



Business Services Organisation

Providing Support to Health and Social Care

**Business Services Organisation
Annual Report and Accounts
For the year ended 31 March 2025**

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 4 July 2025

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Message from the Chair



Mrs Julie Erskine

Chair

It is my great pleasure to present the BSO Annual Report and Accounts for 2024-2025. On behalf of the Board, I extend my sincere gratitude to all our staff whose significant efforts, dedication, and professionalism have been integral to supporting the broader initiatives across Health and Social Care. Your invaluable contributions and commitment are deeply appreciated.

I would also like to acknowledge the unwavering support and leadership provided by my executive colleagues and non-executive Directors, as we successfully navigated the many challenges of the past year. It is truly an honour and privilege to be Chair of the Board of BSO.

Board Engagement

Throughout the year, the Board has actively engaged with staff and key stakeholders through a series of meetings, workshops, and presentations, ensuring open dialogue and collaborative progress.

Board Roles, Responsibilities, and Developments during 2024-25

The BSO Board is comprised of both Executive and Non-Executive Directors and is chaired by myself, Mrs. Julie Erskine. A detailed outline of the BSO Board is provided within both the Non-Executive Directors' Report and the Executive Leadership Team sections of Performance Overview section of the Performance Report contained within this Annual Report and Accounts.

During the reporting year, the Board member roles were as follows:

- **Mr. Mark Lowry:** Chaired the Business and Development Committee (BADC) from January 2025.
- **Mr. Robert Bannon:** Chaired the Business and Development Committee (BADC) throughout 2024-25 until Mr Mark Lowry took up the position in January 2025.
- **Mr. Sean McKeever:** Chaired the Governance and Audit Committee until his retirement as Chair in October 2024.

- **Mrs. Julie Erskine:** Chaired the Remuneration and Terms of Service Committee and served as the Senior Responsible Officer (SRO) for the Review Oversight Board.
- **Professor Dorothy Whittington:** Continued her role as the Board's Disability Champion.
- **Mr. Mark Campbell:** Continued his role as the Whistle Blowing Champion until his resignation in January 2025.
- **Mr. Linus McLaughlin:** Appointed as Whistle Blowing Champion from January 2025.
- **Mr. Fred Smyth:** Took up the role of Governance and Audit Committee Chair from February 2025.

The Board looks forward to strengthening our positive working partnerships with our Health and Social Care colleagues, ensuring excellent service for the people of Northern Ireland.



Mrs Julie Erskine
Chairperson
31 March 2025

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

Welcome to the Business Services Organisation (BSO) Annual Report and Accounts for 2024–25. As Chief Executive, I am pleased to present a comprehensive overview of our achievements and progress over the past financial year, while also acknowledging the continued challenges facing us, our Health and Social Care (HSC) partners and customers.

Throughout the year, BSO has remained focused on delivering vital customer and patient-facing services within an increasingly complex and demanding environment. A clear example of this has been our continued contribution to the digitisation of the health service — an ambitious and wide-reaching effort involving the majority of our service areas.

The successful rollout of major regional programmes including encompass, Northern Ireland Picture Archiving and Communications System (NIPACS+), Core Laboratory Information Management System (LIMS), and Northern Ireland Digital Identity Service (NIDIS) stands as a testament to the dedication and collaboration of our BSO teams — in particular colleagues across IT, Legal Services, and Procurement and Logistics Services (PaLS). Despite the operational challenges that come with implementing new digital solutions, our teams have remained committed to supporting our

customers while also advancing BSO's strategic priorities and ensuring we are well positioned for the future.

I would also like to highlight the work of colleagues in Family Practitioner Services (FPS), the Regional Interpreting Service, Digital and many others, who continue to make a direct and meaningful impact on the lives of patients and service users across Northern Ireland.

Over the past year, BSO contributed to the UK COVID-19 Inquiry, which provided an opportunity to reflect on the significant role our colleagues played in supporting and protecting HSC workers during an unprecedented period. This engagement has offered valuable learning and further informed our strategic planning going forward.

We also marked year two of our five-year transformation programme, making important strides across several areas. These included continued development of our Digital Vision, improvements to Service Level Agreements (SLAs) through co-design with customers, and further progress on the BSO Financial / SLA Realignment Project — all of which enables us to meet future demands.

