



# Business Services Organisation

Providing Support to Health and Social Care

**Business Services Organisation  
Annual Report and Accounts  
For the year ended 31 March 2024**

*Laid before the Northern Ireland Assembly under the Health and Social Care (Reform) Act (Northern Ireland) 2009, schedule 3, paragraph 10(5) by the Department of Health on 5 July 2024*

© *Business Services Organisation* Copyright 2024. You may reuse this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence.

To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/2/> or email [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is also available for download from our website

## Table of Contents

Message from the Chair .....	5
<b>PERFORMANCE REPORT .....</b>	<b>7</b>
<b>Performance Overview .....</b>	<b>7</b>
Chief Executive’s Statement .....	7
Non-Executive Directors’ Report .....	10
Purpose and Activities of the Organisation .....	12
BSO At A Glance 2023-24.....	13
Corporate Mission, Values and Objectives.....	14
BSO Review Update .....	16
<b>Performance Analysis.....</b>	<b>17</b>
Performance Indicators .....	18
How did we perform in 2023-24?.....	36
Long Term Expenditure Trends .....	37
Sustainability Report.....	41
<b>Accountability Report .....</b>	<b>43</b>
Strategic Issues, Risks and Challenges .....	43
BSO Board .....	45
Committees of the BSO Board .....	46
BSO Executive Leadership Team (ELT).....	47
<b>DIRECTORATE REPORTS .....</b>	<b>48</b>
Directorate of Digital .....	49
Directorate of Finance .....	55
Directorate of Operations.....	59
Directorate of People and Place .....	68

Directorate of Strategic Planning and Customer Engagement .....	76
<b>Statement of Accounting Officer Responsibilities .....</b>	<b>79</b>
<b>Governance Statement .....</b>	<b>80</b>
<b>Remuneration and Staff Report.....</b>	<b>102</b>
Remuneration Report.....	102
Staff Report.....	109
<b>Accountability and Audit Report.....</b>	<b>120</b>
Accountability Report.....	120
The Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly .....	123
<b>ANNUAL ACCOUNTS FOR YEAR ENDED 31 MARCH 2024 .....</b>	<b>128</b>
Foreword.....	128
Certificate of the Director of Finance, Chairman and Chief Executive.....	130
Statement of Comprehensive Net Expenditure for the year ended 31 March 2024.....	131
Statement of Financial Position as at 31 March 2024 .....	132
Statement of Cash flows for the Year Ended 31 March 2024 .....	133
Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2024 .....	134
Notes to the Accounts .....	135
Report by the Comptroller and Auditor General to the Northern Ireland Assembly .....	179

## Message from the Chair



**Ms Julie Erskine**

Chair

It gives me great pleasure to present the BSO Annual Report and Accounts for 2023-2024. As Chair and on behalf of the BSO Board I would like to express our gratitude to all Staff. The Board acknowledges the enormous efforts, dedication and professionalism which plays such a significant role in supporting the wider focus across Health and Social Care and we thank them sincerely for their tremendous efforts.

I would also like to thank my executive and non-executive Directors and Executive Leadership Team for their steadfast support and leadership throughout such a challenging period.

### **Board Engagement**

The Board has continued to engage positively with staff and key stakeholders throughout the year, through a series of meetings and presentations.

### **Board roles, responsibilities and moves during 2023-24**

The Board of the BSO is made up of a combination of Executive and Non-Executive Directors. The Board is chaired by myself, Mrs Julie Erskine. A full outline of the BSO Board is included at Section B in the Accountability Report.

During the reporting year positions were held by Board Members as follows:

- Mr Robert Bannon chaired the Business and Development Committee
- Mr Sean McKeever chaired the Governance and Audit Committee

- Mrs Julie Erskine chaired the Remuneration and Terms of Service Committee and was the Senior Responsible Officer (SRO) for the Review Oversight Board
- Professor Dorothy Whittington continued in her role as the Board's Disability Champion
- Mr Mark Campbell continues his role as the Whistle Blowing Champion
- Mr Ben Doran was appointed as Interim Director of Digital Operations on 15 May 2023
- Mr Simon McGrattan was appointed as Interim Director of Finance on 1 August 2023
- Mrs Karen Bryson retired as Director of Finance on 30 November 2023
- Mrs Patricia Gordon resigned as Non-Executive Director on 4 December 2023
- Mr Mark Lowry, Mr Fred Smyth and Mr Maynard Mawhinney were appointed as new Non-Executive Directors of BSO on 15 January 2024
- Mr Linus McLaughlin was appointed as a new Non-Executive Director of BSO on 1 March 2024

The Board look forward to working with our HSC colleagues to maintain positive working partnerships ensuring excellent service to the population of Northern Ireland.



Ms Julie Erskine

**Chairperson**

31 March 2024

## **PERFORMANCE REPORT**

### **Performance Overview**

The purpose of the performance overview is to provide a brief summary of BSO, its aims and risks to the achievement of its objectives. It also provides an overview of BSO performance over the past year.

### **Chief Executive's Statement**



**Mrs Karen Bailey**  
Chief Executive

I am delighted to present BSO's Annual Report and Accounts for 2023-24.

My mission as Chief Executive is to create the environment, culture and resources that allow BSO teams to provide high quality, value-adding business and specialist professional services to our partners across the Health and Social Care Sector. I recognise that the HSC system is going through a turbulent period where demand is ever-increasing against a very constrained financial climate and BSO must be there to support and enable the system in addressing this challenge.

I would like to acknowledge the dedication and commitment of BSO staff who live the values of HSC every day and give of their best for the good of patients and customers despite the many challenges we continue to face as a Health and Social Care System.

I must also pay tribute to an extremely supportive BSO Chair and Board and to my fellow HSC Chief Executives with whom I have a close collaborative working relationship. In the last year, this has included joint development work and initiatives.

This Annual Report covers the period 1 April 2023 – 31 March 2024 and reflects strong performance against our Business Plan objectives on which you will find a detailed report from page 19. We have once again seen many achievements, successes, and developments over the course of the past year, some of which are acknowledged within the report.

This year saw the 75th Anniversary of the NHS which was a wonderful chance to pay tribute to staff working right across the health and social care system, in all settings, for their ongoing commitment, resilience and dedicated professionalism. It was great to see so many members of BSO staff embracing activities outside of work for such a significant milestone.

In June 2023 we hosted the BSO Leadership Conference which was an energising and uplifting day of inspiring speakers allowing attendees, both in person and online to learn and reflect on topics such as Leadership, Psychological Safety and Emotional Intelligence. It was the first opportunity for BSO staff from right across our Organisation to finally get together again post-covid to reflect on the last few years and to re-establish connections.

In June 2023 BSO launched its People Strategy 2023 – 2026 which aims to build and develop a workforce that is safe, healthy and engaged. The intention of the strategy is to support our people to deliver our services and ensure the Business Services Organisation's key strategic and operational objectives are met, in an environment that is both rewarding and fulfilling for our people. The People Strategy is also supported by our BSO Digital Strategy and our Health and Wellbeing Strategy which was launched in March 2024. The launch of BSO's Health and Wellbeing Strategy included a series of health and well-being events and awareness sessions. I am also pleased to confirm BSO is extending the BSO Pilot Hybrid Working Scheme for a further year so we can continue to review the benefits/issues staff have raised as a result of working from home two days per week.

As part of the People Strategy, BSO is committed to ensuring BSO is a great place to work by providing a high-quality physical estate for its staff to thrive. This is underpinned by an innovative digital strategy aimed at equipping staff with a modern and cutting-edge range of digital tools to ensure customers receive the highest quality, efficient and timely service possible. As part of this approach, BSO continued to develop its estate and rolled out further digital tools to support staff deliver high quality and safe health and social care. During the year BSO were central to



progressing the Equip Programme on behalf of the region. A system supplier was identified and work advanced on procuring a Systems Integration partner. The Equip Programme will help realise significant benefits for all HSC organisations.

BSO is continuing in its efforts to strategically improve and evolve, ensuring services are reflective of the needs expected of our health and social care services regionally. As part of a five-year plan to implement the BSO Strategic Review, changes have been made to the structure of BSO and we have a newly created internal Digital Vision Strategy. The Strategic Review is a direct response to what customers want and expect the BSO to be and will form the road-map for our internal development over the remaining three years to complete this work.

I am delighted to welcome a number of new Directors and senior managers into post this year which will provide much needed stability and vision. This includes Ben Doran, Interim Director of Digital Operations and, following Karen Bryson's retirement, Simon McGrattan who was appointed as Interim Director of Finance.

This year there were many significant digital milestones achieved within BSO including the delivery of all our Digital Programmes and Project Programme Go Lives. These included NIDIS, CoreLIMS, encompass and NIPACS+. What was achieved was nothing short of phenomenal and really did make a difference to Health and Social Care across Northern Ireland. The implementation of the FPL upgrade and the signing of Equip and BPaT contracts in February were also significant milestones and my thanks to all staff involved in getting these important pieces of work over the line.

I wish to acknowledge the continued collaborations with our counterparts throughout the UK and am pleased to announce the FPPS Team within BSO ITS met the Primary Care Services Team within NHS Wales in person for the first time this year. I look forward to continued engagement and hearing about the work they have achieved.

In the incoming year, I look forward to leading the BSO and continuing our work supporting essential Health and Social Care delivery across Northern Ireland.

Ms Karen Bailey  
**Chief Executive**

**31 March 2024**

## **Non-Executive Directors' Report**

The role of the BSO Board is to consider the key strategic and managerial issues facing the BSO in carrying out its statutory and functions. It is accountable, through the Chairperson, to the Permanent Secretary at the Department of Health.

It is made up of a Chairperson, 9 Non-Executive Directors, BSO Chief Executive and 5 Executive Directors. The Department of Health appoints non-executive directors, with the approval of the Minister for Health.

### **Chair**

Ms. Julie Erskine

### **Non-Executive Directors**

Mr Robert Bannon

Mr Mark Campbell

Miss Patricia Gordon (resigned 4 December 2023)

Mr Mark Lowry (appointed 15 January 2024)

Mr Sean McKeever

Prof. Dorothy Whittington

Mr Fred Smyth (appointed 15 January 2024)

Mr Maynard Mawhinney (appointed 15 January 2024)

Mr Linus McLaughlin (appointed 1 March 2024)

The Non-Executive Directors chair a number of oversight committees including the Governance and Audit Committee, Remuneration and Terms of Service Committee and Business Development Committee.

The Governance and Audit Committee provides BSO with an independent and objective review on its financial systems and effective system of internal control. The Committee comprises of four

Non-Executive Directors with Internal Audit, External Audit and BSO Executive Leadership Team also in attendance. Mr Sean McKeever is Chair of the Governance and Audit Committee and provides the Board with an Annual Report each year. This committee met four times during the year and the Governance and Audit Committee completes the National Audit Office Audit Committee self-assessment checklist on an annual basis to assess its effectiveness. No performance related issues were identified by Audit Committee members during the year. The work of the Internal Audit and External Audit functions is fundamental to providing assurances on the on-going effectiveness of the system of internal financial control.

The Remuneration and Terms of Service Committee is responsible for advising the Board on the remuneration of the Chief Executive and Directors of the BSO, guided by DoH policy and best practice. The Committee was chaired by the BSO Chairperson, Mrs Julie Erskine and includes three Non-Executive Directors; Mr Robert Bannon, Mr Mark Lowry and Mr Maynard Mawhinney.

The Business and Development Committee is a non-executive committee of the Board with responsibility for providing oversight of the BSO's handling of Complaints, Freedom of Information (FOIs). It reviews the handlings of Serious Adverse Incidents and reports on Human Resources and Corporate Services matters. The Business and Development Committee is Chaired by Mr Robert Bannon and comprises of three Non-Executive Directors, Director of Strategic Planning and Customer Engagement, Director of Operations and Director of People and Place. The BSO Chief Executive attends at least one Business and Development Committee per year and this Committee meets up to four times per year. The Business and Development Committee's is authorised by the Board to investigate any activity within its terms of reference and the Chair is authorised to seek any information required from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee also keeps under review the organisation's performance in relation to delivery of Service Level Agreements and monitors the progress of the implementation of major change projects in BSO as delegated by and on behalf of the Board. The Committee scrutinises BSO Policies and Procedures for all work relating to Information Management on behalf of the Board to ensure they comply with legislative and good practice standards.























## **Purpose and Activities of the Organisation**

The Business Services Organisation is a Non-Departmental Public body (ALB) which came into existence on 1 April 2009. The Business Services Organisation is governed by Statutory Instruments: HPSS (NI) Order 1972 (SI 1972/1265 NI14), the HPSS (NI) Order 1991 (SI 1991/194 NI1) and the Audit and Accountability (NI) Order 2003, the Health and Social Care (Reform) Act (Northern Ireland) 2009, the Health and Social Care (Amendment) Act (Northern Ireland) 2014 and the Health and Social Care Act (Northern Ireland) 2022.

Services are provided to ten Arm's Length Bodies of the Department of Health and the Northern Ireland Fire and Rescue Service, as well as to the six HSC Trusts. BSO delivers services in a number of key areas including Procurement & Logistics, Information Technology Support, Legal, Internal Audit, Corporate Services, Human Resources, Counter Fraud & Probity, Family Practitioner Services, Equality, Research, Finance, Pensions, Training and Performance. A Shared Services Centre also operates from various locations across Northern Ireland. Reports on the full range of services delivered are included within Section B of this Annual Report.

The Headquarters of the BSO is based at 2 Franklin Street, Belfast. We also deliver services from a number of satellite offices located throughout Northern Ireland.

## BSO At A Glance 2023-24

<p><b>2,466,093</b> Total no of Invoices paid</p> 	<p><b>235 People</b> Equality Screening Trained</p> 	<p><b>235</b> Freedom of Information Requests</p> 	<p><b>400</b> Health and Safety Advice Assessments carried out</p> 	<p><b>125,911</b> Hour's spent providing Legal Support to HSC Clients</p> 
<p><b>291</b> Leadership Centre delivered programmes</p> 	<p><b>4,658</b> Counter Fraud and Probity – Patient Exemption Checks</p> 	<p><b>Over 73,198</b> CEC applications received for Programmes</p> 	<p><b>20,088</b> Total Requisitions Received</p> 	<p><b>4202</b> Nursing and Midwifery Roles supported</p> 
<p><b>£ 5,463,066</b> Legal Debt Recovery</p> 	<p><b>25</b> Health and Wellbeing Champions Recruited</p> 	<p><b>45,383,735</b> million Prescription items processed</p> 	<p><b>104,779</b> Activities Carried out by the Business Services Team</p> 	<p><b>563,386</b> Pension payments made</p> 
<p><b>£6.7m</b> Property Running Costs</p> 	<p><b>Recruitment Shared Services supported HSC Fill 12,753</b></p> 	<p><b>456</b> Subject Access Requests Received</p> 	<p><b>129,655</b> Interpreting Service requests processed</p> 	<p><b>296,000</b> Items of Outgoing Post</p> 
<p><b>2,029,520</b> Dental &amp; Ophthalmic Claims Processed</p> 	<p><b>57</b> Training Sessions Delivered by Learning and Development Team</p> 	<p><b>PaLS Community Equipment Recycling £7.7M</b></p> 	<p><b>£ 1.4bn</b> PaLS Managed Spend</p> 	<p><b>235</b> People Equality Screening Trained</p> 

## Corporate Mission, Values and Objectives

### Our Vision:

*“To provide high quality business services which support our customers to improve health and wellbeing.”*

### Corporate Objective 1

**Deliver High Quality, Valued Services to Our Customers**

### Corporate Objective 2

**Develop Our Services in Partnership with our Customers**

### Corporate Objective 3

**Demonstrate Continuous Improvement in Pursuit of Excellence**

### Corporate Objective 4

**Help our people excel at what they do**

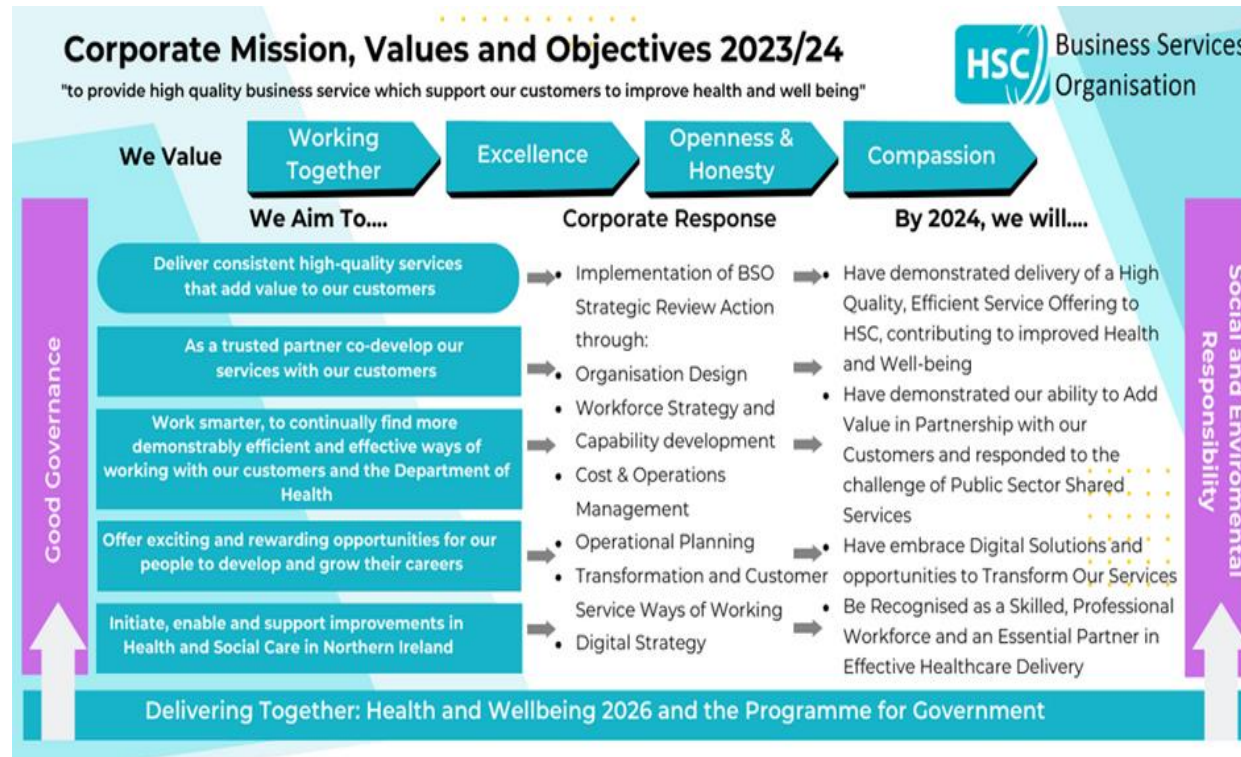
### Corporate Objective 5

**Initiate, enable and support improvements in the health and social care in Northern Ireland.**



Our Values are aligned to our Corporate Objectives ensuring that we deliver our Mission and that it is at the centre of everything we do:

- Working Together
- Excellence
- Compassion
- Openness & Honesty



In 2023 a set of new BSO Corporate Objectives for period 2024 – 2027 were developed as part of the planning for the new BSO Corporate Plan 2024-27. These three new objectives are based around a new vision and the core values of the BSO, its staff and the HSC system which comes into effect on the 1 April 2024.

### **New Corporate Objectives 2024 – 2027**

**Corporate Objective 1.** Build strategic partnerships with our customers to deliver high quality services, demonstrating value and effective ways of working.

**Corporate Objective 2.** Support and invest in our people, their potential and their contribution in ensuring BSO is a great place to work.

**Corporate Objective 3.** Offer opportunities that continue to enable and support innovative improvements across the HSC.

## BSO Review Update

Following the BSO Strategic Review in 2021, a five-year transformation programme was developed to deliver against the recommendations. 2023-24 marked the first year of implementation across seven programme workstreams, designed to build the foundation for future growth and transformation



Within 2023-24, key highlights of programme delivery included:

- Establishment of a new, strategic organisational structure
- Delivery of BSO People, Customer Engagement and Communication Strategies
- Development of an annual Service Catalogue
- Launch of an improved, co-produced Business Planning cycle

Looking ahead to 2024-25, work will continue on the second year of the programme with areas of focus including further development of the BSO Digital Vision, progress on a new costing model and the pilot of an improved performance management framework.



## Performance Analysis

The BSO set a wide range of challenging priorities and targets for 2023-24. These were aligned with our strategic Corporate Objectives and incorporated into our Annual Business Plan with appropriate key actions set against them. The strategic aims of the BSO are centred on the standard of services provided to our customers, coherently summarised through our mission statement: 'To provide high quality business services which support our customers to improve health and wellbeing'. **88.8%** of our stated objectives were achieved within the 2023-24 year, as collated and outlined within the quarterly and Annual Performance against Business planning updates.

Our Corporate Plan is aligned to the aims outlined in the various Department of Health strategies including:






- The vision set out in 'Delivering Together: Health and Wellbeing 2026';
- 'Making Life Better' public health framework 2012-23; and
- The draft 'Programme for Government Framework 2016-21'

We use a wide range of planning, monitoring, and reporting mechanisms to measure and report on performance across the organisation. The ensuing paragraphs provide a collective summary of our achievements against the Strategic Objectives throughout the year, including performance against those priorities and targets.

**Performance Indicators**

**Traffic Light System Rating**

The Traffic Light System is a summary of progress to date and an indication of the level of confidence that the 63 key actions identified in the Business Plan will be delivered by the completion date.

<b>Traffic Light BRAG Rating Description Key</b>	
<b>RED</b> 	<b>Action forecast to be or has been delivered significantly (i.e. in excess of one quarter) outside completion date</b> <p style="text-align: center;"><b>or:</b></p> <b>significantly outside agreed tolerance level (e.g. on Corporate Scorecard).</b>
<b>(LIGHT) RED</b> 	<b>Action forecast to be or has been delivered significantly (i.e. in excess of one quarter) outside completion date however, this is due to external factors outside of Service Area and BSO control.</b>
<b>AMBER</b> 	<b>Action forecast to potentially be delivered outside of the original completion date but within the timeframe of the annual business plan</b> <p style="text-align: center;"><b>or:</b></p> <b>outside agreed tolerance level (e.g. on Corporate Scorecard).</b>
<b>GREEN</b> 	<b>Action forecast to be delivered by the completion date</b> <p style="text-align: center;"><b>or:</b></p> <b>within agreed tolerance level (e.g. on Corporate Scorecard).</b>
<b>BLUE</b> 	<b>Action complete.</b>

<b>BSO Strategic Objective 1. <i>Deliver consistent, high quality services that add value to our customers</i></b>		
<b>Key Priorities</b>	<b>Key Actions</b>	<b>Comment and BRAG Performance</b>
1. Develop a Financial Plan with the objective of achieving the financial breakeven and capital resource limit targets in line with the BSO Business Plan.	<b>a) Develop a Financial Plan for Board approval by <b>31 May 2023</b>.</b>	Complete -Financial Plan presented to the May 2023 Board Meeting.
	<b>b) Develop the roll forward budget and communicate to SMT and budget holders by <b>31 May 2023</b>.</b>	Complete - Rolled forward, budget presented to BSO SMT in May 2023.
	<b>c) Present monthly financial performance report to BSO Board. (Monthly)</b>	Complete - Monthly Financial performance report presented to BSO Board in both June and August 2023 and has been presented each month thereafter.
	<b>d) Complete a Mid-Year Assessment and communicate to SMT by <b>30 November 2023</b>.</b>	Complete - Mid-year review completed in September 2023 and communicated to SMT on 5 October 2023.

<p>2. Completion of the Annual Year End Financial Statements for BSO in line with DOH guidance and engagement with NIAO/ASM and support the GAC throughout the year. Work in partnership with CCP to include the year end accounts in the BSO Annual Report. Consolidation of the SPPG year-end outturn to be included in BSO Annual Accounts.</p>	<p>a) Agree the annual external audit strategies with external auditors to support them presenting to BSO GAC by <b>January 2024.</b></p>	<p>Complete - External audit strategies agreed and presented to BSO GAC on 5 February 2024.</p>
	<p>b) Engagement meeting with external auditors ASM/ NIAO and support communication and engagement with BSO managers during <b>January to July 2024.</b></p>	<p>Complete - External audit assignments complete.</p>
	<p>c) Present the audit plan to SMT, Audit Forum and Senior Finance Team by <b>February 2024.</b></p>	<p>Complete - Audit plan shared with SMT, Audit Forum and Senior Finance Team.</p>
	<p>d) Development of internal finance year-end financial statements plan in partnership with external auditors. <b>Responsibility: Director of Finance</b></p>	<p>Complete - Year-end financial statements completed and submitted to NIAO.</p>
<p>3. Support the ongoing implementation of the regional Equip Programme to replace FPL and HRPTS systems through provision of BSO resource.</p>	<p>a) Submission of FBC within 3rd quarter of FY 2023/24.</p>	<p>Complete - Approved and contract signed.</p>

	<b>b)</b> Ensure Programme funded BSO corporate resource (HR / Finance / Legal / Procurement) is available to support the Equip Programme; ongoing to <b>31st March 2024</b> .	Complete - DLS support received and now concluded. Use of external legal resource continues for this quarter and into next FY. HR Business Partner (agency) support in place and part-time finance (agency) support also. PaLS continue to support until year end.
<b>4.</b> In conjunction with Encompass SRO, HSC organisations and Encompass Governance bodies, continue delivery of the agreed Encompass plan.	<b>a)</b> Ensure key, encompass funded business partners and resources required across all BSO business areas are available to support the delivery of the encompass plan, ongoing by <b>March 2024</b> .	Complete - Recruitment process completed with start dates for some employees to be agreed.
	<b>b)</b> Continue monthly BSO encompass Support meetings to ensure items are monitored and managed, ongoing by <b>March 2024</b> .	Complete - Weekly meetings ongoing with staff in preparation for Belfast Trust go live.
<b>5.</b> Fully implement the new Learning Management System in line with FBC requirements.	<b>a)</b> Engagement with all digital LMS contacts across HSC organisations and Encompass <b>by September 2023</b> .	Complete – Engagement undertaken.
	<b>b)</b> Engagement and implementation of contract management with Civica (contractor) <b>by September 2023</b> .	Complete - Business as usual from 14 <sup>th</sup> February 2024.
	<b>c)</b> 100% of HSC organisations operational on the new LMS <b>by September 2023</b> .	Complete - Achieved as of 30 <sup>th</sup> June 2023 for all permanent, temporary, and bank staff.

<b>6.</b> Review and deliver a contracting programme on behalf of HSC for 2023/24 adhering to current regulations and minimising successful legal challenges.	<b>a)</b> Timely contracting programme.	Complete - All Contract Renewals are being renewed on time. Any exceptions (<1%) are due to customer decision making or legal challenge, and as such mitigating actions are in place e.g. DAC or Reg 72 extension.
	<b>b)</b> Maintain Customer Reports including savings data.	Complete - Since July 2023, these reports have been issued in a dashboard format, instead of the traditional PDF. This has been welcomed by HSC Orgs.
	<b>c)</b> Bi-monthly/monthly monitoring meetings with SPMs <b>ongoing to 31st March 2024.</b>	Complete - Senior Procurement Managers are met by Head of Procurement every two months to monitor the contracting programmes of both renewals and new work.
<b>7.</b> Meet service level targets for FPS contractors in line with customer Service Level agreements.	<b>a)</b> Meet financial objectives set by BSO Board & SMT based on savings targets.	Complete - On target to break even.
	<b>b)</b> 95% of SLA targets achieved.	Complete
	<b>c)</b> 100% of accurate & timely payments to FPS contractors processed on in accordance with Service Level Agreements.	Complete.
<b>8.</b> Provide a quality assured Screening Service, capable of maintaining patient pathway.	<b>a)</b> 100% of quality assured reports ran on a monthly basis.	Complete - All KPI reports have now developed.

	<b>b)</b> Work in conjunction with the PHA to complete annual cease audit (timescale dictated by the PHA).	Incomplete - In 2023/24 cervical screening ceased, audit postponed to Q1 (2024/25) due to pHPV implementation and assisting the PHA with Southern Trust Cervical Screening Review.
	<b>c)</b> 100% of invitations & reminder letters issued on a monthly basis <b>by 31st March 2024.</b>	Complete – Required letters issued
<b>9.</b> Implementation of ITS restructure and the BSO Digital Strategy.	<b>a)</b> Engage in the HSCD Programme as a key stakeholder and core tenant in the new shared services.	Complete - Core Programme HSCD (evolve) team has been recruited.
	<b>b)</b> Engage across BSO to develop and deliver BSO Digital Strategy including business partnership.	Incomplete - Digital Business Partner agreed start date June 2025.
	<b>c)</b> Continue to engage with DHCNI to develop future regional programmes for delivery within BSO ITS <b>Complete by March 2024.</b>	Complete – Meetings held on a fortnightly basis.
<b>10.</b> Undertake a full review of the HSC Recruitment Shared Services	<b>a)</b> Revision of the HSC Recruitment KPIs for Recruitment Shared Services <b>by September 2023.</b>	Ongoing - KPI review as part of the Recruitment Review Programme Board. Head of Recruitment Shared Services is an active member on this workstream.
	<b>b)</b> Review Amiqus technology in respect of pre-employment checks <b>by September 2023</b>	Complete - Post project evaluation presented and approved at Customer Forum. Also Presented at BSI/BSF.

