group, which is made up of representatives from all services within BSO, continued to work closely with SMT to embed a culture of professionalism and expertise. This was further enhanced with the establishment of two subgroups to support its work and policy direction. The employee engagement subgroup was established as a result of the staff engagement session which took place in November 2014. An engagement action plan is currently being taken forward with a number of engagement initiatives

suggested by staff themselves, including ideas about appraisals, learning & development, office environment and communication. The regional Staff Survey has highlighted the benefits of this work with an engagement score above the average in HSC and NHS England. The results of the Staff Survey will be the basis of further detailed work.

Health and Wellbeing

A Health and Wellbeing Sub-group was established in 2015 to support and implement the BSO Health and Wellbeing Strategy. Since then we have organised 42 training sessions out of which 35 were focused on Mental Health. The remaining seven sessions were focused on gender specific issues, more specifically gender related cancer and back care.

231 people attended the Mindfulness based stress reduction sessions that were 1.5 hours in length and 126 people attended the half day training sessions on Personal Resilience and Mindful Manager. The Gender Specific Awareness sessions had 82 attendees.

In addition to these training sessions, the Health and Wellbeing team has also organised Health Fairs in various geographical areas including Omagh, Armagh, Ballymena, Londonderry and Belfast. In addition, five Diabetes UK awareness days were held where employees could book a 15 minute slot for a risk assessment with a Diabetes UK volunteer. The results of this initiative are yet to be evaluated however the available slots were 80% filled.

Learning and Development

The "Moving Forward" Management Development Initiative has been rolled out across the BSO and its customer organisations. This has given individuals opportunity to avail of training on a modular basis and has been attended by over 324 staff. Over 1,600 members of staff have participated in face to face, mandatory and e learning programmes.

During the early part of 2015 HR staff have delivered Performance Appraisal training sessions for managers. Improving the appraisal process was a key objective flowing from the engagement event and this training will help to support managers. The target set was 90% of staff by 30 June 2015, to have had an annual appraisal of their performance in 2014-15 and an agreed personal development plan for 2015-16. This target was achieved.

A new Career Pathway was developed and implemented in 2015 to provide a mechanism for band 3 staff in Shared Service Centres to have access to opportunities through the course of their work to

support future progression within the service. 16 members of staff have participated in the programme which is due to complete in June 2016.

Intern Scheme

The HR team continues to provide an Intern Scheme for HSC which this year saw its sixth intake. 42 interns took part in the 50 week placement working across eight HSC organisations. A diverse range of placements were offered including HR, Finance, Cancer & Specialist Medicine, Children's Services, Directorate of Legal Services and Performance and Services Improvement Directorates. A number of the interns have already attained permanent employment and have accredited this to their experience and learning on the scheme.

Change Management/Voluntary Exit Scheme (VES)

In view of the challenging financial targets and ministerial decisions faced by our customer organisations in 2015, the HR team have been working closely with clients to develop and implement effective change management initiatives; this will continue throughout 2016.

As the first HSC organisation to administer the VES Scheme, the HR department worked closely with the DOH to develop the scheme, the application process and produce guidance materials for Managers and staff. To support staff appropriately HR also delivered a series of information sessions across our customer organisations.

The HR team alongside BSO Pension Service and Payroll colleagues dealt with a significant number of staff queries and processed 232 VES estimates and completed 99 applications for voluntary exit during this time.

Other/Regional collaboration

During this time the team have also contributed to a significant amount of regional work including: the procurement and roll out of the 3rd regional HSC 2015 Staff Survey, exploring a Lead Employer model for all Doctors/Dentists in training, development of a new regional Shared Maternity Policy, exploration of international recruitment of Radiologists and participation in a number of work-streams to achieve benefits from HRPTS. HR staff continue to be involved in all aspects of systems

innovation to improve the functionality and experience of HRPTS for staff and Managers across HSC.

In line with our corporate objective to grow our customer base we continued to expand and in 2015 worked collaboratively with a number of our client organisations and new organisations to explore service offerings in respect of corporate services, and HR as a result will be providing new services to clients in 2016.

Looking Forward to 2016-17

A key priority for HR in the coming year will be to explore the results of the Organisation's Staff Survey in conjunction with the recommendations from IIP and of course taking into consideration our customer satisfaction report. A plan of work will be necessary in order to understand the issues raised and we will engage directly with our staff to share the findings, seek their views and establish a way forward.

The continuing roll out of the Shared Service agenda remains a key priority and a challenge for the HR Directorate as we will inevitably face complex workforce issues arising out of changes happening across HSC. We continue to evolve and increase our customer base with new services being explored with the new GP Federation.

The need for accurate business information to support management will continue to grow and HR will strive to take forward innovative ideas in relation to HR analytics and report generation to support client needs.

In 2016 we will continue to deliver training and development programmes and this year plan to develop further training for Managers to further develop their skills and confidence in dealing with employee relations matters and refresher training on key aspects of management responsibility within the HRPTS system.

Health and Wellbeing will remain high on our agenda as we engage collaboratively with other HSC organisations to share resource and proactively encourage staff to take responsibility for their own Health and Wellbeing.

Corporate Services

BSO self-assessment of the Information Management Controls Assurance Standard indicated substantive compliance in 2015-16. The self-assessment, along with a recent review by Internal Audit, highlighted a number of areas for improvement. An improvement plan has been agreed by BSO Senior Management Team in March 2016 and is scheduled to be reported to the Business Committee and the Board in April 2016 for ratification. Progress is on-going with the plan.

During the year a total of 237 members of staff attended a multi-faceted training event in respect of Information Governance, Fire Safety and Health & Safety. This is now a rolling training event which is now held on the last Friday of every month to ensure BSO staff are kept up to date with their awareness and obligations. For 2016-17, a new contract is now in place to train Information Asset Officers.

In 2015-16, the BSO processed a total of 137 Freedom of Information requests (FOI), an increase of 20% on the previous year. In accordance with the publication scheme, redacted versions of FOI requests are now being published on the BSO website. This enables BSO to direct requesters to the BSO website when multiple requests for the same or similar information are received at certain times within the financial year, especially with regard to contracts.

During 2015-16, the BSO processed 124 Data Protection requests, a marginal decrease on the previous year. There has been a continuous rise in the number of FOI and Data Protection requests received in relation to recruitment and selection. It is anticipated that there will be a further substantial rise in requests as Shared Services take on recruitment for additional Trusts. In addition, a further 539 requests were processed under section 29 of the Data Protection Act which relates to criminal investigations for authorised agencies.

There were no serious adverse incidents reported for information-related breaches during 2015-16.

During 2015-16, BSO investigated 48 formal complaints. This has been a slight decrease on the previous year (51 complaints). The main trend for complaints continues to be the result of the implementation of Payroll and Shared Services and the level of service it provides.

During 2015-16, the corporate management arrangements relating to the Business Continuity Plan were tested and reported to the Board. Testing comprised of a corporate desktop exercise which took place in February 2016 and service-specific desktop exercises to test the arrangements defined in the Plan.

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES.

Under Health and Social Care (Reform) Act (Northern Ireland) 2009, the Department of Health, Social Services and Public Safety 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, Social Services and Public Safety including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- make judgements and estimates on a reasonable basis.
- state whether applicable accounting standards as set out in FREM have been followed, and disclose and explain any material departures in the financial statements.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Business Services Organisation will continue in operation.
- keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Business Services Organisation.
- pursue and demonstrate value for money in the services the Business Services Organisation provides and in its use of public assets and the resources it controls.

The Permanent Secretary of the Department of Health, Social Services and Public Safety, as Principle Accounting Officer for Health and Personal Social Services 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, Social Services and Public Safety.

GOVERNANCE STATEMENT

1. INTRODUCTION

I am pleased to introduce the Governance Statement for 2015-16, which explains the Business Services Organisation (BSO) approach to corporate governance and how it operates in practice. The Statement also provides an account of the BSO Board and Committees, including reference to the Board's performance and effectiveness.

In addition, it represents a medium for the Accounting Officer to highlight significant control issues which have been identified during the year and those previously reported which have been addressed or are continuing within the BSO.

The Governance Statement forms an integral component of the Annual Report and Accounts.

2. 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, Social Services and Public Safety ("the Department").

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

- **Management Statement and Financial Memorandum**

The BSO relationship with the DHSSPS is set out in this document. There are formal accountability meetings in place between the DHSSPS and the BSO in addition to on-going informal liaison.

- **Service Level Agreements with Client Organisations**

During the year ended 31 March 2016, Service Level Agreements (SLAs) were issued 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 have been established in each of the Directorates with client organisations, each have an agreed Terms of Reference by which business is conducted.

Meetings of each forum take place at least twice a year. In addition to individual partnership forums a Shared Services Regional Forum was established in January 2015.

2.2 The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance adequacy and effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives; and evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

2.4 Business Services Transformation Programme (BSTP)/ Benefits Realisation Programme

In May 2010 oversight for BSTP transferred to the BSO. The role of the BSO within the overall programme and management structure is to coordinate, direct, resource and oversee the implementation of the BSTP and related projects in order to deliver the expected outcomes and benefits within the agreed financial resources and timescales. As Accounting Officer for the BSO, I have the responsibility for expenditure of the delegated budget. Appropriate governance arrangements for BSTP are in place which clearly outline the roles and responsibilities of all parties concerned, i.e. DHSSPS, Senior Responsible Officer, BSO and other HSC Organisations.

2.5 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. Each project is assigned a Senior Responsible Owner (SRO) who is typically outside of BSO unless the project relates directly to BSO business or regional infrastructure. BSO ITS provides a project management service and manages project expenditure, but the on-going performance of these projects will continue to be the responsibility of the SRO and will be monitored through project management arrangements agreed with the SRO and HSCB. The BSO resources used to project manage and enable delivery of the projects are managed by a commissioning agreement with HSCB and will follow BSO ITS project

management guidelines. HSCB is responsible for commissioning the projects and allocating the required project budgets to the BSO on an annual basis. Robust monitoring arrangements for project oversight exist within the BSO. BSO and HSCB have agreed a number of measures to strengthen the commissioning arrangements in line with the recommendations of the Gartner Review. These include earlier development and agreement of the commissioning plan and the identification of project and operational tasks to a suitable level of granularity. Appropriate oversight arrangements at a corporate level within BSO and HSCB are operational, with formal progress and exception reporting on a monthly basis. BSO is responsible for ensuring that programme funding is spent in line with the annual spend projections agreed between BSO and HSCB for each project (or any adjustments agreed to these in year), and that any exceptions are reported in a timely way to HSCB, and that BSO ITS project management resources are delivered in line with the HSCB commissioning agreements.

2.6 Administered Services

The BSO, on instruction from the DHSSPS, undertakes payment arrangements for a range of services, namely, Bursaries for Nurse Training, Healthy Start Initiative, Supplement for Undergraduate Medical and Dental Education (SUMDE) and Regional Training Schemes for which total funding of approximately £18m is received via the Revenue Resource Limit (RRL). BSO also makes payments for Interpreting Services on behalf of HSCB totalling approximately £4m.

3. COMPLIANCE WITH CORPORATE GOVERNANCE BEST PRACTICE

The BSO applies the principles of good practice in Corporate Governance and continues to further strengthen its governance arrangements. The BSO does this by undertaking continuous assessment of its compliance with Corporate Governance best practice through completion of the Governance Controls Assurance Standard and by assessing the BSO Governance arrangements against the Departmental ALB Assessment tool. This process puts in place a process for regular evaluation of BSO Board effectiveness.

3.1 The BSO undertook its annual Board Governance self-assessment for submission to the Business Committee and BSO Board meetings in April 2016. The Board Governance self-assessment 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 DHSSPS advised, in October 2015, that it considers the practice of completing the self-assessment tool to be well embedded in each organisation and no longer wishes to receive the completed pro-forma by a prescribed date. However, BSO will be asked to provide assurance (though the accountability review process and from 2016-17 onwards in the mid-year assurance statement) that the assessment is being completed. It is further expected that any actions will be addressed and any exception issues raised with the DHSSPS.

4. GOVERNANCE FRAMEWORK

In my role as Accounting Officer, I operate with the support of the Board. This includes highlighting to the Board specific business implications or risks and, where appropriate, the measures that could be employed to cost effectively manage these risks or implications. I am also accountable to the Minister for Health, Social Services and Public Safety, and ultimately to Parliament and the Public Accounts Committee, for the services the Organisation provides, and for the effective and economical use of taxpayers' money.

4.1 Attendance and Membership of the Board and its Sub Committees

The BSO Board met on twelve occasions, the Governance and Audit Committee (GAC) four, the Remuneration and Terms of Service Committee (REM) once and the Business Committee (BUS) six.

Non-Executive Directors	BOARD	SUB COMMITTEES OF BOARD		
		GAC	REM	BUS
Mr Alexander Coleman	12	-	1	-
Mr Alan Hanna	12	-	1	6
Mr Greg Irwin	9	-	0	6
Mr Sean Mahon	9	-	1	3
Mr Gerry Strong	11	-	1	6
Mr Brian McMurray	11	4	-	-
Mrs Geraldine Fahy ¹	9	2	-	-
Mrs Hilary McCartan ²	8	4	-	-
Mr Robin McClelland	12	4	-	-
Executive Directors				
Mr David Bingham (Chief Executive)	12	2	-	-
Mr Patrick Anderson ³ (Director of Finance)	2	1	-	-
Mrs Andrea Henderson ⁴ (Acting Dir of Finance)	7	3	-	-

Mr Hugh McPoland (Director of HR&CS)	11	-	1	6
Mr Sam Waide (Director of Operations)	12	-	-	-
Please note that where a dash has been inserted this Director does not sit on this Committee.				
¹ Until March 16, ² Until Feb 16, ³ Until May 2015, ⁴ From June 2015				

The BSO Board met on twelve occasions, the Governance and Audit Committee (GAC) four, the Remuneration and Terms of Service Committee (REM) once and the Business Committee (BUS) six.