I am especially proud of the recognition BSO has received for its ongoing commitment to staff wellbeing and organisational excellence. In 2024, we achieved both the Investors in People Silver Award and the Investors in Wellbeing Award — a reflection of the culture we are building across the organisation, where our colleagues feel valued and invested in.

On behalf of the BSO, I would like to extend sincere thanks to Peter May, Permanent Secretary of the Department of Health, for his leadership and support during his time in post. His engagement with BSO and the wider HSC system was greatly appreciated. We also warmly welcome Mike Farrar as the incoming Permanent Secretary and look forward to working closely with him as BSO continue to support strategic developments across the system.

The successes of the past year are a testament to the professionalism, adaptability, and dedication of our people. I would like to thank all our staff, partners, and stakeholders for their continued support. BSO will build on this strong foundation and continue to deliver high-quality, value-driven services for our customers and the wider HSC sector.



Ms Karen Bailey
Chief Executive

31 March 2025

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 duties and functions. It is accountable, through the Chairperson, to the Permanent Secretary at the Department of Health.

It is made up of a Chairperson, and a complement of 9 Non-Executive Directors (currently 2 vacancies), the 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 (resigned January 2025)
- Mr Mark Lowry
- Mr Sean McKeever
- Professor Dorothy Whittington
- Mr Fred Smyth
- Mr Maynard Mawhinney
- Mr Linus McLaughlin



Board Functions and Committee Members

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, renamed The Business and Development Committee during 2024-25.

The Governance and Audit Committee (GAC) 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 the BSO Executive Leadership Team also in attendance. The GAC was chaired by Mr Sean McKeever and is now Chaired by Fred Smyth as of February 2025. The GAC provides the Board with an Annual Report each year. This Committee meets 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 on 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 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 (BADC) is a non-executive committee of the Board with responsibility for providing oversight of the BSO's handling of Complaints, Freedom of Information (FOIs) alongside organisational performance in relation to delivery of Service Level Agreements. It reviews the handlings of Serious Adverse Incidents (SAIs) and reports on Human Resources and Corporate Services matters. The BADC was Chaired by Mr Robert Bannon and is now Chaired by Mr Mark Lowry as of November 2024. BADC is comprised of three Non-Executive Directors, alongside the Director of Strategic Planning and Customer Engagement, Director of Operations and Director of People and Place. The BSO Chief Executive attends at least one BADC per year, with the Committee meeting up to four times per year. The BADC is authorised by the Board to investigate any activity within its terms of reference (ToR) 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 in relation to Information Management on behalf of the Board to ensure they complete with legislative and good practice standards.

Committees of the BSO Board

Governance & Audit Committee (GAC):

- Mr Sean McKeever (last meeting as Chair, October 2024)
- Mr Fred Smyth (new Chair, February 2025)
- Mr Mark Campbell (resigned January 2025)
- Professor Dorothy Whittington
- Mr Linus McLaughlin
- Ms Karen Hunter (Director of Strategic Planning and Customer Engagement)
- Ms Paula Smyth (Director of People and Place)
- Mr Ben Doran (Interim Director of Digital Operations)
- Mr Simon McGrattan (Interim Director of Finance)

Remuneration Committee:

- Mrs Julie Erskine (Chair)
- Mr Robert Bannon
- Mr Mark Lowry
- Mr Maynard Mawhinney

Business and Development Committee (BADC):

- Mr Robert Bannon (retired as Chair)
- Mr Mark Lowry (new Chair, November 2024)
- Mr Linus McLaughlin
- Mr Maynard Mawhinney
- Ms Karen Hunter (Director of Strategic Planning and Customer Engagement)
- Ms Lesley Young (Director of Operations)
- Ms Paula Smyth (Director of People and Place)

Review Oversight Board:

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

Additional Responsibilities:

- Professor Dorothy Whittington – Equality and Disability Champion
- Mr Mark Campbell – Whistle Blowing Champion (resigned January 2025)
- Mr Linus McLaughlin - Whistle Blowing Champion (from January 2025)

Executive Directors:

- Mr Ben Doran, Interim Director of Digital Operations
- Mr Simon McGrattan, Interim Director of Finance
- Ms Lesley Young, Director of Operations
- Ms Paula Smyth, Director of People and Place
- Ms Karen Hunter, Director of Strategic Planning and Customer Engagement

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

Purpose and Activities of the Organisation

The Business Services Organisation (BSO) 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.