	<p><b>c)</b> Regular reporting against revised KPIs at new Business Systems Forum (BSF) and Strategic Planning and Customer Engagement to be included within customer reporting so issues can be identified early <b>ongoing to March 2024</b></p>	<p>Complete -Daily monitoring of KPIs ongoing. Monthly reporting provided to key stakeholders.</p>
--	--	--



<b>BSO Strategic Objective 2: As a trusted partner, co-develop our services with customers</b>		
<b>Key Priorities</b>	<b>Key Targets</b>	<b>Comment and BRAG Performance</b>
<b>11.</b> CEC will design, deliver and review education programmes in line with customer need/demand and strategic priorities, ensuring programmes are evidence based, relevant and delivered through a range of teaching methods to meet our participants needs.	<b>a)</b> Completion and agreement of Education Delivery Plan (EDP) programme delivery for 2024/25 by <b>January 2024.</b>	Complete - the EDP was issued to customers in October 2023. Returns have been made by all customers and 2024/25 planning has commenced
	<b>b)</b> 50% of programmes on the AHP ECG Plan (for 2023/24) to be arranged within 3 months of the plans receipt by <b>31st March 2024.</b>	Complete - the AHP ECG plan was received on the 1 <sup>st</sup> June 2023.
<b>12.</b> Work collaboratively with customers to deliver payroll regional priorities including service improvements and the delivery of appropriate self-service options.	<b>a)</b> Identify delivery timelines with our customers supporting online activity and self-service platforms <b>by March 2024.</b>	Complete – Payroll Customer Forum has delivered 23/24 priorities including activities in working groups and further roll out of SharePoint usage.
	<b>b)</b> Identify areas of improvement and respond to customer needs regarding PCF and operational meetings <b>by March 2024.</b>	Complete – Payroll Customer Forum has delivered 23/24 priorities including activities in working groups and further roll out of SharePoint usage.

	<b>c)</b> Work with customer organisations to support ongoing delivery of PQIP programme objectives <b>by March 2024.</b>	Complete – 23/24 priorities delivered, including closure of Sickness Project and progress towards remaining projects.
	<b>d)</b> Update monitoring report to BSF & BSI – at planned meetings during <b>2023-24</b>	Complete - Relevant updates on Payroll activity have been provided to both BSI and BSF.
<b>13.</b> Expand develop, and improve ITS Shared Services	<b>a)</b> Restructure BSO ITS to match revised operational delivery model <b>by March 2024.</b>	Complete-Formation of Digital Directorate has superseded original project. New Project has been created "establishing directorate of digital", project board meetings occurring on a monthly basis.
	<b>b)</b> Undertake service reviews and revision of existing SLAs to support customer demands <b>by September 2023.</b>	Complete- Ongoing meetings with customers around SLA reviews. This is a CSI piece of work and will be constantly ongoing.

<b>BSO Strategic Objective 3: <i>Work smarter, to continually find more demonstrably efficient and effective ways of working with our customers and the Department of Health</i></b>		
<b>Key Priorities</b>	<b>Key Targets</b>	<b>Comment and BRAG Performance</b>
<b>14.</b> Implementation of recommendations of the BSO Review.	<p><b>a)</b> Review actions undertaken within the six agreed workstreams <b>by September 2023.</b></p> <ol style="list-style-type: none"> <li>1. Operating Model Comms and Branding</li> <li>2. People Strategy and Capability development</li> <li>3. Cost and Operations management</li> <li>4. Operational Planning process</li> <li>5. Transformation and Customer Service</li> <li>6. Digital Strategy</li> </ol>	Ongoing – throughout the first year of this five-year programme, significant progress has been made across all workstreams, delivering organisational improvements. As we enter the second year, focused work is ongoing on the Costing Model, Digital Strategy and Performance Framework.
	<p><b>b)</b> Provide data to the Programme Board on progress <b>ongoing monthly by March 2024.</b></p>	Complete - Programme Manager provides regular updates to the Review Programme Board and Review Oversight Board.
<b>15.</b> Implementation of recommendations of the BSO Legal Services Review	<p><b>a)</b> Development and implementation of a DLS Workforce Strategy, to include the development and implementation of:</p> <ul style="list-style-type: none"> <li>• BSO LS Talent Management Strategy</li> <li>• BSO LS Wellbeing Strategy</li> </ul>	Ongoing – Workforce Strategy Plan in progress with anticipated launch in Q2 2024/2025. Talent Management Strategy, increased talent pipeline channels with student placements in Q2, attendance at career fairs during Q4 and the launch of the new DLS webpage also in Q4.

	<ul style="list-style-type: none"> <li>• BSO LS Case Management System</li> <li>• BSO LS Communication &amp; Engagement Plan <b>by March 2024.</b></li> </ul>	<p>BSO Wellbeing strategy launched to DLS teams in Q4. Health and Wellbeing team setup, regular events underway including weekly running club, coffee mornings and book club. Communications and Engagement Strategy incorporated into draft Workforce Strategy Plan for launch in next financial year. Case Management System, the business case for capital funding approval currently with DHCNI awaiting confirmation. Revenue funding request to go to BSO ELT.</p>
	<p><b>b)</b> Review of BSO Legal Services funding/costing model analysing service requirements and monitoring demand <b>by March 2024.</b></p>	<p>Ongoing - Pilot KPIs focused on medical negligence and general legal advice rota underway with Northern Trust until 31/3/24 with a view to incorporating into pilot SLAs with SP&amp;CE team. Seeking to introduce revised charging model to pilot SLAs with SP&amp;CE. Costing model to be agreed with BSO corporate funding approach. Analysis of legal time over last 7 years issued to customers to support discussions regarding revised charging approach. Further details can be found in the monthly DLS highlight report.</p>
<p><b>16.</b> Support the implementation of the electronic transfer of Prior Notification List</p>	<p>a) Collaborate with PHA/ BSO IT and BSO IU to identify best option for FPS <b>ongoing to March 2024.</b></p>	<p>Ongoing - Currently scoping capacity for testing process with GP practices prior to go live. Expected go live end of Q1 2024.</p>

(PNL) between BSO and GPs.		
<p><b>17.</b> Deliver against the agreed Digital Health Commissioning Plan for the new HSC Regional Clinical Systems as directed by the relevant SROs, Programme and Project Boards.</p>	<p><b>a)</b> Deliver on all the funded IT Regional Programmes where funding has been secured: <b>ongoing to 31 March 2024 and beyond</b></p>	<p>Ongoing - Partial go-live of all four programmes as per milestones, work will continue beyond 2024.</p>

<b>BSO Strategic Objective 4: Offer exciting and rewarding opportunities for our people to develop and grow their careers</b>		
<b>Key Priorities</b>	<b>Key Targets</b>	<b>Comment and BRAG Performance</b>
<b>18.</b> Implement the Human Resource Organisation Development strategy for the BSO	<b>a)</b> Review the People Strategy and associated outputs <b>by September 2023</b>	Complete - Action Plan in place and being taken forward through the OWD. The OWD has been restructured with subgroups linked with the themes of the strategy.
	<b>b)</b> Contribute on the regional group to support the procurement of a Learning Management System <b>by October 2023.</b>	Complete.
	<b>c)</b> Implementation of IIP Action Plan <b>by March 2024.</b>	Complete - IIP Plan implemented for accreditation in 2025.
<b>19.</b> To support the development and implementation of a strategic approach to workforce planning to ensure that BSO has the required capability and skills set to support current and future service delivery	<b>a)</b> Develop a workforce planning strategy for BSO <b>by June 2023.</b>	Complete - Workforce Planning model has been developed and work underway in DLS and PALS.
	<b>b)</b> Develop an engagement process for Directors to review their workforce needs <b>by June 2023.</b>	Complete - Workforce Planning model has been developed and work underway in DLS and PALS.
	<b>c)</b> To develop and enhance our current workforce information and analytics function in collaboration	Complete - Monthly Workforce Reports provided to all ALBs. BSO ELT receive

	with our internal and external clients, to produce accurate and timely information on an on-going basis <b>by September 2023.</b>	monthly workforce report on key people.
<b>20.</b> Ensure accommodation for BSO staff and customers meets demand and is in line with the NICS Accommodation Standards and manage BSO properties in line with Section 4.8 Managing Public Money NI.	<b>a)</b> Implement the BSO Planned Maintenance Plan for its major assets utilizing forecast life-cycle costs over 15 years <b>On-going 2023/24.</b>	Ongoing - Work continues across the wider BSO regarding planned maintenance requirements. Refurbishment upgrade works commenced in BSO Boucher and BSO Franklin Street.
	<b>b)</b> Provide an assessment of the assets needed to deliver efficient, cost effective public services in line with learning from the Hybrid Working Pilot. <b>September 2023.</b>	Complete - Presented to BSO SMT on 19 <sup>th</sup> June 2023.
	<b>c)</b> Seek expert property asset advice from SIB, DoF& DoH <b>On-going 23/24.</b>	Complete - We continue to engage with Health Estates/DoH Property Department and sponsor branch regarding future plans for the BSO estate.

<b>BSO Strategic Objective 5: <i>Initiate, enable and support improvements in the health and social care in Northern Ireland.</i></b>		
<b>Key Priorities</b>	<b>Key Targets</b>	<b>Comment</b>
<b>21.</b> Deliver against the regionally agreed commission to “HSC Digital”	<b>a)</b> Facilitate BSO and external Team, including embedded staff in organisations across HSC <b>by September 2023.</b>	Outside BSO Remit to Deliver - Progress paused outside the scope of BSO, with subsequent “Return to Green” plan successfully executed. Commissioner has confirmed funding availability to July 2027. Staff consultation commenced in March 2024 to assist finalising transfer approach. Target date for pilot phase is March 2025, pending output of ongoing staff consultation.
	<b>b)</b> Design and agree SLAs with customers to bring through to pilot phase <b>by September 2024.</b>	Progress paused outside the scope of BSO, with subsequent “Return to Green” plan successfully executed. Regional agreement that services to be delivered via fully costed SLAs. Target date for pilot phase is March 2025, pending output of ongoing staff consultation.
	<b>c)</b> Design process to support transfer of required staff and contracts to BSO <b>by September 2024.</b>	Progress paused outside the scope of BSO, with subsequent “Return to Green” plan successfully executed. Regional agreement on broad transfer plan; target date for pilot phase is March 2025, pending output of ongoing staff consultation.



<p><b>22.</b> Facilitate BSO and external clients in mainstreaming equality issues into their core business.</p>	<p><b>a)</b> Support senior staff in mainstreaming equality conversations <b>by September 2023.</b></p>	<p>Complete - Mainstreaming conversations supported in Q4 with:</p> <ul style="list-style-type: none"> <li>• PHA AMT</li> <li>• PHA Protect Life 2 Procurement team</li> <li>• PHA Substance Use Procurement team</li> <li>• BSO Clinical Education Centre</li> <li>• BSO ELT</li> </ul>
	<p><b>b)</b> Provide advice and support service areas and customers on equality screenings and Equality Impact Assessments (EQIA) <b>by March 2024.</b></p>	<p>Complete - Advice and support provided on equality screenings 19 times:</p> <ul style="list-style-type: none"> <li>• BSO – 6</li> <li>• SPPG – 4</li> <li>• PHA – 6</li> <li>• NIPEC – 2</li> <li>• RQIA – 1</li> </ul> <p>Advice and support provided on 1 EQIA:</p> <ul style="list-style-type: none"> <li>• BTS Pathology Blueprint Programme</li> </ul>
<p><b>23.</b> Implement outcomes-based Performance Management Framework.</p>	<p><b>a)</b> Support service areas develop customer focused outcomes within their KPIs <b>by September 2023.</b></p>	<p>Complete - SLA Review Pilot (to include revised KPIs) in progress being implemented across three service areas i.e. DLS, Payroll, and PaLS. SP&amp;CE will continue to support and monitor its implementation throughout Financial Year 2024-25. Following a post-project evaluation, it is envisaged the new template and processes will be rolled out across all BSO service areas in financial year 2025/26.</p>

	<b>b) Implement new approach for Annual Business Planning cycle 2024/25 by <b>November 2023.</b></b>	New Business Planning template was developed and cascaded across all the BSO Service Areas for planning period 2024-25. All Service areas identified top priorities and focused on KPIs and Service improvements. A new BSO Corporate Plan was developed for the period 2024-2027 with three new Corporate Objectives which will form part of the Annual Business Planning for 2024/25.
<b>24. Develop BSO Communications across all service areas aligned with the BSO Strategic Review.</b>	<b>a) Implement a BSO Communication Strategy by <b>September 2023.</b></b>	Complete.
	<b>b) Implement Director Level Communications Plan by <b>March 2024.</b></b>	Incomplete - New Business Planning template was developed and cascaded across all the BSO Service Area for use in 2023/24. Service areas all identified top priorities and focused on KPIs and Service improvements. A new BSO Corporate Plan has been developed for the period 2024-27 and will form part of the Annual Business Planning for 2024/25

	<b>c) Implement External Communications Plan by September 2023.</b>	Complete - As the external communications plan is part of the wider communications strategy, the public facing side of the communications plan has been completed. This Plan remains live, and is subject to a review process. Information from Key Action b) Director Level Communication Plan will complement this.
--	---	---

## How did we perform in 2023-24?

In addition to the priorities and targets set out in our Corporate and Annual Business Plans, BSO has also agreed a wide range of Key Performance Indicators to manage the performance of Service Level Agreements with our customers and the BSO Board. We report performance against those targets using the Balanced Scorecard approach on a monthly basis. A selection of some of our key indicators are set out below:

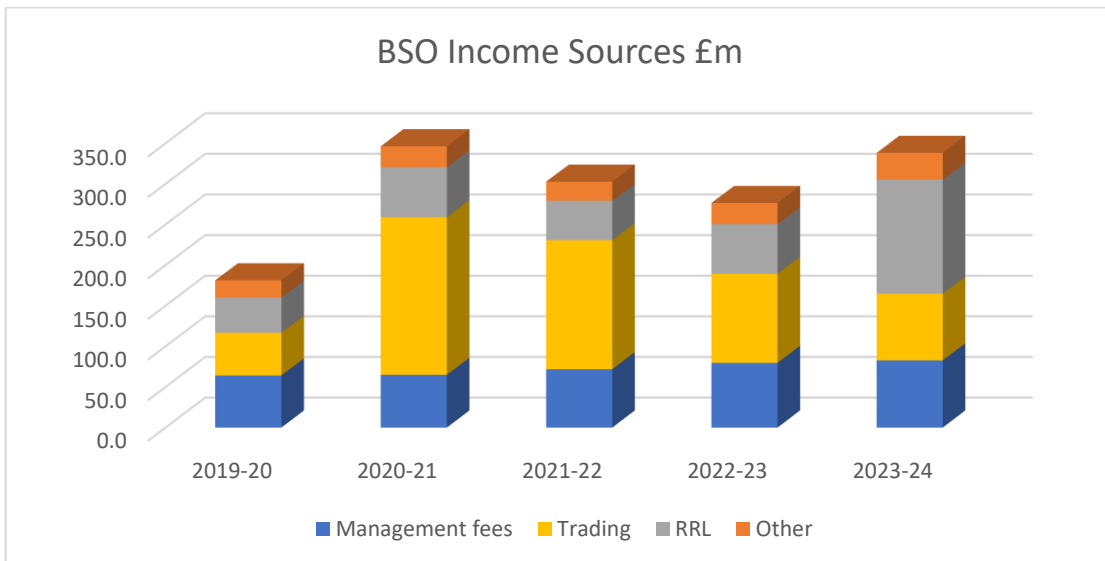
<b>KPIs</b>	<b>Service Area</b>	<b>Directorate</b>	<b>Target</b>	<b>Average Performance Results for 2023/24</b>
Average processing time per non-stock requisition (Procurement and Logistics Service)	PaLS	Operations	5 Days	<b>1.1 Days</b>
% of stock products supplied on 1st request (Procurement and Logistics Service)	PaLS	Operations	95%	<b>98.9%</b>
% of IT incidents resolved within target	ITS	Digital	90%	<b>95.1%</b>
% of Invoices paid within 10 days	Accounts Payable Shared Services	Finance	70%	<b>78%</b>
% of Invoices paid within 30 days	Accounts Payable Shared Services	Finance	95%	<b>94.4%</b>
Absence Rate	People and Place	People and Place	4.3%	<b>4.5%</b>
Conditional Offer to completion of Pre-employment Checks where there is no referral completed within 20 days (Recruitment and Selection)	Recruitment Shared Services	People and Place	80%	<b>83.4%</b>
% of requests/complaints acknowledged within 2 working days of receipt	Strategic Planning and Customer Engagement	Strategic Planning and Customer Engagement	100%	<b>100%</b>

## Long Term Expenditure Trends

BSO's main source of revenue funding continues to be management fees for the provision of services to HSC customers through service level agreements. BSO also has trading income and related cost of sales with customers relating to the sale of goods and services to HSC. In 2023-24 there was also other invoiced income largely relating to ITS Programme, Equip, Evolve and Regional Interpreting services and some additional miscellaneous invoicing across HSC. The remainder of BSO's funding is received from the DoH through Revenue and Capital funding.

### Revenue

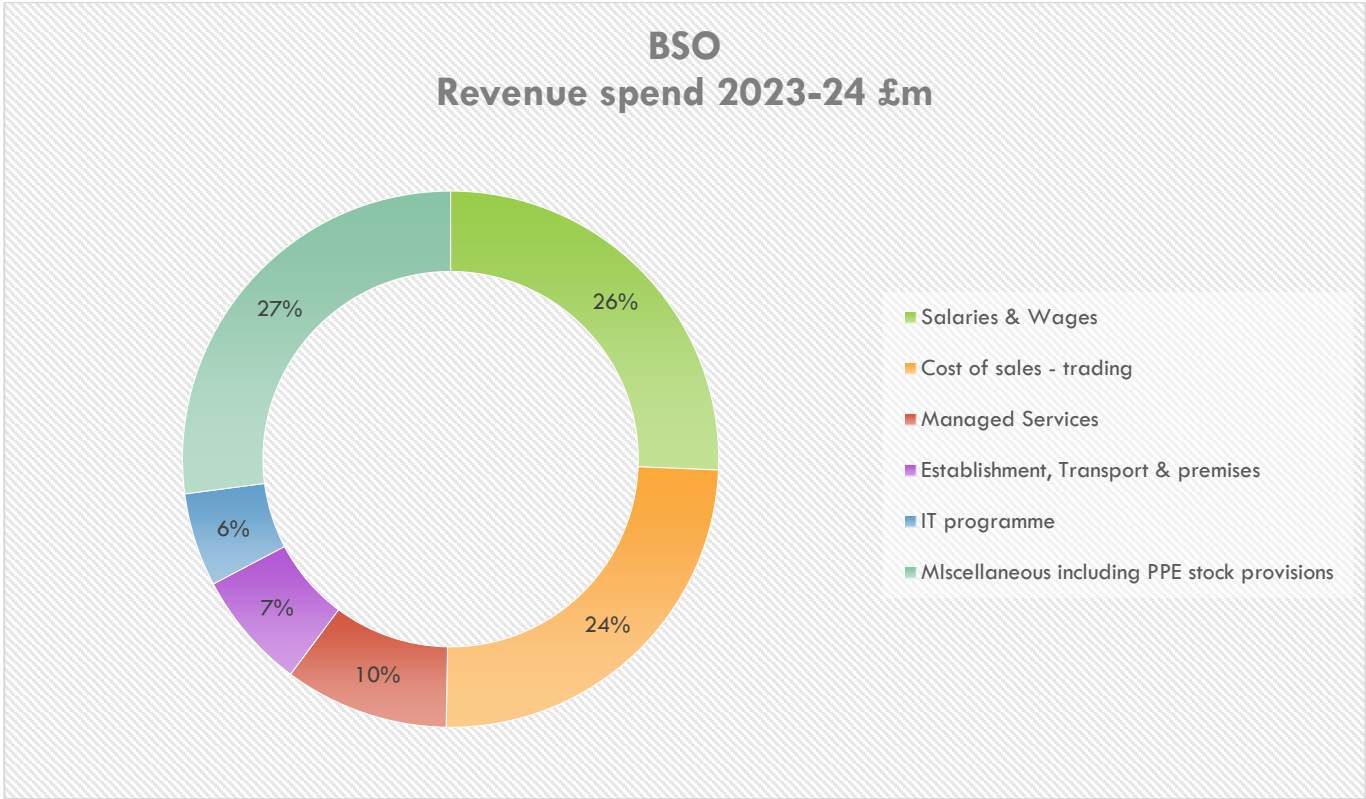
During 2023-24 BSO received a Revenue Resource Limit (RRL or revenue budget) of £140m which, alongside £191m of income resulted in a total Revenue budget of £331m. BSO performance against this budget was a £18k surplus and BSO delivered within its RRL tolerance levels as set by the Department. Note 22 details BSO's financial performance which also includes £40m of budget received relating to the second year of the SPPG hosting arrangement. The receipt of this budget is for year-end accounts purposes only; it does not form part of this trend analysis as it is not within the remit of BSO's budgetary responsibilities. The charts below show BSO income sources over the last 5 years and how BSO spent its available revenue funding during 2023-24.



BSO overall income has increased over the five-year period however, it has fluctuated within this timeframe. The movement can be attributed to a significant increase in trading income from 2020-21 due to the impact of Covid and BSO's role in stocking and supplying Personal Protective Equipment to the region. Income from other sources has increased overall with annual pay and prices increases to the SLA. Management fees are not expected to increase significantly in the coming years as there continues to be no additional funding for growth in the HSC system.

RRL funding has fluctuated over the last five years largely due to the impact of Covid-19 and changes in services managed on behalf of DoH which tend to be driven by demand or legislation.

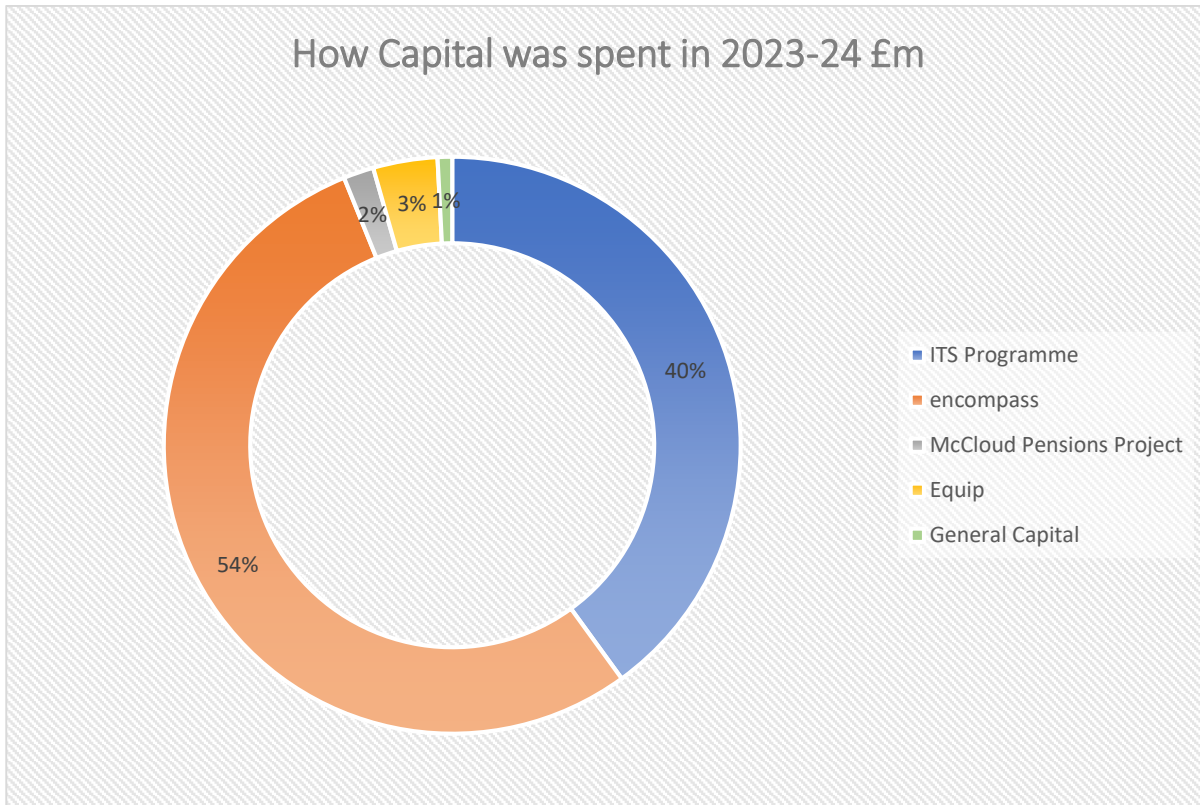
In 2020-21 BSO supported delivery of the Covid-19 Childcare scheme of c£3m as well as other Covid-19 pressures of over £2m. In particular for 2023-24 the significant increase in RRL funding is largely attributable to the need to provide for the potential PPE stocks that may not be sold prior to expiry which is partly offset by a reduction in trading income reflecting the decline in PPE sales post-pandemic.



The largest cost for 2023-24 was in relation to the Personal Protective Equipment adjustment to stock which includes both those required to be written off in-year as they have past their expiry date and those relating to future years which based on the latest stock modelling data may not be utilised prior to expiry hence the requirement for a stock provision which will be subject to continual reassessment and write back if not required. In terms of expenditure against core funding the largest cost is salaries and wages representing 26% of total expenditure. Expenditure on managed services was higher in 2022-23 due to an additional £10m being paid out in relation to the Infected Bloods Payment Scheme for one-off lump sum payments to beneficiaries in line with DoH direction; for the 2023-24 the Infected Blood payments reverted to the agreed rates for the ongoing compensation scheme payments. IT programme spend has continued to increase in value due to active ITS Programmes funded through DHCNI.

## Capital

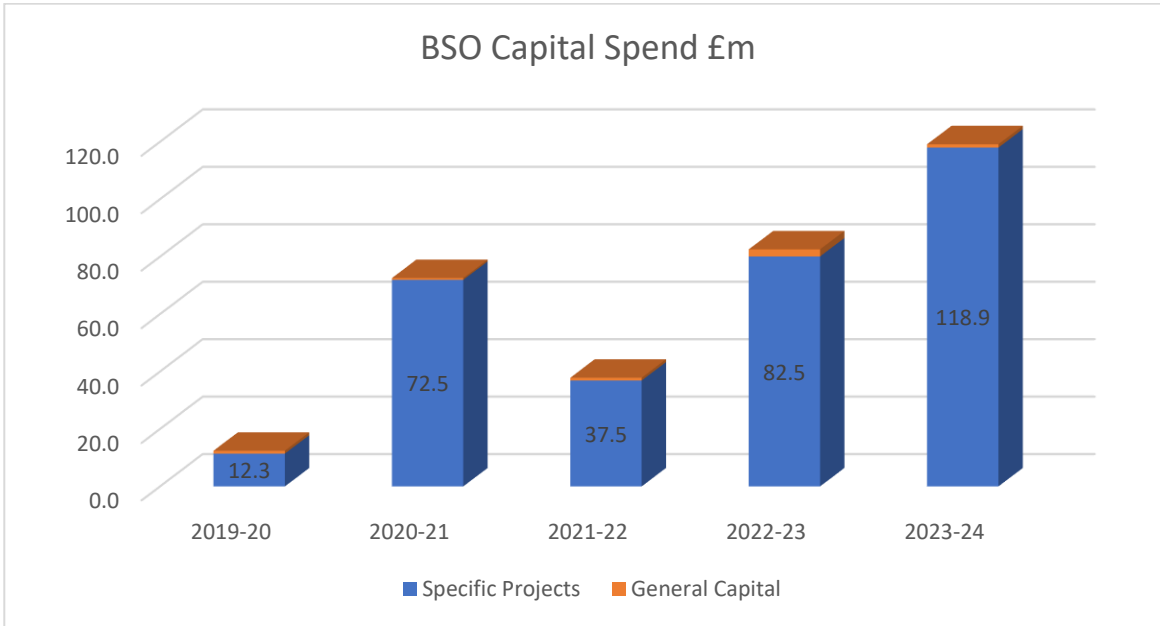
BSO received an £119.1m capital funding allocation from DoH for the financial year. The chart below sets out how BSO spent its available Capital funding during 2023-24.



BSO's role in the implementation of the regional encompass programme has resulted in £64.1m (54%) of the total capital spend in 2023-24 being attributable to continue to progress this key digital enablement transformation programme for HSC in Northern Ireland which included South Eastern Trust go-live in November 2023. Capital spend on ITS Programmes accounts for a significant amount of the in-year capital spend of £47.6m (40%).

There were also a number of other key capital projects which were progressed in-year such as £4.3m capital spend on Equip to support delivery of this regional programme, being a replacement integrated system for finance, HR and procurement activities and £2.0m of capital expenditure on the progression of works for the implementation of the McCloud remedy. Other general capital expenditure was incurred on areas such as the Business Services Transformation Programme, Strategic Business Research Initiatives and the regional Learning Management System.

The table below shows the five-year trend of capital spend and the total overall spend values in each financial year for all Capital projects.



The additional investment in capital for ITS programmes in more recent years has enabled progress of important regional transformation works. This requires continued investment in the future to build upon the foundations laid towards a better future for HSC in Northern Ireland. BSO remains committed to supporting transformation through capital work and optimising available capital through further development of its Asset Management strategies.