4.2 Role of the Board

The Board has a key role in overseeing the sound financial management and corporate governance within the Organisation and closely monitors progress in the achievement of key objectives and priorities as set out in the Corporate Strategy including Service Delivery Plan. The Board of the 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;
- the operation of the Business Committee;
- the Management of Information Systems.

4.3 The system of internal financial control is based on a framework of regular financial information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. In particular it includes:-

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board;
- regular, formal in-year forecasts (or latest best estimates – LBEs) which are submitted to the Board for noting;

- monthly reviews by the Board of financial reports which indicate financial performance against forecast;
- setting targets to measure financial and other performances;
- clearly defined capital investment control guidelines;
- formal budget management disciplines, e.g. monthly reports and variance analysis.

4.4 Register of Interests

The BSO maintains a register of Non-Executive Directors' interests to ensure that their duties elsewhere do not conflict with their work in the BSO. Non-Executive Directors are required to declare any conflicts promptly. The Board were asked to update the Register in March 2016 which confirmed that there were no new interests that created a potential conflict.

4.5 Role of the Governance and Audit Committee (GAC)

The GAC is a Sub Committee of the Board and supported the Board during 2015-16 by:

Scrutinising:

- BSO Financial Statements
- Internal and External Audit Findings

Reviewing:

- Governance Statement
- Mid-Year Assurance Statement
- Annual Internal Audit Strategy
- External Audit Strategy
- BSO Standing Orders and other relevant Policies
- BSO Direct Award Contracts/Single Tender Actions Register

Monitoring:

- Progress of Audit recommendations
- Fraud/Whistle Blowing Reports
- National Fraud Initiative
- Internal Audit Report on Controls Assurances Standards

The BSO Board includes risk management within its remit, with the GAC overseeing risk assurance processes. The Committee conducts annual self-assessments of its effectiveness against this remit.

4.6 Role of the Remuneration and Terms of Service

The Remuneration and Terms of Service Committee is a Sub Committee of the Board and its role is to advise the Board about appropriate remuneration and terms of service for the Chief Executive and other Senior Executives. The main functions of the Committee are to:

- Make decisions on behalf of the BSO Board on the total remuneration and terms of service package for Executive Directors, Senior Executives and Senior Managers which reflect DHSSPS Circulars and determinations
- Oversee:
 - The proper functioning of performance and appraisal systems including knowledge and skills
 - The appropriate contractual arrangements for all staff
- Monitor:
 - A remuneration strategy that reflects national agreement and department policy
 - The application of the remuneration strategy to ensure adherence to all equality legislation

4.7 Role of the Business Committee

During the 2014-15 year the BSO Board established a new sub Committee of the Board known as the Business Committee. The appointment of this Committee increases the capacity of the BSO Board to oversee the running of the Organisation and provide assurance to members that sufficient time is being spent scrutinising organisational performance. The Business Committee supports the Board by:

- Scrutinising:
 - BSO's handling of complaints, FOIs and other administrative matters
 - Policies and procedures for all work related to Information Management
- Reviewing/Monitoring:
 - Reports on Human Resources and Corporate Services matters
 - Performance in relation to delivery on SLAs

- Implementation of major change projects in BSO as delegated by and on behalf of the Board
- Seeking/providing assurances on:
 - Management of serious adverse incidents
 - Organisational process for Information Management

4.9 Senior Management Team

As Accounting Officer, I am supported by my Senior Management Team (SMT) which comprises of BSO Directors. It provides a weekly forum for the consideration and endorsement of corporate business, handling of emerging issues and provides a quality assurance process for Board papers; with papers being reviewed at the preceding SMT meeting. The Head of Shared Services attends SMT weekly and the Heads of HSC Leadership Centre and Clinical Education Centre attend monthly.

SMT also provides a fundamental management assurance framework, to assist the Accounting Officer, to identify potential areas of concern and focus resources to remedy these. This framework requires each Director to report on internal control within their Directorates both at SMT and at individual regular accountability meetings with the Accounting Officer.

5. BUSINESS PLANNING AND RISK MANAGEMENT

5.1 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. The BSO is an Arm's Length Body and is required to take its lead from the wider strategic vision and goals of the Department of Health, Social Services and Public Safety (DHSSPS). 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 which takes account of its social and environmental responsibilities.

5.2 As part of its annual planning cycle, the BSO has held a series of Strategic and Business Planning Workshops in Autumn 2015 with Board members and senior staff which included input from key stakeholders and customers. The key speaker at the Strategic Planning Event held for the Board members in November 2015 was the Permanent Secretary of DHSSPS. Account was also

taken of the results of the annual BSO Customer Satisfaction Survey in planning services for 2016-17.

A three year BSO Corporate Strategy covers the period 2015-18 which includes Mission and Strategic Objectives and Values to enable BSO to deliver to its Mission. The Corporate Strategy is supported by an Annual Business Plan setting out the key priorities and objectives to be delivered during that year. The BSO's mission, "to deliver value for money and high quality business services to Health and Social Care, so contributing to the health and well-being of the population in Northern Ireland" remains particularly relevant in the increasingly challenging economic environment.

The BSO Strategic Objectives which provide a focus for the period 2015-18 are:

- To Deliver Value for Money Services to our Customers;
- To Grow our Services and Customer Base;
- To Pursue and Deliver Excellence through Continuous Improvement;
- To Enhance the Contribution and Development of Our People.

The agreed Values to take the organisation forward during the same period are:

- Respect for Staff and Customers;
- Accountability in how we Deliver our Services;
- Transparency, Openness and Trust;
- Partnership and Collaboration with our Stakeholders and Customers;
- Professionalism and Expertise.

5.3 Following the annual planning workshops held in Autumn 2015, BSO produced a draft Annual Business Plan containing 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. BSO has continued to engage with Sponsor Branch in relation to the content of the draft Annual Business Plan. Both have also been updated on an on-going basis in light of DHSSPS communication on the Review of Health and Social Care Administrative Structures. The BSO Annual Business Plan requires formal approval by DHSSPS Sponsor Branch.

5.4 To date, it has been the practice for the DHSSPS to utilise the BSO Business Plans as a basis for accountability reviews and checks progress periodically throughout the year. The BSO also uses the 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. Strategic and business plans are driven beyond the BSO corporate 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 form the basis of work for Directors, Assistant Directors, Managers and Staff across the organisation and of individual and team performance appraisals.

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

5.6 Corporate Risk Register which quantifies strategic risks and outlines controls / assurances and action plans approved by the BSO Board to ensure the focused and effective management of these risks. It is comprised of risks that have been identified to the achievement of the BSO Strategic Objectives and other significant risks that have / may arise in year. The Corporate Risk Register is operationally managed by SMT who review the risks on a monthly basis. A Corporate Risk & Assurance Report is presented quarterly to the Board. In February 2016, the annual Board Corporate Risk Workshop was held to allow Board members to reflect on the BSO approach to risk management, review the risks on the Corporate Risk Register and identify any gaps.

5.7 Directorate/Service Area Risk Register which 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 Directorate and it is the direct responsibility of the various Directors to manage the risks in their respective areas. Directorate / Service Area Risk Registers are operationally managed at local level and Assistant Directors /Senior Managers report quarterly to their Director. Action Plans are developed for all risks classified as Extreme, High or Medium and progress on actions is monitored quarterly by SMT and the GAC.

5.8 Risks to the management of information / data security are regularly reviewed by the Information Governance Management Group, representatives of which are drawn from the Senior Managers cadre across the BSO.

5.9 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 assessing risks for their service area.

5.10 A Risk Management Strategy and associated policies & procedures are in place, which describe the arrangements for embedding risk management in the activities of the BSO, through processes for identifying, assessing and responding to risks and incidents. These were reviewed in 2015, and approved by SMT and the Governance & Audit Committee. The strategy and policies are scheduled again for review in 2017. The Senior Management Team has been responsible for the development, management and implementation of the BSO's Risk Management Strategy. The monitoring arrangements in place within the Strategy require progress reports on risk actions to the appropriate level - Board, GAC, Senior Management Team and Directors.

5.11 Leadership /Training / Lessons Learnt in Risk Management

Overall responsibility for risk management rests with the BSO Board, with responsibility for the implementation assigned to the Chief Executive. The Director of Finance is the Board's Accountable Officer for Risk Management, which is delivered through the Directorate of Customer Care and Performance.

Leadership is given to the risk management process by BSO Directors who are operationally responsible for the management of risks within their respective Directorates in accordance with BSO Risk Management Policies and Procedures. Risk Management is a core component of the job description of all senior managers within the organisation. A risk management training session was delivered in March 2016 through the HSC Leadership Centre. This was designed for Assistant Directors/Heads of Service and those with responsibility for identifying and evaluating risks as well as maintaining a service risk register. In addition Risk Awareness training has been included in the formal BSO Corporate Induction programme with effect from January 2014. Future training will be reviewed on a regular basis.

6. INFORMATION RISK

6.1 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 the Information Governance Management Group, representatives of which are drawn from across the BSO. This Group reports to the BSO Board/Business Committee and the BSO Senior Management Team via the Director of Human Resources and Corporate Services.

6.2 The arrangements in place to manage information risk include:

- The Director of Human Resources and Corporate Services is the Senior Information Risk Officer of the Organisation. The Director of Legal Services is The Personal Data Guardian. They regularly review information to ensure that it is appropriately protected
- Information Asset Owners (IAO) are in place to reduce the risk to personal information within each Directorate
- Directorate Information Assets Registers are reviewed regularly and updated
- IAOs are aware of their responsibilities to ensure that information is securely stored; access controlled and disposed of appropriately
- Regular mandatory training is delivered to all BSO staff, providing them with an up to date understanding of information governance issues and risks
- BSO ICT Security Policy and associated policies such as use of equipment e-mail and internet
- A detailed action plan for 2015-16 to assist in ensuring compliance with the Controls Assurance Standard for Information Management

6.3 The BSO also has a Records Management Policy Statement underpinning its records management arrangements. Appropriate guidance, central controls and a disposal schedule process based on good management good records guidance govern the retention and disposal of BSO records.

6.4 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.

7. PUBLIC STAKEHOLDER INVOLVEMENT

The BSO is not required by statute to establish appropriate governance arrangements to involve and consult with service users, however, the BSO recognise that effective involvement is a key component in the delivery of a high quality service. Customer Forums have been established and customer and staff surveys undertaken to ensure that appropriate and proportionate measures are in place to ensure 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.

8. ASSURANCE

The BSO receives assurances through the following internal control frameworks, the detail of which is set out below:

- Financial Control
- Management Assurance
- Controls Assurance Process and Action Plans
- Mid-Year and Annual Assurance Governance Statements
- Corporate Risk and Assurance Report
- Audit Control Process
- Adverse Incident and Complaints
- Fraud, Bribery and Whistle Blowing
- HSS (F) 67/2006 - Payments in respect of Litigation and Legal Services in the
- HPSS – Implementation of Controls

A review of the BSO Assurance Framework was approved by the Board in October 2013. In addition, a Schedule of Assurances mapped out to each BSO area of service was presented to the Governance and Audit Committee in October 2015.

8.1 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.

8.2 Controls Assurance Standards

The BSO assessed its compliance with the applicable Controls Assurance Standards which were defined by the DHSSPS and against which a degree of progress is expected during 2015-16.

The Internal Auditor reported on the BSO's compliance with HSC Controls Assurance Standards. She confirmed that she had verified substantive compliance in respect of the core standards: Risk Management, Financial Management and Governance and also Information Management.

The Organisation achieved the following levels of compliance for 2015-16:

Standard	DHSSPS Expected Level of Compliance	Level of Compliance attained	Audited by
Buildings, land, plant and non-medical equipment	Substantive	Substantive	Self-Assessed
Emergency Planning	Substantive	Substantive	Self-Assessed
Environmental Management	Substantive	Substantive	Self-Assessed
Financial Management (Core Standard)	Substantive	Substantive	Internal Audit
Fire safety	Substantive	Substantive	Self-Assessed
Fleet and Transport Management	Substantive	Substantive	Self-Assessed
Governance (Core Standard)	Substantive	Substantive	Internal Audit
Health & Safety	Substantive	Substantive	Self-Assessed
Human Resources	Substantive	Substantive	Self-Assessed
Information Communication Technology	Substantive	Substantive	Self-Assessed
Information Management	Substantive	Substantive	Internal Audit
Management of Purchasing and Supply	Substantive	Substantive	Self-Assessed
Risk Management (Core Standard)	Substantive	Substantive	Internal Audit
Security Management	Substantive	Substantive	Self-Assessed
Waste Management	Substantive	Substantive	Self-Assessed

The Controls Assurance assessments have identified areas for improvement in the systems and processes to maintain compliance. Action plans are in place to achieve progress in 2016-17.

8.3 Corporate Risk and Assurance Report

The BSO receives much of its assurance through its Corporate Risk and Assurance Report which contains the risks to the achievement of BSO Objectives, outlines the existing controls and assurances and identifies gaps in controls or assurances and outlines any necessary actions required to close these gaps. Progress on risk actions, changes to the risk profile were monitored monthly by SMT and quarterly by the BSO Board throughout 2015-16.

The Corporate Risk and Assurance Report provides a structure for the Accounting Officer, the GAC and the BSO Board for acquiring and examining the evidence to support the Governance Statement.