The main headquarters of BSO is based at 2 Franklin Street, Belfast with a range of services delivered from a number of office locations throughout Northern Ireland.

Services are provided to the six Health and Social Care (HSC) Trusts across Northern Ireland. Alongside ten Arm's Length Bodies (ALBs) of the Department of Health (DoH) and the Northern Ireland Fire and Rescue Service (NIFRS), BSO delivers services in a number of key areas including Procurement and Logistics Service (PaLs), Information Technology Support (ITS), Legal Services (also referred to as DLS, Directorate of Legal Services), Internal Audit, Corporate Services, Human Resources, Recruitment and Selection, Counter Fraud & Probity, Family Practitioner Services (FPS), Equality, Research (Office for Research Ethics Committee), Finance, Pensions, Training (Clinical Education Centre, Leadership Centre) and Performance (SP&CE). A Financial Shared Services Centre also operates from various locations across Northern Ireland.

Full Directorate reporting of services delivered by BSO in 2024-25 are contained within Directorate Reports section of this Annual Report and Accounts document.

BSO Vision and Values

Our Vision:

“BSO – Making delivery of health and social care possible.”



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 HSC.

The HSC values are central to everything we do and are aligned to our Corporate Objectives listed below which ensure we deliver against our BSO vision:


























- Working Together
- Excellence
- Compassion
- Openness & Honesty

BSO Executive Leadership Team (ELT)



- Ben Doran – Interim Director of Digital Operations
- Karen Hunter – Director of Strategic Planning and Customer Engagement
- Lesley Young – Director of Operations
- Simon McGrattan – Interim Director of Finance
- Paula Smyth – Director of People and Place

BSO At A Glance 2024-25

 <p>25 Health and Wellbeing Champions</p>	 <p>127,252 Interpreting Service requests processed</p>	 <p>Over 72,461 CEC applications received for Programmes</p>	 <p>Recruitment Centre received 20,476 requisitions</p>	 <p>£7.2M PaLS Community Equipment Recycling</p>
 <p>2,515,003 Total no of Invoices paid</p>	 <p>1,323,852 Dental Claims processed</p>	 <p>596,746 Pension payments made</p>	 <p>65 Complaints Received</p>	 <p>719,799 Ophthalmic Claims processed</p>
 <p>CEC delivered over 252 programmes to over 80,000 people</p>	 <p>273 Freedom of Information Requests</p>	 <p>£7.2 M property running costs</p>	 <p>490,748 items of outgoing post</p>	 <p>Recruitment Centre supported the HSC to fill 11,604 posts</p>
 <p>57 Mental Health Advocates Trained</p>	 <p>Counter Fraud and Probity – 5050 Patient Exemption Checks</p>	 <p>£1.4bn PaLS Managed Spend</p>	 <p>576 Subject Access Requests Received</p>	 <p>150,777 Hour's spent providing Legal Support to</p>
 <p>90,000 Activities Carried out by the Business Services Team</p>	 <p>£6.4M Legal Debt Recovery</p>	 <p>1,261 people attended 11 different training and development courses</p>	<p>Counter Fraud and Probity- 446 contractor reviews</p> 	 <p>45,696,991 total No of Prescriptions items filled</p>

BSO Review Update

Following the BSO Strategic Review in 2021, a five-year transformation programme was launched to implement its key recommendations. The 2023–24 year marked the successful completion of the programme’s first phase, which focused on laying strong foundations for future growth across seven core workstreams.

In 2024–25, progress continued into the second year of implementation, with a particular focus on further developing the BSO Digital Vision, advancing the Costing Model through the Realignment Project, and piloting a revised Service Level Agreement (SLA) process. The improved SLA model—co-designed with customers—enabled a new baselining approach that has resulted in clearer, more robust SLAs for 2025–26. These SLAs place greater emphasis on service specifics, refined KPIs that measure both quality and volume of delivery, and clearly articulated roles and responsibilities for both BSO and its customers.

While this work was underway, the remaining elements of the Strategic Review Implementation Programme were paused during 2024–25. This decision reflected the evolving HSC landscape and the recognition that priorities may have shifted since the original recommendations were made in 2021–22, particularly in light of the increasingly challenging financial environment. To support a reassessment of direction, PA Consulting—authors of the original review—were re-engaged to evaluate progress and provide updated recommendations aligned with the current context. The report has been completed and will be subject to further BSO Senior Management discussion during 2025-26.