## 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:

	<b>2023-24</b>	<b>2023-24 Value £000s</b>	<b>2022-23</b>	<b>2022-23 Value £000s</b>
<b>Total bills paid</b>	259,848	313,418	241,397	333,974
<b>Total bills paid within 30-day target</b>	257,012	240,574	237,546	310,337
<b>% of bills paid within 30-day target</b>	98.9%	-	98.4%	-
Total bills paid within 10-day target	252,405	185,652	231,515	262,327
<b>% of bills paid within 10-day target</b>	97.1%	-	95.9%	-

## Sustainability Report

The Climate Change Act (Northern Ireland) 2022 was recently introduced following legal assent in July 2022. Under the Act DAERA has lead responsibility with all Departments required to provide proposals and policies for the reduction of emissions, alongside protection of the environment and the ability to minimise, mitigate or remedy the effects of climate change.

The Business Services Organisation has been designated as a body required to act under the regulations and as such the BSO are very willing to be part of any collective approach across wider HSC to explore and implement initiatives that achieve a more efficient and less carbon intensive operating model.

## Reducing Carbon Emissions/Energy Usage

BSO has continued to review its estate with a view to improving performance and reducing costs. During 2023-24 BSO identified two buildings that would be vacated during 2024-25 as

part of BSO's Estate Rationalisation Programme which will lead to considerable savings in both energy usage and carbon emissions.

### **Establish the baseline position for resource use**

During 2023-24 BSO formed a senior team to drive sustainability and efficiency throughout the organisation. The team commissioned independent experts to; deliver a carbon baseline study, develop a costed action plan and to recommend targets for carbon reduction within the organisation.

BSO has worked to establish the baseline position for resource use (heat provision, electricity, water, diesel) for the 2034-24 year to further inform the development of actions to seek a 30% reduction in energy consumption.

### **Minimising residual waste and associated carbon**

BSO recognises the negative environmental impacts arising from waste generation during its operations. The BSO is committed to implementing an effective and responsible waste management process that meets and ideally exceeds legislative, regulatory and best practice legislation and guidance.

BSO will embed a culture of continuous improvement regarding waste minimisation and management to avoid the waste of consumable products and correct segregation of waste into waste streams to facilitate recycling and other types of disposal to minimise carbon emissions.

On behalf of BSO, I approve the Performance Report



Karen Bailey  
Chief Executive  
3 July 2024

## **Accountability Report**

### **Strategic Issues, Risks and Challenges**

Risk Management within BSO is recognised as an integral part of good governance and management practice. BSO is conscious of the strategic context in which it operates within the wider Health and Social Care system (HSC), and aims to support the over-arching Programme for Government and the wider Public Health agendas through a framework of good governance. The BSO risk control framework is supported by a Risk Management Strategy and based on the principles of ISO 31000: 2018. The Strategy was reviewed during 2023-24 to ensure it remains up to date.

Another significant challenge to BSO continued to be the management of surplus PPE stock. This arose due to reduced demand for PPE, changes to Department of Health policy on provision of PPE to the independent sector and a change to Infection Control guidance, resulting in some PPE products not being issued prior to their expiry date. This consequently led to the need to realise a level of PPE losses in-year as disclosed within the Audit and Accountability Report. BSO continue to work closely with DoH and the wider health sector to monitor the PPE position and endeavour to keep future losses to a minimum.

A number of specific risks were identified during 2023-24, namely as a result of 2022-23 accounts qualification due to uncertainty around Personal Protective Equipment (PPE) demand and corresponding stock valuation. Other risks include the challenges around the delivery of programmes such as the encompass programme and services to our customers, for example, the impact of the Industrial Action and the increased demand for Recruitment.

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. at corporate level through the BSO Corporate Risk and Assurance Report and at Service level through Service Risk Registers. The BSO receives much of its assurance through its Corporate Risk and Assurance Report within which risks to the achievement of Strategic Objectives are outlined along with existing controls and assurances, gaps in controls and assurances and an outline of necessary actions required to control these gaps. Progress on risk actions and changes to the risk profile were monitored

monthly by the BSO Executive Leadership Team, quarterly by the Governance and Audit Committee (GAC) and biannually by the BSO Board throughout 2023-24.

During 2023-24, in keeping with Internal Audit recommendations, work commenced to re-shape the Corporate Risk Register to reflect the 3 Lines Model of Assurance (Assurance Mapping) and developing an Integrated Governance and Assurance Framework. The assurance mapping process, using the Integrated Governance and Assurance Framework, will give confidence to the Executive Leadership Team and the Board. The Executive Leadership Team and the Board were provided with Governance & Risk Management Training. As a result of this training a review of the BSO current Risk Appetite has commenced. The Governance and Assurance Framework will be refined and developed further during 2024/25.

Some of the challenges BSO faced during 2023-24 financial year included delivery against savings and efficiency targets which were required across HSC. Against this constrained financial climate, paired with the prolonged uncertainty around our Northern Ireland Executive, maintaining high quality services has been a significant challenge for BSO where demand has been ever-increasing.

## BSO Board

### Chair

Ms. Julie Erskine

### Chief Executive

Mrs Karen Bailey

### Non-Executive Directors

Mr Robert Bannon

Mr Mark Campbell

Miss Patricia Gordon (Resigned 4 December 2023)

Mr Mark Lowry (Appointed 15 January 2024)

Mr Sean McKeever

Prof. Dorothy Whittington

Mr Fred Smyth (Appointed 15 January 2024)

Mr Maynard Mawhinney (Appointed 15 January 2024)

Mr Linus McLaughlin (Appointed 1 March 2024)

### 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

### Executive Directors

Mrs Karen Hunter, Director of Strategic Planning and Customer Engagement

Mrs Paula Smyth, Director of People and Place

Mr Ben Doran, Interim Director of Digital Operations (Appointed 15 May 2023)

Ms Lesley Young, Director of Operations

Mrs Karen Bryson, Director of Finance (Resigned 30 November 2023)

Mr Simon McGrattan, Interim Director of Finance (Appointed 1 August 2023)



## **Committees of the BSO Board**

### **Business and Development Committee (BDC):**

- Robert Bannon (Chair)
- Mark Lowry
- Linus McLaughlin
- Maynard Mawhinney
- Mark Campbell

### **Governance and Audit Committee (GAC):**

- Sean McKeever (Chair)
- Mark Campbell
- Dorothy Whittington
- Linus McLaughlin
- Fred Smyth

### **Remuneration and Terms of Service Committee:**

- Julie Erskine
- Robert Bannon
- Mark Lowry
- Maynard Mawhinney

### **Review Oversight Board:**

- Julie Erskine - Chair of the BSO Board (SRO)
- Robert Bannon - Non-Exec Board Member
- Fred Smyth – Non-Exec Board Member

### **Additional Responsibilities**

- Dorothy Whittington – Equality and Disability Champion
- Mark Campbell – Whistle Blowing Champion

# BSO Executive Leadership Team (ELT)

**HSC** Business Services Organisation  
Simon McGrattan  
Interim Director of Finance



**HSC** Business Services Organisation  
Paula Smyth  
Director of HR & Corporate Services



**HSC** Business Services Organisation  
Karen Hunter  
Director of Strategic Planning & Customer Engagement



**HSC** Business Services Organisation  
Lesley Young  
Director of Operations



**HSC** Business Services Organisation  
Ben Doran  
Interim Director of Digital Operations



**DIRECTORATE REPORTS**



## Directorate of Digital

The Directorate of Digital comprises of three main functional areas which include:

- Digital Transformation Projects and Programmes
- Operational Services
- Infrastructure Services

Digital Transformation includes all project work related to the creation of new regional services, or the replacement of an existing system. The delivery of these regional projects and programmes typically fell under the remit of BSO (Business Services Organisation) ITS but given the scale of digital transformation across HSCNI it has been necessary to manage major transformational programmes (such as Encompass, Equip and Evolve) as regional Programmes outside of ITS.

With the creation of the new Directorate, the Programme Directors of these initiatives now report to the Director of Digital, rather than to the Chief Executive, as of 1 April 2023. A project has been undertaken to define the governance involved in the delivery of Digital Operations, which seeks to establish best practice across ITS and the major programmes. This project is likely to run for at least eighteen months and is due to complete in September 2024. Our Operational Services contains all customer facing services related to business and clinical systems, including but not limited to our Patient Administration System, our NI Electronic Health Care Record, the Laboratory Systems, our HRPTS and Finance systems. When a major project or programme is completed, the delivery of the service created within that project occurs within Operations.

We utilise an IT (Information Technology) Service Management toolset to track all incidents, service requests, and changes related to these services and to report back to our customers on the successful delivery against our Service Level Agreements (SLAs).

The Infrastructure Service area provides the platforms upon which operational delivery and transformation are possible. The regional data centres house more than 2,500 virtual machines, and host over 300 individual applications. Our staff are responsible for supporting over 10,000 client devices and providing remote access services for over 9,000 HSC (Health and Social Care) staff daily as well as supporting our internal hardware platform and externally hosted services.

We manage the access of over 300 suppliers securely into HSCNI as they support trusts and arms-length bodies in delivering services. Across the region BSO provide the core security services used to protect our staff from cyber threats.

As part of the BSO Strategic review, a Digital Vision and Strategy has been developed by BSO Digital staff and work is ongoing with other Directorates to modernise BSO. This vision seeks to promote improved use of technology to empower our staff.

### **Highlights for the Directorate and its Staff in 2023-24**

There have been major milestones achieved in the last twelve months across Digital. The following programmes, projects, and live services have shown enormous success:

- encompass has gone live-in South-Eastern Trust
- NI Pathology Information Management System has gone live in Belfast and South-Eastern Trust
- NI Digital Identity Service has gone live across Northern Ireland (and won at the Belfast Telegraph Awards)
- NI Picture and Archiving System has gone live across all phase one sites
- Equip has completed its Enterprise Resource Planning procurement phase and is moving through contract signature
- Finance, procurement and Logistics Service has gone live with V6
- Technical Enablement Project has closed as of March 2024, to be replaced with a new £60m Microsoft enterprise agreement
- Blood Production project has finished its procurement phase (and Programme Manager, Patrick Breen, won the Outstanding Leadership Award at the Advancing Healthcare Awards)

### **Quality Improvements within the Directorate 2023-24**



The Directorate was nominated for a CIPD award alongside the People and Place Directorate in relation to resourcing and talent strategy. This was formal recognition of the excellent work undertaken by staff within Digital and within People and Place, and although we were unsuccessful on the night, even to be nominated was an achievement.

The table below provides insight into some of the key commissions in the current financial year.

Project	Description	Status
HSC eLocum Site	HSC e-locums provide all Trusts in N Ireland with locum cover for ad hoc/short term cover locum shifts. BSO Digital updated the public facing site to a new theme to ensure the site is future proof and browsable on both mobile and desktop devices.	In Progress
Learning Management System	Regional Learning Management solution rolled out for 3 years prior to Equip to improve access and compliance for all HSC staff and non-HSC staff.	Completed
Amiquis	Enables HR & Hiring managers with visibility of recruitment status with a single sign on solution.	Completed
Equipment Loans Management System	Hosting of the ELMS2 environment extended to South Eastern Trust to facilitate and enhance Equipment ordering, route optimisation and journey planning, equipment deliveries and returns for BSO PaLs	Completed
Member Self Service	HSC BSO Member Self Service Module moved from on prem to hybrid hosted operating module enabling pension members both within HSC and outside of HSC the ability to self-serve and retrieve details on their pension thus reducing utilisation and costs for BSO Pensions.	Completed
Digitisation of pension files	BSO Digital assisted with storage and appropriate capacity to assist HSC Pensions with the digitisation of 1.8m documents to a secure infrastructure environment.	Completed
Muckamore Abbey Inquiry	BSO Digital provided RQIA with a bespoke and successful file share search solution to enhance the efficiency of searching large file shares with high file count more efficiently to help the organisation meet imposed deadlines.	Completed
Audit Tracker	BSO Digital provided BSO Directorates with an Audit Tracker system is designed to track and monitor all internal audit findings and recommendations within BSO. This process records all reports, findings and audit recommendations. The system gives the ability to assign recommendations to managers and for these managers to detail the current standing of a recommendation. This can be a change to the recommendation status or a comment detailing any updates.	Completed
CRM	BSO Digital assisted RQIA in the upgrade of their line of business in-house electronic inspection information system (known as <a href="#">iconnect</a> ) enabling the effective discharge of its functions in respect of registration and regulation of health and social care services.	Completed

### **Challenges faced during 2023-24**

Alongside the growth, we have also faced challenge and difficulties. To ensure we continued to meet the delivery targets of the portfolio, a change freeze was required on smaller commissionings that was formally agreed between the BSO, DHCNI and its customers.

The continued industrial action has impacted customers and staff during these transformation projects by restricting our ability to train users in the new technologies and to get access to experts within the service necessary to affect change on this scale. Coupled with significant cuts to public spending, we have seen delays across the portfolio of work, and pressure put on staff as we struggle to fill vacancies from a shrinking job market. Our customers are seeking to reduce expenditure against existing services as they are not seeing the value in the services we provide.

In February 2023 we undertook a major upgrade of NIECR, this upgrade sought to resolve ten years of technical debt and was not delivered as expected. The upgrade resulted in significant impact to customers for a number of months and required significant involvement by senior staff to manage the major incident to a satisfactory conclusion.

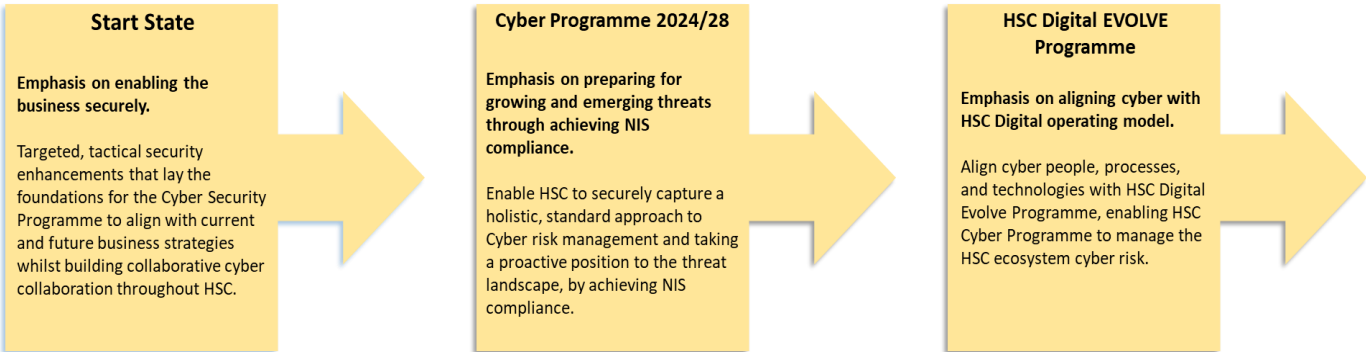
The Cyber Security Programme 2017-23 was mandated in response to the elevated cyber security risks to HSC such as WannaCry, and the increased levels of sophistication used in cyber-attacks. The Covid19 pandemic highlighted the crucial role of technology, whilst also exposing the risks from the cyber threat landscape. The Programme was formed with the following objectives:

- Develop an Information Security Management System;
- Compliance to NIS Directive;
- Compliance to GDPR;
- Develop recommendations and investment plans for cyber security and a common approach for all HSC;
- Consolidated reporting for cyber security for HSC; and
- Develop organisational knowledge, skills, and capability in cyber security.

To manage this programme of work, funding was secured for the HSC Cyber Security Programme Team of five HSC staff members, until the end of FY 2024-25.

The Cyber Security Programme 2017-23 also developed recommendations and investment plans for cyber security, using a common approach for all HSC. With this, the HSC Cyber Security Strategy 2022-26 was developed for all organisations.

For HSC to reach the next level of cyber security maturity and deliver the outcomes of the Cyber Security Strategy 2022-26, the Cyber Security Programme (11) 2024-28 will be initiated to build on the previous programme’s success and deliver cyber security recommendations and investment plans.



## **Quality Improvements 2023-24**

This has been a year of unprecedented growth and transformation, with BSO Digital leading delivery on an array of major programmes and projects, as well as significant changes to existing services, and all Digital staff should be proud of their contribution to Health in Northern Ireland. BSO Digital have helped support and continue to support the system in responding to four major public inquiries, looking at new ways of correlating information to allow our customers to manage the requests and to respond in as complete and accurate a fashion as possible.

BSO Digital has consistently delivered against its objectives for the year against an extremely ambitious portfolio of work. Our staff have gone above and beyond expectation to achieve great strides for the citizens of Northern Ireland in terms of:

- Providing consistent high-quality services to front line care and back-office staff
- Successfully delivering key milestones within major programmes and projects
- Successfully supporting bespoke engagements for our customers
- Providing a value for money service against challenging targets
- Supporting regional procurements to drive cost savings

We have seen improvements within BSO Digital as a directorate to meet our corporate obligations, with recognition for achievements in several areas. The scope of BSO Digital continues to grow, with the scale of the budget and workforce continuing to increase year on year. It is a testament to the success and the reputation of BSO that we continue to be the trusted delivery partner for HSCNI.

We continue to invest in our staff and to drive improvement across a range of areas:

- Customer engagement
  - Better KPIs
  - More useful reporting
  - Increased frequency of engagement
- Mandatory Training and appraisal compliance
- Responses to Fol requests
- Strategic workforce planning
- Alignment of project and programme delivery across all areas of digital
- Improved Digital engagement with the wider BSO as part of the digital vision and strategy workstream within the BSO Strategic Review.

## **Looking Ahead to 2024-25**

- Continue to deliver Regional ICT Shared Services to HSCNI customers including the Trusts and the ALBs.
- Continue to expand, develop, and improve Shared Services including ITS Shared Services.
- Support the wider HSC service in the delivery of the BSO Strategic review, ITS restructure, DHCNI (Digital Health and Care NI) Digital Strategy and the BSO Digital Strategy.
- Deliver against the agreed Digital Health Commissioning Plan for new HSC (Health and Social Care) Regional Clinical Systems and engage in the regional ICT procurement board to deliver efficiency and value for money across the region for ICT expenditure.

## Directorate of Finance

The 2023-24 financial year has brought about a significant period of change both for BSO as a whole and also for the restructure of the Finance Directorate. From 1 April 2023 as well as provision of core finance and internal audit services, the Finance Directorate incorporates shared services as part of the BSO Finance family following the implementation of the strategic review. The revised and complete listing of responsibilities of the Finance Directorate for the 2023-24 financial year and beyond are as listed below. Whilst this restructure has not notably impacted on the provision of day-to-day services both within BSO and across our HSC client base, it has naturally brought a new level of cohesion as we continue to endeavour to adapt and improve our services for internal and external stakeholders; providing quality services to a level commensurate with resource constraints and in line with changing business requirements and service level agreements.

- Financial Management
- Financial Accounting
- Capital
- Governance
- Internal Audit
- Transformation
- Business Systems
- Nursing Bursaries
- Infected Blood
- HSC Payroll
- HSC Pensions
- HSC Accounts Payable
- HSC Accounts Receivable

The commencement of the new structure brings about opportunity for increased collaborative working within the Finance Directorate whilst working closely with regional colleagues in delivery of an appropriately costed, value for money shared service at a key time of strategic change across the HSC. Some of the notable strategic projects for which Finance Directorate have provided key contribution in- year are encompass, Equip, financial systems upgrade, pension services delivery redesign and supporting progress on digital service initiatives.

### **Highlights for Directorate and its Staff for in 2023-24**

The Finance Directorate has shown immense resilience and exemplary teamwork operating with diligence and professionalism both through provision of key support services within BSO and on behalf of customer organisations. We have once again achieved BSO financial

breakeven and maintained operations within our Revenue and Capital Resource limits, a key objective within our annual business plan and statutory requirement. In any financial year this is a significant challenge to achieve and requires significant cross-organisational engagement, communication and investment to realise collective goals.

Credit must be given to the significant achievements across the Finance Directorate and business area colleagues throughout the 2023-24 financial year whilst continuing to provide support to the Equip programme alongside the following business as usual activities:

### **Finance Team**

- Management of a £331m Revenue and £119m Capital budget within BSO
- Ongoing provision of budget reports, support and advice to budget holders throughout the year
- Business development support to new programmes such as encompass including supporting of SEHSCT go-live and planning for and implementing regional future years go-live
- Satisfactory client service provision of budgetary, financial management, capital, financial accounting and support services to six HSC bodies
- Provision of Nursing Bursary services on behalf of the Department of Health to student nurses making in the region of 36,000 in-year payments to a value of £16.7m.
- In-year payment of Infected Blood services totalling £3.8m and full engagement with DoH and the four nations on the plans for the future of the scheme.
- Reconciliation and analysis of Family Health Service payments for the SPPG across the areas of GP payments (GMS), Dental Services (GDS), Ophthalmic Services (GOS) and Pharmaceutical Services (GPS) in line with Service Level Agreement for payments totalling £1,051m
- Directorate-wide participation in the National Fraud Initiative

### **Pensions**

- The Payroll Pensions Team have full responsibility for processing the pay related elements of all HSC Pension Benefit applications. The team processed pay figures for 3,595 pension events up to 31st March 2024 to enable HSC Pension members to plan for retirement
- Compliance with Annual Allowance pension taxation legislation through meeting of 6 October legislative deadline to members
- Annual Allowance Team handled approximately 5,250 queries/Annual Allowance calculations from members and delivered 102 one to one consultations
- HSC Pension Service responsibility for the administration of the NIFRS Pension Scheme which in-year includes pension payroll with the first one being completed in February 2024 with a volume of 1,656 payments



- The GP Pension Team successfully processed 1,161 General Practitioners Annual Certificates and completed 970 Dental Practitioners end of year calculations
- Approximately 572,000 individual pension and lump sum payments were made to pensioners and members in 2023-24
- Pensions Administration Team have paid over 2,377 new pensioners (equating to 4,013 pension calculations) in a timely and accurate manner
- Introduction of a web-based telephone service and fielding in the region of 27,500 calls from stakeholders.

### **Internal Audit**

- Delivery of the Internal Audit Annual Plans to all client organisations, resulting in the provision of a Head of Internal Audit overall annual opinion on the adequacy and effectiveness of each client organisation's framework of governance, risk management and control.
- An External Quality Assessment (professionally required every 5 years) concluded that the BSO Internal Audit Unit Generally Conforms (which is the highest rating) to the requirements of the Public Sector Internal Audit Standards.

### **Payroll**

- Provision of a regional Payroll service to 16 HSC Organisations across Northern Ireland which includes Payroll, Travel and Subsistence including processing new starters, leavers, overpayments and responding to employee queries.
- Engagement and activity to support various payroll projects such as Sleep Ins test case, Single Pay Frequency analysis, Bank Staff Cleanse and Priority post management.
- The payroll team processed 130,000 payments per month to HSCNI employees.
- Delivery of pay awards
- Continuation of the Payroll Quality Improvement Programme
- Employee Satisfaction Levels above 80% and roll out of annual Customer Service Training and new induction process in Payroll Service Centre.

### **Quality Improvements within the Directorate 2023-24**

Quality considerations remain at the forefront of all operations across the Directorate. As we strive to develop quality outputs whilst achieving value for money there have been a number of noteworthy in-year quality improvements:

- A number of current staffs across the Finance Directorate showed a thirst for learning and academic achievement through successful completion of accountancy examinations, Chartered Institute of Credit Management exams and Masters in Business Development

- Investment in staff health and wellbeing through holding wellbeing days and health activities throughout the financial year
- Participation in the HSC Graduate Trainee programme
- Staff engagement session on the McCloud Remedy and upcoming pension flexibility changes
- Introduction of member and pensioner self-service portal with accessibility through HSC devices; 30,100 registered for the service in-year.
- BSO Internal Audit produced its first Learning Brief in 2023-24, designed to share learning around a common audit issue.

### **Challenges faced during 2023-24**

The 2023-24 financial year has presented as an additional challenge due to the significant number of new projects as well as challenges within ongoing areas such as addressing the overstocking of Personal Protective Equipment leading to expiring stock held requiring write off, impacting on the financial position as well as in-year Payroll issues in the early part of quarter 4 of the financial year. This led to a need to enact BSO's business continuity plan. These issues are detailed within the Governance Statement which forms part of this Annual Report and Accounts. Whilst we have worked through these issues and arrived at successful outcomes, these challenges provide opportunities for learning and an ability to strengthen external relations and build future resilience.

### **Looking Ahead to 2024-25**

Looking to the 2024-25 financial year and beyond within BSO Finance Directorate, there will be a need to build on the progress made in the first year of the restructured directorate with all service areas and teams pulling together to deliver against continually challenging financial plans, meet the needs of the service users whilst growing and developing the knowledge across our workforce. This will require continued investment in our people and a need to ensure that we have our finite resource appropriately developed and directed to design and implementation of new services and systems whilst not creating any undue risk in the ability to cover existing services.

Further engagement with regional customers and with DoH is planned to identify and respond to areas of improvement and be able to meet efficiency savings targets on a realistic and recurrent basis; ensuring that service level agreements continue to adapt to meet changing business needs. Plans are also well developed to introduce an HSC online portal service accessible by not only current members but also leavers and pensioners to enable provision of a complete online self-service; go live will take place in early 2024-25. Plans for implementation of the McCloud remedy outworkings are well progressed and will come to fruition in the next financial year. It is an exciting time for BSO Finance Directorate with significant transformative plans and the positive attitudes, expertise and teamwork of our people will enable it to be a continuing success in the future.

## **Directorate of Operations**

The Operations Directorate is the largest and most business diverse directorate within the Business Services Organisation. Consisting of:

- **Procurement and Logistics Services (PaLS)**
- **Family Practitioner Service (FPS)**
- **Legal Services (DLS)**
- **Counter Fraud and Probity Service**
- **Clinical Education Centre**
- **Leadership Centre**

The Directorate provides services to clients across the HSC, the Department of Health, the independent sector and, through Family Practitioner Services (FPS), directly to service users. 875 staff are employed in the Directorate across all services, with a total operating budget in the region of £171m.

### **Procurement and Logistics Services (PaLS)**

PaLS provides professional procurement and logistics services to all the HSC organisations, and are responsible for 3,900 contracts, equating to c.£1.3bn of managed expenditure, per annum. PaLS is also responsible for £117M of warehouse turnover annually, with service delivery above 99% for goods delivered on first request in 2023-24. The PaLS services include transactional purchasing, sourcing, contract management, compliance, innovation, warehousing, distribution, transport, community equipment and continence delivery service, PPE storage and distribution and management of the Emergency Planning stockpile for DoH through the Service Level Agreement with BSO. These services are delivered across HSCNI, from a number of geographically dispersed offices and warehouses.

PaLS manage an operating budget of c£18m per annum and have a workforce of 480 staff.

### **Family Practitioner Services (FPS)**

FPS deliver multiple services across different strategic themes on behalf of the Strategic Planning and Performance Group (SPPG). FPS deliver the registration and entitlement of

Patients, Payments of Health Professionals including Dental, Pharmacy, GP and Ophthalmic sectors totalling just under £1bn per year. FPS also oversee Bowel and Cytology Screening including managing the helplines. FPS also provide regional-wide language interpreting services to the Health and Social Care Trusts, Primary Care services and other approved HSC providers in Northern Ireland. They are also the First-line support for primary care contractors accessing new technologies via the eBusiness team. Alongside the Information and analytics for Family Practitioner Services provided by staff seconded from the Northern Ireland Statistics and Research Agency (NISRA).

### **Directorate of Legal Services (DLS)**

Professional Legal Services (DLS) are a specialist legal team of solicitors who are assisted by a dedicated support team, providing legal solutions in employment law, personal injury litigation, commercial & property, clinical negligence, inquests & inquiries, family law (children's cases), judicial reviews, declaratory orders, Mental Capacity Act, recovery of HSC debt, recovery of residential care charges and advice and representation on the Mental Health Order (including tribunals).

Legal Services (DLS) provides general legal advice to customers in all areas as well as an out-of-hours service for urgent matters.

### **Counter Fraud and Probity Services (CFPS)**

Counter Fraud Services (CFS) is the sole provider of a comprehensive counter fraud service to the Department of Health, all HSC organisations and the Northern Ireland Fire and Rescue Service. This service includes prevention, detection and investigation of fraud, corruption and other financial irregularities in or against Health and Social Care Northern Ireland.

Probity Services is responsible for the delivery of a range of technical verification and assurance activities to the Strategic Planning and Performance Group (SPPG).

Probity Services is also responsible for the delivery of a regional bespoke verification and debt recovery service in relation to claims made by patients seeking help with payment of statutory charges in respect of dental and ophthalmic treatment received.

### **Clinical Education Centre (CEC)**

The HSC Clinical Education Centre (CEC) designs and delivers post registration education to support Nurses, Midwives and Allied Health Professionals (AHP) deliver safe and effective care. Working collaboratively with customers and stakeholders, CEC delivers a diverse range of programmes across a variety of clinical settings whilst remaining responsive to strategic, corporate and professional priorities, changing education demands and developments across the

HSC workforce. Educational support has also been provided to the wider healthcare system such as Hospices, Care Homes, Domiciliary Care and General Practice.

## **Leadership Centre**

The Leadership Centre provides a range of management and organisational development support to health and social care organisations. The Centre offers a range of innovative, high quality and cost-effective products and services such as bespoke consultancy support to meet client needs, portfolio development programmes and digital support through innovative IT skills delivery. Alongside the development of innovative IT transformation solutions, the Centre also hosts and manages the contract for the regional Learning Management System (LMS).