8.4 Mid-Year and Annual Governance Statements

The Board evaluates its effectiveness of its risk and assurance arrangements each year through the submission of a mid-year and annual assurance statement to the DHSSPS. The mid-year statement supplements the year end Governance Statement by providing in-year assurance on the continuing robustness of the BSO system of internal governance including the identification of governance matters that have arisen.

8.5 Audit Control Process

All internal and external audit reports are presented to the GAC and management responses to recommendations scrutinised. An audit control process is also in place to ensure timely completion of recommendations. This involves:

- regular updates from managers outlining progress on recommendations including, if relevant, an explanation for any delay in implementation;
- scrutiny of managers updates by the Director of Finance and, if necessary, a request for remedial action;
- regular presentation of progress reports on recommendations to the GAC and SMT.

The Internal Auditor conducts a follow up audit on a bi-annual basis and reports to the GAC on progress in implementing recommendations.

8.6 Adverse Incidents

The BSO recognises that both adverse incidents and complaints can be indicators of inadequate processes and unsafe practices. An examination of the causes of both can present the opportunity to improve services, limit risks and contribute to the achievement of the BSO's objectives. During 2015-16, three serious adverse incidents were reported, none of which referred to Data Breaches. There are no incidents presently with the Information Commissioners Office.

8.7 Complaints and Freedom on Information requests

During 2015-16, a total number of 136 Freedom of Information requests were received with 89% responded to within 20 days and 7 requests still live. Forty nine complaints were formally received by Non-Executive Directors and SMT, five remain ongoing and thirty were upheld. Appropriate remedial action has been taken to reduce the likelihood of recurrence.

In 2015-16, a total number of 124 subject access requests were received, 7 of which are still live. Of those which are closed, 94% were responded to within 40 calendar days.

8.8 Business Continuity Plan

The Business Continuity Plan for the Business Services Organisation was tested on Wednesday, 10 February 2016. The purpose of the exercise was to demonstrate the ability of BSO business processes to continue to function following an interruption. The exercise was attended by all available members of the senior management team and officiated by a Non-Executive Director and a member of BSO Sponsor Branch. This exercise did not highlight any significant issues and the outcome was reported to the Board in February 2016.

8.9 Fraud, Bribery and Whistle Blowing

The BSO is a participant in the National Fraud Initiative (NFI). The BSO complied with the Data Protection Act 1988 by issuing Fair Processing Notices to advise individuals that their data was being processed. Regular reports on data matches and investigations undertaken together with monies recovered as a result of NFI are presented to the GAC.

The BSO is committed to the prevention of fraud and the promotion of an anti-fraud culture to ensure the proper use of the public funds with which it has been entrusted and has in place both Fraud and Whistleblowing Policies to make it clear how cases will be dealt with and how staff can report suspicions or concerns. A fraud register is maintained within the BSO which details all, actual or potential, frauds notified. The Fraud Register is presented regularly to the GAC.

8.10 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.

9. SOURCES OF INDEPENDENT ASSURANCE

The BSO obtains Independent Assurance from the following sources:

- Internal Audit
- External Audit
- Attainment / Accreditation
- Findings of Other Review Bodies

9.1 Internal Audit

The BSO has an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. The annual audit plan is approved by the GAC. Regular reports are provided by the Head of Internal Audit to the GAC. The remit and membership of this Committee is set out in the Board Sub-Committee section.

9.2 In 2015-16 Internal Audit reviewed the following systems:

Assignment	Overall Level of Assurance
Budgetary Control	Substantial
PaLS Procurement	Satisfactory
Capital Business Cases	Satisfactory
Financial Review	Satisfactory
GP Payments	Satisfactory
Income Shared Services	Satisfactory
PaLs Stock Management	Satisfactory
Pension Services	Satisfactory
Management of Use of Agency Staff and External Consultants	Satisfactory
Absence Management	Satisfactory
Business Services Team Shared Services	Satisfactory
Payment Shared Services (conducted September 2015)	Satisfactory
Risk Management	Satisfactory
Payments Shared Services (conducted February 16)	Satisfactory
Regional Interpreting Service	Satisfactory
Benefits Realisation	Satisfactory
HRPTS IT	Satisfactory
Payroll Shared Services (conducted September 2015)	Limited

Payroll Shared Services (conducted March 16)	Limited
HSC Leadership Centre	Limited
Recruitment Shared Services	Unacceptable

9.3 In her annual report, the Head of Internal Audit reported that the BSO system of internal control was satisfactory to meet the organisation's objectives. However, significant weaknesses in control were identified in a small number of audits in relation to Payroll, HSC Leadership Centre, and Recruitment Shared Services. Details of which are set out below:

9.4 Payroll Shared Services

Limited assurance was provided due to the on-going development of the Shared Services Payroll team into a HSC wide payroll function as they move from a period of transition into stabilisation. Due to the roll-out of ESS/MSS not being fully implemented, there continues to be a combination of systems in operation between the organisations, in relation to the payroll and travel payment information submitted to Shared Service Payroll team. As a result this has increased the workload of Shared Services staff and also reduces the controls within the process, particularly around authorising transactions. Audit did note that action had been taken since the last audit to address the overpayments issue, however, the lack of standardised work flows and high levels of manual processing continues to impact on the operation of a number of key controls such as variance monitoring. There were seven priority ones in the report relating to management of overpayments, authorisation of manual payments, processing manual payments, maternity payments, variance monitoring, pensions and system access controls. Paragraph 11.3.4 below provides more information on this issue and the actions that the Organisation is taking to manage improvement in this area.

9.5 Leadership Centre

Limited assurance was provided with regards to the controls surrounding management of the Associate list and procurement in the Leadership Centre. Internal audit found that there was a need for increased formality and audit trail over the use of Associates and the need to adhere to the written protocol. Limited assurance was provided over procurement as purchase orders were not raised for 100% of the selected sample. There were three priority ones in the report relating to establishment and management of the Associate list, inappropriate use of the Associate select list, and procurement.

9.6 Recruitment Shared Services

Internal audit has provided unacceptable assurance over the system of internal control in Recruitment Shared Services. They identified significant eRec system functionality issues and performance of the Recruitment Shared Service was not being effectively managed and monitored. There were seven priority ones in the report relating to eRec system issues, standard operating procedures, key performance indicators, customer queries, Information Governance, system access, and customer comments and formal complaints. Paragraph 11.3.3 below provides more information on this issue and the actions that the Organisation is taking to manage improvement in this area.

9.7 Recommendations to address the control weaknesses identified above have been or are being implemented.

9.8 A number of outstanding prior year priority one audit recommendations in respect of Payroll Shared Services continue to be progressed through the BSO audit control process (see paragraph 8.5).

9.9 External Audit

The Financial Statements of the BSO are audited by the Northern Ireland Audit Office and the results of their audit are set out in their Annual Report to those Charged with Governance. A representative from the Northern Ireland Audit office attends the BSO GAC meetings. The remit of this committee is set out under the Board Sub-Committee Section.

9.10 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.

10. 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 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 Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place.

The Committee and reporting structures of the BSO provide the framework and process that maintains, monitors and reviews the effectiveness of the system of internal controls and risk management.

10.1 The Board reviews:

- Corporate Risk & Assurance Report quarterly to identify gaps in controls and assurances and to agree and review actions also provides evidence that the effectiveness of controls that manage the risks to the BSO achieving its objectives have been reviewed.
- Regular reports giving internal assurances, at monthly and quarterly intervals including finance, performance, human resources and corporate services and reports on service delivery.
- Annual Reports such as Annual Accounts and Annual Report
- External Assurances: Report to those Charged with Governance
- GAC Annual Report to the Board
- Business Committee Reports

10.2 The GAC reviews:

- Internal and External audit reports
- Audit Control Process which monitors adherence to audit recommendations
- Service Risk Reports: risk management process and progress on risk actions
- Report on Adherence to Controls Assurance Standards
- Annual risk report

- Direct Award Contracts (approved by AD PaLS)
- Fraud reports

10.3 The Business Committee Reviews:

- Performance on Service Delivery
- Implementation of Major Change Projects
- Management of Serious Adverse Incidents, Complaints and FOIs
- Organisational process and policy on Information Management
- Reports on Human Resources and Corporate Services matters

10.4 Remuneration and Terms of Service - Role and Performance Reviews:

- Remuneration and Terms of Service for Executive Directors, Senior Executives and Senior Managers and contractual arrangement for all staff
- Performance and appraisal systems
- A remuneration strategy that reflects national agreement and department policy
- The application of the remuneration strategy to ensure adherence to all equality legislation

10.5 The Senior Management Team (SMT) manages the BSO governance processes that enable Directors to report to the Board. At SMT, Directors who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

10.6 The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Annual Head of Internal Audit report. My review is also informed by reports received from external auditors including the Report to those Charged to those with Governance.

In respect of the findings of the internal audit reports, as described in paragraph 9.2 and the internal governance divergences described in paragraph 11, I am satisfied that there are plans in place to address any weaknesses identified and ensure continuous improvement to the system of internal control in 2016-17.

During 2015-16, 82% of internal audit recommendations received by the BSO were fully implemented, a further 17% were partially implemented and 1% were not implemented. The Audit Control process, reporting progress on recommendations regularly to the GAC and to the SMT, will

continue during 2016-17. The Internal Audit Plan for 2016-17 will continue to focus on addressing those areas deemed to pose the highest risk to the attainment of the Organisation's objectives.

11. INTERNAL GOVERNANCE DIVERGENCES

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

11.1.1 "CLINK" Translation Table Information

This issue was raised and resolved in year and is no longer considered a control divergence. As part of the on-going cleansing of supplier data on FPL, ABS developed a program to assist in the cleansing of duplicate suppliers. In August 2015, during the process of executing the program FPL system standing data, referred to as CLINK translation tables, were deleted. The CLINK translation tables hold the mapping for all external interfaces to FPL. This prevented the processing of financial interfaces within the eFinancials general ledger for all HSC organisations including the stock management element of the BSO Procurement and Logistics Service. The translation tables were restored and operational again and normal service resumed within 3 days of identification of the problem. HSC Organisations were provided with regular updates regarding progress on reinstating the translation table data. Remedial actions were taken by the supplier to ensure appropriate access controls are in place and to prevent a recurrence of this issue.

The BST team undertook a review, consultation and preventative implementation plan to ensure HSCNI would be protected from a re-occurrence.

With regional agreement, all users and system roles with access to amend CLINK Tables were identified and access was either removed or changed to 'read only' for all but 4 users, who require access for system maintenance purposes. Additional controls are in place to ensure all changes to CLINK tables are tested and communicated.

11.1.2 Stock Accounting

The Finance Procurement & Logistics system (FPL) maintains the warehouse stock balances by way of two systems - the Red Prairie stock management system and the e-financials system. These two systems should be synchronised by an interface at regular intervals each day. The Red

Prairie system maintains only quantities of stock while the e-financials system maintains the value of these stock quantities. The interface is designed to ensure that the same quantity of stock is recorded on both systems at all times and the e-financials system should ensure that this quantity, once interfaced, is then valued accurately.

As part of the year end process for 2014-15 a full stock take was performed between the 20th and 22nd March 2015 on all items carried within the BSO PaLS warehouses. On completion of the year end stock count, whilst there was only a small adjustment required to Red Prairie to reflect accurate physical quantities, the re-alignment of stock quantities between the Red Prairie and E-financials systems resulted in quantity imbalances and a financial impact of circa £500k which required immediate investigation. This issue was escalated to the system supplier for investigation.

The investigations undertaken by the system supplier to resolve the year end issue indicated that there were instances of failures in the interfacing between the Red Prairie and e-financials systems throughout the year. In addition there were on-going issues with imbalances between the two systems on a daily basis. As a result of these findings and our on-going monitoring we requested a full root cause analysis from the supplier.

Once the financial impact of the stock re-alignment and review of the trading account was assessed this issue was immediately communicated to key stakeholders. All uninvoiced shipments were invoiced to customers, accounting entries processed to correct transactions within the stock and the resolved position reflected in the financial statements.

Following the occurrence of an anomaly in August 2015 the stock imbalances have remained within acceptable tolerances and there have been no instances of escalation to BSO SMT necessary. BSO PaLS has carried out 4 perpetual inventory checks through the year and successfully conducted a full stock check in March 2016 with no recurrence of the stock imbalances experienced in 2014-15. Daily monitoring of imbalances is now fully embedded into logistics routines.

11.1.3 Significant Challenges for HSC to deliver services based on NI Executive Budget 2015-16

Given the financial challenges for HSC in 2015-16 relating to the requirement to maintain services within a financial envelope significantly smaller than the assessed level of need there remained a risk in 2015-16 that the overall levels of savings required across HSC were so great that the

services which BSO provides to its customers would be adversely affected or that the Organisation itself failed to breakeven as a direct result.

BSO received notification from DHSSPS that its RRL funding line would be subjected to a 15% cut in 2015-16. BSO wrote to DHSSPS outlining the ramifications upon service delivery of implementing this cut and undertook a range of actions to address this significant challenge. BSO proactively engaged with all affected stakeholders throughout this process.

Furthermore, in terms of the generation of Management Fees from its HSC clients, BSO again developed its annual Service Offering which provided continued focus on providing HSC clients with a value for money, high quality service underpinned by an improvement in overall efficiency of 4.2% in 2015-16.

BSO met its financial obligations, including savings, for 2015-16 and the anticipated year end outturn is within breakeven requirements.

11.1.4 Family Practitioner Services – Secondary Database Systems

Prior to 2014-15, Family Practitioner Services (FPS) operated with a significant number of secondary database type systems which supplement and support primary systems in calculating payments to family practitioners (c£750m pa). These secondary databases were developed to accommodate changes in the type of payments made under new practitioner contracts. The BSO recognised the risks associated with these secondary systems and engaged in a Project to replace the Pharmaceutical, General Practitioner and Dental FPS payment systems, funded under the auspices of the regional ICT Programme.