Performance Analysis

The BSO set a wide range of challenging priorities and targets for 2024-25. 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 vision statement: '*BSO – Making delivery of health and social care possible*'. **76%** of our stated objectives were achieved within the 2024-25 financial year, as collated and outlined within the quarterly and Annual Performance against Business planning (PABP) updates, with the remaining objectives predicted to be delivered within the next financial quarter.

Our Corporate Plan is aligned to the aims outlined in the 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 'Programme for Government Framework 2024-27'.

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 **25** key actions identified in the Business Plan will be delivered by the completion date.

BRAG Rating Description Key	
RED 	Action forecast to be or has been delivered significantly (i.e. in excess of one quarter) outside completion date or: significantly outside agreed tolerance level (e.g. on Corporate Scorecard).
AMBER 	Action forecast to potentially be delivered outside of the original completion date but within one quarter of agreed completion date or: outside agreed tolerance level (e.g. on Corporate Scorecard).
GREEN 	Action delivered or to be delivered by the completion date or: within agreed tolerance level (e.g. on Corporate Scorecard).

Performance Against Business Plan 2024-25

Corporate Objective 1. Build strategic partnerships with our customers to deliver high quality services, demonstrating value and effective ways of working.			
FOCUS	TARGET	KPI MEASURE	STATUS UPDATE
1. Service Delivery.	Ensure BSO delivers high quality services to our customers.	a) Achieve and maintain all Corporate KPIs as set out in the organisational Corporate Balance Scorecard 'Monthly reports to ELT and Board'	Complete. Reports being presented monthly to both ELT and Board.
2. Growth, income generation, cost recovery, commercial, savings targets.	Develop a Financial Plan with the objective of achieving the financial breakeven and capital resource limit targets in line with the BSO Business Plan.	a) Develop a Financial Plan for Board approval by 31 May 2024.	Complete and presented to Board 23 May 2024.
		b) Develop the roll forward budget and communicate to SMT and budget holders by 31 May 2024. 'Monthly Financial report to the Board'.	Complete and presented to Board 13 June 2024.

		c) Present monthly financial performance report to BSO Board. 'Monthly Financial report to the Board'.	Complete and submitted November 2024.
		d) Complete a Mid-Year Assessment and communicate to ELT by 30 November 2024. 'Report to ELT and BAC before submission to the Department'	Complete and submitted November 2024.
3. Growth, income generation, cost recovery, commercial, savings targets.	Completion of the Annual Year End Financial Statements for BSO in line with DoH guidance and engagement with NIAO/ ASM (rebranded as Sumer NI during 2024-25) and support the GAC throughout the year. Work in partnership with SP&CE 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.	a) Agree the annual external audit strategy with external audits for both Sumer NI and NIAO to support them presenting to BSO 'Complete by January 2025'	Complete.

		b) Engagement meeting with external auditors Sumer NI/ NIAO and support communication and engagement with BSO managers during January to July 2025.	In progress and on target.
		c) Present the audit plan to SMT, Audit Forum and Senior Finance Team by February 2025.	Complete.
		d) Development of internal finance year-end financial statements plan in partnership with NIAO/Sumer NI.	In progress.
4. Savings.	Seek to deliver a recurrent savings plan for savings requested by DoH and work with our customers to identify and investigate savings for our customers through efficiencies and service prioritisation. Seek to deliver a recurrent savings plan for savings requested by DoH and work with our customers to identify and investigate savings for our customers through efficiencies and service prioritisation.	a) Development of a recurrent savings plan to deliver any agreed savings for DoH and our customers.	In progress.

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

FOCUS	TARGET	KPI MEASURE	STATUS UPDATE
5. Stabilisation.	Finalise and implement Integrated Corporate Governance Framework to support the new BSO organisational structure.	a) Pilot and live evaluation of new performance management process (SLA/KPIs).	New Governance Framework was approved by BSO Board Oct 24, oneAdvanced evaluation complete and will be presented to the programme and oversight board in April 2025.
		b) Implementation new ELT/AD performance group by September 2024.	Four dates have been organized and booked for shared learning and innovation development in 2025-26.
		c) Review effectiveness by March 2025.	A key action from the November Business Planning Workshop was to create a mechanism for this to happen. See above update on Shared Learning and Innovation.
		d) Implementation of new issues and incidents reporting by June 2024.	Complete.