## **Directorate Highlights in 2023-24**

The Financial Year 2023-24 has been the first year of the new Operations Directorate following the BSO Review. Some examples of the notable highlights are set out below:

- PaLS continue support to the equip programme resulting in the completion of two large and complex tenders.
- DLS Employment - 180 claimants alleging unauthorised deductions relating to refunds tax & National Insurance Contributions were successfully defended.
- FPS continue to support the introduction of primary Human Papillomavirus (HPV) testing within the Cervical Screening program ensuring Call Recall systems capture and call participants in line with program guidance.
- Counter Fraud Services have assisted in the implementation of the new process for the handing of preliminary enquiries and have conducted 150 Preliminary Enquiries on behalf of client organisations.
- CEC has delivered approximately 240 programmes to HSC staff, with over 39,000 participants attending teacher-led programmes during 2023-24.
- DLS teams have worked tirelessly on a number of Public Inquiries and Inquests displaying a high degree of sensitivity dealing with Trusts and their staff who rely on dedicated team to provide them with advice and support. A Regional Inquests Forum was also established for Trust representatives to share information.

- FPS developed and implemented a new registration process for Asylum Seekers to ensure patients are registered and expand similar Refugee Resettlement Schemes.
- Counter Fraud and Probity saw a significant increase in the volume of referrals from pharmacy colleagues in SPPG. These were as a result of an exercise carried out on the prescribing and dispensing of certain injectable medicines (Glucagon-like Peptide -1, GLP1s) to identify potential excessive supply or overpayment.



*Pictured above are: Kyle McCauley, Shannon Sinclair, and Gerry Gormley – finalists at the HCSA Awards.*

- Successful award of an Agency Nursing framework which will eliminate off-contract spend and create savings of c.£23m in its first year. This project was successful in being a finalist in the annual HCSA awards for Collaboration
- DLS were successful in their ISO9001 / Lexcel Reaccreditation – achieved for the next 3 years. Lexcel is the Law Society quality standard for legal practices.
- FPS staff have provided statistical sampling, governance and operational support to allow NI to fully participate in a ground-breaking scientific study of new born babies and their families in the UK – Generation New Era - which will provide new insights into children’s health and development.
- Counter Fraud and Probity - 56 referrals were received throughout the year and from the 38 cases closed in year, recoveries totalled £58,389.
- Probity total amount recovered by the end of March 2024 across all four areas totalled £157,590. This represents an 84% increase compared to the previous year.

- DLS, Central (Judicial Reviews & Declaratory Orders Team) successfully defended the hospital waiting lists judicial review.
- DLS provided legal support in the delivery of the new Lisburn Primary Care and Community Treatment Centre (see below).



- PaLS - implemented re-introduction of PPE into the BAU supply chain, allowing all HSCNI Trusts to stand down their local PPE stores and distribution arrangements. Alongside the management of surplus PPE following the change in guidance and policy decisions.
- Leadership Centre - undertook a survey of over 60 Directors through 1:1 conversation, subsequently the Insight programme has launched aimed at Director level/Tier 2 staff.
- DLS - supported the launch of the new encompass programme.
- CEC - successfully developed regional eLearning in relation to key areas such as falls and swallow awareness, supporting the HSC's swallow awareness campaign. The delivery of both face-to-face and online education has supported the health and social care workforce to deliver safe and effective care and interventions.
- Leadership Centre - delivered 291 programmes to 3,248 participants with a new tracking system for consultancy going live in October 2023 to accurately track the type and number of consultancy requests.

- PaLS - Logistics Project, facilitated the establishment of the Project team and Board to complete the Strategic Outline Case. BSO is planning a programme of transformation which will provide a standardised model of delivery across all of Northern Ireland with a regional service offering to the Trusts, a one for Northern Ireland approach.
- Leadership Centre - also launched two new leadership Programmes, one for Nurses and Midwives at Band 6/7 which has been endorsed by the Chief Nursing Officer, and the other is Proud2bOps, aimed at Band 8a/b senior managers working in operations across the system. The Centre achieved 103% against its SLA target of 100%.
- CEC - had 3 staff achieve their Post Graduate Certificate in Education for Healthcare. Special recognition was given to Andrew Bryce (CEC, Nurse Education Consultant), who was awarded the Ann Snee Award for demonstrating excellence.



### **Challenges faced during 2023-24**

2023-24 was also challenging for the Operations Directorate with the most significant issues highlighted below.

- All areas within the Operations Directorate managed significant periods of Industrial Action, with most able to ensure minimal impact to our service delivery and the continuation of good employee relations.
- DLS and PaLS successfully managed the impact of the Covid Inquiry, with considerable work involved drafting responses and statements for Modules 3 (Provisional Scope) and 5 (Procurement)
- Timely recruitment of suitably qualified staff remains a challenge for all areas.
- Within FPS, the continued and sustained migration to NI has contributed to a significant increase in demand for languages including Somali, Tetum, Kurdish-Sorani, Dari and Farsi. Demand is currently outweighing capacity for certain languages due to a lack of qualified Interpreters in Northern Ireland, resulting in provision challenges for some areas. BSO continue to engage with key stakeholders to work to improve provision of key priority languages.
- CEC continues to be challenged by the non-recurrent, siloed funding model of commissioning. Despite this, CEC continues to encourage and promote multi-professional education by offering around 90 programmes in 2023-24.
- Counter Fraud Services encountered challenges due to backlogs in the Criminal Justice System and pressures on the policing budget which have resulted in delays in subsequent progress of cases in which Counter Fraud have conducted investigations.



## **Quality Improvements 2023-24**

Within the Operations Directorate, our quality service improvements which were implemented during the period April 2023 to March 2024, by Service Area include:

- PaLS Business Continuity Plan transformation following the lessons learnt from the 2022 FPL outage. A robust review and introduction of enhancements that include automation of the end to end solution, which has been welcomed by our customers.
- Leadership Centre introduced a new work request tracking system to ensure that all commissioned work is logged and allocated in a timely manner. This has improved efficiency and has had a positive response from clients.
- DLS introduced a new MN Triage System and a new case review process.
- Leadership Centre successfully implemented the regional interim Learning Management System. The new system came in on time, within budget and has had excellent feedback.
- FPS introduced validation for uncoded items in the Drug Masterfile and of validation for the revised discount clawback arrangements.
- CEC continued to review programmes to identify those that could be enhanced further through the use of digital resources or simulation. This has informed a plan of work to further develop eLearning, videos, digital resources and simulation-based education.
- CEC has also responded to specialist and specific additional requests from both Department of Health and the wider health and social care.
- Electronic payments of Judicial Reviews & Declaratory Orders (pilot).
- PaLS are taking part in the new SLA Pilot Programme.
- CEC recently completed a QI Project in relation to the development of a digital resource to support International Nurse Recruitment. Data continues to be gathered to see the impact this has had during the 2023-24 year.
- Counter Fraud and Probity services, Patient Exemptions staff carried out a pilot exercise on the use of the Small Claims Court for pursuing debts owed due to non-payment of health charges.
- PaLS, customer reports moved from PDFs to a live dashboard, and Contract Adjudication Group (CAG) Nomination Process moved online.
- PaLS, maintained Accreditations in ISO:9001, Food Safety, and Achieving a Gold Standard in Community Equipment Code of Practice Standard (CECOPS).
- FPS continue to work in conjunction with SPPG to deal with GP closures and mergers and ongoing developments to ensure continuity of high-quality service to patients.
- PaLS, developed procurement readiness matrix for ICT procurement projects.
- DLS engaged in ongoing resource Planning & Recruitment Trackers, in conjunction with development of new KPI metrics, and pilot charging model and adoption of new SLA templates.

## **Looking Ahead to 2024-25**

In considering the year ahead, the Operations Directorate is actively planning new ways to engage with clients and improve systems and processes across all areas.

### **Procurement and Logistics Services (PaLS)**

PaLS will continue to Progress the Regional Community Equipment and Continence Service (CECS) Working Group, to standardise the service delivery and ensure it is fit for the future. Alongside ongoing support to the Equip programme, through release of resources to design and build, test and train in preparation for the 2025 go live. There is a strong emphasis on sustainability and net-zero carbon targets with the progression of the business case to replace the vehicle fleet over the next five years, introducing EVs and HVO to reduce the carbon emissions. A re-design of the Procurement function and costing model is planned as well as a flexible working pilot across the Logistics Functions. PaLS is also to finalise the SOC for the Logistics Project and start to draft the Outline Business Case.

### **Family Practitioner Services (FPS)**

FPS will continue to support the development of a fit for purpose Cervical Screening System and support NIDIS to ensure Screening needs are incorporated within the development. FPS will explore new technologies to facilitate our reporting processes and automation. A data strategy will be developed within FPS to roadmap the future of our data alongside the development of a system strategy to drive customer engagement while optimising operations. Continued progression of ongoing strategic transformation initiatives is planned, such as the Drug Tariff Development programme and the ePharmacy programme. FPS will seek to secure an MoU for data sharing with DHSC for the DTIU, which will be the mechanism to gather and analyse NI relevant drug tariff information to ensure that remuneration to NI pharmacy contractors is fair and reasonable.

### **Directorate of Legal Services (DLS)**

DLS focus will be on the continued implementation of the DLS Transformation Programme throughout 2024-25. DLS await business case approval and procurement of a modern Digital Case Management System whilst they continue to embed DLS Team based working and leadership development programmes. New areas of Legal services are to be further embedded. Develop and improve KPIs and reporting structures to clients along with improved customer engagement.

### **Counter Fraud and Probity**

Counter Fraud and Probity are considering new ways to engage with client organisations and are also engaging with the police to find ways to ensure that cases are progressed in an effective manner. Probity Service is looking forward to working closely with SPPG colleagues in reviewing our areas of verification and meeting any changing needs identified throughout the year.

## **Clinical Education Centre (CEC)**

Clinical Education Centre will continue to engage with customers and key stakeholders to establish and respond to identified clinical educational needs across Northern Ireland, while continuing to develop and review teaching methods and promote learning opportunities for staff.

## **Leadership Centre**

The Leadership Centre will continue to contract manage the Learning Management System gathering qualitative and quantitative information help inform a future potential transition to equip. Alongside building our partnerships across the HSC and further afield to bring learning and innovation to our clients.

## **Directorate of People and Place**

The Directorate of People and Place comprises of four main functional areas which include:

- Human Resources
- Corporate Services
- Recruitment Shared Services
- Equality Unit

### **Human Resources**

BSO Human Resources provides a full range of Human Resources and Organisational Development services to the BSO and a number of HSC Client Bodies. We provide information, advice and support to managers and staff on recruitment and selection, employee relations, learning and development, pay and conditions, workforce information, attendance management and health & well-being support. HR Business Partners are affiliated to a number of service areas/clients to provide strategic advice to the business area. We provide support to both BSO and HSC Client Bodies to enable transformational organisational change. This begins with supporting management develop organisational plans and strategies through to consulting and engaging with staff and trade unions and implementation of change.

BSO Human Resources work in partnership with Trade Unions and regional HSC colleagues to help deliver the best possible outcomes for our staff.

### **Corporate Services**

BSO Corporate Services Team provides a wide range of key services across the BSO as well as a number of HSC Arm's Length Bodies (ALBs). The services provided include: Estates, Facilities, Asset Management, Emergency Planning and Business Continuity, Health and Safety, Fire Safety, Whistleblowing, Information Governance and GDPR.

### **Recruitment Shared Service Centre (RSSC)**

The Recruitment Shared Service Centre (RSSC) provides a transactional service supporting the recruitment and selection journey for appointments into the HSC across all areas except Medical, Senior Executive and Workforce Appeal recruitment activity which are managed locally by each organisation.

The recruitment journey is made up of multiple steps and touchpoints. The RSSC completes the transactional elements of the journey based on the hiring manager's instructions. All recruitment decisions are made by the hiring manager and/or organisation.

The RSSC compiles recruitment performance data as agreed with customer organisations to cover 3 stages in the process which the RSSC are involved in:

- **Recruitment** Following approval and transfer of a recruitment requisition to RSSC, the centre will either publish an advertisement or if a matching waiting list exists, make an offer to the next highest ranked candidate.
- **Selection** Where a post is advertised, the RSSC will act as the conduit of information between the panel and candidate. Shortlisting and interviews will be planned, conducted and co-ordinated by the hiring manager.
- **Safeguarding** The pre-employment checking process is undertaken by the RSSC. Where any decisions are required to be made about the checks these will be sought from the hiring manager.



## Equality Unit

The Equality Unit provide expert advice and guidance on statutory obligations and compliance with relevant equality, disability and human rights legislation, including one-to-one support on equality screening and equality impact assessments. Services delivered include:

- Developing, organising and delivering evaluation training
- Supporting clients in consultations and engagement with external stakeholders
- Developing joint good practice initiatives and supporting clients in their delivery
- Supporting clients in the development, delivery and review of their Equality and Disability Action Plans
- Coordinating the drafting and submission of statutory reports, such as the Annual Progress Report to the Equality Commission on implementation of Section 75 and the disability duties.

## Highlights for Directorate and its Staff in 2023-24

### People and Place

2023-24 saw the rebranding of the Human Resources Corporate Services Directorate to the 'People & Place Directorate'. The new title for the Directorate reflected the change in the structure of the Human Resources and Corporate Services and to reinforce the strategic ambition of BSO in line with the recommendations of the BSO review. **People** – reflects our people who work for BSO, those people we hope to attract to our workforce and being an inclusive employer of all people regardless of their background or disability. **Place** – reflects BSO's strategic aim to have a modern and efficient estate footprint which provides a conducive and safe working environment with robust and effective corporate services provided.



Once again, BSO HR were shortlisted for an award at the NI CIPD Awards. The team were recognised for their support to ITS in the 'Best Resourcing & Talent Strategy' category.



There was a win for Organisation Development and Learning at the NI HPMA awards. As encompass went live-in South-Eastern Trust, the HR team were pleased to be able to support line managers with the resourcing plans and managing workforce challenges.



The bi-annual BSO Leadership Conference was held in June 2023 at the Titanic Conference Centre in Belfast.



The new BSO Health and Wellbeing Strategy was launched with a continuing aim of supporting Our People by continuing to invest in, prioritise and improve the health and wellbeing of all staff. A HWB support Pack was also launched, throughout the 2023-24 BSO significantly increased its HWB staff resource offering.

BSO HR also launched a new Alcohol and Substance Misuse Policy, Retire and Return Policy and Revised Conflict, Bullying and Harassment in the Workplace Procedure.



BSO HR were closely involved in the design and implementation of Learn HSCNI, the new regional learning management system. BSO HR successfully implemented it within the organisation and for the other ALBs. Compared to a regional engagement rate of 58% at 6 months, BSO recorded a rate of 84% - this was the highest in the HSC.



The BSO Estates team have been implementing the BSO Asset Management Strategy across the BSO and some of the key areas we have focused on are:

- Adoption of flexible / hybrid working arrangements
- Maximising the number of workstations which can be provided in any location
- Maximising the use of the larger buildings currently occupied by BSO

A comprehensive review of the Information Governance function was undertaken by an external expert. The report recommended changes to processes, governance and management and this requires investment to drive the service improvement.

### **Recruitment Shared Services Centre (RSSC)**

Mrs Ciara McCann was appointed to the role of Head of Recruitment Shared Services and has been instrumental in leading an internal review of RSSC and collaborating with customers on the transformation of the end to end recruitment process across HSCNI.

#### Key Achievements:

- Delivery of BAU RSSC services ensuring accuracy and accountability
- Working in partnership with regional colleagues to deliver priorities
- Influencing the End to End Recruitment Service design
- Established customer forum and regular communications between customers
- Improved Time to Hire through Amquis system
- Successful implementation of Phase One Amiquis Project
- Vision 2022 upgrade and dashboard developed
- Manager Query form established
- Lead an independent review of Recruitment Shared Services
- Implementation of some internal recommendations

### **Equality Unit**

Equality Unit provides a high-quality bespoke Equality and Human Rights service to support our partners in delivering better health and wellbeing outcomes for Northern Ireland's diverse population and in developing their recruitment and employment practices to become Employers for Choice for a diverse workforce.

#### Key Achievements:



- Facilitating the development of new Equality and Disability Action Plans 2023-28 for BSO and nine client organisations – coordinating and conducting public consultation on behalf of BSO and nine client organisations and the careful consideration of its outcome
- Tapestry – large scale promotion of the network through in person stalls in various sites (direct engagement with over 200 staff) and awareness raising at various fora resulting in significant increase in membership of Tapestry (by 60%) and in attendance of quarterly Tapestry meetings
- Strategic advice and support – design of Equality Governance Framework for BSO; mainstreaming conversations with a range of client teams; advice and support on development of best practice in procurement with a range of client teams.

## **Quality Improvements within the Directorate 2023-24**

### **People and Place**

- The HR team continued to develop their Customer Portal as a ‘one stop shop’ for managers for all aspects of People Management. Resources were added in 2023-24 from across all the service areas.



- HR lead on a new internal scrutiny process for BSO with the aim of helping ensure effective financial & recruitment decisions and streamline the recruitment process.
- The Estates team commenced refurbishment and management of refurbishment projects in BSO Headquarters and BSO Boucher Cres and these have been designed to make the office workspace modern and fit for purpose for our staff.

### **Recruitment Shared Services Centre (RSSC)**

- Enhance Manager visibility through PowerBi reporting, enhancing customer reporting functionality.

- Delivering circa 22K requisitions.
- Full Functionality of Amiqus in Phase one.
- Streamlined Pre Req-Nursing recruitment, meeting all target.
- 

## **Equality Unit**

- Consultations, for the first-time public events were held online, and a dedicated engagement session was held with BSO staff.
- Automation, the introducing online requests for publication of equality screenings for staff from BSO and customers (pilot) to streamline the process.

## **Challenges faced during 2023-24**

2023-24 was also challenging for the People and Place Directorate with the most significant issues highlighted below:

- Ongoing Industrial Action commenced in November 2022. The HR Team have been responsible for leading on the management of the ongoing Industrial Action, including regular strike action.
- RSSC have continue to experience experienced a sharp 45% increase in demand activity (combination of new posts, indication of workforce growth; and replacement posts, indication of increased labour turnover). RSSC Centre experienced significant challenges and change which were compounded by the increased demand, the introduction of new technology, and new legislation and the implementation of new structures, processes and a new way of working to adapt to the new software.
- Equality Unit encountered an increasing degree of complexity of advice required on equality screenings.

## **Looking Ahead to 2024-25**

### **Recruitment Shared Services**

- Embed the new pre-employment checking software and realise benefits.
- Continue to work in partnership to improve time to hire and transform services.
- Implement recommendations from Internal Audit, Internal Review of Leadership Centre to improve internal processes, communications, structure.
- Prepare for management of change for equip Programme.

- Building capability of the team through continuous professional development.
- Enhancing candidate experience, and delivering new business model to include attraction.
- Pilot programme with BHSCCT to test a new approach to recruitment.

## **Equality Unit**

- Support the establishment of a PHA Equality Forum.
- Promote growth and co-production in the BSO.
- Facilitate Tapestry in providing input in BSO policy- and decision-making.
- Support BSO in implementing new Equality governance arrangements.
- Provide expert support and advice to staff in BSO and other HSCNI customers on Equality Screenings and Equality Impact Assessments.

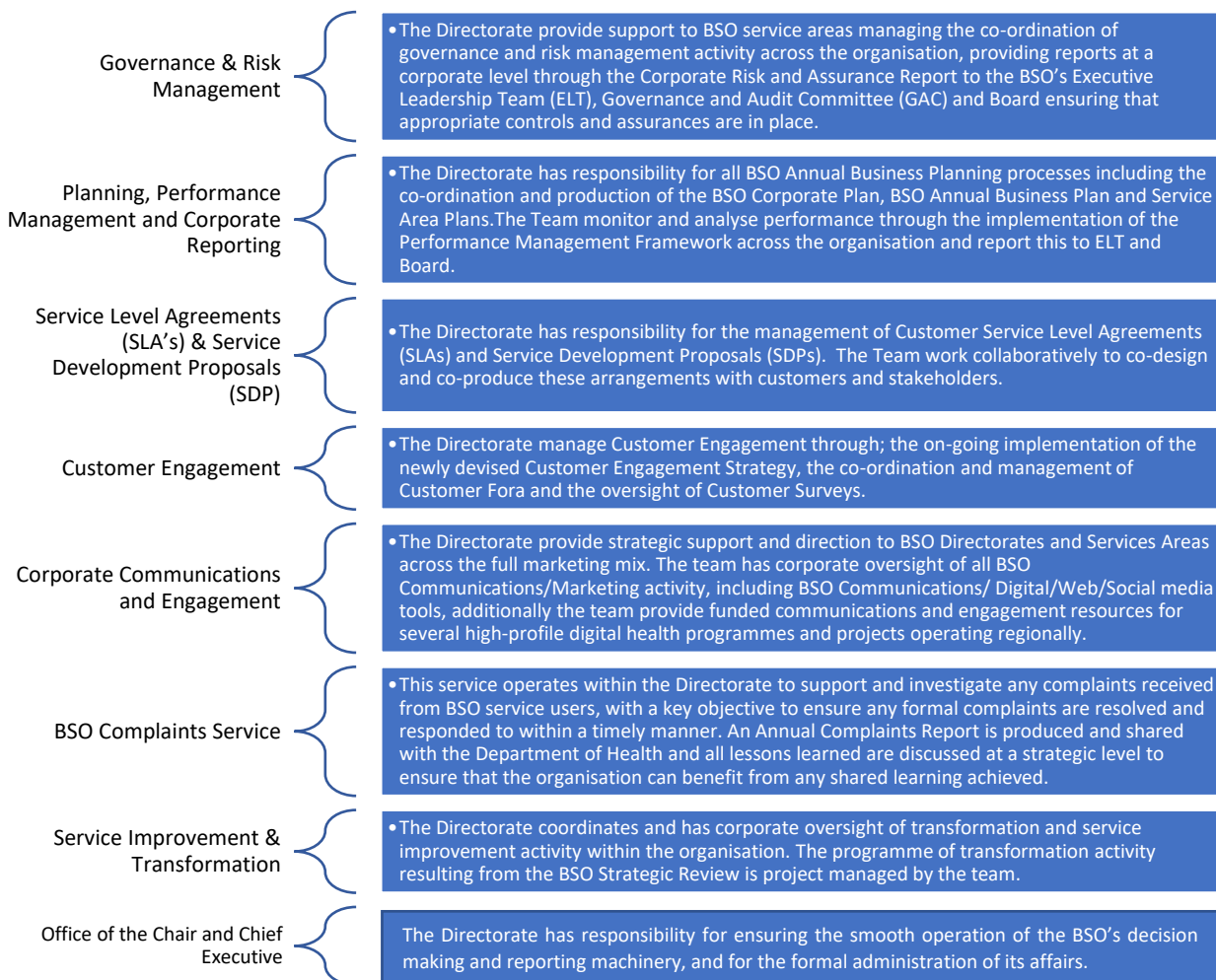
## Directorate of Strategic Planning and Customer Engagement

The Strategic Planning and Customer Engagement Directorate (SP&CE) is a newly established Directorate (formerly Customer Care and Performance) based on recommendations arising from the BSO Strategic Review. It became operational in April 2023 and comprises of two functional areas:

1. Strategic Planning and Customer Engagement
2. Corporate Communication and Engagement

The Directorate has corporate responsibility across the below key areas to support the Executive Leadership Team and BSO Board. SP&CE also provide a coordination and advisory role across the multiple BSO Service Areas, liaising with our customers and the Department of Health Sponsor Branch.





### **Highlights for Directorate and its Staff in 2023-24**

Some of the Directorate highlights across 2023-24 include:

- Launch of the new Customer Engagement Strategy in April 2023
- Review of Governance and Assurance Framework
- New branding and websites
- Improved internal communications with the redesign of monthly “Business Matters” staff newsletter
- Business planning and team building
- Staff development and training

### **Quality Improvements within the Directorate during 2023-24**

The SP&CE Directorate implemented and piloted a number of new quality improvement initiatives during 2023-24:

- **SLA Review** - Review of the current SLA process and implementation of a new pilot SLA Process across with three BSO service areas participating initially in three BSO Service Areas in conjunction with their customers (i.e. DLS, PaLS & Payroll).
- **New Annual Business Planning Process** – A new template was launched in 2023-24 to support service areas with their service area business plans which assisted in service areas developing more outcomes focused plans and meaningful KPIs.
- **Automation of Internal Processes** –Development of online forms to assist service areas in the completion of their returns and development and approval of a Business Case for funding to secure software to automate Risk, Performance and Meetings Management across BSO.
- **Complaints Training** - was developed and launched in July 2023 and is available via the learn HSCNI for all BSO Staff. Training is mandatory for all staff at Band 7 and above.
- **New Corporate Risk and Assurance Report** – a new Corporate Risk and Assurance Report was developed to define assurances received using the three lines of Defence Model.
- **Strategic Recruitment Marketing:** The Corporate Communications and Engagement Team transformed how BSO recruit via bespoke campaigns and specialists' posts, saving the organisation significant time and money in challenging recruitment markets.

### **Challenges faced during 2023-24**

2023-24 was also challenging for the Strategic Planning and Customer Engagement Directorate with the most significant issues highlighted below.

- Management of SLA negotiations against a backdrop of cuts and efficiencies
- Maintaining Business as Usual within the Directorate with a small resource of staff, whilst also responding to emerging issues and driving forward improvement projects.

### **Looking Ahead to 2024-25**

In considering the year ahead, the Strategic Planning and Customer Engagement Directorate will continue to engage with its customers and improve procedures and developments across all areas. In particular, with plans to:

- Implement Year 2 of the BSO Strategic Review
- Implementation of new Integrated Governance and Assurance Framework
- Monitor and evaluate the SLA Review Pilot to prepare for wider roll-out in 2025-26.
- Implement improved automation within the team in the areas of Risk, Performance and Meetings Management
- Review BSO's Performance Management Framework and Corporate Reporting on Performance with a review of Corporate KPIs.

## **Statement of Accounting Officer Responsibilities**

Under Health and Social Care (Reform) Act (Northern Ireland) 2009, the Department of Health has directed the Business Services Organisation to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Business Services Organisation and 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 the Government Financial Reporting Manual (FReM) and in particular to:

- Observe the Accounts Direction issued by the Department of Health including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in FReM have been followed, and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Business Services Organisation will continue in operation.
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Permanent Secretary of the Department of Health as Principal Accounting Officer for Health and Social Care Resources in Northern Ireland has designated Karen Bailey of the BSO as the Accounting Officer for the BSO. The responsibilities of an Accounting Officer, including responsibility for the regularity and propriety 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 formal letter of appointment of the Accounting Officer, issued by the Department of Health, chapter 3 of Managing Public Money Northern Ireland (MPMNI) and the HM Treasury Handbook: Regularity and Propriety.

As Accounting Officer, I can confirm that the Executive Directors and I have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the auditors of BSO are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## Governance Statement

### 1.1 Introduction/Scope of Responsibility

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

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

- **Management Statement and Financial Memorandum** to ensure accountability between the DoH and the BSO. Formal accountability meetings are in place in addition to on-going informal liaison. It is intended that a Partnership Agreement will supersede the Management Statement / Financial Memoranda (MSFM) to ensure accountability between the DoH and the BSO. In July 2023, the BSO Board held a workshop to prepare a draft Partnership Agreement which considered the key areas for inclusion. Following this the draft document was shared with BSO's Sponsor Branch. It is currently anticipated that the Partnership Agreement will be finalised in early 2024-25.
- **Memorandum of Understanding** in order to set out BSO hosting arrangements of former Health and Social Care Board (HSCB) staff following its closure and the establishment of the Department of Health's Strategic Planning and Performance Group (SPPG). From 1 April 2022, BSO provide staff services to SPPG under a hosting arrangement to DoH whereby DoH's SPPG staff are in effect employees of BSO. The responsibilities and obligations of BSO's hosting arrangement and that of DoH are as set out within the agreed Memorandum of Understanding between DoH and BSO in relation to the former HSCB employees. The hosting arrangement resulted in 2022-23 being the first financial year where SPPG staff and associated costs form part of BSO annual report and accounts. This has resulted in additional funding being provided to BSO annually by DoH to cover the costs. The governance accountabilities of the SPPG lie with DoH. BSO has obtained an appropriate declaration of assurances from SPPG covering the financial year in the



areas of business planning, risk management, accuracy and regularity of expenditure, fraud, internal controls, information governance, internal audit, staffing resources and recruitment to inform and be able to place reliance on the inclusion of SPPG staff hosting arrangement within BSO's annual report and accounts.

- ***Service Level Agreements with Customer Organisations*** to manage the working relationships with, or within, the Department of Health's Strategic Planning and Performance Group (SPPG), Public Health Agency (PHA), HSC Trusts and other Health and Social Care Organisations.
- ***Partnership Forums and Shared Services Regional Customer Forums***  
Partnership meetings with all HSC customer organisations are conducted annually at a corporate level. BSO Directorates maintain regular customer service engagement meetings to discuss service delivery issues and changes required to Service Level Agreements. A group was established in 2019, known as the ALB Forum which brings together the ALBs and Senior Staff from BSO in a quarterly forum. The Assistant Director of Strategic Planning and Customer Engagement in BSO attends all meetings and is responsible for coordinating attendance from across the BSO for senior staff. An agreed agenda is prepared on a quarterly basis and BSO service areas are periodically invited to attend the meetings to provide updates and to discuss any issues concerning performance and quality in relation to Service Level Agreements. BSO conduct regular Customer Surveys and Benchmarking activities which are shared as appropriate.

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

### ***Regional Digital Programmes***

Individual ICT programmes are commissioned from BSO Information Technology Services (ITS) by Digital Health and Care Northern Ireland (DHCNI) within the DoH in the context of the Regional HSC Digital Strategy. Where the SRO for a Programme is a staff member of BSO, BSO is responsible for ensuring that programme funding is spent in line with the annual spend projections agreed between BSO and DHCNI and reported to DoH. Where this is not the case BSO supports the SRO in their management of funding and holds the regional contracts on behalf of those Programmes.