During 2014-15, reliance on secondary databases significantly decreased as a result of implementing a replacement system for the calculation of Pharmaceutical, Dental and General Medical Practice payments. In 2015-16, with the exception of the Dental Practice Allowance secondary system, all other secondary systems related to the calculation of payments in Dental, Pharmaceutical and General Medical Services had been decommissioned. As the secondary system for calculating the Dental Practice Allowance is highly robust and reliable, other on-going Dental payment system issues impacting on the accuracy of the monthly payments have been prioritised for action ahead of the Practice Allowance database.

11.1.5 Business Service Transformation Programme (BSTP)/ Benefits Realisation Programme

The BSO has responsibility for overseeing and co-ordinating the work of BSTP. This work included the introduction of two new systems into HSC to replace outdated systems namely, Finance, Procurement and Logistics (FPL) and the Human Resources, Payroll and Travel System (HRPTS). The FPL system was signed off on 21 August 2014 and the HRPTS on 30 June 2014 on the condition that the remaining strand of the programme, eRecruitment, would be rolled out. The implementation of these systems in HSC Organisations and in a shared services environment is expected to generate savings of almost £120 million over a 10 year period across all HSC bodies. These savings, however, can only be realised following the delivery and adoption by HSC of the following initiatives, which have been designed to assist the achievement of savings, some of which are already underway:

HRPTS

- Ongoing deployment of employee self-service (ESS) and manager self-service (MSS) to all appropriate users;
- Introduction of single pay frequency (planned early 2016-17); and
- Adoption of eRecruitment in a Shared Services environment by 30 September 2016.

FPL

- Auto ordering;
- Self billing;
- Cloud Invoicing; and
- Increased use of FPM.

A focused approach to Benefits Realisation was highlighted in a BSTP Gateway Review as essential to Project success and a BSO proposal to develop a Benefits Realisation Project (BRP) was approved by the BSTP SRO and BSTP Programme Board. The BRP lifespan was approved for a two year period, ending 31 March 2016 with the purpose of managing benefits and realising system benefits. A final Gateway Review was performed in March 2016 to ascertain if the project has attained its goals and could be brought to a close, transferring any remaining activities to a Business as Usual environment. The Gateway concluded that appropriate steps should be taken to close the BRP project. Some of the initiatives identified under BRP relate to one time implementations which will realise savings from the point of introduction. Others are enablers to a

more efficient way to perform tasks/transactions. The enabler initiatives will be continued by the relevant HSC body after the BRP ceases on 31 March 2016.

11.1.6 Regional Interpreting Service (RIS)

BSO assumed responsibility for the Regional Interpreting Service in 1 October 2014. This service was previously provided by the Belfast Trust and had seen significant growth since its inception in 2004. BSO acknowledged the requirement for renewed governance processes to manage the higher risks involved in dealing with potentially vulnerable adults and children availing of this service.

As a core element of its due diligence work on assuming responsibility for this Service, BSO commissioned a review of the Service by Internal Audit. The Internal Audit report generated, prior to the RIS transition to BSO, provided management with only a limited assurance regarding the controls in place surrounding RIS. There was an inadequate and / or ineffective system of governance, risk management and control in place and therefore there was a significant risk that the system would have failed to meet its objectives. Good progress was made in implementing the recommendations within this report however full implementation required the roll out of a new YARRA computer system which would strengthen current processes. The new YARRA system became operational in January 2016 and the subsequent internal audit of the interpreting service returned a satisfactory assurance.

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

11.2.1 HSC Data Centres

The Regional ITS data centres are hosted in the Royal Victoria Hospital (RVH) and Belfast City Hospital (BCH) in an environment provided by the Belfast Trust Estates Department. There were a number of serious interruptions to service between 2011 and 2013 primarily caused by instability in the facilities provided to the data centre such as power and cooling. The main cause of these interruptions was extreme weather impacting the power supply.

A number of actions have been taken in response to these events. However, hardware failure caused some interruption in July 2014 which was replaced and reviewed in an incident investigation led by HSCB. Work is also continuing on enhancing the management and automation of the

facilities (power and cooling) within the legacy data centres in order to improve the resilience of the data centre during the period of transition to new shared public Data Centres.

The stability of power supplies to the legacy datacenters and the priority of the datacenters within the overall estates environment still remains a concern. The BSO datacenter in BCH recently suffered an unplanned interruption to power on the 19th September 2015 during planned estates work elsewhere on the site. Mitigation measures put in place prior to work commencing allowed most services to continue uninterrupted. Issues identified as causing problems for specific services have been addressed in the interim and a meeting arranged between BSO and Belfast Trust senior management to agree mitigating actions to such work in future.

BSO also operates a third copy of the data outside the two data centres. This replicates the overnight backup process off site from the data centres to storage in Centre House and provides an “insurance copy” for disaster situations. This work completed the work of the Gartner sub group of the Board. BSO have also procured and tested a mobile data centre solution from HP which would be used in the event of physical destruction of one of the two legacy data centres.

BSO is part of the shared public Data Centres project along with DFP and Translink. BSO has developed, and had approved, a Full Business Case for transition to these new data centres in September 2015. HSCB has agreed to provide funding for the transition. The procurement is now completed with the contract being awarded to BT in September 2015. The new shared facilities are planned to be made available in line with project timescales in August 2016. The Business case estimates migration of over 120 services will take 2 years. Locations of the new data centres are in existing BT facilities in Belfast and Knock. BT has started to upgrade these to be “Tier 3” datacenters which will uplift the designed availability for the new data centres in comparison with the legacy datacenters.

11.2.2 Shared Services

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

- Accounts Payable;
- Accounts Receivable;
- Human Resources, Payroll, Travel and Subsistence (HRPTS); and
- 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.

As part of the delivery and adoption of BRP initiatives BSO has targeted a significant reduction in headcount within Shared Services by March 2016. This is entirely based upon a range of actions (as stated at paragraph 11.1.5 above) which both BSO and HSC Trusts are required to deliver. There is a risk that if these actions are not delivered by all parties that the anticipated savings will not be achieved.

Following requests from a number of HSC organisations regarding further consideration required to the timing of the implementation of Single Pay Frequency, the BSTP SRO has recently communicated a decision to reschedule the implementation of this initiative from May 2016 to September 2016. This will have the associated impact of delaying the realisation of resource savings within Shared Services Payroll.

It must be recognised that the development of the control environment in shared services payroll is an evolutionary process. Responsibility for improving this environment lies with BSO payroll in the first instance but is also dependent on HSC clients moving to single payroll frequency and the implementation of Employer Self Service (ESS) and Manager Self Service (MSS).

Audit Reports

In their 2014-15 Report to those Charged with Governance, the external auditor provided a satisfactory assurance over the BSO's IT general and application controls and Income Shared Services. However, they were unable to provide an assurance on the non-pay expenditure and payroll expenditure as control environments continued to be developed and established.

During September 2015 and February 2016, internal audit undertook audits in respect of Accounts Payable and Human Resources, Payroll, Travel and Subsistence (HRPTS). On both occasions, in respect of Accounts Payable a satisfactory assurance was provided however, a limited assurance was issued in respect of HRPTS. Also in February 2016, internal audit undertook an audit of Recruitment Shared Services for which an unacceptable assurance was provided. Further information on these can be found in paragraphs 9.6, 11.3.3 and 11.3.4.

BSO recognises the impact of these reports on the wider HSC and the need for collaboration with the System Supplier and other HSC Organisations to assist with full implementation of recommendations. BSO will proactively address the issues raised in these reports engaging with other parties as required. The BSO Chief Executive has written to all HSC Chief Executives giving an update on the priority one findings in the Sept 2015 Internal Audit report. The letter detailed the progress of the recommendations that addressed control weaknesses.

11.2.3 Interface from Payroll Systems to Pensions Systems

In order to process individual pension records and comply with Government Actuary Department (GAD) requirements in terms of member statistics, the BSO HSC Pensions Service (HSCPS) Altair system receive an electronic interface from HRMS (payroll) updating member records on a monthly basis. With the roll out of HRPTS it was therefore fundamental that the same data is interfaced from HRPTS to Altair to continue accurate processing. At the onset 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 HCL Axon detailing Altair data interface requirements based on the current interface with HRMS. Despite protracted testing and discussion with the supplier the interface was still not operational however a final Change Request was agreed the interface went live on 22 February 2016.

Although the interface is operating as per design, errors are occurring due to incomplete pension information in the HRPTS system. A number of employees across all HSC organisations do not have the pension 'start date' recorded in HRPTS. Pensions and Payroll are working through the errors to correct the data in HRPTS.

To mitigate against the delay in functionality, HSCPS will provide manual updates to GAD to ensure that the Scheme Accounts will receive an unqualified audit report.

11.2.4 Dental Payments system – prior approval authorisations

The BSO administers payment claims from Dental Practices under the Northern Ireland Dental Services (GDS) contract on behalf of the Health & Social Care Board (HSCB). As part of this process, Dental Practices are required to submit applications for higher value courses of treatment (exceeding £280) which are reviewed for clinical appropriateness and authorisation by HSCB Dental Advisors before treatment can commence. This process is called prior approval.

As part of the wider FPS replacement systems project, the FPS Replacement Systems Project Board (Project Board), consisting of BSO and HSCB representatives, gave approval for the live implementation of the new BSO Dental payments system in December 2014, recognising that there may be some issues with the messaging service which communicates the prior approval application and subsequent authorisations between Dental Practices Clinical Systems and the BSO.

Post system implementation, it became apparent that the messaging functionality was not operating effectively and a backlog of prior approval applications, in excess of the normal 8 week turnaround period for approval, occurred. The backlog of prior approval applications has now been reduced by almost 75%, from a peak of 1,103 on 10th September 2015 to 283 on 1st June 2016, and HSCB are working with BSO to continue to address the matter. HSCB have proposed a major review of the prior approval process with a plan to pilot the new process in Quarter 2/Quarter 3 of 2016-17. FPS will assist HSCB with the proposed pilot. If the pilot is successful then significant modifications to FPPS may be required to implement the pilot regionally.

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

11.3.1 FPS Delayed Payment to Contractors (November 2015)

The Family Practitioner Services (FPS) team provides payment files and associated documentation to Accounts Payable Shared Services (APSS) on a monthly basis for payments to Pharmaceutical, Ophthalmic, Medical and Dental practitioners. In November 2015, APSS failed to submit BACS files for Pharmaceutical and Ophthalmic practitioners on the required date. A contingency plan to pay the practitioners via 'Same-Day Money Transfers' (SDMT) also failed resulting in delayed payments to the majority of the 806 practitioners affected.

Working with the bank, immediate steps were taken to ensure all payments were made correctly and an action plan has been developed to address the failure to make the initial payment and to implement contingency plans to counter issues with BACS payments.

11.3.2 FPS replacement systems

All Family Practitioner Payments Systems (FPPS) are "live". However, a level of risk exists around delayed and/or inaccurate payments, whilst these systems are embedded. To mitigate this risk, FPS

and ITS teams are implementing a number of system configurations, to ensure that all contractors are paid accurately. Some adjustments to payments will be necessary and will be applied early in 2016-17 following completion of this work.

The requirement to carry out these configurations may cause a delay in the development & deployment of the systems' self-service functionality (self-service portals) for contractors. This risk has been raised with HSCB, and additional resource options are currently being considered by BSO to help mitigate this risk.

There are a number of on-going BAU payment issues relating to the Dental payment system. Identification and quantification of these issues are complex due to the following:

- nature of the claims being submitted by EDI and paper;
- complex rules governing the payments;
- wide range of items described in the Statement of Dental Remuneration that contractors can claim; and
- errors created by contractors/practice staff when submitting claims for payment.

Dealing with these issues takes priority over the roll out of the dental portal to contractors beyond the early adopters already planned for April 2016. HSCB have raised a concern in March 2016, in regard to the accuracy and timeliness of payments to Dentists by the new system, and BSO ITS and FPS are currently identifying a remediation action plan with priorities, for agreement and on-going review with the HSCB Dental Services team.

11.3.3 Recruitment Shared Services

Following the roll out of e-Recruitment system and Recruitment Shared Services to a number of larger HSC organisations during 2015/16, issues have emerged regarding the length of time taken to complete the overall recruitment process. Recruitment Shared Services had only developed a limited ability to generate management and performance information from the e-Recruitment system, which has meant that information was not available to provide robust evidence of, including reasons for, the delays reported by HSC organisations.

The Business System Transformation Programme Board (BSTP) that oversees the implementation of Shared Services and the new business systems have decided that the roll-out of Recruitment Shared Services should be put on hold until the current service is stabilised. BSO will continue to provide recruitment services to Belfast, Northern and Southern Trusts as well as the Regional

bodies. There has been a partial roll-out to South Eastern Trust and BSO will continue to provide this service. However there will be no further roll-out to South Eastern, Western or the NI Ambulance Trust until the Autumn of 2016.

A formal Recovery Plan for Recruitment Shared Services has been instigated. Progress will be monitored and reviewed on a weekly basis by the BSO Senior Management Team until such time that the service has stabilised.

Analysis of the performance information has established that a collaborative effort across the region is required to stabilize delivery of the service, therefore an HSC Task and Finish Group has been created and is meeting every 2 weeks to progress recommendations originating from the recruitment recovery team. This group is being chaired by BSO Director of Human Resources and Corporate Services.