6. Leadership Implementation of Year 2 of BSO People Strategy	Implementation of Year 2 of BSO People Strategy.	a) BSO will achieve IIP reaccreditation by March 25.	Completed with Silver Accreditation received for both elements - Investors in People and Investors in Wellbeing, with Investors in Wellbeing being a new accreditation for BSO.
		b) Delivery of year actions set out in the BSO People Strategy.	Ongoing - moving into the third year of the people strategy and both IIP re-accreditations fit neatly within the BSO People Strategy Plan.
		c) Delivery of action plan for Health and Wellbeing Strategy by March 25.	Ongoing - moving into the third year of the people strategy and both IIP re-accreditations fit neatly within the People Strategy Plan.
		d) Delivery of Equality and Disability Action Plans year 1 actions by March 25.	Complete. All year one plans have been delivered. Reporting to BDC quarterly around actions in progress. The disability action plan has developed a number of neurodiversity workshops for staff. Equality have also engaged with leaders from SPARK to support Managers support staff who are neurodiverse.

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

FOCUS	TARGET	KPI MEASURE	STATUS UPDATE
7. Delivery of Digital Programmes and demonstrate value.	Continue the delivery of the HSCNI Digital Portfolio on behalf of our customers, including but not limited to: encompass Equip Evolve NIDIS LIMS NIPACS+	a) Quarterly Financial spend of in year budget in line with projected expenditure and allocated budget.	Complete. Update reports being provided to Business and Development Committee every quarter. DHCNI being provided with monthly update reports. BSO Finance also being provided with budget and delivery reports.
8. Accommodation, assets and facilities.	Continue to Implement BSO Asset Management Strategy.	a) Closure of College Street.	Complete. College street has now been closed.
		b) Refurb of Franklin Street.	Ongoing and will be complete by June 2025.
		c) Completion of Asset Management Strategy. Ongoing and will be complete by June 2025.	Ongoing. Asset Management Strategy has been updated and presented to ELT in Q4 2024-25 with completion estimated for Q1 2025-26.

		d) Planning for 25/26 Lease renewal or alternative accommodation.	Complete. ELT have taken the decision to vacate Great Victoria street.
		e) Planning for consolidation of BSO estate in line with current hybrid model. Monthly updates to ELT and Board	Ongoing. Decision has been taken to relocate some staff to James House and Franklin street commencing April 2025.
9. Sustainability.	Appoint an Executive Lead to oversee implementation of the priority areas for actions as per DoH 7 Feb 2024 Circular on Climate Act (2022) duties.	a) Executive Lead in role by Q1.	Complete. The seven workstreams have identified action plans for each of their respective areas. The working group meets monthly to discuss progress. An update has been included within the sustainability report section of this annual report and accounts.

How did we perform in 2024-25?

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 (SLAs) with our customers and to provide assurance of performance to the BSO Board. We report against agreed performance measurements using a Balanced Scorecard approach on a monthly basis. A selection of key indicators is set out below:

KPIs	Service Area	Directorate	Target	Average Performance Results for 2024-25
Average processing time per non-stock requisition (Procurement and Logistics Service)	PaLS	Operations	5 Days	2.81 Days
% of stock products supplied on 1st request (Procurement and Logistics Service)	PaLS	Operations	95%	99.11%
% of IT incidents resolved within target	ITS	Digital	90%	93.36%
% of Invoices paid within 10 days	Accounts Payable Shared Services	Finance	70%	76.31%
% of Invoices paid within 30 days	Accounts Payable Shared Services	Finance	95%	94.62%
Absence Rate	People and Place	People and Place	5.13%	4.44%
Interpreting Service Rate of Provision	Family Practitioner Services	Operations	95%	96.23%
% of requests/ complaints acknowledged within 2 working days of receipt	Corporate function		100%	100%

Long Term Expenditure Trends

BSO has two main sources of income - management fees for the ongoing provision of services to HSC customers through service level agreements and trading income relating to the sale of goods and services across HSC. Additionally, there is a small portion of other income in respect of some additional miscellaneous invoicing across HSC which falls outside of the SLA agreements. The remainder of BSO's funding is received from the DoH through a Revenue Resource Limit (RRL) and Capital Resource Limit (CRL) against which BSO has a statutory duty to breakeven.