### ***Administered Services***

On instruction from the DoH, BSO undertakes payment arrangements for a range of services, namely, Bursaries for Nurse Training, Infected Blood Scheme, Healthy Start Initiative, Supplement for Undergraduate Medical and Dental Education (SUMDE) and Regional Training Schemes for which total funding of approximately £32.8m (is received via the Revenue Resource Limit (RRL). BSO also makes payments for Interpreting Services on behalf of SPPG totaling approximately £3.8m.

## **2. Compliance with Corporate Governance Best Practice**

The Board of BSO applies the principles of good practice in Corporate Governance and continues to further strengthen its governance arrangements. The Board of BSO does this by undertaking continuous assessment of its compliance with Corporate Governance best practice, for example by assessing the BSO Governance arrangements against the Department of Health's Board Governance Self-Assessment tool. The BSO Board contributes to the strategic leadership of the organisation, ensuring that BSO Executive Leadership Team are satisfactorily leading on the effectiveness, accountability, sustainability and progressing the vision for BSO. The Board provides strategic support and challenge on and assesses appropriateness of delivery against the corporate plan and annual business plan which provide the vision for BSO and its key contribution to the wider HSC agenda. This includes risk identification, measurement and monitoring mechanisms and reviewing adequacy of policies to ensure ongoing legal, regularity and code of conduct compliance and ongoing adherence to section 75 equality and good relations requirements in the development of policies and delivery of services. The BSO Board has concluded that it is satisfied that over the course of the financial year that BSO is in a position to assure the Board, through its evidenced comprehensive and reliable processes in place for governance and risk management and in the operation of BSO control environment, of its ability to enable the successful delivery of strategy, policy and objectives.

The BSO Board completed its annual Board Governance Self-Assessment in September 2023. Overall this shows that the BSO Board functions well and identifies progress from the previous year. The Board Governance Self-Assessment tool focuses on four key

areas: Board Composition and Commitment, Board Evaluation Development and Learning, Board Insight and Foresight and Board Engagement and Involvement. A Board Impact Case Study also forms part of this exercise. An action plan has been developed to take forward further improvements.

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

### **3. Governance Framework**

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

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

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

- Governance and Audit Committee
- Remuneration and Terms of Service Committee
- Business and Development Committee
- BSO Review Oversight Board

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

**Table 1: Attendance records for Board of BSO and Sub Committees as at 31 March 2024**

Board/Committee	Number of meetings	% Attendance
BSO Board	10	88
Governance and Audit	4	88
Remuneration and Terms of Service	3	100
Business and Development	4	76
BSO Review Oversight Programme Board	2	90

The attendance of officers at the BSO Board in 2023-24 is shown in the table below:

	No. Meetings Attended	No. of possible Meetings
<b>Non-Executive Directors</b>		
Julie Erskine	10	10
Mark Campbell	10	10
Patricia Gordon	6	7
Sean McKeever	9	10
Prof Dorothy Whittington	10	10
Robert Bannon	9	10
Mark Lowry	3	3
Maynard Mawhinney	3	3
Fred Smyth	2	3
Linus McLaughlin	1	1
<b>Executive Directors</b>		
Karen Bailey	7	10
Karen Bryson	3	7
Paula Smyth	7	10
Karen Hunter	9	10
Lesley Young	10	10
Simon McGrattan	7	7
Ben Doran	9	9

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

The GAC, under the Chairmanship of a Non-Executive Director, meets not less than four times a year in line with its Terms of Reference. Its main role is to provide an independent and objective view of internal control by overseeing internal and external audit services, reviewing financial systems, ensuring compliance with the BSO Standing Orders and Standing Financial Instructions and reviewing the Financial Statements including the Schedule of Losses. The work of internal and external audit is fundamental in providing assurances on the ongoing effectiveness of the system of internal control. Following each meeting, the Chair presents a summary report from the meeting to the BSO Board highlighting any specific governance issues. Minutes of the Committee are submitted to the BSO Board for information/noting once approved by the Committee. The GAC Chair also provides the BSO Board with an annual report.

The GAC completes the National Audit Office Audit Committee Self-Assessment Checklist on an annual basis to assess its effectiveness. The 2023-24 assessment was carried out in January 2024 and whilst it encouraged healthy discussion and an action plan for continuous improvement it did not indicate any significant issues.

### **3.3 *Role of the Remuneration and Terms of Service Committee***

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

### **3.4 *Role of the Business and Development Committee***

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

complaints, human resources and corporate services policies, adverse incidents and freedom of information.

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

### **3.5 *Role of the BSO Review Programme Board***

The BSO Review Oversight Programme Board is led by the Chair of the BSO and meets as often as required to meet Project objectives. The role of the BSO Review Oversight Programme is to ensure optimal delivery of all Service areas within the organisation. The Board focusses on project objectives ensuring appropriate accountability and oversight of the structural review of senior management positions to ensure the review is delivered to the specification, on time and within budget.

## **4. Business Planning and Risk Management**

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

### **4.1 *Business Planning***

The BSO as an Arms' Length Body is required to take its lead from the wider Department of Health strategic vision and goals and contributes to the priorities set out by the NI Programme for Government. Therefore, the business planning process is carried out in accordance with DoH guidance the outcome of which results in the production of a Corporate Plan. This Corporate Plan sets out the mission, core values and long-term objectives that will shape the strategic direction and priorities for a three-year period. The BSO currently has five long term corporate objectives which are set out on page 14 of this Annual Report and Accounts. The Corporate Plan is supported by an Annual Business Plan which contains key priorities, targets and actions grouped under strategic objectives focusing on the organisation's core purpose. The plan includes appropriate objectives and targets relating to corporate governance, quality, resources and service delivery/improvement.

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

#### **4.2 Risk Management**

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

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

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

The BSO has a Risk Management Strategy and associated policies and procedures in place which describe the arrangements for embedding risk management into the activities

of the BSO. These were reviewed in April 2023 by the Governance and Audit Committee. The updated Strategy is in line with the overall HSC Regional Risk approach and based on the principles of ISO 31000: 2018.

The amount of risk the BSO is willing to accept, known as 'risk appetite' varies depending on each individual risk. Risks broadly cover financial, infrastructure and our workforce. No system can be risk free and the BSO's strategy is to focus on the effective management of known risks to support efficient service delivery. We will not accept risks that could result in poor quality service, non-compliance with standards or poor professional practice.

The BSO's aim is to ensure good risk management is evident and sustained throughout the organisation. Within the BSO the risk management process is recorded and evidenced through the maintenance of Directorate and Corporate Risk and Assurance Reports. To effectively manage the totality of risk management within the BSO, individuals, groups and the Board are charged with responsibility for risk management relevant to their role and responsibilities. The Corporate Risk Registers are reviewed monthly by the Executive Leadership Team (ELT) with subsequent regular oversight of the Governance and Audit Committee (GAC). The Corporate Risk and Assurance Report is brought to the BSO Board meeting biannually.

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

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



Assurance regarding the effectiveness of the risk management policy is gained through an annual risk management systems audit by Internal Audit.

All staff are required to complete the BSO Risk Management e-learning programme which is included in the formal BSO Corporate Induction programme. In addition, one to one and/or team sessions are available for any services areas who would like support/training on completion of the risk register.

## **5. Information Risk**

The European Union General Data Protection Regulation (EU GDPR) took effect across Europe on 25 May 2018. While the UK has left the EU, the UK version of the EU GDPR continues to apply. This brought with it significantly increased responsibilities in respect of how organisations collect, process and secure personal data and significant penalties for breaching the requirements. Implementation of the action plan is now complete.

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

Reports are provided to ELT and the BSO Board through the Business and Development Committee and additionally through the GAC as agreed from October 2023. This ensures appropriate oversight, scrutiny and challenge of BSO fulfilling its information governance requirements. The Chief Legal Adviser is the Personal Data Guardian for the Organisation, the Director of People & Place is the Senior Information Risk Officer and the Assistant Director of Corporate Services is the deputy Senior Information Risk Officer. BSO also has a designated Data Protection Officer.

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.

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

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 Family Practitioner Service payments are governed by data subject access requirements. All key systems are password protected and subject to automatic protocols which require regular change.

BSO is committed to ensuring appropriate cyber security is in place, managed by the BSO ITS regional security team. BSO supports the SRO of the HSC Cyber Programme which is an ongoing formal and comprehensive programme of work across the HSC with senior representation on the Cyber Programme board, including the Senior Information Risk Owner and Digital Director supporting the regional programmes of work.

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

## **6. Public Stakeholder Involvement**

The BSO is not required by statute to establish appropriate governance arrangements to involve and consult with service users, however, the BSO recognises that effective involvement is a key component in the delivery of a high-quality service. Regular customer engagement mechanisms are in place between customer organisations and BSO services. A Customer Forum was established in 2019, known as the ALB Forum for the Regional HSC Organisations. This Forum was specifically established to provide a mechanism for ALBs to engage on a quarterly basis with BSO representatives. In 2022 a Strategic Customer Forum was established with the purpose of providing a platform for the BSO and its Trust customers to work together in partnership to improve the quality of BSO services

in line with customer needs, provide the opportunity to discuss customer needs at a strategic level and set the strategic direction for BSO and its customers. SP&CE also support Legal Services (DLS) with their Customer Forum since its inaugural meeting in February 2023. This Forum was established to provide a platform for BSO Legal Services to engage regularly with Trust customers, to ensure partnership working and to improve the quality of legal services in line with customer need.

Customer and staff surveys are undertaken to ensure that appropriate and proportionate measures are in place to make certain that service delivery arrangements are informed by the views of our stakeholders, so that service improvement measures can be made if necessary. The Strategic Planning and Customer Engagement Directorate (SP&CE) launched its Customer Engagement Strategy in 2023, with the vision “Every customer feels they are treated with value and has a positive customer experience that enables the delivery of safe health and social care”.

## **7. Assurance**

The BSO Assurance Framework was approved by the Board in October 2013 and provides a mechanism for the effective and focused management of the corporate risks to achieving the BSO Strategic objectives. During 2023-24, the Strategic Planning and Customer Engagement Directorate commenced work to review and reshape the BSO Assurance Framework. The Assurance Framework will be refined and developed further during 2024-25. In addition, a Schedule of Assurances mapped out to each BSO area of service was presented to the Governance and Audit Committee in April 2023.

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

the regional HSC Whistleblowing Policy. The regional policy has been reviewed and revised by the DoH and HSC organisations, including the BSO. The whistleblowing policy is underpinned by The Public Interest Disclosure (Northern Ireland) Order 1998 and a revised circular was issued in March 2024 governing Raising a Concern in the Public Interest (Whistleblowing) HSC Framework and Model Policy.

Internal Audit undertook a comprehensive review of the Schedule of Assurances in September 2021. The Schedule of Assurances outlines the assurances provided to BSO Board/ELT /GAC/BDC and Customers and their reporting Schedule to ensure that clear reporting lines and defined purpose is in place for all groups within the governance structure. These assurances have been implemented and working in practice throughout 2023-24.

#### **7.1 Compliance with Litigation and Legal Services Payment Circular**

In 2006 the then DHSSPS issued a circular on the arrangements for dealing with payments to legal representatives for claims and the controls expected. This circular was updated by the Department of Health on 14 November 2023. As the sole provider of legal services to the HSC, BSO Legal Services (DLS) is required to comply with this circular.

The Chief Legal Adviser has confirmed that the BSO continues to be compliant with the requirements outlined in the Departmental Circular HSS (F) 67/2005 now updated by HSC(F) 38-2023.

#### **8. Fraud**

BSO takes a zero-tolerance approach to fraud in order to protect and support our key public services. We have put in place an Anti-Fraud Policy and Fraud Response Plan to outline our approach to tackling fraud, define staff responsibilities and the actions to be taken in the event of suspected or perpetrated fraud, whether originating internally or externally to the Organisation. Our Fraud Liaison Officer (FLO) promotes fraud awareness, coordinates investigations in conjunction with the BSO Counter Fraud team and provides advice to personnel on fraud reporting arrangements. All staff are provided with mandatory fraud awareness training in support of the Anti-Fraud Policy and Fraud

Response Plan, which are kept under review and updated as appropriate or every two years.

## **9 Personal Protective Equipment (PPE)**

Throughout the pandemic, the provision of health services to protect the population to ensure patient and health staff safety was a key priority across the HSC. On behalf of the DoH, BSO Procurement and Logistics took a lead role in the emergency response to the pandemic through procurement and distribution of PPE across health care settings.

In 2020, extensive PPE demand modelling was undertaken by PHA in conjunction with the DoH to predict future demand needs during the pandemic. This ensured that the volumes of PPE to be procured and distributed across HSC including provision to primary, secondary, independent sector and social care settings would meet the modelling recommendations. There was a natural reduction in demand post-pandemic, further impacted by the PHA guidance issued in March 2023 on revised infection prevention and control measures for Covid-19 in health and social care settings and DoH revised direction on supply to the independent sector, which represented circa 35% of BSO's supply. BSO maintain close control over stock levels and appropriate action has been taken to adjust stock supply to reflect reduced demand.

Presently, higher than pre-pandemic levels of PPE stock continue to be held within BSO's inventory balances as disclosed within Note 10 of the financial statements within these Annual Report and Accounts. Following 2022-23 accounts qualification due to uncertainty around the valuation of PPE stock held and its future use, a significant amount of work has been conducted to seek to provide additional certainty based on anticipated future demand through identification of any expiring PPE which is considered to be at risk of expiring prior to issue to HSC customers. Development and ongoing monitoring of a robust sales forecasting model has led to inclusion of a potential £79m future loss in relation to expiring PPE to include respirator masks, gloves, scrubs and hand sanitiser where expiry dates exist or there is a clear indication of obsolescence for BSO.

Whilst usage may continue to fluctuate over time based on the latest and any future changes in PPE guidance and the occurrence of future disease outbreaks, to counter the current overstock position and to seek to prevent landfill disposal of any excess PPE items, a task and finish group has met throughout the course of the year to continue to explore various mitigation measures such as product re-living, mutual aid, repurposing and charitable donations. BSO also continue to work closely with the DoH to contribute to future four nations emergency stockpile planning.

## 10. Sources of Independent Assurance

The BSO obtains Independent Assurance from the following sources:

### 10.1 Internal Audit

The BSO utilises an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. In 2023-24 Internal Audit reviewed the systems documented in the table below.

In her annual report, the Head of Internal Audit provided satisfactory assurance on the adequacy and effectiveness of the BSO's framework of governance, risk management and control, whilst noting that limited assurance was provided in a number of areas. Details of audits undertaken in the financial year are set out in the table below and narrative on any limited assurance provided.

**Table 2: Internal Audit Reports – Level of Assurance**

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
<b>FINANCE AUDITS</b>	
Financial Review	SATISFACTORY – Management of Agency Workers, Staff in Post Processes and Financial Management Support for the Encompass Programme  LIMITED – Management of Revenue Business Cases
Contract Management in BSO (excluding IT contracts and PaLS)	LIMITED
Bursaries and Management of Infected Blood Payment Scheme	SATISFACTORY

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
<b>CORPORATE RISK AUDITS</b>	
PaLS Procurement	SATISFACTORY
Family Practitioner Service: General Medical Service (GMS) Payments	SATISFACTORY – GMS Payments  LIMITED – GMS Registration Information Management
Logistics - Stock Management (particularly PPE)	SATISFACTORY
IT Audit	SATISFACTORY
<b>GOVERNANCE AUDIT</b>	
Risk Management	SATISFACTORY
Complaints Management	LIMITED
<b>SHARED SERVICE AUDITS</b>	
Payroll Shared Service	SATISFACTORY – Elementary PSC Processing  LIMITED – Staffing Stability, Impact of Change Requests on Month 10 & Month 11 Payroll, SAP/HMRC RTI Reconciliation, Overpayment Backlog, Closedown Checks and Variance Monitoring
Accounts Payable Shared Service	SATISFACTORY
Accounts Receivable Shared Service	SATISFACTORY
Recruitment Shared Service	LIMITED

### 10.1.1 *Financial Review*

The financial review internal audit covered the areas of staff in post process, non-pay expenditure including management of revenue business cases in line with DoH guidance, management of agency usage and financial management support for the encompass programme. In all but the area of management of revenue business cases a satisfactory level of assurance was obtained. Internal Audit advised that controls over the management of revenue business cases need strengthened and clarified. Management are committed to pursuing and putting in place any required improvements.

### 10.1.2 *Contract Management in BSO (excluding IT contracts and PaLS)*

Contract Management in BSO excluding IT contracts and PaLS-managed contracts received a limited assurance on the basis that of the contracts selected for testing two of

those were identified as not being wholly appropriately managed – facilities management and mobile contracts. The need for improvement has been identified and actions are underway to rectify including corporate oversight of BSO contract management.

### **10.1.3 *Family Practitioner Service: General Medical Service Payments***

FPS GMS Payments was given a satisfactory assurance. A limited assurance was provided for FPS records management on the basis of accuracy of the information asset register and opportunity for improvement in the retention and storage of records. Management have active plans in place to address the identified issues on a timely basis.

### **10.1.4 *Complaints Management***

Complaints Management was provided with a limited assurance opinion due to an internal audit assessed lack of central, corporate control over the management of complaints following identification of a lack of consistent definition on what is considered and classified as an informal or formal complaint. Management have actively put measures in place to rectify this situation including targeted support of uptake of complaints management mandatory training.

### **10.1.5 *Payroll Shared Services***

Elementary Payroll Service Centre (PSC) processing was provided with satisfactory assurance in the areas of gross overpayment processing, travel and subsistence claims processing, new starts, pension and manual timesheet processing, mandatory training for PSC staff, recurring payments and deductions processing, managing fraud risk, business continuity arrangements, standard operating procedures and National Fraud Initiative processing. Limited assurance was provided in the areas of staffing stability, impact of change requests, SAP/HMRC RTI reconciliations, overpayment backlog and closedown checks and variance monitoring. Management accepted recommendations and opportunity for continuous improvement in this challenging environment providing commitment to continue to actively progress to implementation within an agreed timescale.



### **10.1.6 Recruitment Shared Services**

Internal Audit's review of Recruitment Shared Services Centre (RSSC) focused on RSSC processing activities and was not a substantive review of recruitment activities across the HSCNI. The limited assurance outcome is reflective of the operating environment which includes an increase in recruitment demand whilst working within the constraints of the current systems. Progress was identified through the in-year embedding of the pre-employment checks software and the introduction of dashboards for management oversight of stages of recruitment processes. Management recognise that further action is required in order to ensure that RSSC is operating as effectively as it can within current system and resource constraints and remains committed to doing so.

### **10.1.7 Prior Year Recommendations**

During their year-end follow up of outstanding audit recommendations and recommendations from advisory assignments, Internal Audit found 309 (83%) of the 371 recommendations followed up were fully implemented, a further 57 (16%) were partially implemented, and 5 (1%) were not yet implemented.

## **10.2 Northern Ireland Audit Office**

The Financial Statements of the BSO are audited by the Northern Ireland Audit Office who provides independent assurance to the Northern Ireland Assembly. Any control weaknesses identified in the course of conducting the audit are communicated to the Governance and Audit Committee in the Report to those Charged with Governance. To support NIAO's assessment and provision of assurance on BSO operations for the financial year, NIAO carried out IT and non-IT controls testing across the shared service areas provided by BSO. A representative from the Northern Ireland Audit office attends the BSO GAC meetings.

## **10.3 Attainment /Reaccreditation**

The BSO continues to promote the value of external assurance gained through 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.

## **11. Review of Effectiveness of the System of Internal Governance**

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

## **12. Internal Governance Divergences**

### **12.1 *Update on prior year control issues which have now been resolved and are no longer considered to be control issues.***

There are no carried forward control issues to report upon; all were closed out as reported at prior year-end.

### **12.2 *Update on prior year control issues which continue to be considered control issues.***

There are no carried forward control issues to report upon; all were closed out as reported at prior year-end.

### **12.3 *Identification of new control issues***

The following issue both arose and was closed during 2023-24:

On 26 January 2024, BSO's Payroll Service Centre (PSC) implemented system changes to correct legacy issues identified and agreed through the HSC-wide BSO-led Payroll Quality Improvement Programme. As a result of these system changes, PSC experienced

an unanticipated delay in information import through the third-party payroll system. This real time issue occurred despite the instructed governance improvement changes having undertaken testing in advance of live execution. Unforeseen system delays were experienced due to the significant volume of additional transactions. Consequently, to avoid late salary payments to staff, as soon as the issue became known the BSO invoked its payroll business continuity plan. The situation was swiftly rectified to ensure minimal interruption to payroll service delivery. It also provided opportunity for learning with regards to further improvements to BSO's business continuity planning and future approach to any large-scale retrospective changes. It is not anticipated that any such similar events will occur in the future; this occurrence arose due to a data cleanse exercise in advance of planned new systems.

Following challenges experienced in January, a separate but related incident occurred in February 2024. From a total of 122,000 monthly salary payments processed by PSC, 800 HSC staff (within two Trusts) experienced a delay in receiving their monthly salary payment. BSO Executive Leadership Team established Payroll Bronze Command Group in early March to coordinate response activity and obtain assurance over the mitigation of any further risk to levels of service. The group has now been stood down following satisfactory conclusion of the matter and as evidenced full operation of business as usual has satisfactorily returned since March 2024. Extensive communication has been shared across the region and business continuity plan improvements will continue to be made and reviewed frequently incorporating required learning from the incident and associated reports.

### **13. Budget Position and Authority**

The Budget Act (Northern Ireland) 2024, which received Royal Assent on 14 March 2024, together with the Northern Ireland Spring Supplementary Estimates 2023-24 which were agreed by the Assembly on 9 April 2024, provide the statutory authority for the Executive's final 2023-24 expenditure plans. The Budget Act (Northern Ireland) 2024 also provides a Vote on Account to authorise expenditure by departments and other bodies into the early months of the 2024-25 financial year.

#### **14. Direct Award Contracts**

BSO maintains a Direct Award Contracts (DAC) Register. A total of 42 DACs were completed by BSO in 2023-24 with a combined value of approximately £11.6m. DAC returns have been completed throughout the year to BSO PaLS as Centre of Procurement Expertise in respect of DACs with an individual value in excess of £30,000 to enable publication in line with departmental guidance. The Governance and Audit Committee is routinely updated in relation to the DAC Register throughout the year.

#### **15. Data Breaches**

BSO's Data Protection Officer (DPO) assesses all breaches of personal data that are reported to them, and provides recommendations as appropriate. During 2023-24, five instances regarding a BSO data breach were reported to the Information Commissioner's Office (ICO). Although this was largely precautionary and the ICO did not take any action against BSO, a number of recommendations were made, which BSO continues to actively progress in order to seek to prevent reoccurrence.

#### **16. BSO Estate**

The recent addition of Linenhall Street accommodation DoH-owned retained estate coming under BSO through the SPPG staff hosting arrangement in operation from 1 April 2022 creates a potential risk on the ability to operate BSO's business on a health and safety compliant basis in the future. BSO has inherited substantial potential liabilities in relation to Linenhall Street, currently estimated to be in the region of £15million, largely relating to non-essential maintenance work over a future ten-year period which will become critical if not addressed. BSO have in place a number of mitigating controls such as the current Property Asset Management Plan as submitted to DoH, an agreed Asset Management Strategy, buildings and maintenance surveys.

#### **17. 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 BSO

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 throughout 2023-24.

## **Remuneration and Staff Report**

### **Remuneration Report**

The Remuneration and Terms of Service Committee, a Committee of Non-Executive Board members exists to advise the full Board on the remuneration and terms and conditions of service for Senior Executives employed by the Business Services Organisation.

While the salary structure and the terms and conditions of service for Senior Executives is determined by the Department of Health (DoH), the Remuneration and Terms of Service Committee has a key role in assessing the performance of Senior Executives. It should be noted that the Remuneration and Terms of Service Committee services the needs of Business Services Organisation (BSO) and does not incorporate the governance accountabilities for Strategic Planning and Performance Group (SPPG) staff or remuneration decisions; these fall within the remit of DoH directly, in line with the Memorandum of Understanding for the BSO hosting SPPG staff arrangement.

### **Pay Awards**

The 2018-19 and 2019-20 Senior Executive pay awards were processed in 2022-23 in line with the Remuneration and Terms of Service Committee's agreement on the classification of Executive Directors' performance, categorised against the standards of 'fully acceptable' or 'incomplete' as set out within the DoH circular. The 2020-21 and 2021-22 Senior Executive Pay Award circulars were received from the DoH on 4 April 2023 and the 2022-23 Senior Executive Pay Award circular was received on 18 December 2023; all were paid during 2023-24.

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. An accrual has been included for monies which may become due for senior executive pay award up to 31 March 2024 and are included within the remuneration tables which follow. None of the Executive or Non-Executive Directors of the BSO received any bonuses or performance-related pay in 2023-24.

## **Non-Executive Directors**

It should be noted that Non-Executive Directors do not receive pensionable remuneration and therefore there will be no entries in respect of pensions for Non-Executive members. Non-Executive Directors are appointed by the DoH under the Public Appointments process and the duration of such contracts is normally for a term of four years. 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 2023-24.

## **Membership of the Remuneration and Terms of Service Committee throughout the year was:**

Ms Julie Erskine – Chair

Mr Robert Bannon

Mr Mark Lowry (from 22 February 2024)

Mr Maynard Mawhinney (from 22 February 2024)

The Committee is supported and advised by the Chief Executive, the Director of People and Place and the Director of Finance.

## Senior Management Remuneration (Audited)

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Business Services Organisation which reflects the BSO review organisational restructure from 1 April 2023 were as follows:

Name	2023-24					2022-23				
	Salary £000s Note 4	Bonus / Performance Pay £000s	Benefits in kind <sup>Note 2</sup> (rounded to nearest £100)	Pension Benefits (rounded to nearest £1,000)	Total £000s	Salary £000s Note 3	Bonus / Performance Pay £000s	Benefits in kind (rounded to nearest £100)	Pension Benefits (rounded to nearest £1,000)	Total £000s
<b>Executive Members</b>										
Karen Bailey <sup>Note 1</sup> <i>Chief Executive</i>	115-120	-	-	26,000	140-145	120-125	-	-	77,000	200-205
Karen Bryson <i>Director of Finance (Resigned 30 November 2023)</i>	80-85 (Full Year 85- 90)	-	-	(5,000)	75-80	80-85	-	-	15,000	95-100
Paula Smyth <i>Director of People and Place</i>	85-90	-	8,900	54,000	145-50	65-70	-	11,600	10,000	85-90
Simon McGrattan <i>Interim Director of Finance (Appointed 1 August 2023)</i>	60-65 (Full Year 85- 90)	-	-	39,000	95-100	-	-	-	-	-
Ben Doran <i>Interim Digital Director (Appointed 15 May 2023)</i>	75-80 (Full Year 85- 90)	-	-	(6,000)	70-75	-	-	-	-	-
Lesley Young <i>Director of Operations (Appointed 1 April 2023)</i>	105-110	-	1,500	22,000	130-135	-	-	-	-	-
Karen Hunter <i>Director of Strategic Performance and Customer Engagement (Appointed 1 February 2023)</i>	75-80	-	-	18,000	95-100	10-15 (Full Year 70-75)	-	-	13,000	20-25
Martin Bradley <sup>Note 5</sup> <i>Interim Director of Operations (Appointed 1 March 2022, Resigned 31 March 2023)</i>	0-5	-	-	-	0-5	80-85	-	-	59,000	140-145
Mark Bradley <sup>Note 5</sup>	10-15	-	-	-	10-15	80-85	-	-	13,000	90-95



Name	2023-24					2022-23				
	Salary £000s Note 4	Bonus / Performance Pay £000s	Benefits in kind <sup>Note 2</sup> (rounded to nearest £100)	Pension Benefits (rounded to nearest £1,000)	Total £000s	Salary £000s Note 3	Bonus / Performance Pay £000s	Benefits in kind (rounded to nearest £100)	Pension Benefits (rounded to nearest £1,000)	Total £000s
<i>Interim Director of Customer Care and Performance</i> (Resigned 31 March 2023)										
June Turkington <sup>Note 5</sup> <i>Chief Legal Advisor</i>	0-5	-	-	-	0-5	80-85	-	-	37,000	120-125
Alphy Maginness <sup>Note 5</sup> <i>Chief Legal Advisor</i> (Resigned 31 March 2022)	10-15	-	-	-	10-15	15-20	-	-	-	15-20
<b>Non-Executive Members</b>										
Julie Erskine	25-30	-	-	-	25-30	25-30	-	-	-	25-30
Dorothy Whittington	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Mark Campbell	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Robert Bannon	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Patricia Gordon (Resigned 4 December 2023)	0-5 (Full Year 5-10)	-	-	-	5-10	5-10	-	-	-	5-10
Sean McKeever	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Mark Lowry (Appointed 15 January 2024)	0-5 (Full Year 5-10)	-	100	-	0-5	-	-	-	-	-
Maynard Mawhinney (Appointed 15 January 2024)	0-5 (Full Year 5-10)	-	-	-	0-5	-	-	-	-	-
Fred Smyth (Appointed 15 January 2024)	0-5 (Full Year 5-10)	-	-	-	0-5	-	-	-	-	-
Linus McLaughlin (Appointed 1 March 2024)	0-5 (Full Year 5-10)	-	-	-	0-5	-	-	-	-	-

**Note 1** 2022-23 figure takes account of job re-evaluation pay arrears, also reflected within the opening CETV Pension disclosure.