11.3.4 Payroll Shared Services

There have been delays in roll-out of ESS/MSS across HSC organisations. Due to the delays there continues to be a combination of systems in operation between organisations, in relation to the payroll and travel payment information submitted to Payroll Shared Services. As a result, this has increased the workload of Shared Services staff and also reduces the controls within the process, particularly around authorising transactions.

A recent instance of the result of these reduced controls, has been the discovery within the Payroll Shared Services Centre that HSC employers superannuation contributions in 2015/16 have been underpaid by an amount that is below the materiality threshold of all affected organisations. Actions have now been taken to notify all affected bodies, rectify the mistake and ensure controls are in place to avoid a re-occurrence.

Internal Audit have now conducted four audits within Payroll Shared Services. These audits were conducted in September 2014, February 2015, September 2015 and March 2016. Internal Audit have provided a Limited Assurance in each instance and have noted in the most recent Internal Audit report (March 2016) that they have reported on a number of recurring Priority 1 recommendations which have yet to be fully implemented.

A regional working group was formed in December 2015 to address the issues raised by Internal Audit with an initial focus on overpayments. Updates on progress are given at the monthly Regional Assistant Director Finance Forum.

An initiative to introduce a smart phone application (Fiori), for use by staff within HSC who do not have immediate access to a computer thereby enabling them to access ESS functionality within HRPTS, is in train to be delivered in 2016-17. This deployment of this application, particularly within HSC Trusts, should provide partial mitigation to the current issues with manual submissions for payment of items such as overtime.

A decision was taken in April 2016 by BSO senior management team to invest in resources to investigate and implement a quality review to bring the internal audit issues to a final resolution.

11.3.5 PaLs Contracts Exception Report

A referral has been made by BSO to the Competition and Markets Authority (CMA) in relation to a regional tender for the provision of secure facilities for the storage of records and related ancillary services. BSO PALS had concerns in relation to increased charges submitted by bidders and as a result of legal advice, decided to postpone the tender process pending the conclusion of the CMA investigation. In the interim, it is proposed that the existing contract will continue as a Direct Award Contract (DAC).

11.3.6 NIPACS

An existing contract, managed by BSO and funded through the HSCB, relates to the managed service for the regional picture archiving and communication system (PACS) and radiology information system (RIS) solution, which captures, stores, distributes and displays digital medical images and associated media across all hospital trusts in Northern Ireland ("the NIPACS Contract"). An element of this service is provided by a sub-contract arrangement between the NIPACS contractor and a third party sub-contractor.

On-going contractual discussions between BSO and the NIPACS contractor have revealed a potential disparity between the NIPACS contractor and its sub-contractor in respect of their respective interpretation of the sub-contract between them, indicating that the sub-contractor may have incorrectly overcharged the NIPACS contractor. BSO has no contractual relationship with the

subcontractor, however the sub-contractor's charge is included in the amount charged to BSO by the NIPACS contractor pursuant to the NIPACS contract. This expenditure is recharged in full to HSCB.

Discussions have been ongoing between the NIPACS contractor and its sub-contractor to reach clarity and agreement on this matter including, as a result of pressure by BSO, the instigation by the NIPACS contractor of an audit pursuant to the terms of the sub-contract. Scrutiny has been applied by the NIPACS contractor to the information provided by the sub-contractor under that audit process in respect of the charges made by the sub-contractor to the NIPACS contractor and the NIPACS contractor believes that an overcharge has occurred. There remains, however, a difference of opinion on the interpretation of the sub-contract and, therefore, any overcharge.

No agreement has been reached and the NIPACS contractor issued a formal Notice of Dispute on the sub-contractor in late March 2016. The NIPACS contractor has elected to use a fast track dispute resolution timeframe and have asked the sub-contractor to consent to utilise this process. On completion of this process, likely to be mid-May to early June 2016, BSO will have to consider the outcome of the dispute resolution process and any associated financial sum discussed or agreed within the process. This supplementary work will take a period of time to conclude and is unlikely to be finalised before the end of June 2016.

11.3.7 Legacy finance system

BSO has received a charge relating to access to a legacy finance system after the exit date of the annual licence. BSO has engaged with the legacy system provider and has fully refuted the charge.

11.3.8 Significant Challenges for HSC to deliver services based on NI Executive Budget 2016-17

HSC faces a very significant challenge in 2016-17 and beyond to deliver on the overall objectives for Health and Social Services and Public Safety and maintain services within a financial envelope significantly smaller than the assessed level of need. Allied to significant underlying deficits being identified by Trusts and the need to achieve additional savings through cost reduction programmes to offset these deficits, there is a risk that the overall levels of savings required across HSC are so great that the services which BSO provides to its customers are adversely affected or the Organisation itself fails to breakeven as a direct result.


BSO received notification from DHSSPS that its RRL funding line would be subjected to a 15% cut in 2016-17. BSO wrote to DHSSPS outlining the ramifications upon service delivery of implementing this cut and undertook a range of actions to address this significant challenge. DHSSPS have recently advised that a number of these proposed actions are not approved to proceed and therefore BSO will continue to engage with DHSSPS and any affected stakeholders to deliver savings to the required levels in 2016-17.

In relation to the generation of Management Fees from its HSC clients, BSO has again developed its annual Service Offering which provided continued focus on providing HSC clients with a value for money, high quality service underpinned by an improvement in overall efficiency of 4.0% in 2016-17

12. 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 2015-16.



Chief Executive

Date 14 June 2016

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 Social Services and Public Safety (DHSSPS), the Remuneration and Terms of Service Committee has a key role in assessing the performance of Senior Executives and, where permitted by DHSSPS, agreeing the discretionary level of performance related pay.

A circular on the 2015-16 Senior Executive pay award had not been received from the DHSSPS by 31 March 2016, therefore related payments have not been made to Executive Directors.

The 2014-15 Senior Executive's pay award was set out in DHSSPS circular HSC (SE) 1/2015 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 2015-16. 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 DHSSPS under the Public Appointments process and the duration of such contracts is normally for a term of four years. Three of the BSO's Non-Executive Directors have recently had an extension of six months approved by the DHSSPS.

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 2015-16.

Membership of the Remuneration and Terms of Service Committee:

Mr A Coleman - Chair

Mr A Hanna – Non-Executive Director

Mr G Irwin– Non-Executive Director

Mr G Strong – Non Executive Director

Mr S Mahon – Non Executive Director

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

Senior Employees' Remuneration (Audited)

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

Name	2015-16				2014-15					
	Salary £000s	Bonus / Performance Pay £000	Benefits in kind (rounded to nearest £100)	Pension Benefits £'000	Total £'000	Salary £000s	Bonus / Performance Pay £000	Benefits in kind (rounded to nearest £100)	Pension Benefits £'000	Total £'000
Non-Executive Members										
Alexander Coleman	20-25	-	-	-	20-25	20-25	-	-	-	20-25
Robin McClelland	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Greg Irwin	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Hilary McCartan	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Geraldine Fahy *	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Sean Mahon	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Brian McMurray	5-10	-	-	-	5-10	5-10	-	200	-	5-10
Gerald Strong	5-10	-	-	-	5-10	5-10	-	300	-	5-10
Alan Hanna	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Executive Members										
David Bingham **	105-110	-	200	28	125-130 110	105- 110	-	500	23	125-130

Hugh McPoland	75-80	-	1,500	8	85-90	75-80	-	2000	16	95-100
Sam Waide***	80-85	-	6,500	21	110-115	80-85	-	1,100	(8)	75-80
Peter Wilson****	-	-	-	-	-	80-85	-	-	3	80-85
Paula Sheils****	-	-	-	-	-	65-70	-	500	(138)	(65-70)
Patrick Anderson	80-85	-	-	3	85-90	80-85	-	200	18	100-105
Alphy Maginness	80-85	-	100	10	90-95	80-85	-	300	16	100-105
Karen Bailey	75-80	-	-	9	80-85	75-80	-	-	14	90-95
Andrea Henderson	75-80	-	-	45	120-125	-	-	-	-	-

* The salary for Geraldine Fahy is paid directly to her employer.

** David Bingham (Chief Executive) left on 31 March 2016 and Patrick Anderson (Director of Finance) left on 31 May 2015. Andrea Henderson (Assistant Director of Finance) acted up into the role of Director of Finance from 1 June 2015 to 30 April 2016.

*** Sam Waide took up the post of Director of Operations on 2 June 2014.

**** Peter Wilson (Assistant Director PaLS) and Paula Sheils (Assistant Director FPS) acted up into the role of Director of Operations on a rotational basis from 3 November 2013 to 31 May 2014.

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 31/03/15 £000s	CETV at 31/03/16 £000s	Real increase in CETV £000s
David Bingham	0-2.5	10-15	163	195	28
Hugh McPoland	0-2.5 plus lump sum of 0-2.5	35-40 plus lump sum of 115-120	818	866	18
Sam Waide	0-2.5	2.5-5	11	25	14
Patrick Anderson	0-2.5	5-7.5	66	70	2
Alphy Maginness	0-2.5 plus lump sum of 2.5-5	25-30 plus lump sum of 85-90	591	631	20
Karen Bailey	0-2.5 plus lump sum of 0-2.5	25-30 plus lump sum of 75-80	454	484	15
Andrea Henderson	2.5-5 plus lump sum of 2.5-5	10-15 plus lump sum of 40-45	169	204	28

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HPSS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated within the guidelines prescribed by the institute and Faculty of Actuaries.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (Including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Fair Pay Statement

The Hutton Fair Pay Review recommended that, from 2011-12, all public service organisations publish their top to median pay multiples each year. The DHSSPS 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: £105-110K

Median Total Remuneration: £21,265

Ratio: 5

STAFF REPORT

Staff Report

Staff Profile and Composition

The following shows staff earning more than £67k as at 31.03.2016:

Staff Gender Breakdown within BSO 2015-16 Senior Management (excl. Board Members)*	
Female	9
Male	10

Staff Numbers and Related Costs

Staff Costs

	2016			2015
	Permanently employed staff £	Others £	Total £	Total £
Staff costs comprise:				
Wages and salaries	37,690,980	2,587,783	40,278,763	39,401,478
Social security costs	2,561,611	8,959	2,570,570	2,537,326
Other pension costs	5,263,572	7,006	5,270,578	4,220,154
Sub-Total	45,516,163	2,603,748	48,119,911	46,158,958
Capitalised staff costs	(406,101)	(107,200)	(513,301)	(781,760)
Total staff costs reported in Statement of Comprehensive Expenditure	45,110,062	2,496,548	47,606,610	45,377,198
Less recoveries in respect of outward secondments			(902,073)	(2,132,845)
Total net costs			46,704,537	43,244,353

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 DHSSPS. The BSO is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

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. A full valuation as at 31 March 2012 was certified in February 2015 and is used in the 2015-16 accounts.

Average number of persons employed

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

	2016			Restated 2015
	Permanently employed staff No.	Other No.	Total No.	Total No.
Administrative and clerical	1,373	125	1,498	1,489
Total average number of persons employed	1,373	125	1,498	1,489
Less average staff number relating to capitalised staff costs			14	17
Less average staff number in respect of outward secondments			50	65
Total net average number of persons employed			1,434	1,407

The staff numbers disclosed as Other in 2015-16 relates to temporary members of staff.

Staff report

Reporting of early retirement and other compensation scheme – exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of packages by cost band	
	2016	2015	2016	2015	2016	2015
<£10,000	-	-	1	-	1	-
£10,000-£25,000	-	-	1	-	1	-
£25,000-£50,000	-	-	3	-	3	-
£50,000-£100,000	-	-	4	2	4	2
£100,000-£150,000	-	-	-	1	-	1
£150,000-£200,000	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-
Total number of exit packages by type	-	-	9	3	9	3
	£000s	£000s	£000s	£000s	£000s	£000s
Total resource cost	-	-	457	252	457	252

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 3.2. 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 134 to 135.

Retirements due to ill health

During 2015-16 there were no early retirements from BSO agreed on the ground of ill-health. (2014-15: 2). The estimated additional pension liabilities of these ill-health retirements will be £nil (2014-15: £433k). These costs are borne by the HSC Pension Scheme.

Staff Absence

The cumulative sickness and absenteeism rate for the organisation as at the end of March 2016 was 4.10% which was below the Departmental target of 4.52%. Further details are available in the report of the Director of Human Resources and Corporate Services.

Staff Communication and Employee Involvement

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

Full 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

Full details of BSO Health and Safety training for BSO staff are contained within the report of the Director of Human Resources and Corporate Services.

Learning and Development

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

Community and Social Involvement

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

Expenditure on Consultancy

During the 2015-16 financial year the BSO undertook one project involving external consultancy. The project related to the potential expansion of Shared Services within HSCNI and the associated expenditure on external consultancy was £88,400.

Off Payroll Staff Resources

	Number of staff
Off Payroll staff as at 1 April 2015	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 2016	0

ACCOUNTABILITY AND AUDIT REPORT

ACCOUNTABILITY REPORT

Assembly Accountability Disclosure Notes

i) Losses and Special Payments

Type of loss and special payment	2015-16		2014-15
	Number of Cases	£	£
Cash losses			
Cash Losses - Theft, fraud etc	1	514	-
Cash Losses - Overpayments of salaries, wages and allowances	-	-	-
Cash Losses - Other causes	-	-	-
	1	514	-
Claims abandoned			
Waived or abandoned claims	-	-	-
	-	-	-
Administrative write-offs			
Bad debts	18	14,870	-
Other	-	-	-
	18	14,870	-
Fruitless payments			
Late Payment of Commercial Debt	-	-	-
Other fruitless payments and constructive losses	808	11,493	-
	808	11,493	-
Stores losses			
Losses of accountable stores through any deliberate act	-	-	-
Other stores losses	4,827	64,254	24,104
	4,827	64,254	24,104
Special Payments			
Compensation payments			
- Clinical Negligence	-	-	-
- Public Liability	-	-	-
- Employers Liability	-	-	-
- Other	-	-	-
	-	-	-
Ex-gratia payments	-	-	-
Extra contractual	-	-	-
Special severance payments	-	-	-
	-	-	-
TOTAL	5,654	91,131	24,104

Special Payments

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

Other Payments and Estimates

There were no other payments made during the year.