Revenue

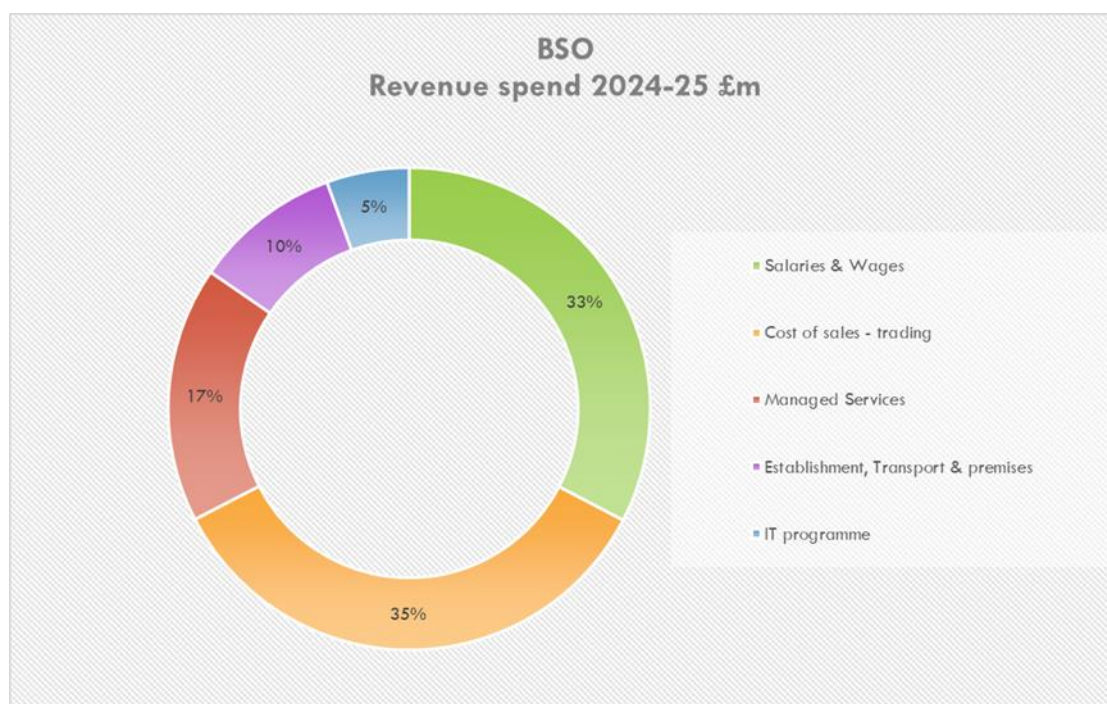
In 2024-25 BSO received an RRL revenue budget of £62m which, alongside £197m of income resulted in a total Revenue budget of £259m. BSO performance against this budget was a £31k surplus resulting in BSO once again delivering within its RRL tolerance levels as set by the Department. Note 22 details BSO's financial performance which also includes £41m of budget received relating to the third year of the Strategic Planning and Performance Group (SPPG) hosting arrangement. The receipt of the SPPG 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 2024-25.



BSO overall income, classed as management fees, trading and other, 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 (PPE) to the region. Within the current 2024-25 financial year, trading income has increased as a result of instruction to make in-year additional sales of PPE products to the DoH to contribute to their future emergency stockpiles. Consequently, there has been a reduced level of RRL required due to the significant prior year PPE provision which continues to be managed through sales and write offs of expired

PPE products. Income from management fees 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. BSO is seeking to adjust our service offering to manage service volume increases within the funding available. 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.