**Note 2** The Benefits in kind arise from any mileage expense claimed which is above the annual HMRC-approved rate or the taxable benefit from participating in the HSC Leased Car Scheme.

**Note 3** The 2022-23 figures include 2019-20 and 2020-21 Senior Executive Pay Awards paid in-year but exclude 2020-21, 2021-22 and 2022-23 Senior Executive Pay Awards paid in 2023-24.

**Note 4** The 2023-24 figures include the three financial years pay awards 20-21, 21-22 and 22-23 paid in-year and an estimated pay award accrual in respect of 2023-24 in line with latest DoH guidance.

**Note 5** The 2023-24 payment relates to pay arrears for a past director under the previous senior executive structure and must be disclosed in line with 2023-24 Government FReM 6.5.17.

## 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 31/03/23* £000s	CETV at 31/03/24* £000s	Real increase in CETV £000s
Karen Bailey	0-2.5 plus lump sum of nil	45-50 plus lump sum of 115-120	1,048	1,147	99
Karen Bryson	0-2.5 plus lump sum of (2.5)-(5)	35-40 plus lump sum of 85-90	817	913	96
Paula Smyth	2.5-5 plus lump sum of 2.5-5	20-25 plus lump sum of 30-35	365	472	107
Simon McGrattan	0-2.5 plus lump sum of 0-2.5	25-30 plus lump sum of 35-40	455	557	102
Ben Doran**	0-2.5 plus lump sum of nil	25-30 plus lump sum of 0-5	461	468	(39)
Karen Hunter	0-2.5 plus lump sum of nil	5-10 plus lump sum of 0-5	97	131	34
Lesley Young	0- 2.5 plus lump sum of nil	0-2.5 plus lump sum of 0-5	0	25	25

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

\*In line with FD (DoF) 05/24 Remuneration Report guidance, if a senior executive was not in post for the full reporting period, the CETV on appointment or departure is disclosed.

\*\*This senior official's pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP) as a result of a TUPE arrangement with Digital Information Services. HSC will bear the costs of the pension.

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

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. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the 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 HSC 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 HSC 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. CETV figures are calculated using the current guidance on discount rates for calculating unfunded public service pension contribution rates. HM Treasury provides the assumptions for discount rates for calculating CETVs payable from the public service pension schemes. On 27 April 2023, HM Treasury published guidance on the basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes. In their guidance of 27 April 2023, HM Treasury advised that, with immediate effect, the discount rate adopted for calculating CETVs should be in line with the new Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate of 1.7% above CPI inflation, superseding the previous SCAPE discount rate of 2.4% above CPI inflation. All else being the same, a lower SCAPE discount rate leads to higher CETVs. This guidance has been used in the calculation of 2023-24 CETV figures.

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

### **Fair Pay Statement (Audited)**

The BSO is required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Agency staff are included. There are two separate sections for fair pay disclosures – one for BSO core staff and the other for SPPG under the BSO hosting arrangement.

### **BSO**

The banded remuneration of the highest paid director within BSO in the financial year 2023-24 was £115k – 120k (2022-23: £120k – 125k). The prior year figure was enhanced due to pay arrears in respect of backpay following job re-evaluation therefore the substantive pay figure of £100k – 105k was used for 2022-23 fair pay calculations in order ensure that the information was not skewed but meaningful and comparable. The percentage change in the highest paid director

salary for 2023-24 is 14.1% (2022-23: 20.5%). The in-year decrease is as a result of prior year being the first year impacted by the job re-evaluation pay increase offset by the application of the Senior Executive 2022-23 pay award in 2023-24. The relationship between the mid-point of this band and the remuneration of the BSO workforce is disclosed within the table below.

<b>2023-24</b>	<b>Mean</b>	<b>25<sup>th</sup> percentile</b>	<b>Median</b>	<b>75<sup>th</sup> percentile</b>
Total remuneration (£)	32,637	23,177	28,982	40,588
Pay ratio		5.1:1	4.0:1	2.9:1
<b>2022-23</b>	<b>Mean</b>	<b>25<sup>th</sup> percentile</b>	<b>Median</b>	<b>75<sup>th</sup> percentile</b>
Total remuneration (£)	31,845	23,177	27,055	40,588
Pay ratio		4.4:1	3.8:1	2.5:1

In 2023-24 remuneration ranged from £6,030 to £117,500 (2022-23: £5,922 to £122,500). In 2023-24, no employees (2022-23: nil) received remuneration in excess of the highest paid BSO director.

### **SPPG**

The banded remuneration of the highest paid director within SPPG in the financial year 2023-24 was £120k – 125k (2022-23: £115k-120k) under the BSO hosting arrangement. The relationship between the mid-point of the highest paid director band and the remuneration of the SPPG workforce under the BSO hosting is disclosed within the table below.

<b>2023-24</b>	<b>Mean salary</b>	<b>25<sup>th</sup> percentile</b>	<b>Median</b>	<b>75<sup>th</sup> percentile</b>
Total remuneration (£)	47,554	32,934	47,672	56,164
Pay ratio		3.7:1	2.6:1	2.2:1
<b>2022-23</b>	<b>Mean salary</b>	<b>25<sup>th</sup> percentile</b>	<b>Median</b>	<b>75<sup>th</sup> percentile</b>
Total remuneration (£)	46,689	27,055	43,806	56,164
Pay ratio		4.3:1	2.7:1	2.1:1

In 2023-24 SPPG remuneration ranged from £3,744 to £122,500 (2022/23: £3,744 to £117,500). In 2023-24 no employees (2022-23: nil) received remuneration in excess of the highest paid SPPG director.

## Staff Report

Following the commencement of the BSO hosting arrangement on behalf of the SPPG from 1 April 2022, the former HSCB staff are BSO staff from the date of commencement of the SPPG hosting and therefore included within the tables and narrative below.

### Staff Numbers and Related Costs (Audited)

	2023-24			2022-23*
	Permanently employed staff £000s	Others £000s	Total £000s	Total £000s
Staff costs comprise:				
Wages and salaries	101,812	14,762	116,574	96,503
Social security costs	9,115	-	9,115	8,957
Other pension costs	19,117	-	19,117	18,281
<b>Sub-Total</b>	130,044	14,762	144,806	123,741
Capitalised staff costs	(12,653)	(3,910)	(16,563)	(12,321)
<b>Total staff costs reported in SoCNE</b>	117,391	10,852	128,243	111,420
Less recoveries in respect of outward secondments			(1,503)	(394)
<b>Total net costs</b>			<b>126,740</b>	<b>111,026</b>
<b>of which BSO Core</b>			<b>88,742</b>	<b>77,603</b>
<b>of which SPPG</b>			<b>37,998</b>	<b>33,423</b>

\*2022-23 was the first year of inclusion of SPPG under the BSO hosting arrangement in place from 1 April 2022.

### Staff Profile and Composition

The following table shows staff composition as at 31 March 2024:

Staff Gender Breakdown	Male	Female	Total
<b>Non-Executive Directors</b>	7	3	10
<b>Directors<sup>1</sup></b>	4	7	11
<b>Senior Management<sup>2</sup></b>	40	58	98
<b>All other BSO staff</b>	1,056	1,447	2,503
<b>Total</b>	<b>1,107</b> <b>(42%)</b>	<b>1,515</b> <b>(58%)</b>	<b>2,622</b>

<sup>1</sup>Includes SPPG Directors who are not BSO Board members therefore not disclosable within the Remuneration Report. <sup>2</sup>Senior management is defined as Band 8c and above.

## HSC Pension Arrangements

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

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 2020 valuation for the HSC Pension scheme which reflects current financial conditions (and a change in financial assumption methodology) has been used for 2023-24.

Pension benefits are administered by BSO HSC Pension Service. Two schemes are in operation, HSC Pension Scheme and the HSC Pension Scheme 2015. There are two sections to the HSC Pension Scheme (1995 and 2008) which was closed with effect from 1 April 2015 except for some members entitled to continue in this Scheme through 'Protection' arrangements. On 1 April 2015 a new HSC Pension Scheme was introduced. This new scheme covers all former members of the 1995/2008 Scheme not eligible to continue in that Scheme as well as new HSC employees on or after 1 April 2015. The 2015 Scheme is a Career Average Revalued Earnings (CARE) scheme.

On 1 April 2015, the government made changes to public service pension schemes which treated members differently based on their age. The public service pensions remedy, known as the 'McCloud Remedy' puts this right and removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022. Stage 1 of the remedy closed the 1995/2008 Scheme on 31 March 2022, with active members becoming members of the 2015 Scheme on 1 April 2022. For Stage 2 of the remedy, eligible members had their membership during the remedy period in the 2015 Scheme moved back into the 1995/2008 Scheme on 1 October 2023. This is called 'rollback'. In complying with FReM, for 2023-24 pensions are being calculated using the rolled back opening balance, the rolled back closing balance, calculation of CETV by HSCPS on the rolled back basis and no restatement of prior year figures, where

disclosed. All benefits accrued from 1 April 2022 onwards are calculated under the 2015 CARE Scheme. HSCPS will contact retirees with personalised information to assist in making their retrospective choice regarding the remedy period.

The table below sets out the member contribution rates that apply in both the HSC Pension Scheme and the HSC Pension Scheme 2015 from 1 April 2022 – 31 October 2022.

<b>Tier</b>	<b>Full-Time Pensionable Pay used to determine contribution rate</b>	<b>Contribution rate (before tax relief)</b>
1	Up to £15,431.99	5.0%
2	£15,432.00 to £21,477.99	5.6%
3	£21,478.00 to £26,823.99	7.1%
4	£26,824.00 to £47,845.99	9.3%
5	£47,846.00 to £70,630.99	12.5%
6	£70,631.00 to £111,376.99	13.5%
7	£111,377.00 and over	14.5%

The following table sets out member contribution rates that apply from 1 November 2022. Following implementation of 2023-24 Agenda for Change pay award due in 2024-25, these contribution rates will be amended accordingly in line with scheme regulation requirements.

<b>Pensionable salary range</b>	<b>Contribution rates (before tax relief &amp; based on actual annual pensionable pay)</b>
Up to £13,246	5.1%
£13,247 to £16,831	5.7%
£16,832 to £22,878	6.1%
£22,879 to £23,948	6.8%
£23,949 to £28,223	7.7%
£28,224 to £29,179	8.8%
£29,180 to £43,805	9.8%
£43,806 to £49,245	10%
£49,246 to £56,163	11.6%
£56,164 to £72,030	12.5%
£72,031 and above	13.5%

## Average number of persons employed (Audited)

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

	2023-24		2022-23	
	Permanently employed staff	Others	Total	Total
	No.	No.	No.	No.
Administrative and clerical	1,896	176	2,072	1,980
Commissioning of Health and Social Care	503	29	532	524
<b>Total average number of persons employed</b>	<b>2,399</b>	<b>205</b>	<b>2,604</b>	<b>2,504</b>
Less average staff number relating to capitalised staff costs	<b>242</b>	<b>41</b>	283	225
Less average staff number in respect of outward secondments	<b>3</b>	<b>22</b>	25	13
<b>Total net average number of persons employed</b>	<b>2,154</b>	<b>142</b>	<b>2,296</b>	<b>2,266</b>

The staff numbers disclosed as 'Others' relate to temporary members of staff. Figures include SPPG staff who are employees of BSO under the hosting arrangement in place from 1 April 2022.

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

There were no early retirement, compensation or other exit packages incurred by BSO in either the 2023-24 or 2022-23 financial year. Redundancy and other departure costs, where applicable, are paid in accordance with the provisions of the HSC Pension Scheme Regulations and the Compensation for Premature Retirement Regulations, statutory provisions made under the Superannuation Act 1972. Exit costs are accounted for in full in the year in which the exit package is approved and agreed and are included as operating expenses at note 3. Where early retirements have been agreed, the additional costs are met by the employing authority and not by the HSC pension scheme. Ill health retirement costs are met by the pension scheme and are not included within BSO costs.



**Retirements due to ill-health**

During 2023-24 there were five early retirement from BSO agreed on the ground of ill-health. (2022-23: 1). The estimated additional pension liabilities of these ill-health retirements are £76k (2022-23: £12k). These costs are borne by the HSC Pension Scheme.

**Staff Absence**

The cumulative sickness and absenteeism rate for the BSO, excluding SPPG, as at the end of March 2024 was 4.83% (2022-23: 4.09%) which was above the Departmental target of 4.24%. For SPPG under the BSO hosting arrangement, the cumulative sickness and absenteeism rate as at the end of March 2024 was 4.10% (2022-23: 3.53%) which was above the Departmental target of 3.97%.

**Staff Turnover**

The staff turnover for the year ended 31 March 2024 was 8.83% (2022-23: 9.76%).

**Staff Engagement**

During the period BSO consulted on and launched its new People Strategy 2023-26. The aim to the Strategy is to help build and develop a workforce that is safe, healthy and engaged so we can deliver our services across Health and Social Care in Northern Ireland and make BSO a great place to work. The strategy is built around 4 strategic priorities:

- Culture – a safe and thriving culture
- Leadership – visible leadership at all levels
- Transformation – a workforce for the future ready to overcome challenges and create stability
- Experience – excellent people support and involvement where your core needs are met.

BSO had undertaken a number of recent pulse engagement surveys. The results, marked out of five, have shown how staff have reported an increase in engagement with the organisation:

<b>Pulse Survey</b>	<b>Pulse 1 – January 2023</b>	<b>Pulse 2 – April 2023</b>	<b>Pulse 3 – August 2023</b>	<b>Pulse 4 – February 2024</b>
Overall Engagement Score	3.74	3.79	3.93	3.81

Appraisal is a key mechanism for providing staff with a safe space to give and receive feedback about their work. In the reporting period BSO achieved 91.32% compliance meaning staff who were present in work had a meaningful opportunity to discuss their own wellbeing, their job performance, future ambitions and learning and development needs.

The pilot Hybrid Working Scheme, launched in 2022 was evaluated and approval was given by the Executive Leadership Team to extend this out for another 12 months. The evaluation demonstrated Hybrid Working to be a welcome part of BSO's employment offer but further time was needed to see it fully embed and any management issues resulting fully understood.

### **Staff Communication and Employee Involvement**

The BSO communicates with staff using a range of channels. Team briefings are intended to facilitate a clear communication of the connection between an individual's contribution and corporate success. The monthly newsheet "*BSO Business Matters*" has continued to be developed as a means of disseminating corporate information. Additionally, staff surveys are another important means of obtaining feedback from all staff.

### **Equality**

During the reporting period, BSO undertook a consultation and developed new Employment Equality and Disability Action Plans. These were approved by the Executive Leadership Team and ratified by the Board before being submitted to Equality Commission. Both action plans set out exciting and innovative ways to ensure BSO is being a fully inclusive employer supporting people from a range of different groups and those who live with disability to properly participate and thrive within the organisation.

### **Health and Well-Being**

BSO launched its new Health and Wellbeing Strategy in the period. The strategy, flowing from the BSO People Strategy, sets a strategic direction for ensuring the organisation creates a healthy workplace where staff health and wellbeing is prioritised. The strategy focuses on four key components of wellbeing:

- Healthy Body – physical activity, nutrition and hydration, health and safety and ergonomics
- Healthy Mind – psychological wellbeing, stress management, resilience practices, bereavement

- Healthy Living – healthy lifestyles, financial wellbeing, living with a long-term condition, caring for others
- Healthy Culture – good working relations, work-life balance, teamwork, reward and recognition, learning and development

Underpinning the Health and Wellbeing Strategy, the Health and Wellbeing Manager led on a range of initiatives to support staff. These included:

- Launch and Implementation of the new Substance Misuse Policy.
- Launch of the new BSO HWB Strategy and virtual event where 99 staff attended and heard from speakers from INSPIRE, Advice NI and Chest Heart and Stroke for health promotion advice.
- Designed and implemented a new Financial Wellbeing Programme to support staff especially during the cost of living crisis. The six-month programme aimed to raise awareness, provide practical hints and tips, and signpost to support resources and organisations that can help support staff to manage their financial wellbeing. Four webinars ran which 75 staff members attended.
- Organised BSO Football Tournament for Men's Mental Health Week with over 100 staff participating, raising £600 for Cancer Focus Northern Ireland.
- For the first time we organised for BSO to participate in the Translink Active Travel Challenge. 81 BSO staff took part in the Active Travel Challenge which equates to 4% participation for BSO and WE WON - BSO achieved first position for participation in the largest workplace category which was no mean feat compared to other larger organisations.
- Commissioned four smoking cessation drop in sessions which resulted in 10 staff signing up to the 12-week stop smoking programme.
- Rolled out cancer focus health checks (86 checks completed) and skin scanning (95 scans completed) in March 2024 (more to follow in 2024-25).
- Promoted Active Travel to encourage employees to make small, sustainable changes to become more active daily and engage with the Leading the Way programme delivered by Sustrans and designed in partnership with BSO - 55 people engaged with the programme, in a variety of ways: Active Travel roadshows, staff led walks organised, borrowing a bike through the Sustrans scheme and Sustrans 'Women into Cycling' 6-week programme.

## **Health and Safety**

The BSO has responsibilities under the Health and Safety at Work Act 1974 and fully recognises the importance of health and safety. The safe conduct of our business relies on our systems, our procedures, and most importantly in the way we think and act.

BSO Health and Safety policies through the active support and involvement of the Board, Executive Leadership Team and BSO Estates team commit to provide and maintain a safe and healthy workplace for our employees, contractors and visitors and will strive to prevent workplace injury and ill health.

We manage and provide access to extensive online and in person mandatory training requirements for Health & Safety, Fire Safety, Display Screen Equipment awareness and Manual Handling.

### Learning and Development (L&D)

The L&D Team continue to promote and report on mandatory training compliance across BSO. At the end of March 2024, total mandatory compliance was 86.20%, this is a 12.21% increase from March 2023 and 22.17% increase from March 2022.

Mandatory compliance training for the BSO mandatory courses are as follows:

Mandatory Course	March 2024	March 2023	Comparison
Cyber Security Awareness	87.81%	84.23%	3.58%
Display Screen Equipment Awareness	91.46%	79.10%	12.36%
Equality, Good Relations and Human Rights	88.96%	65.05%	23.91%
Fire Safety Awareness	80.02%	65.89%	14.13%
Fraud Awareness	83.67%	73.41%	10.26%
Health and Safety Awareness	83.77%	71.68%	12.09%
Information Governance Awareness	87.56%	74.14%	13.42%
Manual Handling Awareness	82.47%	70.01%	12.46%
Risk Management Awareness	90.11%	82.44%	7.67%

The compliance target for all these courses is 90%.

In May 2023, a new Regional Learning Management System (LMS) LearnHSCNI was launched which provides staff with easy access to a wide range of digital, classroom and blended learning. It replaced HSC Learning with a single modern and engaging platform. The feedback on LearnHSCNI has been really positive and the team have been working closely with Directorates in utilising the improved functionalities. Within the first six months' BSO evidenced high levels of organisation engagement which is testament to successful implementation.

Throughout 2023-2024 BSO L&D continued to coordinate and deliver a number of training sessions across some of our key HR areas and development programmes. Staff uptake and

engagement was very positive and has highlighted the appetite for personal and professional development which the L&D team continue to support.

Session	No. of Sessions Delivered	No. of Attendees
Recruitment & Selection	16	219
Appraisal Training for Managers	10	98
Interview Skills (Band 2-7)	2	30
Attendance Management Training	16	220
Conflict Bulling & Harassment	2	33
Managing Challenging Conversations Courageously	4	64
Minute Taking Skills	7	106
Band 2-4 Development Programme	5	56
Middle Managers Programme (Band 4-6)	7	71
<b>Totals</b>	<b>69</b>	<b>897</b>

All Programmes provided attendees with the relevant tools and support for their current job role, enabled them to develop new or existing skill sets and provided them with the opportunity to network with colleagues across our Organisation.

### Community and Social Involvement

An array of community and social involvement activities were undertaken by BSO staff throughout the year. Some such activities were as follows:

- Payroll Shared Services held Easter Events, including ‘Pick the Winning Football Team’ and ‘Name the Teddy Bear competition’ for their chosen charity of the year, Friends of the Cancer Centre. Payroll Shared Services have been raising funds for Friends of the Cancer Centre since December 2023 and have raised £1,075 to date.
- PaLS staff hosted a charity event to raise funds for TinyLife, a charity which has supported many staff members and their families with premature and sick babies. TinyLife supports, advocates and champions for every baby born premature or who spends time in a neonatal until to receive the best support from birth to preschool. The charity event was a great success with staff raising £650 for TinyLife services in Northern Ireland.
- Jennifer Ferguson (Performance and Improvement Manager, SP&CE) and Leona O’Neill MBE (Solicitor Consultant, DLS) who completed the London Landmarks Half Marathon in aid of The Boom Foundation. Leona, who received her MBE in March 2024, founded The Boom Foundation in 2013 and it remains the only charity in Northern Ireland dedicated to supporting patients suffering from sarcoma cancer. Their collective team effort in this race has now raised £11,000.

- Staff from BSO were visited by Jill, Catrina and Clare from Cancer Focus NI. BSO staff had the opportunity to book a free health check and attend a skin scan and information session. The sessions included a one-to-one health check, including a body composition analysis. Clare also presented on the subject of skin protection and the importance of wearing SPF sun screen every day.
- Since January 2023, BSO PaLS have partnered with FareShare to provide donations of food not fit for issue from the PaLS stock range. FareShare redistribute these donations to charities who in turn, use the donations to produce meals for the local community. Since the start of 2023, PaLS donations have served a total of 94 charities and community groups, and provided an estimated 2,790 meals.
- Offices across BSO collected food throughout December 2023 to donate to local foodbanks. There was a great response to this worthy charity initiative. Thanks to the enthusiasm and generosity of our colleagues, we were able to help families across Northern Ireland.
- The Leadership Centre organised a curry evening in November 2023, raising £160 for Friends of the Cancer Centre.
- Legal Services (DLS) raised £511 for Macmillan at their Coffee Morning at the end of September 2023 and the Finance team organised a doughnut day for the same cause in memory of their esteemed colleague.

### **Expenditure on Consultancy**

BSO incurred nil spend on external consultancy during the 2023-24 financial year (2022-23: £142k).

## Off Payroll Engagements

BSO is required to disclose whether there were any staff or public sector appointees contracted through employment agencies or self-employed which lasted longer than six months during the financial year which were not paid through the BSO Payroll. There were two such 'off-payroll' staff resource engagements as at 31 March 2024. The following tables provide further analysis.

**Table 1: Temporary off –payroll worker engagements as at 31 March 2024**

	2024
<b>Number of off-payroll engagements at 31 March</b>	2
<b>of which:</b>	
<b>Existed for less than one year at time of reporting</b>	0
<b>Existed for between one and two years at time of reporting</b>	1
<b>Existed for between two and three years at time of reporting</b>	1

**Table 2: All temporary off-payroll workers engaged at any point during the year ended 31 March 2024**

	2024
<b>Number of off-payroll workers engaged during the year ended 31 March</b>	3
<b>of which:</b>	
<b>Number determined as out-of-scope of IR35</b>	3
<b>Number determined as in-scope of IR35</b>	0
<b>Number of engagements reassessed for compliance or assurance purposes during the year</b>	0

The off-payroll engagements disclosed above have been brought into BSO reporting requirements through the SPPG hosting arrangement in place from 1 April 2022. The SPPG have engaged via a contracted Recruitment Agency and comply with IR35 requirements. No penalty was imposed by HMRC resulting from non-compliance with off-payroll worker legislation.

## **Accountability and Audit Report**

### **Accountability Report**

#### Assembly Accountability Disclosure Notes

#### **i Losses and Special Payments (Audited)**

<b>Losses statement</b>	<b>2023-24</b>	<b>2022-23</b>
<b>Total number of losses</b>	6,620	4,394
<b>Total value of losses (£000)</b>	17,840	2,542

<b>Individual losses over £300,000</b>	<b>2023-24 £000</b>	<b>2022-23 £000</b>
<b>Constructive losses</b>		
- PPE facemasks	9,013	2,195
- PPE gloves	1,741	-
- Hand sanitiser	6,998	-
	17,752	2,195

#### **Special Payments**

<b>Special payments</b>	<b>2023-24</b>	<b>2022-23</b>
<b>Total number of special payments</b>	3	4
<b>Total value of special payments (£000)</b>	74	11



## **Funding Report**

### **1. Funding**

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

### **2. Regularity of Expenditure (Audited)**

BSO has processes, procedures and controls in place to endeavour to ensure that the expenditure and income reported for the year ended 31 March 2024, has been applied to the purposes intended by the NI Assembly and that transactions conform to the authorities which govern them. BSO has a delegated Scheme of Authority which sets out who are authorised to place non-pay expenditure. The Scheme sets out who are authorised to place requisitions and the maximum level of each requisition.

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

## **Long Term Expenditure Plans**

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

## **Special Payments**

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

## **Other Payments**

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

## **Losses and Special Payments over £300,000 (Audited)**

BSO had three losses greater than £300,000 which related to constructive losses in respect of Personal Protective Equipment stockpiled goods obsolescence which were purchased in previous years to ensure patient and staff safety in response to the pandemic and were not subsequently required by BSO customers. The losses have been treated in line with Managing Public Money Northern Ireland and delegated authorities. There were no special payments greater than £300,000.

## **ii Fees and Charges (Audited)**

There were no other fees and charges during the year.

## **iii Remote Contingent Liabilities (Audited)**

In addition to contingent liabilities reported within the meaning of IAS37, the BSO also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. The BSO had no remote contingent liabilities.



Chief Executive

Date 3 July 2024

## **BUSINESS SERVICES ORGANISATION**

### **The Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly**

#### **Qualified Opinion on financial statements**

I certify that I have audited the financial statements of the Business Services Organisation for the year ended 31 March 2024 under the Health and Social Care (Reform) Act (Northern Ireland) 2009. The financial statements comprise: the Statement of Comprehensive Net Expenditure, Financial Position, Changes in Taxpayers' Equity, Cash Flows; and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, except for the possible effects of the matter described in the Basis for opinions section of our report, the financial statements:

- give a true and fair view of the state of Business Services Organisation's affairs as at 31 March 2024 and of the Business Services Organisation's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Health and Social Care (Reform) Act (Northern Ireland) 2009 and Department of Health directions issued thereunder.

#### **Opinion on regularity**

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

#### **Basis for opinions**

As at 31 March 2024 BSO held stock at a value of £140m. Of this, £100m has been identified by BSO as "at risk" based upon the levels of stock held, expiry dates and usage. A stock provision of £80m has been reflected in the accounts as at 31 March 2024 as follows:

- provision against "at risk" stock with expiry dates – £77m (i.e. the full amount of stock identified as "at risk" has been provided for)
- provision against "at risk" stock without expiry dates - £3m (i.e. £11m of this stock identified in the model as being "at risk" has not been provided for).

I qualified my audit opinion on the 2022-23 BSO financial statements as I did not obtain sufficient and appropriate audit evidence that £43m of stock would be used before its current lifespan expired.

I am qualifying my audit opinion on the 2023-24 financial statements for two issues;

- **Material Error:** As a provision of at least £43m should have been reflected in the prior year accounts (based on the information available at the time) against “at risk” stock with expiry dates, the provision charge of £80m to the Statement of Comprehensive Net Expenditure is materially misstated in the current year financial statements.
- **Limitation of Scope:** The uncertainty relating to the future sale or disposal of “at risk” stock without expiry dates is significant and is so fundamental that I cannot provide an audit opinion on the value of non-expiry date stock of £11m as at 31 March 2024.

Therefore, I have been unable to obtain sufficient, appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Except for the possible effects of the misstated stock provision on the surplus disclosed in the Statement of Comprehensive Net Expenditure and the possible effects of the valuation of non-expiry date stock, the financial statements give a true and fair view.

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

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that Business Services Organisation’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Business Services Organisation’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

### **Other Information**

The other information comprises the information included in the Annual Report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate and report. The Board and the Accounting Officer are responsible for the other information included in the annual report. My opinion on the financial statements

does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have concluded there is a material misstatement, and the details are set out in the Basis for opinion section above.

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Health directions made under the Health and Social Care (Reform) Act (Northern Ireland) 2009; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Business Services Organisation and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Except for the lack of sufficient appropriate audit evidence, which has led to the limitation on the scope of my work relating to inventories in which I qualified my opinion, I have nothing to report in respect of the following matter which I report to you if, in my opinion:

- I have not obtained all the information and explanations that I require for my audit.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework; and
- assessing the Business Services Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Business Services Organisation will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Social Care (Reform) Act (Northern Ireland) 2009.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud. My procedures included:


- obtaining an understanding of the legal and regulatory framework applicable to the Business Services Organisation through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Health and Social Care (Reform) Act (Northern Ireland) 2009 and Department of Health directions issued thereunder;
- making enquires of management and those charged with governance on Business Services Organisation's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Business Services Organisation's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;

- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

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

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

My detailed observations are included in my report attached to the financial statements.



*Dorinnia Carville*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*106 University Street*  
*BELFAST*  
*BT7 1EU*  
*3 July 2024*

## **BUSINESS SERVICES ORGANISATION**

### **ANNUAL ACCOUNTS FOR YEAR ENDED 31 MARCH 2024**

#### **Foreword**

The accounts for the year ended 31 March 2024 have been prepared in a form determined by the Department of Health based on guidance from the Department of Finance's Financial Reporting Manual (FReM) and in accordance with the requirements of the Health and Social Care (Reform) Act (Northern Ireland) 2009.