Losses and Special Payments over £250,000

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


ii Fees and Charges

There were no other fees and charges during the year.

iii Remote Contingent Liabilities

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. Refer to note 21 of the financial statements for details of a contingent asset.



Chief Executive

Date 14-June-2016

Section C

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

FOREWORD

The accounts for the year ended 31 March 2016 have been prepared in a form determined by the Department of Health, Social Services and Public Safety based on guidance from the Department of Finance and Personnel'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 2016

CERTIFICATE OF THE DIRECTOR OF FINANCE, CHAIRMAN AND CHIEF EXECUTIVE

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 153 to 198) 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 DHSSPS.

Director of Finance



Date 14.6.16.

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 153 to 198) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chairman

Date

14th June 2016.



Chief Executive

Date

14 - June - 2016

BUSINESS SERVICES ORGANISATION

Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Business Services Organisation for the year ended 31 March 2016 under the Health and Social Care (Reform) Act (Northern Ireland) 2009. The financial statements comprise the Statements of Comprehensive Net Expenditure, Financial Position, Changes in Taxpayers' Equity, Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and Accountability and Audit Report within the Accountability Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Business Services Organisation's and Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Social Care (Reform) Act (Northern Ireland) 2009. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on 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.

Opinion on financial statements

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 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Care (Reform) Act (Northern Ireland) 2009 and Department of Health (formerly Department of Health, Social Services and Public Safety) directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Accountability and Audit Report to be audited has 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

24th June 2016

BUSINESS SERVICES ORGANISATION

STATEMENT of COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2016

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	2016 £	2015 £
Income			
Income from activities	4.1	97,315,883	93,805,586
Other income (excluding interest)	4.2	16,614,974	18,037,110
Deferred income	4.3	-	-
Total operating income		113,930,857	111,842,696
Expenditure			
Staff costs	3.1	(47,606,610)	(45,377,198)
Purchase of goods and services	3.2	(46,406,027)	(45,346,748)
Depreciation, amortisation and impairment charges	3.2	(12,128,174)	(11,523,633)
Provision (expense)/income	3.2	(158,938)	59,269
Other expenditures	3.2	(43,177,300)	(43,278,960)
Total operating expenditure		(149,477,049)	(145,467,270)
Net Expenditure		(35,546,192)	(33,624,574)
Finance income	4.2	-	-
Finance expense	3.2	-	-
Net expenditure for the year		(35,546,192)	(33,624,574)
Revenue Resource Limit (RRL) received from DHSSPS	24.1	35,617,585	33,748,628
Surplus against RRL		71,393	124,054
OTHER COMPREHENSIVE EXPENDITURE			
	NOTE	2016 £	2015 £
Items that will be classified to net operating costs:			
Net gain on revaluation of property, plant & equipment	5.1/8/5.2/8	189,265	1,216,168
Net (loss)/result on revaluation of intangibles	6.1/8/6.2/8	(352,366)	-
Net result on revaluation of financial instruments	7/8	-	-
Items that may be reclassified to net operating costs:			
Net result on revaluation of investments		-	-
TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 2016		(35,709,293)	(32,408,406)

The notes on pages 157 to 198 form part of these accounts.

BUSINESS SERVICES ORGANISATION

STATEMENT of FINANCIAL POSITION as at 31 March 2016

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	2016		2015	
		£	£	£	£
Non Current Assets					
Property, plant and equipment	5.1/5.2	29,299,965		28,370,126	
Intangible assets	6.1/6.2	52,766,035		55,259,270	
Financial assets	7	-		-	
Trade and other receivables	12	-		-	
Other current assets	12	-		-	
Total Non Current Assets			82,066,000		83,629,396
Current Assets					
Assets classified as held for sale	9	-		-	
Inventories	10	3,926,428		4,082,784	
Trade and other receivables	12	22,374,578		25,457,994	
Other current assets	12	1,492,775		1,435,479	
Intangible current assets	12	-		-	
Financial assets	7	-		-	
Cash and cash equivalents	11	5,108,241		31,953	
Total Current Assets			32,902,022		31,008,210
Total Assets			114,968,022		114,637,606
Current Liabilities					
Trade and other payables	13	(32,953,854)		(34,846,925)	
Other liabilities	13	-		-	
Intangible current liabilities	13	-		-	
Financial liabilities	7	-		-	
Provisions	15	(146,076)		(65,513)	
Total Current Liabilities			(33,099,930)		(34,912,438)
Total assets less current liabilities			81,868,092		79,725,168
Non Current Liabilities					
Provisions	15	(499,392)		(471,547)	
Other payables > 1 yr	13	-		-	
Financial liabilities	7	-		-	
Total Non Current Liabilities			(499,392)		(471,547)
Total assets less total liabilities			81,368,700		79,253,621
Taxpayers' Equity and other reserves					
Revaluation reserve		4,745,078		4,908,179	
SoCNE Reserve		76,623,622		74,345,442	
Total equity			81,368,700		79,253,621

The financial statements on pages 153 to 198 were approved by the Board on 14 June 2016 and were signed on its behalf by:

Signed  (Chairman)

Date  14 June 2016

Signed  (Chief Executive)

Date 14 - June - 2016

The notes on pages 157 to 198 form part of these accounts.

BUSINESS SERVICES ORGANISATION

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 March 2016

The Statement of Cash Flows shows the changes in cash and cash equivalents of the BSO during the reporting year. 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	2016 £	2015 £
Cashflows from operating activities			
Net expenditure after interest/Net operating cost		(35,546,192)	(33,624,574)
Adjustments for non cash costs		12,514,515	11,798,316
Decrease in trade and other receivables		3,026,120	943,509
<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		-	-
Decrease in inventories		156,356	910,074
(Decrease)/increase in trade payables		(1,893,071)	1,165,177
<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		1,766,317	(2,106,030)
Movements in payables relating to the purchase of intangibles		3,212,680	2,205,892
Use of provisions	15	(50,530)	(47,866)
Net cash outflow from operating activities		(16,813,805)	(18,755,502)
Cashflows from investing activities			
Purchase of property, plant & equipment	5	(7,169,881)	(4,402,602)
Purchase of intangible assets	6	(8,538,313)	(10,158,840)
Proceeds of disposal of property, plant & equipment		8,287	41,394
Proceeds on disposal of intangibles		-	-
Proceeds on disposal of assets held for resale		-	-
Net cash outflow from investing activities		(15,699,907)	(14,520,048)
Cash flows from financing activities			
Grant in aid		37,590,000	35,150,000
Cap element of payments - finance leases and on balance sheet (SoFP) PFIs and other service concession arrangements		-	-
Net financing		37,590,000	35,150,000
Net increase in cash & cash equivalents in the year		5,076,288	1,874,450
Cash & cash equivalents at the beginning of the year	11	31,953	(1,842,497)
Cash & cash equivalents at the end of the year	11	5,108,241	31,953

The notes on pages 157 to 198 form part of these accounts

BUSINESS SERVICES ORGANISATION

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY for the year ended 31 March 2016

This statement shows the movement in the year on the different reserves held by 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 £	Revaluation Reserve £	Total £
Balance at 31 March 2014		72,507,252	3,696,823	76,204,075
Changes in taxpayers' equity 2014-15				
Grant from DHSSPS		35,150,000	-	35,150,000
Transfers between reserves (Comprehensive expenditure for the year)		4,812	(4,812)	-
Transfer of asset ownership		(33,624,574)	1,216,168	(32,408,406)
Non cash charges - auditors remuneration	3.2	(5,892)	-	(5,892)
Non cash charges – notional costs	3.2	179,000	-	179,000
		134,844	-	134,844
Balance at 31 March 2015		74,345,442	4,908,179	79,253,621
Changes in taxpayers' equity 2015-16				
Grant from DHSSPS		37,590,000	-	37,590,000
Transfers between reserves (Comprehensive expenditure for the year)		-	-	-
Transfer of asset ownership		(35,546,192)	(163,101)	(35,709,293)
Non cash charges - auditors remuneration	3.2	-	-	-
Non cash charges – notional costs	3.2	118,000	-	118,000
		116,372	-	116,372
Balance at 31 March 2016		76,623,622	4,745,078	81,368,700

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTES TO THE ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES

1. Authority

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

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

1.1 Accounting convention

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

1.2 Currency

These accounts are presented in UK Pounds sterling.

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 and Personnel. The valuers are qualified to meet the ‘Member of Royal Institution of Chartered Surveyors’ (MRICS) standard.

Professional revaluations of land and buildings are undertaken at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS.

Land and buildings used for the Arms Length Body (ALB) services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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

DFP 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 ALB 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 ALB's business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the BSO; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

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

Intangible assets acquired separately are initially recognised at fair value.

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

1.8 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that the sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset and the sale is considered likely to be concluded within one year. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value, less any material directly attributable selling costs. Fair value is open market value, where one is available, including alternative uses.

Assets classified as held for sale are not depreciated.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount. The profit from sale of land which is a non depreciating asset is recognised within income. The profit from sale of a depreciating asset is shown as a reduced expense. The loss from sale of land or from any depreciating assets is shown

within operating expenses. On disposal, the balance for the asset on the revaluation reserve is transferred to the Statement of Comprehensive net Expenditure reserve.

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

1.9 Inventories

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

1.10 Income

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

Grant in aid

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

1.11 Investments

The BSO does not have any investments.

1.12 Other expenses

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

1.13 Cash and cash equivalents

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

1.14 Leases

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

The BSO as lessee

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

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

1.15 Private Finance Initiative (PFI) transactions

The BSO has had no PFI transactions during the year.

1.16 Financial instruments

- **Financial assets**

Financial assets are recognised on the balance sheet when the BSO becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or

services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

- **Financial liabilities**

Financial liabilities are recognised on the balance sheet 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 ALB 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 ALB has low exposure to credit risk.

- **Liquidity risk**

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

1.17 Provisions

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

Where a provision is measured using the cash flows estimated to settle the obligation its carrying amount is the present value of those cash flows using DFP's discount rate of 2.2% in real terms (2.8% for employee early departure obligations).

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

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

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

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

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

1.18 Contingencies

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly. Under IAS 37, the BSO discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the BSO, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

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

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

1.19 Employee benefits

Short-term employee benefits

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been determined using individual's salary costs applied to their unused leave balances determined from a report of the unused annual leave balance as at 31 March 2016. 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 ALB participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the ALB and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. 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, Social Services and Public Safety.

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 2012 valuation for the HSC Pension scheme will be used in the 2015-16 accounts

1.20 Reserves

Statement of Comprehensive Net Expenditure Reserve

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

Revaluation Reserve

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

1.21 Value Added Tax

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

1.22 Third party assets

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

1.23 Government Grants

Government assistance for capital projects whether from UK, or Europe, were treated as a Government grant even where there were no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors. Such grants (does not include grant-in-aid) were previously credited to a government grant reserve and were released to income over the useful life of the asset.

DFP issued new guidance effective from 1 April 2011. Government grant reserves are no longer permitted. Income is generally recognised when it is received. In exceptional cases where there are conditions attached to the use of the grant, which, if not met, would mean the grant is repayable, the income should be deferred and released when obligations are met. This is a change in accounting policy and the 2010-11 Statement of Comprehensive Net Expenditure and Statement of Financial Position were restated.

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

1.24 Losses and Special Payments

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

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

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

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

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

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on 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 but a decision has yet to be made by the Executive. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

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

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

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

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

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

The analysis by segment for 2015-16 is provided in the table below. 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 2016

	Note	BSO Core	ITS	PaLS	Managed Services	Total
Staff costs		£	£	£	£	£
Total staff costs	3.1	28,758,216	7,697,729	9,050,239	2,100,426	47,606,610
		<u>28,758,216</u>	<u>7,697,729</u>	<u>9,050,239</u>	<u>2,100,426</u>	<u>47,606,610</u>
Other expenditure						
IT Programme	3.2	-	9,758,379	-	-	9,758,379
SUMDE	3.2	-	-	-	1,135,061	1,135,061
Bursaries	3.2	-	-	-	11,605,224	11,605,224
Healthy Start	3.2	-	-	-	3,455,825	3,455,825
Regional Interpreting Services	3.2	-	-	-	3,615,105	3,615,105
Cost of Sales	3.2	-	-	45,849,689	-	45,849,689
Supplies and services - general	3.2	505,296	9,588	41,454	-	556,338
Establishment	3.2	7,744,322	464,654	404,249	196,249	8,809,474
Transport	3.2	320,181	54,560	776,124	69,300	1,220,165
Premises	3.2	1,239,052	466,541	889,131	-	2,594,724
Miscellaneous	3.2	235,004	7,954	9,210	503,772	755,940
Depreciation	3.2	4,661,672	-	-	-	4,661,672
Amortisation	3.2	7,466,502	-	-	-	7,466,502
Impairments	3.2	-	-	-	-	-
(Profit) on disposal of assets (excluding profit on land)	3.2	(6,969)	-	-	-	(6,969)
Cost of Capital charges	3.2	-	-	-	-	-
Provisions provided for in year	3.2	158,938	-	-	-	158,938
Auditors Remuneration	3.2	118,000	-	-	-	118,000
Notional costs	3.2	116,372	-	-	-	116,372
		<u>22,558,370</u>	<u>10,761,676</u>	<u>47,969,857</u>	<u>20,580,536</u>	<u>101,870,439</u>
Income						
GB/Republic of Ireland Health Authorities	4	-	-	-	-	-
HSC Trusts	4	31,086,475	21,003,356	10,366,616	4,664,884	67,121,331
Sales	4	-	-	45,907,453	-	45,907,453
Recoveries in respect of outward secondments	4	133,483	92,848	114,673	561,069	902,073
		<u>31,219,958</u>	<u>21,096,204</u>	<u>56,388,742</u>	<u>5,225,953</u>	<u>113,930,857</u>
Net (expenditure)/income		<u>20,096,628</u>	<u>(2,636,799)</u>	<u>631,354</u>	<u>17,455,009</u>	<u>(35,546,192)</u>
Revenue Resource Limit (RRL)	24	<u>20,346,946</u>	<u>(2,751,931)</u>	<u>639,705</u>	<u>17,382,865</u>	<u>35,617,585</u>
Surplus/(deficit) against RRL as reported		<u>250,318</u>	<u>(115,132)</u>	<u>8,351</u>	<u>(72,144)</u>	<u>71,393</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 2015

	Note	BSO Core	ITS	PaLS	Managed Services	Total
Staff costs		£	£	£	£	£
Total staff costs	3.1	26,871,707	7,220,317	9,039,439	2,245,735	45,377,198
		<u>26,871,707</u>	<u>7,220,317</u>	<u>9,039,439</u>	<u>2,245,735</u>	<u>45,377,198</u>
Other expenditure						
IT Programme	3.2	-	10,091,549	-	-	10,091,549
SUMDE	3.2	-	-	-	1,066,094	1,066,094
Bursaries	3.2	-	-	-	11,867,457	11,867,457
Healthy Start	3.2	-	-	-	3,535,583	3,535,583
Regional Interpreting Services	3.2	-	-	-	2,929,777	2,929,777
Cost of Sales	3.2	-	-	45,006,682	-	45,006,682
Supplies and services - general	3.2	302,419	17,220	44,467	669	364,775
Establishment	3.2	7,335,417	539,487	418,966	98,666	8,392,536
Transport	3.2	379,222	57,784	860,223	78,627	1,375,856
Premises	3.2	1,449,538	445,915	1,074,941	-	2,970,394
Miscellaneous	3.2	114,026	52,035	9,072	515,920	691,053
Depreciation	3.2	5,224,190	-	-	-	5,224,190
Amortisation	3.2	6,299,443	-	-	-	6,299,443
Impairments	3.2	-	-	-	-	-
Loss on disposal of assets (excluding profit on land)	3.2	20,108	-	-	-	20,108
Cost of Capital charges	3.2	-	-	-	-	-
Provisions provided for in year	3.2	(59,269)	-	-	-	(59,269)
Auditors Remuneration	3.2	179,000	-	-	-	179,000
Notional costs	3.2	134,844	-	-	-	134,844
		<u>21,378,938</u>	<u>11,203,990</u>	<u>47,414,351</u>	<u>20,092,793</u>	<u>100,090,072</u>
Income						
GB/Republic of Ireland Health Authorities	4	-	-	-	-	-
HSC Trusts	4	29,195,950	21,144,412	10,861,411	3,629,816	64,831,589
Sales	4	-	-	44,878,262	-	44,878,262
Recoveries in respect of outward secondments	4	999,529	47,171	226,538	859,607	2,132,845
		<u>30,195,479</u>	<u>21,191,583</u>	<u>55,966,211</u>	<u>4,489,423</u>	<u>111,842,696</u>
Net (expenditure)/income		<u>18,055,166</u>	<u>(2,767,276)</u>	<u>487,579</u>	<u>17,849,105</u>	<u>33,624,574</u>
Revenue Resource Limit (RRL)	24	<u>18,055,326</u>	<u>(2,740,636)</u>	<u>716,697</u>	<u>17,717,241</u>	<u>33,748,628</u>
Surplus/(deficit) against RRL as reported		<u>160</u>	<u>26,640</u>	<u>229,118</u>	<u>(131,864)</u>	<u>124,054</u>

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 3.1 STAFF COSTS

Staff costs comprise:	2016			2015
	Permanently employed staff £	Others £	Total £	Total £
Wages and salaries	37,690,980	2,587,783	40,278,763	39,401,478
Social security costs	2,561,611	8,959	2,570,570	2,537,326
Other pension costs	5,263,572	7,006	5,270,578	4,220,154
Sub-Total	45,516,163	2,603,748	48,119,911	46,158,958
Capitalised staff costs	(406,101)	(107,200)	(513,301)	(781,760)
Total staff costs reported in Statement of Comprehensive Expenditure	45,110,062	2,496,548	47,606,610	45,377,198
Less recoveries in respect of outward secondments			(902,073)	(2,132,845)
Total net costs			46,704,537	43,244,353

Staff Costs exclude £513,301 charged to capital projects during the year (2014-15: £781,760).

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 DHSSPS. The BSO is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

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. A full valuation as at 31 March 2012 was certified in February 2015 and is used in the 2015-16 accounts.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 3.2 OPERATING EXPENSES

	2016	2015
	£	£
IT Programme	9,758,379	10,091,549
Supplement for Undergraduate Medical and Dental Education (SUMDE)	1,135,061	1,066,094
Bursaries	11,605,224	11,867,457
Healthy Start	3,455,825	3,535,583
Regional Interpreting Services	3,615,105	2,929,777
Cost of Sales	45,849,689	45,006,682
Supplies and services – general	556,338	364,775
Establishment	8,809,474	8,392,536
Transport	1,220,165	1,375,856
Premises	2,594,724	2,970,394
Interest charges	-	-
Miscellaneous	755,940	691,053
Non cash items		
Depreciation	4,661,672	5,224,190
Amortisation	7,466,502	6,299,443
Impairments	-	-
(Profit) on disposal of property, plant and equipment (including land)	(6,969)	-
(Profit) on disposal of intangibles	-	-
Loss on disposal of property, plant and equipment (including land)	-	20,108
Loss on disposal of intangibles	-	-
Provisions provided for in year	158,938	(59,269)
Cost of borrowing provisions (unwinding of discount on provisions)	-	-
Auditors remuneration	118,000	179,000
Notional property costs	116,372	134,844
Total	101,870,439	100,090,072

During the year the BSO purchased non audit services to the value of £nil from its auditor in relation to the National Fraud Initiative (2014-15: £7,158).

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 4 INCOME

4.1 Income from Activities

	2016	2015
	£	£
GB/Republic of Ireland Health Authorities	-	-
HSC Trusts	51,408,430	48,927,324
Non-HSC:- Private patients	-	-
Sale of goods	45,907,453	44,878,262
Clients contributions	-	-
Total	<u>97,315,883</u>	<u>93,805,586</u>

4.2 Other Operating Income

	2016	2015
	£	£
Other income from non-patient services	15,712,901	15,904,265
Seconded staff	902,073	2,132,845
Charitable and other contributions to expenditure	-	-
Donations / Government Grant / Lottery Funding for non current assets	-	-
Profit on disposal of land	-	-
Interest receivable	-	-
Total	<u>16,614,974</u>	<u>18,037,110</u>

4.3 Deferred income

	2016	2015
	£	£
Income released from conditional grants	-	-
Total	<u>-</u>	<u>-</u>

TOTAL INCOME

<u><u>113,930,857</u></u>	<u><u>111,842,696</u></u>
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BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 5.1 Property, plant & equipment - year ended 31 March 2016

	Land £	Buildings (excluding dwellings) £	Dwellings £	Assets under construction £	Plant and Machinery (Equipment) £	Transport Equipment £	Information Technology (IT) £	Furniture and Fittings £	Total £
Cost or Valuation									
At 1 April 2015	2,600,000	9,147,510	-	2,537,551	201,855	1,416,394	35,025,810	1,799,109	52,728,229
Indexation	129,577	106,492	-	-	2,758	8,288	(17,432)	8,791	238,474
Additions	-	192,810	-	825,899	26,800	97,635	4,259,529	891	5,403,564
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	(3,363,450)	-	-	3,433,743	(70,293)	-
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(77,060)	(43,022)	-	(120,082)
At 31 March 2016	2,729,577	9,446,812	-	-	231,413	1,445,257	42,658,628	1,738,498	58,250,185

Depreciation									
At 1 April 2015	-	554,992	-	-	102,899	676,280	22,710,376	313,556	24,358,103
Indexation	-	47,189	-	-	1,505	4,337	(5,886)	2,064	49,209
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	4,686	(4,686)	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	(77,060)	(41,704)	-	(118,764)
Disposals	-	299,394	-	-	29,579	135,111	4,068,183	129,405	4,661,672
Provided during the year	-	-	-	-	-	-	-	-	-
At 31 March 2016	-	901,575	-	-	133,983	738,668	26,735,655	440,339	28,950,220

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 5.1 (continued) Property, plant & equipment- year ended 31 March 2016

	Land £	Buildings (excluding dwellings) £	Dwellings £	Assets under Construction £	Plant and Machinery (Equipment) £	Transport Equipment £	Information Technology (IT) £	Furniture and Fittings £	Total £
Carrying Amount									
At 31 March 2016	2,729,577	8,545,237	-	-	97,430	706,589	15,922,973	1,298,159	29,299,965
At 31 March 2015	2,600,000	8,592,518	-	2,537,551	98,956	740,114	12,315,434	1,485,553	28,370,126
Asset financing									
Owned	2,729,577	8,545,237	-	-	97,430	706,589	15,922,973	1,298,159	29,299,965
Finance leased	-	-	-	-	-	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2016	2,729,577	8,545,237	-	-	97,430	706,589	15,922,973	1,298,159	29,299,965

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 (2015: £Nil)

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

	2016	2015
	£	£
Donations	-	-
Government Grant	-	-
Lottery Funding	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 5.2 Property, plant & equipment - year ended 31 March 2015 (restated)

	Land £	Buildings (excluding dwellings) £	Dwellings £	Assets under Construction £	Plant and Machinery (Equipment) £	Transport Equipment £	Information Technology (IT) £	Furniture and Fittings £	Total £
Cost or Valuation									
At 1 April 2014	2,339,450	8,954,919	-	1,216,711	260,534	1,285,111	31,262,472	1,076,209	46,395,406
Indexation	-	87,051	-	-	4,446	-	-	-	91,497
Additions	-	61,043	-	1,320,840	-	474,807	3,908,575	743,367	6,508,632
Donations / Government grant / Lottery	-	-	-	-	-	-	-	-	-
Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(11,437)	-	(11,437)
Revaluation	260,550	44,497	-	-	-	-	-	-	305,047
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(63,125)	(343,524)	(133,800)	(20,467)	(560,916)
At 31 March 2015	2,600,000	9,147,510	-	2,537,551	201,855	1,416,394	35,025,810	1,799,109	52,728,229

Depreciation

At 1 April 2014	-	1,123,271	-	-	97,276	897,305	18,107,513	233,131	20,458,496
Indexation	-	39,356	-	-	2,106	-	-	-	41,462
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(5,545)	-	(5,545)
Revaluation	-	(861,086)	-	-	-	-	-	-	(861,086)
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(30,959)	(333,377)	(125,057)	(10,021)	(499,414)
Provided during the year	-	253,451	-	-	34,476	112,352	4,733,465	90,446	5,224,190
At 31 March 2015	-	554,992	-	-	102,899	676,280	22,710,376	313,556	24,358,103

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 5.2 (continued) Property, plant & equipment- year ended 31 March 2015 (restated)

	Land £	Buildings (excluding dwellings) £	Dwellings £	Assets under Construction £	Plant and Machinery (Equipment) £	Transport Equipment £	Information Technology (IT) £	Furniture and Fittings £	Total £
Carrying Amount									
At 31 March 2015	2,600,000	8,592,518	-	2,537,551	98,956	740,114	12,315,434	1,485,553	28,370,126
At 1 April 2014	2,339,450	7,831,648	-	1,216,711	163,258	387,806	13,154,959	843,078	25,936,910

Asset financing

Owned
Finance leased
On SOFP PFI and other service
concession arrangements
contracts

2,600,000	8,592,518	-	2,537,551	98,956	740,114	12,315,434	1,485,553	28,370,126	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
Carrying Amount									
At 31 March 2015	2,600,000	8,592,518	-	2,537,551	98,956	740,114	12,315,434	1,485,553	28,370,126

Asset financing

Owned
Finance leased
On SOFP PFI and other service
concession arrangements
contracts

2,339,450	7,831,648	-	1,216,711	163,258	387,806	13,154,959	843,078	25,936,910	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
Carrying Amount									
At 1 April 2014	2,339,450	7,831,648	-	1,216,711	163,258	387,806	13,154,959	843,078	25,936,910

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 6.1 Intangible assets- year ended 31 March 2016

	Software Licences £	Information Technology £	Websites £	Development Expenditure £	Licences, Trademarks & Artistic Originals £	Patents £	Goodwill £	Payments on Account & Assets under Construction £	Total £
Cost or Valuation									
At 1 April 2015	5,310,654	72,146,677	-	-	-	-	-	4,758,355	82,215,686
Indexation	(23,719)	(474,280)	-	-	-	-	-	-	(497,999)
Additions	748,182	4,095,144	-	-	-	-	-	482,307	5,325,633
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	4,030,920	-	-	-	-	-	(4,030,920)	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2016	6,035,117	79,798,461	-	-	-	-	-	1,209,742	87,043,320

Amortisation									
At 1 April 2015	3,651,644	23,304,772	-	-	-	-	-	-	26,956,416
Indexation	(21,715)	(123,918)	-	-	-	-	-	-	(145,633)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	652,341	6,814,161	-	-	-	-	-	-	7,466,502
Provided during the year	4,282,270	29,995,015	-	-	-	-	-	-	34,277,285
At 31 March 2016									