#### **BSO hosting of Strategic Planning and Performance Group (SPPG)**

From 1 April 2022, under the terms of the Memorandum of Understanding with the Department of Health (DoH), BSO have undertaken a hosting arrangement of the SPPG (formerly HSCB) staff whereby via a transfer arrangement all staff-related pay and non-pay costs relating to the management and administration of SPPG staff, being staff-related assets and liabilities, are reported within BSO's financial statements. This has the following effect on the 2023-24 financial statements as reported within the subsequent pages:

SoCNE Income £807k (Note 4), Expenditure £42,358k (Note 3) resulting in a net expenditure position of £41,550k; this includes non-cash costs for depreciation and movement in provisions which total £1,066k. Thus, leading to RRL from DoH for the hosting arrangement of £40,484k as set out in Note 22 and a non-cash budget control limit of £1,066k.

SoFP non-current assets of £12,211k (Notes 5 and 6), current assets of £247k (Note 12) resulting in assets totalling £12,458k including land, buildings and IT equipment alongside staff and associated liabilities relating to staff-related pay and non-pay costs totalling £13,122k (Notes 13 and 14). The overall resultant impact on BSO's Statement of Financial Position and corresponding Statement of Taxpayer's Equity is £664k. In line with FReM the transfer was by absorption with the opening carrying value of the assets and liabilities being that at the date of transfer.

BSO received an appropriate level of funding from DoH, being RRL as detailed above together with £182k of CRL in respect of in-year additions, to correspond with the inclusion of SPPG hosting within these financial statements thus ensuring it is cost neutral for BSO. In line with the



MoU, the governance, accountability and budgetary management responsibilities for SPPG continue to lie with the DoH and the budget transfer was made for accounts purposes only.

**BUSINESS SERVICES ORGANISATION**

**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 131 - 178) which I am required to prepare on behalf of the Business Services Organisation have been compiled from and are in accordance with the accounts and financial records maintained by the Business Services Organisation and with the accounting standards and policies for HSC bodies approved by the DoH.



Director of Finance

3 July 2024

Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 131 - 178) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chair

3 July 2024

Date



Chief Executive

3 July 2024

Date

## BUSINESS SERVICES ORGANISATION

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

This account summarises the income and expenditure 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(s)	2023-24 £000s	2022-23 £000s
<b>Income</b>			
Revenue from contracts with customers	4.1	165,158	189,663
Other operating income	4.2	26,621	26,088
<b>Total operating income</b>		<b>191,779</b>	<b>215,751</b>
<b>Expenditure</b>			
Staff costs	3	(128,242)	(111,420)
Purchase of goods and services	3	(82,680)	(110,061)
Depreciation, amortisation and impairment charges	3	(35,670)	(27,843)
Provision expense	3	(5,111)	3,661
Other expenditures	3	(161,381)	(90,590)
<b>Total operating expenditure</b>		<b>(413,084)</b>	<b>(336,253)</b>
<b>Net Expenditure</b>		<b>(221,305)</b>	<b>(120,502)</b>
Finance income		-	-
Finance expense		(43)	(34)
<b>Net expenditure for the year</b>		<b>(221,348)</b>	<b>(120,536)</b>
Adjustment to net expenditure for non-cash items		40,531	23,690
Net expenditure funded from Revenue Resource Limit (RRL)		(180,817)	(96,846)
Revenue Resource Limit (RRL) received from DoH	22.1	180,835	96,891
<b>Surplus against RRL</b>		<b>18</b>	<b>45</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENDITURE)</b>			
	Note(s)	2023-24 £000s	2022-23 £000s
<b>Items that will be classified to net operating costs:</b>			
Net gain on revaluation of property, plant & equipment	5.1/8/5.2/8	102	500
Net (loss) on revaluation of intangibles	6.1/8/6.2/8	(413)	1,872
Net gain/(loss) on revaluation of financial instruments		-	-
<b>Items that may be reclassified to net operating costs:</b>			
Net gain/(loss) on revaluation of investments		-	-
<b>Total Comprehensive Net Expenditure for the year ended 31 March</b>		<b>(221,659)</b>	<b>(118,164)</b>

The notes on pages 135 - 178 form part of these accounts.

## BUSINESS SERVICES ORGANISATION


### Statement of Financial Position as at 31 March 2024

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(s)	2023-24		2022-23	
		£000s	£000s	£000s	£000s
<b>Non Current Assets</b>					
Property, plant and equipment	5.1/5.2	66,652		63,397	
Intangible assets	6.1/6.2	255,807		176,118	
Financial assets	7	-		-	
Trade and other receivables	12	12,657		-	
Other current assets	12	-		-	
<b>Total Non Current Assets</b>			<b>335,116</b>		<b>239,515</b>
<b>Current Assets</b>					
Assets classified as held for sale	9	-		-	
Inventories	10	59,990		163,015	
Trade and other receivables	12	35,571		37,143	
Other current assets	12	3,896		4,441	
Intangible current assets	12	56		-	
Financial assets	7	-		-	
Cash and cash equivalents	11	18,150		8,028	
<b>Total Current Assets</b>			<b>117,663</b>		<b>212,627</b>
<b>Total Assets</b>			<b>452,779</b>		<b>452,142</b>
<b>Current Liabilities</b>					
Trade and other payables	13	(103,067)		(230,285)	
Other liabilities	13	(1,561)		(1,570)	
Intangible current liabilities	13	-		-	
Financial liabilities	7	-		-	
Provisions	14	(1,359)		(1,152)	
<b>Total Current Liabilities</b>			<b>(105,987)</b>		<b>(233,007)</b>
<b>Total assets less current liabilities</b>			<b>346,792</b>		<b>219,135</b>
<b>Non-Current Liabilities</b>					
Provisions	14	(12,740)		(8,583)	
Other payables > 1 yr	13	(27,561)		(35,735)	
Financial liabilities	7	-		-	
<b>Total Non-Current Liabilities</b>			<b>(40,301)</b>		<b>(44,318)</b>
<b>Total assets less total liabilities</b>			<b>306,491</b>		<b>174,817</b>
<b>Taxpayers' Equity and other reserves</b>					
Revaluation reserve			28,943		29,235
SoCNE Reserve			277,548		145,582
<b>Total equity</b>			<b>306,491</b>		<b>174,817</b>

The financial statements on pages 131 - 178 were approved by the Board on and were signed on its behalf by:

Signed  (Chair) Date 3 July 2024

Signed  (Chief Executive) Date 3 July 2024

The notes on pages 135 - 178 form part of these accounts.

## BUSINESS SERVICES ORGANISATION

### Statement of Cash flows for the Year Ended 31 March 2024

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

	Note(s)	2023-24 £000s	2022-23 £000s
<b>Cash flows from operating activities</b>			
Net operating expenditure		(221,348)	(120,536)
Adjustments for non-cash transactions		40,259	23,690
(Increase)/decrease in trade and other receivables		(10,596)	(7,287)
<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		-	(118)
Movements in receivables relating to the sale of intangibles		-	-
Movements in receivables relating to leases		-	-
(Increase)/decrease in inventories		103,025	(1,611)
Increase/(decrease) in trade payables		(135,402)	3,186
<i>Less movements in payables relating to items not passing through the SoCNE</i>			
Movements in payables relating to the purchase of property, plant & equipment		(13,226)	1,753
Movements in payables relating to the purchase of intangibles		(15,347)	1,320
Movements in payables relating to leases		1,617	(5,261)
Movements in payables relating to grants		717	639
Use of provisions	14	(746)	(521)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(251,047)</b>	<b>(104,746)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	5	4,130	(11,303)
Purchase of intangible assets	6	(94,477)	(74,288)
Proceeds of disposal of property, plant & equipment		12	22
Proceeds on disposal of intangibles		-	-
Proceeds on disposal of assets held for resale		-	-
<b>Net cash outflow from investing activities</b>		<b>(90,335)</b>	<b>(85,569)</b>
<b>Cash flows from financing activities</b>			
Grant in aid		353,122	185,218
Capital element of payments – leases and on balance sheet (SoFP) PFI and other service concession arrangements		(1,617)	3,490
<b>Net financing</b>		<b>351,505</b>	<b>188,708</b>
<b>Net increase in cash &amp; cash equivalents in the period</b>		<b>10,122</b>	<b>(1,607)</b>
<b>Cash &amp; cash equivalents at the beginning of the period</b>	11	<b>8,028</b>	<b>9,635</b>
<b>Cash &amp; cash equivalents at the end of the period</b>	11	<b>18,150</b>	<b>8,028</b>

The notes on pages 135 - 178 form part of these accounts.

## BUSINESS SERVICES ORGANISATION

### Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2024

This statement shows the movement in the year on the different reserves held by the BSO, analysed into the 'Statement of Comprehensive Net Expenditure Reserve' (i.e. those reserves that reflect a contribution from the Department of Health). 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(s)	SoCNE Reserve £000s	Revaluation Reserve £000s	Total £000s
<b>Balance at 1 April 2022</b>		<b>93,537</b>	<b>15,155</b>	<b>108,692</b>
<b>Changes in taxpayers' equity 2022-23</b>				
Opening balance – transfer of SPPG function		(15,744)	11,707	(4,037)
Grant from DoH		150,762	-	150,762
Grant from DoH – SPPG hosting		34,455	-	34,455
Other reserves movements including transfers		2,939	-	2,939
Comprehensive expenditure for the year		(120,536)	2,373	(118,163)
Non-cash charges – auditors' remuneration	3	169	-	169
<b>Balance at 31 March 2023</b>		<b>145,582</b>	<b>29,235</b>	<b>174,817</b>
<b>Changes in taxpayers' equity 2023-24</b>				
Grant from DoH		313,693	-	313,693
Grant from DoH – SPPG hosting		39,429	-	39,429
Comprehensive expenditure for the year		(221,348)	(311)	(221,659)
Non-cash charges – auditors' remuneration	3	192	-	192
Non-cash charges – other administration		-	19	19
<b>Balance at 31 March 2024</b>		<b>277,548</b>	<b>28,943</b>	<b>306,491</b>

## **BUSINESS SERVICES ORGANISATION**

**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

### **Notes to the Accounts**

#### **STATEMENT OF ACCOUNTING POLICIES**

##### **1. Authority**

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

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

##### **1.1 Accounting convention**

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

##### **1.2 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. This includes donated assets.

#### **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**

All Property, Plant and Equipment are carried at fair value.

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

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

RICS, IFRS, IVS & HM Treasury compliant asset revaluation of land and buildings for financial reporting purposes are undertaken by Land and Property Services (LPS) at least once in every five-year period. Figures are then restated annually, between revaluations, using indices provided by LPS.

The last asset revaluation was carried out on 31 January 2020 by Land and Property Services (LPS) with the next review due by 31 January 2025.



Fair values are determined as follows:

- Land and non-specialised buildings – open market value for existing use;
- Specialised buildings – depreciated replacement cost; and
- 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.

Since the last revaluation exercise was undertaken, the risks to the BSO's land and building portfolio as a result of ongoing impact of the COVID-19 pandemic have lessened considerably. However, new global fiscal, economic and political factors have come to the fore, including persistently high inflation, rising interest rates, the cost of living and energy cost crises, increasing material costs, the fallout from the mini budget under Liz Truss and the ongoing Russia-Ukraine conflict. All have the potential to negatively impact on the local property market. However, at the present time, most sectors across the Northern Ireland property market are experiencing sufficient levels of transactional activity on which to base opinion, and this is reflected in the latest indexation figures provided for the period 2023-24. For the time being, the levels of subjectivity required to assess value have reduced and the requirement to declare material uncertainty within any of the BSO asset classifications has abated. Whilst the need for an asset revaluation prior to the next scheduled date in January 2025 cannot be ruled out, under current market conditions, it is not currently required.

#### **Modern Equivalent Asset**

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

#### **Assets Under Construction (AUC)**

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

### 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.

## 1.3 Depreciation

No depreciation is provided on freehold land since land has unlimited or a very long-established useful life. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and which meet the definition of “non-current assets held for sale” are also not depreciated.

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

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

### **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.

#### **1.4 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.

#### **1.5 Intangible assets**

Intangible assets include 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 non-current asset. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

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

### **Recognition**

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

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

Intangible assets acquired separately are initially recognised at fair value.

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

### **1.6 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 through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets held for sale are 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.

### **1.7 Inventories**

Inventories are valued at the lower of cost and net realisable value and are included exclusive of VAT. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks. BSO has regional agreement that it charges customers the cost purchasing inventory on a first in first out basis.

### **1.8 Income**

BSO acts as an agent on behalf of other HSC Organisations and receives income in the form of management fees for these services. Income is classified between Revenue from Contracts and Other Operating Income as assessed in line with organisational activity, under the requirements of IFRS 15 and as applicable to the public sector. Judgement is exercised in order to determine whether the five essential criteria within the scope of IFRS 15 are met in order to define income as a contract.

Income relates directly to the activities of the BSO and is recognised on an accruals basis when, and to the extent that a performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Where the criteria to determine whether a contract is in existence is not met, income is classified as Other Operating Income within the Statement of Comprehensive Net Expenditure and is recognised when the right to receive payment is established. Income is stated net of VAT.

### **1.9 Grant in aid**

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

### **1.10 Investments**

The BSO does not have any investments.

### **1.11 Research and Development expenditure**

Research and development (R&D) expenditure is expensed in the year it is incurred in accordance with IAS 38. Following the introduction of the 2010 European System of Accounts (ESA10), and the change in budgeting treatment (from the revenue budget to the capital budget) of R&D expenditure, additional disclosures are included in the notes to the accounts. This treatment was implemented from 2016-17.

### **1.12 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.

### **1.13 Leases**

Under IFRS 16 Leased Assets which the BSO has use/control over and which it does not necessarily legally own are to be recognised as a 'Right-Of-Use' (ROU) asset. There are only two exceptions:

- short term assets – with a life of up to one year; and
- low value assets – with a value equal to or below the Department's threshold limit which is currently £5,000.

#### **Short term leases**

Short term leases are defined as having a lease term of 12 months or less. Any lease with a purchase option cannot qualify as a short-term lease. The lessee must not exercise an option to extend the lease beyond 12 months. No liability should be recognised in respect of short-term leases, and neither should the underlying asset be capitalised.

Lease agreements which contain a purchase option cannot qualify as short-term.

Examples of short-term leases are software leases, specialised equipment, hire cars and some property leases.

#### **Low value assets**

An asset is considered "low value" if its value, when new, is less than the capitalisation threshold. The application of the exemption is independent of considerations of materiality. The low value assessment is performed on the underlying asset, which is the value of that underlying asset when new.

Examples of low value assets are tablet and personal computers, small items of office furniture and telephones.

### **Separating lease and service components**

Some contracts may contain both a lease element and a service element. The BSO can, at its own discretion, choose to combine lease and non-lease components of contracts, and account for the entire contract as a lease. If a contract contains both lease and service components IFRS 16 provides guidance on how to separate those components. If a lessee separates lease and service components, it should capitalise amounts related to the lease components and expense elements relating to the service elements. However, IFRS 16 also provides an option for lessees to combine lease and service components and account for them as a single lease. This option assists the BSO where it is time consuming or difficult to separate these components.

### **The BSO as lessee**

The ROU asset lease liability will initially be measured at the present value of the unavoidable future lease payments. The future lease payments should include any amounts for:

- Indexation;
- amounts payable for residual value;
- purchase price options;
- payment of penalties for terminating the lease;
- any initial direct costs; and
- costs relating to restoration of the asset at the end of the lease.

The lease liability is discounted using the rate implicit in the lease.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the BSO's surplus/deficit.

The difference between the carrying amount and the lease liability on transition is recognised as an adjustment to taxpayers' equity. After transition the difference is recognised as income in accordance with IAS 20.

### **Subsequent measurement**

After the commencement date (the date that the lessor makes the underlying asset available for use by the lessee) a lessee shall measure the liability by;

- Increasing the carrying amount to reflect interest;
- Reducing the carrying amount to reflect lease payments made; and
- Re-measuring the carrying amount to reflect any reassessments or lease modifications, or to reflect revised in substance fixed lease payments.

There is a need to reassess the lease liability in the future if there is:

- A change in lease term;
- change in assessment of purchase option;
- change in amounts expected to be payable under a residual value guarantee; or
- change in future payments resulting from change in index or rate.

Subsequent measurement of the ROU asset is measured in same way as other property, plant and equipment. Asset valuations should be measured at either 'fair value' or 'current value in existing use'.

### **Depreciation**

Assets under a finance lease or ROU lease are depreciated over the shorter of the lease term and its useful life, unless there is a reasonable certainty the lessee will obtain ownership of the asset by the end of the lease term in which case it should be depreciated over its useful life.

The depreciation policy is that for other depreciable assets that are owned by the entity.

Leased assets under construction must also be depreciated.

### **The BSO as lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the DoH body'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 DoH body'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

The BSO will classify subleases as follows:

- If the head lease is short term (up to 1 year), the sublease is classified as an operating lease;
- otherwise, the sublease is classified with reference to the right-of-use asset arising from the head lease, rather than with reference to the underlying asset.



#### **1.14 Private Finance Initiative (PFI) transactions**

The BSO does not hold any PFI arrangements.

#### **1.15 Financial instruments**

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

The BSO has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

##### **Financial assets**

Financial assets are recognised on the Statement of Financial Position when the 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 de-recognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value. IFRS 9 requires consideration of the expected credit loss model on financial assets. The measurement of the loss allowance depends upon the BSO's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument, where judged necessary.

Financial assets are classified into the following categories:

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

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

**Financial liabilities**

Financial liabilities are recognised on the Statement of Financial Position when the 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 in creating risk than would apply to a non-public sector body of a similar size, therefore the BSO is not exposed to the degree of financial risk faced by business entities.

There are limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing its activities. Therefore, the BSO is exposed to limited credit, liquidity or market risk.

**Currency risk**

The BSO is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. There is therefore low exposure to currency rate fluctuations.

**Interest rate risk**

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

**Credit risk**

As the majority of the BSO's income comes from contracts with other public sector bodies, there is 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, there is low exposure to significant liquidity risks.

### **1.16 Provisions**

In accordance with IAS 37, provisions are recognised when there is 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 the relevant discount rates provided by HM Treasury.

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.

### **1.17 Contingent liabilities/assets**

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

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

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

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

## **1.18 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 estimated using average staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31 March 2024. It is not anticipated that the level of untaken leave will vary significantly from year to year. Untaken flexi leave is estimated to be immaterial to the BSO and has not been included.

### **Retirement benefit costs**

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

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 with sufficient regularity that the amounts recognised in the financial statements do not differ materially from those determined at the reporting period date. This has been interpreted in the FReM to mean that the period between formal actuarial valuations shall be 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 scheme valuation data provided for the 2020 actuarial valuation has been used for the 2023-24 accounts. Financial assumptions are updated to reflect recent financial conditions. Demographic assumptions are updated to reflect an analysis of experience that has been carried out as part of the 2020 valuation.

### **1.19 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.

### **1.20 Third party assets**

Assets belonging to third parties are not recognised in the accounts since the BSO has no beneficial interest in them. Details of third-party assets are given in Note 21 to the accounts.

### **1.21 Government Grants**

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

### **1.22 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 DoH 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.

### **1.23 Key accounting estimates and judgements**

In line with IAS 1 Presentation of Financial Statements it is necessary for management to disclose major sources of estimation or significant judgements separately. Two areas contained within these financial statements are classed as such based on their value, wider impact and potential to vary from current estimations dependent on the existence of future unknown events.

- ***Personal Protective Equipment (PPE) stock provision***

As is disclosed within Note 10 Inventories, the value of the current year stock provision is £79.8m which is a £71.7m (885%) increase on prior year's provision due to the culmination of PPE overstock post-pandemic. Detailed stock modelling was undertaken in-year to quantify PPE provision requirements

primarily for stock which is not anticipated to be sold prior to expiry. Management have based calculations on the current 13-week average stock shipping rates continuing in the future as post-pandemic demand has significantly reduced in line with changing health guidelines and reduced risk. Should mitigations being explored in parallel with monitoring of stock levels come to fruition or should future guidelines change as a result of any future outbreaks, the current accounting judgement may need to be revisited. Further information on PPE is also disclosed within the Governance Statement.

- **Holiday pay**

Following the outcome of the Supreme Court judgement whereby the claim was upheld, management's estimation of the impact of the PSNI holiday pay claims within BSO has increased and now dates back to 1998 on a discounted basis taking account of the impact of pay awards. The provision is valued at £2.6m as at year-end and is management's estimate based on the duration and a regionally agreed percentage payment rate. This has been treated as a provision under IAS 37 and is as disclosed within Note 14 of these financial statements.

#### **1.24 Accounting standards that have been issued but have not yet been adopted**

The International Accounting Standards Board have issued the following new standards but which are either not yet effective or adopted. Under IAS 8 there is a requirement to disclose these standards together with an assessment of their initial impact on application.

##### **IFRS 17 Insurance Contracts:**

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025. Management currently assess that there will be minimal impact on application to the BSO's financial statements.

##### **IFRS 18 Presentation and Disclosure in Financial Statements:**

IFRS 18 Presentation and Disclosure in Financial Statements was issued in April 2024, replaced IAS 1 Presentation of Financial Statements, and is effective for accounting periods beginning on or after 1 January 2027. IFRS 18 will be implemented, as interpreted and adapted for the public sector if required, from a future date (not before 2027-28) that will be determined by the UK Financial Reporting Advisory Board in conjunction with HM Treasury following analysis of this new standard.

## **BUSINESS SERVICES ORGANISATION**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

#### **NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT**

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

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

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

Additionally, BSO provide staff hosting services to the Strategic Planning and Performance Group which constitutes a separate operating segment as follows:

- Strategic Planning and Performance Group (SPPG) – this segment incorporates all staffing and associated staff costs to include any revenue costs of SPPG staff-specific assets and liabilities, in line with the hosting agreement.

The analysis by segment for 2023-24 is provided in the following table. Comparative figures are provided in a subsequent table.

## BUSINESS SERVICES ORGANISATION

### NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

#### Statement of Operating Costs by Operating Segment for the Year Ended 31 March 2024

	Staff costs	Other expenditure	Total expenditure	Income	Net operating expenditure
	£000s	£000s	£000s	£000s	£000s
<b>Operating segment</b>					
Core	55,886	59,846	115,732	(52,794)	62,938
ITS	14,007	17,532	31,539	(31,322)	217
PaLS	16,251	174,219	190,470	(101,586)	88,884
Managed Services	3,709	29,320	33,029	(5,270)	27,759
SPPG	38,389	3,968	42,357	(807)	41,550
<b>Total</b>	<b>128,242</b>	<b>284,885</b>	<b>413,127</b>	<b>(191,779)</b>	<b>221,348</b>
<b>Less non-cash expenditure per Note 22</b>					<b>(40,531)</b>
<b>Net expenditure funded from RRL</b>					<b>180,817</b>
<b>Revenue Resource Limit (RRL)</b>					<b>180,835</b>
<b>Surplus/(Deficit) against RRL</b>					<b>18</b>



## BUSINESS SERVICES ORGANISATION

### NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

#### Statement of Operating Costs by Operating Segment for the Year Ended 31 March 2023

	Staff costs	Other expenditure	Total expenditure	Income	Net operating expenditure
	£000s	£000s	£000s	£000s	£000s
<b>Operating segment</b>					
Core	48,412	54,862	103,274	(52,799)	50,475
ITS	13,059	19,303	32,362	(31,407)	955
PaLS	15,730	112,549	128,279	(128,251)	28
Managed Services	3,366	39,215	42,581	(5,405)	37,176
SPPG	33,560	(1,062)	32,498	(596)	31,902
<b>Total</b>	<b>114,127</b>	<b>224,867</b>	<b>338,994</b>	<b>(218,458)</b>	<b>120,536</b>
<b>Less non-cash expenditure per Note 22</b>					<u>(23,690)</u>
<b>Net expenditure funded from RRL</b>					96,846
<b>Revenue Resource Limit (RRL)</b>					<u>96,891</u>
<b>Surplus/(Deficit) against RRL</b>					<u><u>45</u></u>

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

NOTE 3 EXPENDITURE	2023-24 £000s	2022-23 £000s
<b>Operating Expenses</b>		
Staff costs <sup>1</sup> :		
Wages and salaries	100,011	84,182
Social security costs	9,114	8,957
Other pension costs	19,117	18,281
IT Programme	15,818	16,696
Supplement for Undergraduate Medical and Dental Education (SUMDE)	3,467	2,422
Bursaries	16,695	16,333
Infected Blood Payment Scheme	3,792	14,895
Healthy Start	502	781
Regional Interpreting Services	4,671	4,340
Cost of Sales	81,498	109,216
Supplies and services – general	1,182	845
Establishment	18,977	17,863
Transport	1,128	1,028
Premises	6,293	5,097
Interest charges under IFRS 16	43	34
Miscellaneous	1,147	3,471
Personal Protective Equipment stock provision/write off	89,136	8,156
Research & development expenditure	204	-
Bad debts	5	-
<b>Non-cash items</b>		
Depreciation	13,036	8,743
Amortisation	22,634	18,947
Impairments	-	153
Profit on disposal of property, plant and equipment (including land)	(12)	(22)
Profit on disposal of intangibles	-	-
Loss on disposal of property, plant and equipment (including land)	-	-
Loss on disposal of intangibles	-	-
Increase / Decrease in provisions (provisions provided for in year less any release)	5,272	(3,801)
Cost of borrowing provisions (unwinding of discount on provisions)	(161)	140
Auditors' remuneration	192	169
Release of government grant	(633)	(639)
<b>Total</b>	<b>413,128</b>	<b>336,287</b>

During the year the BSO purchased non-audit services to the value of £nil from their auditors in relation to the National Fraud Initiative (2022-23: £3.5k). The auditors' remuneration reflects time incurred on the preparation of the Shared Services Report in addition to the audit of the financial statements.

<sup>1</sup> Further detailed analysis of staff costs is located within the Staff Report from page 109.

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 4 INCOME

##### 4.1 Revenue from contracts with customers

	<b>2023-24</b>	<b>2022-23</b>
	<b>£000s</b>	<b>£000s</b>
Management fees - HSC Trusts	82,700	79,564
Sale of goods	82,072	109,660
Accommodation	386	439
<b>Total</b>	<b>165,158</b>	<b>189,663</b>

##### 4.2 Other Operating Income

	<b>2023-24</b>	<b>2023-24</b>
	<b>£000s</b>	<b>£000s</b>
Other income from non-patient services	25,118	25,694
Seconded staff	1,503	394
Donations / Government Grant / Funding for non-current assets	-	-
<b>Total</b>	<b>26,621</b>	<b>26,088</b>

#### TOTAL INCOME

<b>191,779</b>	<b>215,751</b>
----------------	----------------

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 5.1 Property, plant & equipment - year ended 31 March 2024

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Cost or Valuation</b>									
At 1 April 2023	8,699	29,221	-	2,714	328	3,066	60,881	5,799	110,708
Indexation	-	54	-	-	10	19	(49)	227	262
Additions	-	115	-	201	-	-	8,741	39	9,096
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	4	-	(2,367)	-	-	9,447	-	7,084
Revaluation	1	1	-	1	-	-	1	2	5
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(114)	(7,973)	-	(8,087)
At 31 March 2024	<b>8,700</b>	<b>29,395</b>	-	<b>549</b>	<b>338</b>	<b>2,971</b>	<b>71,048</b>	<b>6,067</b>	<b>119,068</b>
<b>Accumulated Depreciation</b>									
At 1 April 2023	-	4,910	-	-	273	1,703	37,771	2,654	47,311
Indexation	-	29	-	-	8	11	(15)	125	158
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(3)	-	(3)
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(114)	(7,972)	-	(8,086)
Provided during the year	-	2,412	-	-	5	365	9,412	842	13,036
At 31 March 2024	-	<b>7,351</b>	-	-	<b>286</b>	<b>1,965</b>	<b>39,193</b>	<b>3,621</b>	<b>52,416</b>

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 5.1 (continued) Property, plant & equipment- year ended 31 March 2024

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Carrying Amount</b>									
At 31 March 2024	8,700	22,044	-	549	52	1,006	31,855	2,446	66,652
At 31 March 2023	8,699	24,311	-	2,714	55	1,364	23,109	3,145	63,397
<b>Asset financing</b>									
Owned	8,700	18,445	-	549	52	1,006	31,855	2,446	63,053
Leased	-	3,599	-	-	-	-	-	-	3,599
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
<b>Carrying Amount</b>									
At 31 March 2024	8,700	22,044	-	549	52	1,006	31,855	2,444	66,652

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 £1,625k (22-23: £1,553k).