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 6.1 (continued) Intangible assets- year ended 31 March 2016

	Software Licences £	Information Technology £	Websites £	Development Expenditure £	Licences, Trademarks & Artistic Originals £	Patents £	Goodwill £	Payments on Account & Assets under Construction £	Total £
Carrying Amount									
At 31 March 2016	1,752,847	49,803,446	-	-	-	-	-	1,209,742	52,766,035
At 31 March 2015	1,659,010	48,841,905	-	-	-	-	-	4,758,355	55,259,270

Asset financing

Owned
Finance leased
On B/S (SoFP) PFI and other
service concession arrangements
contracts

1,752,847	49,803,446	-	-	-	-	-	-	1,209,742	52,766,035
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2016	1,752,847	49,803,446	-	-	-	-	-	1,209,742	52,766,035

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 (2015: £Nil)

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

	2016 £	2015 £
Donations	-	-
Government Grant	-	-
Lottery Funding	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 6.2 Intangible assets - year ended 31 March 2015 (restated)

	Software Licences £	Information Technology £	Websites £	Development Expenditure £	Licences, Trademarks & Artistic Originals £	Patents £	Goodwill £	Payments on Account & Assets under Construction £	Total £
Cost or Valuation									
At 1 April 2014	3,747,199	68,382,492	-	-	-	-	-	2,133,047	74,262,738
Indexation	-	-	-	-	-	-	-	-	-
Additions	1,538,918	4,510,956	-	-	-	-	-	1,903,074	7,952,948
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	24,537	(855,461)	-	-	-	-	-	830,924	-
Transfers	-	108,690	-	-	-	-	-	(108,690)	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2015	5,310,654	72,146,677	-	-	-	-	-	4,758,355	82,215,686

Amortisation									
At 1 April 2014	3,453,962	17,203,011	-	-	-	-	-	-	20,656,973
Indexation	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	197,682	6,101,761	-	-	-	-	-	-	6,299,443
Provided during the year	3,651,644	23,304,772	-	-	-	-	-	-	26,956,416
At 31 March 2015									

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 6.2 (continued) Intangible assets- year ended 31 March 2015 (restated)

	Software Licences £	Information Technology £	Websites £	Development Expenditure £	Licences, Trademarks & Artistic Originals £	Patents £	Goodwill £	Payments on Account & Assets under Construction £	Total £
Carrying Amount									
At 31 March 2015	1,659,010	48,841,905	-	-	-	-	-	4,758,355	55,259,270
At 1 April 2014	293,237	51,179,481	-	-	-	-	-	2,133,047	53,605,765
Asset financing									
Owned	1,659,010	48,841,905	-	-	-	-	-	4,758,355	55,259,270
Finance leased On SOFP PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2015	1,659,010	48,841,905	-	-	-	-	-	4,758,355	55,259,270
Asset financing									
Owned	293,237	51,179,481	-	-	-	-	-	2,133,047	53,605,765
Finance leased On SOFP PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 1 April 2014	293,237	51,179,481	-	-	-	-	-	2,133,047	53,605,765

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 7 FINANCIAL INSTRUMENTS

As the cash requirements of the BSO are met through Grant-in-Aid provided by the Department of Health, Social Services and Public Safety, 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

	2016			
	Property, Plant & Equipment £	Intangibles £	Financial assets £	Total £
Total value of impairments for the year	-	-	-	-
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	-	-	-	-
Impairments charged to Statement of Comprehensive Net Expenditure Account	-	-	-	-
	2015			
	Property, Plant & Equipment £	Intangibles £	Financial assets £	Total £
Total value of impairments for the year	-	-	-	-
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	-	-	-	-
Impairments charged to Statement of Comprehensive Net Expenditure Account	-	-	-	-

NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

The BSO did not hold any assets classified as held for sale in 2014-15 or 2015-16

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 10 INVENTORIES

	2016 £	2015 £
Good for resale	3,926,428	4,082,784
Total	3,926,428	4,082,784

NOTE 11 CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Balance at 1 st April	31,953	(1,842,497)
Net change in cash and cash equivalents	5,076,288	1,874,450
Balance at 31st March	5,108,241	31,953

The following balances at 31 March were held at

	2016 £	2015 £
Commercial banks and cash in hand	5,108,241	31,953
Balance at 31st March	5,108,241	31,953

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 12 TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS

	2016 £	2015 £
Amounts falling due within one year		
Trade receivables	19,470,829	21,266,685
Deposits and advances	-	-
VAT receivable	2,903,749	4,191,309
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>22,374,578</u>	<u>25,457,994</u>
Prepayments and accrued income	1,492,775	1,435,479
Current part of PFI and other service concession arrangements prepayment	-	-
Other current assets	<u>1,492,775</u>	<u>1,435,479</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>22,374,578</u>	<u>25,457,994</u>
TOTAL OTHER CURRENT ASSETS	<u>1,492,775</u>	<u>1,435,479</u>
TOTAL INTANGIBLE CURRENT ASSETS	-	-
TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	<u>23,867,353</u>	<u>26,893,473</u>

The balances are net of a provision for bad debts of £27k (2014-15: £80k).

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 13 TRADE PAYABLES AND OTHER LIABILITIES

	2016 £	2015 £
Amounts falling due within one year		
Other taxation and social security	8,621	48,770
Bank overdraft	-	-
VAT payable	-	-
Trade capital payables – property, plant and equipment	438,730	620,384
Trade capital payables – intangibles	1,667,323	2,566,929
Trade revenue payables	17,495,000	17,901,034
Payroll payables	-	-
Clinical negligence payables	-	-
BSO payables	-	-
Other payables	-	-
Accruals and deferred income	12,825,484	9,293,375
Accruals and deferred income – relating to property, plant and equipment	39,001	1,623,664
Accruals and deferred income – relating to intangibles	479,695	2,792,769
Trade and other payables	<u>32,953,854</u>	<u>34,846,925</u>
Current part of finance leases	-	-
Current part of long term loans	-	-
Current part of imputed finance lease element of on balance sheet (SoFP)	-	-
PFI and other service concession arrangements contracts	-	-
Other current liabilities	<u>-</u>	<u>-</u>
Carbon reduction commitment	-	-
Intangible current liabilities	<u>-</u>	<u>-</u>
Total payables falling due within one year	32,953,854	34,846,925
Amounts falling due after more than one year		
Other payables, accruals and deferred income	-	-
Trade and other payables	-	-
Clinical negligence payables	-	-
Finance leases	-	-
Imputed finance lease element of on balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-
Long term loans	-	-
Total non current other payables	<u>-</u>	<u>-</u>
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	<u><u>32,953,854</u></u>	<u><u>34,846,925</u></u>

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

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:

	2016 Number	2016 Value £	2015 Number	2015 Value £
Total bills paid	137,779	137,122,756	59,859	105,110,176
Total bills paid within 30 day target	135,679	122,456,024	55,956	84,170,106
% of bills paid within 30 day target	98%	89%	93%	80%
Total bills paid within 10 day target	132,161	106,842,887	50,260	63,425,617
% of bills paid within 10 day target	96%	78%	84%	60%

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	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 15 PROVISIONS FOR LIABILITIES AND CHARGES – 2016

Name	Pensions relating to former directors £	Pensions relating to other staff £	Clinical Negligence £	CSR Restructuring £	Other £	2016 £
Balance at 1 April 2015	71,108	437,803	-	-	28,149	537,060
Provided in year (Provisions not required written back) (Provisions utilised in the year) Cost of borrowing (unwinding of discount)	8,701 - (4,809) -	54,432 - (31,516) -	- - - -	- - - -	98,045 (2,240) (14,205) -	161,178 (2,240) (50,530) -
At 31 March 2016	75,000	460,719	-	-	109,749	645,468

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

	2016 £	2015 £
Arising during the year	161,178	42,290
Reversed unused	(2,240)	(101,559)
Cost of borrowing (unwinding of discount)	-	-
Total charge within Operating costs	158,938	(59,269)

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES – 2016

Analysis of expected timing of discounted flows as at 31 March 2016

	Pensions relating to former directors £	Pensions relating to other staff £	Clinical Negligence £	Restructuring £	Other £	2016 £
Not later than one year	4,810	31,517	-	-	109,749	146,076
Later than one year and not later than five years	19,240	126,068	-	-	-	145,308
Later than five years	50,950	303,134	-	-	-	354,084
At 31 March 2016	75,000	460,719	-	-	109,749	645,468

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 2016

NOTE 15 PROVISIONS FOR LIABILITIES AND CHARGES – 2015

Name	Pensions relating to former directors £	Pensions relating to other staff £	Clinical Negligence £	CSR Restructuring £	Other £	2015 £
Balance at 1 April 2014	72,062	539,633	-	-	32,500	644,195
Provided in year (Provisions not required written back) (Provisions utilised in the year) Cost of borrowing (unwinding of discount)	3,797 - (4,751)	25,343 (93,856) (33,317)	- - -	- - -	13,150 (7,703) (9,798)	42,290 (101,559) (47,866)
At 31 March 2015	71,108	437,803	-	-	28,149	537,060

Analysis of expected timing of discounted flows as at 31 March 2015

	Pensions relating to former directors £	Pensions relating to other staff £	Clinical Negligence £	CSR Restructuring £	Other £	2015 £
Not later than one year	4,753	32,611	-	-	28,149	65,513
Later than one year and not later than five years	19,012	130,444	-	-	-	149,456
Later than five years	47,343	274,748	-	-	-	322,091
At 31 March 2015	71,108	437,803	-	-	28,149	537,060

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 2016

NOTE 16 CAPITAL COMMITMENTS

Contracted capital commitments at 31 March not otherwise included in these financial statements	2016 £	2015 £
Property, plant and equipment	415,512	-
Intangible assets	8,318,240	3,451,827
	<u>8,733,752</u>	<u>3,451,827</u>

NOTE 17 COMMITMENTS UNDER LEASES

17.1 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	2016 £	2015 £
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	350,804	213,120
Later than one year but not later than five years	691,557	313,533
Later than five years	-	-
	<u>1,042,361</u>	<u>526,653</u>
Other		
Not later than 1 year	30,576	30,576
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>30,576</u>	<u>30,576</u>

17.2 Finance Leases

BSO has no finance leases.

17.3 Operating Leases

BSO has not issued any operating leases.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 18 COMMITMENTS UNDER PFI AND OTHER SERVICE CONCESSION ARRANGEMENT CONTRACTS

18.1 Off balance sheet PFI and other service concession arrangement schemes.

BSO had no commitments under PFI and other concession arrangement contracts at either 31 March 2016 or 31 March 2015.

18.2 On balance sheet (SoFP) PFI Schemes

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

NOTE 19 OTHER FINANCIAL COMMITMENTS

The BSO did not have any other financial commitments at either 31 March 2016 or 31 March 2015.

NOTE 20 FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT

The BSO did not have any financial guarantees, indemnities and letters of comfort at either 31 March 2016 or 31 March 2015.

NOTE 21 CONTINGENT LIABILITIES

The BSO did not have any quantifiable contingent liabilities at either 31 March 2016 or 31 March 2015.

The BSO had a contingent asset at 31 March 2016 in relation to a contractual dispute regarding charges incurred by BSO, possibly resulting in a reimbursement to BSO. As at 31 March 2016 it was not possible to quantify the contingent asset.

NOTE 22 RELATED PARTY TRANSACTIONS

The BSO is an arm's length body of the Department of Health, Social Services and Public Safety 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.

A non-executive director, Alan Hanna is also a non-executive director of the NIFRS. During 2015-16 NIFRS received services from BSO to the value of £411k.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 23 THIRD PARTY ASSETS

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

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

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 24 FINANCIAL PERFORMANCE TARGETS

24.1 Revenue Resource Limit

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

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

	2016	2015
	Total	Total
	£	£
DHSSPS (excludes non cash)	26,340,569	25,188,396
Other Government Department	-	-
Non cash RRL (from DHSSPS)	12,514,515	11,798,316
Total agreed RRL	38,855,084	36,986,712
Adjustment for PFI and other service concession arrangements/IFRIC 12	(3,237,499)	(3,238,084)
Total Revenue Resource Limit to Statement Comprehensive Net Expenditure	35,617,585	33,748,628

24.2 Capital Resource Limit

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

	2016	2015
	Total	Total
	£	£
Gross Capital Expenditure	10,729,197	14,461,580
Less IFRIC 12/PFI and other service concession arrangements spend	(3,237,499)	(3,238,084)
(Receipts from sales of fixed assets)	(8,287)	(41,394)
Net capital expenditure	7,483,411	11,182,102
Capital Resource Limit	7,531,603	11,268,998
(Underspend) against CRL	(48,192)	(86,896)

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

24.3 Financial Performance Targets

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

	2016 £	2015 £
Net Expenditure	(35,546,192)	(33,624,574)
RRL	35,617,585	33,748,628
Surplus against RRL	71,393	124,054
Break Even cumulative position (opening)	1,314,096	1,190,042
Break Even cumulative position (closing)	<u>1,385,489</u>	<u>1,314,096</u>
RRL and Income		
RRL	35,617,585	33,748,628
Income per note 4.1	97,315,883	93,805,586
Total for inclusion in materiality test	<u>132,933,468</u>	<u>127,554,214</u>

Materiality Test:

	2016 %	2015 %
Break Even in year position as % of RRL and Income	0.05%	0.10%
Break Even cumulative position as % of RRL and Income	1.04%	1.03%

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 25 POST BALANCE SHEET EVENTS

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 14 June 2016.

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