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

	2023-24 £000s	2022-23 £000s
Donations	-	-
Government Grant	-	-
Lottery funding	-	-

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 5.2 Property, plant & equipment - year ended 31 March 2023

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Cost or Valuation</b>									
At 1 April 2022	4,899	12,675	-	17,025	295	3,158	40,089	5,749	83,890
Opening balance adjustment – IFRS 16	-	1,771	-	-	-	-	-	-	1,771
Opening balance adjustment – SPPG transfer	3,800	9,506	-	-	7	-	1,174	-	14,487
Indexation	-	144	-	-	26	148	442	46	806
Additions	-	5,132	-	1,910	-	76	2,383	49	9,550
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	(16,221)	-	-	16,998	-	777
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Disposals	-	(7)	-	-	-	(316)	(205)	(45)	(573)
At 31 March 2023	<b>8,699</b>	<b>29,221</b>	-	<b>2,714</b>	<b>328</b>	<b>3,066</b>	<b>60,881</b>	<b>5,799</b>	<b>110,708</b>
<b>Accumulated Depreciation</b>									
At 1 April 2022	-	1,613	-	-	242	1,586	31,765	1,923	37,129
Opening bal adj – SPPG asset transfer	-	882	-	-	7	-	820	-	1,709
Indexation	-	72	-	-	20	78	114	21	305
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(2)	-	(2)
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Disposals	-	(7)	-	-	-	(316)	(205)	(45)	(573)
Provided during the year	-	2,350	-	-	4	355	5,279	755	8,743
At 31 March 2023	-	<b>4,910</b>	-	-	<b>273</b>	<b>1,703</b>	<b>37,771</b>	<b>2,654</b>	<b>47,311</b>

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 5.2 (continued) Property, plant & equipment- year ended 31 March 2023

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Carrying Amount</b>									
At 31 March 2023	8,699	24,311	-	2,714	55	1,364	23,109	3,145	63,397
At 31 March 2022	4,899	11,062	-	17,025	53	1,572	8,324	3,826	46,761
<b>Asset financing</b>									
Owned	8,699	19,088	-	2,714	55	1,364	23,109	3,145	58,174
Leased	-	5,223	-	-	-	-	-	-	5,223
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
<b>Carrying Amount</b>	<b>8,699</b>	<b>24,311</b>	<b>-</b>	<b>2,714</b>	<b>55</b>	<b>1,364</b>	<b>23,109</b>	<b>3,145</b>	<b>63,397</b>
At 31 March 2023									

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 6.1 Intangible assets- year ended 31 March 2024

	Software Licences £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licences, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
<b>Cost or Valuation</b>									
At 1 April 2023	98,675	103,672	-	-	-	-	-	94,757	297,104
Indexation	(190)	(511)	-	-	-	-	-	-	(701)
Additions	33,046	2,672	-	-	-	-	-	74,106	109,824
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	2,092	73,487	-	-	-	-	-	(82,668)	(7,089)
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2024	<b>133,623</b>	<b>179,320</b>	-	-	-	-	-	<b>86,195</b>	<b>399,138</b>
<b>Accumulated Amortisation</b>									
At 1 April 2023	43,543	77,443	-	-	-	-	-	-	120,986
Indexation	(75)	(214)	-	-	-	-	-	-	(289)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Provided during the year	12,795	9,839	-	-	-	-	-	-	22,634
At 31 March 2024	<b>56,263</b>	<b>87,068</b>	-	-	-	-	-	-	<b>143,331</b>



## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 6.1 (continued) Intangible assets- year ended 31 March 2024

	Software Licences £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licences, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
<b>Carrying Amount</b>									
At 31 March 2024	77,360	92,252	-	-	-	-	-	86,195	255,807
At 31 March 2023	55,132	26,229	-	-	-	-	-	94,757	176,118
<b>Asset financing</b>									
Owned	77,360	92,252	-	-	-	-	-	86,195	255,807
Leased	-	-	-	-	-	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
<b>Carrying Amount</b>									
At 31 March 2024	77,360	92,252	-	-	-	-	-	94,757	255,807

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

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

	2023-24 £000s	2022-23 £000s
Donations	-	-
Government Grant	-	-
Lottery funding	-	-

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 6.2 Intangible assets - year ended 31 March 2023

	Software Licences £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licences, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
<b>Cost or Valuation</b>									
At 1 April 2022	88,044	96,239	-	-	-	-	-	34,921	219,204
Opening bal adj – SPPG asset transfer	285	1,170	-	-	-	-	-	-	1,455
Indexation	1,790	2,474	-	-	-	-	-	-	4,264
Additions	7,242	1,630	-	-	-	-	-	64,096	72,968
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	1,314	2,159	-	-	-	-	-	(4,260)	(787)
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2023	<b>98,675</b>	<b>103,672</b>	-	-	-	-	-	<b>94,757</b>	<b>297,104</b>
<b>Accumulated Amortisation</b>									
At 1 April 2022	30,607	67,443	-	-	-	-	-	-	98,050
Opening bal adj – SPPG assets	283	1,161	-	-	-	-	-	-	1,444
Indexation	541	1,851	-	-	-	-	-	-	2,392
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	153	-	-	-	-	-	-	153
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Provided during the year	12,112	6,835	-	-	-	-	-	-	18,947
At 31 March 2023	<b>43,543</b>	<b>77,443</b>	-	-	-	-	-	-	<b>120,986</b>

## BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

NOTE 6.2 (continued) Intangible assets- year ended 31 March 2023

	Software Licences £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licences, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
<b>Carrying Amount</b>									
At 31 March 2023	55,132	26,229	-	-	-	-	-	94,757	176,118
At 31 March 2022	57,437	28,796	-	-	-	-	-	34,921	121,154
<b>Asset financing</b>									
Owned	55,132	26,229	-	-	-	-	-	94,757	176,118
Finance leased	-	-	-	-	-	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
<b>Carrying Amount</b>									
At 31 March 2023	55,132	26,229	-	-	-	-	-	94,757	176,118

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 7 FINANCIAL INSTRUMENTS

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

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

#### NOTE 8 IMPAIRMENTS

	2023-24			
	Property, Plant & Equipment £000s	Intangibles £000s	Financial assets £000s	Total £000s
Total value of impairments for the period	-	-	-	-
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	-	-	-	-
<b>Impairments charged to Statement of Comprehensive Net Expenditure Account</b>	-	-	-	-

	2022-23			
	Property, Plant & Equipment £000s	Intangibles £000s	Financial assets £000s	Total £000s
Total value of impairments for the period	-	153	-	153
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	-	-	-	-
<b>Impairments charged to Statement of Comprehensive Net Expenditure Account</b>	-	153	-	153

#### NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

The BSO did not hold any assets classified as held for sale in 2023-24 or 2022-23.

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

NOTE 10 INVENTORIES	2023-24 £000s	2022-23 £000s
Goods for resale	139,767	171,076
Less: Adjustment for at risk PPE inventory*	(79,777)	(8,061)
<b>Total</b>	<b>59,990</b>	<b>163,015</b>

\*This adjustment is reflective of management's assessment of Personal Protective Equipment which has not yet reached its expiry date yet there is some doubt over the ability to utilise the products prior to expiry based on current usage rates continuing in the future. As these items have not yet expired they have not been fully written off BSO's inventory system and other mitigations to ensure least wastage continue to be actively explored. Products included within the adjustment are facemasks, respirators and hand sanitiser. There is also an element of non-expiring stock within the provision to represent the fact that this stock is slow moving however it will remain to be saleable indefinitely. For these non-expiring products, the cost to dispose is higher than the cost to retain therefore the operational decision has been taken to preserve it. This adjustment is included within the SoCNE and the value contained within Note 3 expenditure with the remainder of the PPE stock expense being in-year PPE write offs for items not used prior to expiry which are as disclosed within the losses statement.

### NOTE 11 CASH AND CASH EQUIVALENTS

	2023-24 £000s	2022-23 £000s
Balance at 1 April	8,028	9,635
Net change in cash and cash equivalents	10,122	(1,607)
<b>Balance at 31 March</b>	<b>18,150</b>	<b>8,028</b>

#### The following balances at 31 March were held at:

	2023-24 £000s	2022-23 £000s
Commercial banks and cash in hand	18,150	8,028
<b>Balance at 31 March</b>	<b>18,150</b>	<b>8,028</b>

### NOTE 11.1 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022-23 £000s	Cash Flows £000s	Non-Cash £000s	2023-24 £000s
Lease Liabilities	5,261	(1,548)	(69)	3,644
<b>Total Liabilities from financing Activities</b>	<b>5,261</b>	<b>(1,548)</b>	<b>(69)</b>	<b>3,644</b>

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 12 TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS

	2023-24 £000s	2022-23 £000s
<b>Amounts falling due within one year</b>		
Trade receivables	22,234	25,438
Deposits and advances	2	-
VAT receivable	11,311	11,416
Other receivables – not relating to fixed assets	1,777	171
Other receivables – relating to property, plant and equipment	-	118
Other receivables – relating to intangibles	56	-
<b>Trade and other receivables</b>	<u>35,380</u>	<u>37,143</u>
Prepayments	3,896	4,441
Accrued income	-	-
Current part of PFI and other service concession arrangements prepayment	-	-
<b>Other current assets</b>	<u>3,896</u>	<u>4,441</u>
Carbon reduction commitment	-	-
<b>Intangible current assets</b>	<u>-</u>	<u>-</u>
<b>Amounts falling due after more than one year</b>		
Trade receivables	12,657	-
Deposits and advances	-	-
Other receivables	-	-
<b>Trade and other receivables</b>	<u>12,657</u>	<u>-</u>
Prepayments and accrued income	-	-
<b>Other current assets falling due after more than one year</b>	<u>-</u>	<u>-</u>
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<u>48,037</u>	<u>37,143</u>
<b>TOTAL OTHER CURRENT ASSETS</b>	<u>3,896</u>	<u>4,441</u>
<b>TOTAL INTANGIBLE CURRENT ASSETS</b>	-	-
<b>TOTAL RECEIVABLES AND OTHER CURRENT ASSETS</b>	<u>51,933</u>	<u>41,584</u>

The balances are net of a provision for bad debts of £814k (2022-23: £832k).

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 13 TRADE PAYABLES AND OTHER LIABILITIES

	2023-24 £000s	2022-23 £000s
<b>Amounts falling due within one year</b>		
Other taxation and social security	546	7,067
Bank overdraft	-	-
VAT payable	-	-
Trade capital payables – property, plant and equipment	609	-
Trade capital payables – intangibles	9,239	6,728
Trade revenue payables	43,182	180,687
Payroll payables	-	-
Clinical negligence payables	-	-
BSO payables	-	-
Other payables	50	76
Accruals	23,355	35,088
Accruals - relating to property, plant and equipment	12,617	-
Accruals - relating to intangibles	12,836	-
Deferred income	633	639
<b>Trade and other payables</b>	<b>103,067</b>	<b>230,285</b>
Current part of lease liabilities	1,561	1,570
Current part of long-term loans	-	-
Current part of imputed finance lease element of PFI contracts and other service concession arrangements	-	-
<b>Other current liabilities</b>	<b>1,561</b>	<b>1,570</b>
Carbon reduction commitment	-	-
<b>Intangible current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total payables falling due within one year</b>	<b>104,628</b>	<b>231,855</b>
<b>Amounts falling due after more than one year</b>		
Other payables, accruals and deferred income	7,596	8,307
Trade and other payables	17,882	23,737
Clinical negligence payables	-	-
Leases	2,083	3,691
Current part of imputed finance lease element of PFI contracts and other service concession arrangements	-	-
Long term loans	-	-
<b>Total non-current other payables</b>	<b>27,561</b>	<b>35,735</b>
<b>TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>	<b>132,189</b>	<b>267,590</b>

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 14 PROVISIONS FOR LIABILITIES AND CHARGES 2023-24

Name	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	Employer's Liability £000s	Other £000s	2023-24 Total £000s
Balance at 1 April 2023	-	-	-	662	9,073	9,735
Provided in year	-	-	-	203	5,529	5,732
(Provisions not required written back)	-	-	-	(176)	(285)	(461)
(Provisions utilised in the year)	-	-	-	(215)	(531)	(746)
Cost of borrowing (unwinding of discount)	-	-	-	(24)	(137)	(161)
<b>At 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450</b>	<b>13,649</b>	<b>14,099</b>

Comprehensive Net Expenditure Account Charges	2023-24 £000s	2022-23 £000s
Arising during the year	5,732	1,072
Reversed unused	(461)	(4,873)
Cost of borrowing (unwinding of discount)	(161)	140
<b>Total charge within Operating costs</b>	<b>5,110</b>	<b>(3,661)</b>



## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 14 (continued) PROVISIONS FOR LIABILITIES AND CHARGES 2023-24

##### Analysis of expected timing of discounted flows as at 31 March 2024

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	Employer's Liability £000s	Other £000s	2023-24 Total £000s
Not later than one year	-	-	-	450	911	1,359
Later than one year and not later than five years	-	-	-	-	7,756	7,756
Later than five years	-	-	-	-	4,982	4,984
<b>At 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450</b>	<b>13,649</b>	<b>14,099</b>

There are five categories of provisions: early retirement for directors and other staff, outstanding legal cases and other, being injury benefit, a provision in respect of PSNI holiday pay and an onerous contract in relation to a contractual obligation to fulfil a supplier agreement for the purchase of personal protection equipment in future years. 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.

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for holiday pay shortfall can be taken back to 1998. The PSNI appealed the CoA judgment to the Supreme Court and the hearing concluded on 15 December 2022. A judgement was handed down on 4 October 2023 confirming claimants are able to bring their claims under the 'unlawful deductions' provisions of the Employment Rights (Northern Ireland) Order 1996 and can thus claim in respect of a series of deductions potentially going back as far as 1998. BSO's provision at 31 March 2024 reflects this time frame.

The HSC working group considering resolution of the liability has indicated that any interim solution is likely to be a number of years away as it will require system change and, in light of industrial action, there have also been delays in Trade Unions discussions regarding settlement of the historic liability.

BSO, in calculating this provision, has used the following estimates and assumptions:

- The provision has been estimated based on our knowledge of settlements of retrospective liabilities that have been made in other jurisdictions..
- The provision has been estimated back to 1998-99 based on the outcome of the Supreme Court judgement.
- Defined wage types have been used to determine the provision from 2014-15 following the introduction of the current HRPTS system.
- A further estimate has been added for the impact of other potential contractual liabilities.
- For the years 1998-99 to 2013-14 an annual average has been calculated based on the actual overtime based on the wage types.
- This annual average has been discounted for pay agreements under Agenda for Change using an average of 3% for each of the years from 1998-99 to 2013-14.
- Actual staff numbers are available from 2008-09, when the Review of Public Administration (RPA) took place, but not prior to this year.
- The provision does not include any late payment interest which may be required to be paid over to claimants.

The key areas of uncertainty include:

- The reliability of the data used.
- The terms of the settlement which is subject to agreement and negotiations with Trades Unions.
- The uptake rate for current or past employees.
- The extent of attrition in the work force.
- Delays in the time it will take to administer the payments, once agreed.
- The extent to which interest will apply.

The overall impact has been to increase this provision from £1.0m in 2022-23 to £2.6m in 2023-24.

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 14 PROVISIONS FOR LIABILITIES AND CHARGES 2022-23

Name	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	Employer's Liability £000s	Other £000s	2022-23 Total £000s
Balance at 1 April 2022	-	-	-	29	-	29
Opening balance adjustment – SPPG hosting				834	13,054	13,888
Provided in year	-	-	-	103	969	1,072
(Provisions not required written back)	-	-	-	(262)	(4,611)	(4,873)
(Provisions utilised in the year)	-	-	-	(13)	(508)	(521)
Cost of borrowing (unwinding of discount)	-	-	-	(29)	169	140
<b>At 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>662</b>	<b>9,073</b>	<b>9,735</b>

#### Analysis of expected timing of discounted flows as at 31 March 2023

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	Employer's Liability £000s	Other £000s	2022-23 Total £000s
Not later than one year	-	-	-	662	505	1,167
Later than one year and not later than five years	-	-	-	-	3,085	3,085
Later than five years	-	-	-	-	5,483	5,483
<b>At 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>662</b>	<b>9,073</b>	<b>9,735</b>

---

---

There are four categories of provisions: early retirement for directors and other staff, outstanding legal cases and other, being injury benefit and a provision in respect of PSNI holiday pay. 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.

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. The PSNI appealed the CoA judgment to the Supreme Court and while the hearing concluded on 15 December 2022, the date has not yet been set for the hand down of the judgement. The HSC working group considering resolution of the liability has indicated that any solution will be more than 12 months away as it will require system change. In light of industrial action, there is also no indication of when Trade Unions discussions re settlement of the historic liability can be conducted and in the absence of a Minister, agreeing a settlement may also be delayed. As a result, the level of uncertainty around the timing of the liability has increased and whilst it was recorded as an accrual in the prior year, it has been treated as a provision at 31 March 2023. The best estimate of the value of the liability is based on the position in the NHS in England, Scotland and Wales.

**BUSINESS SERVICES ORGANISATION**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

**NOTE 15 CAPITAL COMMITMENTS**

<b>Contracted capital commitments at 31 March not otherwise included in these financial statements</b>	<b>2023-24 £000s</b>	<b>2022-23 £000s</b>
Property, plant and equipment	95	5,261
Intangible assets	10,232	5,924
	<u>10,327</u>	<u>11,185</u>

**NOTE 16 COMMITMENTS UNDER LEASES**

**16.1 Quantitative disclosures around Right-Of-Use assets (Buildings)**

	<b>2023-24 £000s</b>	<b>2022-23 £000s</b>
<b>Right of Use assets</b>		
At 1 April	5,224	1,771
Additions	-	5,006
Depreciation expense	(1,625)	(1,553)
At 31 March	<u>3,599</u>	<u>5,224</u>

**16.2 Quantitative disclosures around lease liabilities**

	<b>2023-24 £000s</b>	<b>2022-23 £000s</b>
<b>Buildings</b>		
Not later than one year	1,608	1,659
Later than one year but not later than five years	2,083	3,690
Later than five years	-	-
Less interest element	(47)	(88)
Present value of obligations	<u>3,644</u>	<u>5,261</u>
<b>Current portion</b>	<u>1,582</u>	<u>1,617</u>
<b>Non-current portion</b>	<u>2,062</u>	<u>3,644</u>

**16.3 Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure**

	<b>2023-24 £000s</b>	<b>2022-23 £000s</b>
Other lease payments not included in lease liabilities	1,387	935
Sub-leasing income	(30)	(16)
Expense related to short-term leases	-	-
Expense related to low-value asset leases (excluding short-term leases)	-	-
	<u>1,357</u>	<u>919</u>

**BUSINESS SERVICES ORGANISATION**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

16.4 Quantitative disclosures around cash outflow for leases	2023-24 £000s	2022-23 £000s
Total cash outflow for leases	2,833	2,519

**NOTE 17 COMMITMENTS UNDER PFI CONTRACTS AND OTHER SERVICE CONCESSION ARRANGEMENTS**

**17.1 Off balance sheet PFI contracts and other service concession arrangements**

BSO had no commitments under PFI and other concession arrangement contracts at either 31 March 2024 or 31 March 2023.

**17.2 On balance sheet (SoFP) PFI Schemes**

BSO had no commitments under PFI and other concession arrangement contracts at either 31 March 2024 or 31 March 2023.

**NOTE 18 OTHER FINANCIAL COMMITMENTS**

The BSO did not have any other financial commitments at either 31 March 2024 or 31 March 2023.

**NOTE 19 CONTINGENT LIABILITIES**

The BSO has the following quantifiable contingent liabilities:

	2023-24 £000s	2022-23 £000s
Employers' liability	5	28
Amounts recoverable through non-cash RRL	(5)	(28)
	<u>-</u>	<u>-</u>

In addition, the following unquantifiable contingent liabilities exist:

**Backdated Holiday Pay**

BSO has made provision of the potential liability, back to 1998, for claims for shortfalls to staff in holiday pay. However, the extent to which the liability may exceed this amount remains uncertain as the calculations will rely on the outworkings of the Supreme Court judgement and will have to be agreed with Trade Unions.

Uncertainty also exists in relation to whether interest or any other uplift is payable on the sums due to the Claimants to reflect the effluxion of time. This matter is not agreed and therefore no provision has been made for this element in Note 14.

## **BUSINESS SERVICES ORGANISATION**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

#### **NOTE 19.1 FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT**

The BSO did not have any financial guarantees, indemnities and letters of comfort at either 31 March 2024 or 31 March 2023.

#### **NOTE 20 RELATED PARTY TRANSACTIONS**

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

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

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### NOTE 21 THIRD PARTY ASSETS

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

Name of Account	Details
BSO CCGANI	This account is used for the transfer of funds on behalf of the Children's Court Guardian Agency for Northern Ireland (formerly 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 the Children's Court Guardian Agency for Northern Ireland 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 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 2024

#### NOTE 22 Financial Performance Targets

##### 22.1 Revenue Resource Limit

The BSO is given a Revenue Resource Limit which it is not permitted to overspend. Following the implementation of review of Financial Process, the format of Note 22.1 has changed as the Department has introduced budget control limits for depreciation, impairments, and provisions, which cannot be exceeded; BSO has remained within the budget control limit it was issued. From 2023-24 onwards, the materiality threshold limit excludes non-cash RRL.

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

	2023-24 £000s	2022-23 £000s
RRL allocated from:		
DoH (excludes non-cash) – BSO	140,351	60,999
DoH (excludes non-cash) – SPPG hosting	40,483	35,892
<b>Total agreed RRL to be Accounted For</b>	180,834	96,891
<b>RRL expenditure:</b>		
Net Expenditure per SoCNE	221,348	120,536
<b>Adjustments:</b>		
Depreciation/Amortisation	(35,670)	(27,690)
Impairments	-	(153)
Release of Government Grant	633	639
Notional charges	(192)	(169)
Profit/(loss) on disposal of fixed assets	12	22
Other – release of provisions	(5,111)	3,661
Research & Development expenditure under ESA10	(204)	-
<b>Net expenditure funded from RRL</b>	180,816	96,846
Surplus/(Deficit) against RRL	18	45
Break Even cumulative position (opening)	1,710	1,665
Break Even cumulative position (closing)	1,728	1,710

##### Materiality Test

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

	2023-24 %	2022-23 %
Break Even in-year as % of RRL and Income (Note 4.1)	0.01	0.02
Break Even cumulative position as % of RRL and Income (Note 4.1)	0.58	0.68

## BUSINESS SERVICES ORGANISATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

#### 22.2 Capital Resource Limit

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

The CRL for BSO is calculated as follows:

	<b>2023-24</b>	<b>2022-23</b>
	<b>Total</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>
CRL allocated from:		
DoH – BSO	118,944	82,086
DoH – SPPG hosting	182	434
<b>Total CRL received</b>	<u>119,126</u>	<u>82,520</u>
<b>Capital Resource Limit Expenditure</b>		
Capital expenditure per additions in asset notes	118,920	82,518
<b>Adjustments to remove items not funded via CRL</b>		
Net book value of disposals	-	-
<b>Adjustments to add items not capitalised in accounts but funded via CRL</b>		
Adjustment for R&D under ESA10	204	-
Net Capital Expenditure Funded from CRL	<u>119,124</u>	<u>82,518</u>
Surplus/(Deficit) against CRL	<u>2</u>	<u>2</u>

#### NOTE 23 EVENTS AFTER THE REPORTING PERIOD

There are no events that have taken place after the reporting period date affecting these accounts.

#### DATE AUTHORISED FOR ISSUE

The Accounting Officer authorised these financial statements for issue on 3 July 2024.

## Report by the Comptroller and Auditor General to the Northern Ireland Assembly

### Business Service Organisation 2023-24

#### Introduction and Background

1. The value of the stock held by BSO at 31 March 2024 was £140m. This stock consisted of Personal Protective (PPE) some with an expiry date (£126m) and some without an expiry date (£14m). The high volumes of stock held were as a consequence of BSO complying with The Department of Health agreed Supply Chain Strategy for PPE, which created and protected a Just In Case (JIC) stockpile during the Covid Pandemic.
2. Stock is valued at the lower of cost and net realisable value. Despite prices of PPE gradually reducing, BSO could continue valuing its stock at cost as this price was the same as net realisable value i.e. HSC bodies were charged cost price for the PPE.
3. As the impact of the pandemic has receded, the demand for PPE products has reduced. While for most stock items valuation at cost still applies, as HSC bodies pay this price, this is not true of stock not forecast as being used within its limited life-spans. At 31 March 2023, this was the case for two high volume PPE items with cumulative value £86m. Based on average weekly run rates potentially £43m of this inventory is at risk of not being used before their current lifespans expire.
4. As I was not able to obtain sufficient and appropriate audit evidence about the valuation of approximately £43m of the closing stock balance at 31 March 2023, I qualified my audit opinion on the 2022-23 BSO Annual Report and Accounts.

#### 2023-24 Progress

5. BSO started a mitigation process to try and resolve this obsolescence issue which includes working with suppliers to re-life products, selling wider than HSC to external independent markets, termination of contracts and seeking amendment to future contractual commitments, repurposing, and working closely with the DoH on solutions.
6. The current cost price for these PPE items is significantly lower now than the costs these two PPE items were procured at and valued in the accounts. The overstocking issue for these two products is further exacerbated by BSO having in place contractual commitments to buy more of these products and the uncertainty around future PPE demand.
7. In response to the qualified audit opinion for the year ended 31 March 2023, BSO developed a stock model to consider the basis upon which any write off (or provision) for the year-ending 31 March 2024 might be calculated. The model calculates the average number of units of each stock line issued per week and calculates the number of weeks of stock remaining for each stock line. This information is used to identify the volume of each stock line which is anticipated to expire before it can be issued. The model assumes that the shortest-dated stock will be issued first, and that stock can be issued up to 4 weeks prior to the expiry date.
8. Stock is identified as "at risk" within the model where:
  - a) for stock items with expiry dates, where the items are likely to expire before they are issued, based on current run rates; and
  - b) for stock items without expiry dates-where the level of stock held exceeds more than one year based on current run rates.
9. Stock losses are proposed where stock has expired, unissued i.e. where it cannot be used, and a stock provision is proposed in line with the methodology outlined at a) and b) above for stock which may expire in the future.
10. As stated above at 31 March 2024 BSO held stock at a value of £140m comprising:
  - £126m stock with expiry dates

- £14m stock without expiry dates

11. The model identified stock “at risk” valued at £100m which can be summarised as follows:

- Stock “at risk” with expiry dates for which mitigations are in place (supplier swap out, relifing) –£9m
- Stock “at risk” with expiry dates (without mitigations) -£77m
- Stock “at risk” with no expiry dates-£14m

12. The total value of “at risk” stock identified by the model was reviewed by BSO management and a stock provision of £80m has been reflected in the accounts as at 31 March 2024 as follows:

- provision against “at risk” stock with expiry dates–£77m (i.e. the full amount of stock identified as “at risk” has been provided for)
- provision against “at risk” stock without expiry dates - £3m (i.e. £11m of this stock identified in the model as being “at risk” has not been provided for).

13. The full amount of non-expiry date stock identified as “at risk” has not been provided for as BSO has advised me that it is expected that the Department will take on some or all of this stock for an emergency planning stockpile which will release some of the £77m provision currently allocated to at risk stock with an expiry date. Whilst the Department has indicated that it wishes BSO ring fence surplus PPE stock to mitigate any PPE risk from a future pandemic, the Department are not yet in position to advise as to the quantum of stock required nor the timing of when this will take place. It is my view that the stock with no expiry date which was identified as being ‘at risk’ should be provided for.

### Qualified Audit Opinion

I have qualified my audit opinion on two bases:

14. **Material Error in the Stock Provision:** I was unable to provide an opinion on approximately £43m of the total stock value of £163m as at 31 March 2023. That stock was identified as “at risk” and should have been provided for as at 31 March 2023. A stock provision of £80m has been made against stock in the 2023-24 accounts. As a provision of at least £43m should have been reflected in the prior year accounts (based on the information available at the time), the provision charge of £80m to the Statement of Comprehensive Net Expenditure is materially misstated in the current year financial statements.

15. **Limitation of Scope - Non-expiry date stock which has not been provided for:** The value of non-expiry date stock which has not been provided for is material to the financial statements. The uncertainty relating to the future sale or disposal of this stock is significant and is so fundamental that I cannot provide an audit opinion on the value of non-expiry date stock of £11m as at 31 March 2024. The value of non-expiry date stock is considered material.

16. Therefore, I have been unable to obtain sufficient, appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Except for the possible effects of the misstated stock provision on the surplus disclosed in the Statement of Comprehensive Net Expenditure and the possible effects of the valuation of non-expiry date stock, the financial statements give a true and fair view.

### BSO Response to the issue

17. BSO has advised that they remain committed to continuing active plans to mitigate against future PPE losses, as is evidenced from the ongoing activity of the established BSO Task and Finish Group for the management of surplus PPE. Any obsolescence which does arise in PPE products will follow a responsible disposal programme to prevent the impact and risk of PPE products going to landfill.

18. In respect of the £11m of non-expiring stock not included within the provision, BSO consider that as these non-expiring PPE products have indefinite useful lives and overstock is not presently resulting in an additional storage resource commitment, BSO maintain the approach taken particularly as there are provisional imminent plans for DoH to replenish emergency stockpiles. It is however recognised by BSO that if mitigation or purchase plans do not come to fruition in the near future, the longer-term impact of retaining this PPE stock without an increase in demand could lead to additional financial requirements, although this is not anticipated to be realised.
19. In conjunction with pursuing mitigations, BSO continue to work closely with the DoH in establishing and fulfilling future requirements. Throughout the pandemic, the health and safety of HSC patients, staff and the wider public was and continues to be priority which led to BSO fulfilling DoH procurement requirements in relation to PPE to ensure that the HSC was in a state of readiness. As the PPE stockholding may not be required this is representative of the current significant reduction in risk since the pandemic which is a welcomed position. Continuation of emergency preparedness for any similar such scenarios remains a key focus.

### **Conclusion**

20. I recognise that this situation has arisen in response to a public health crisis and resultant anticipated PPE demand. However, I am concerned as to the possible loss to the Health Service particularly at a time of serious financial pressures. I would urge BSO to urgently pursue the mitigations so as to minimise this loss as far as possible



Dorinnia Carville  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU  
3 July 2024