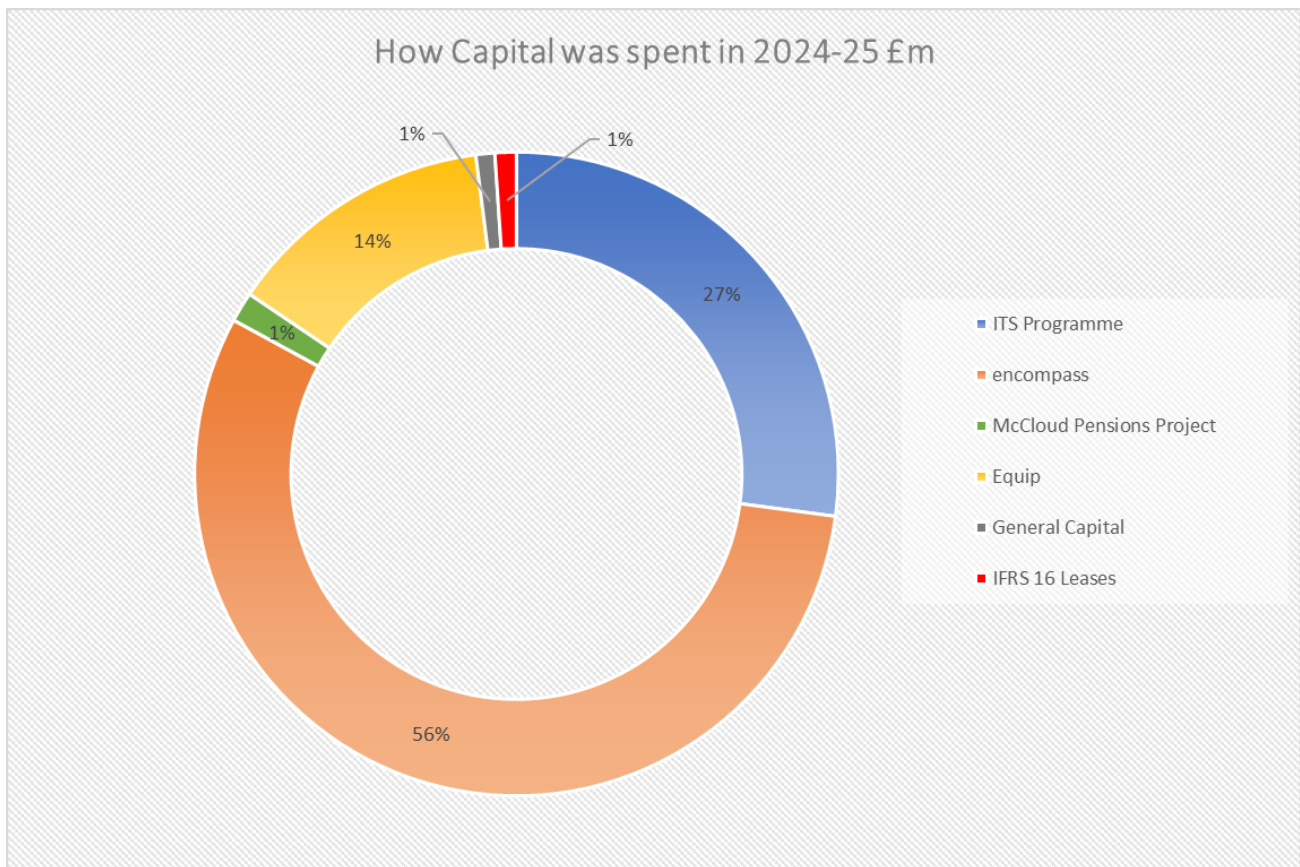


The largest cost for 2024-25 was in respect of Procurement and Logistics Services trading cost of sales across HSC. In particular there was £29.5 million of in-year sales to DoH for the NI future emergency stockpile and the cost of sales figure reflects the corresponding expenditure. Furthermore, there was a required write off of £21 million of expired PPE in-year which was not an in-year expense however has led to write back of £21 million of the prior year provision as shown within Note 3 expenditure. A provision of £38m remains for those PPE products which may not be utilised prior to expiry and remains subject to continual monitoring.

Salaries and wages costs have increased on prior year, representing 33% of total expenditure; this is due to the 2024/25 pay award of 5.5% as well as significant increases in large digital programmes, particularly encompass. Managed services expenditure shows significant increase due to the outworkings of the final Infected Blood report following conclusion of the Inquiry leading to interim and estates lump sum payments to both the infected and affected together with the ongoing standard scheme payments before the scheme transitions to be under the national remit of the newly established Infected Blood Compensation Authority.

Capital

BSO received a £100.3m capital funding allocation from DoH for the financial year. The chart below sets out how BSO spent its available Capital funding during 2024-25.

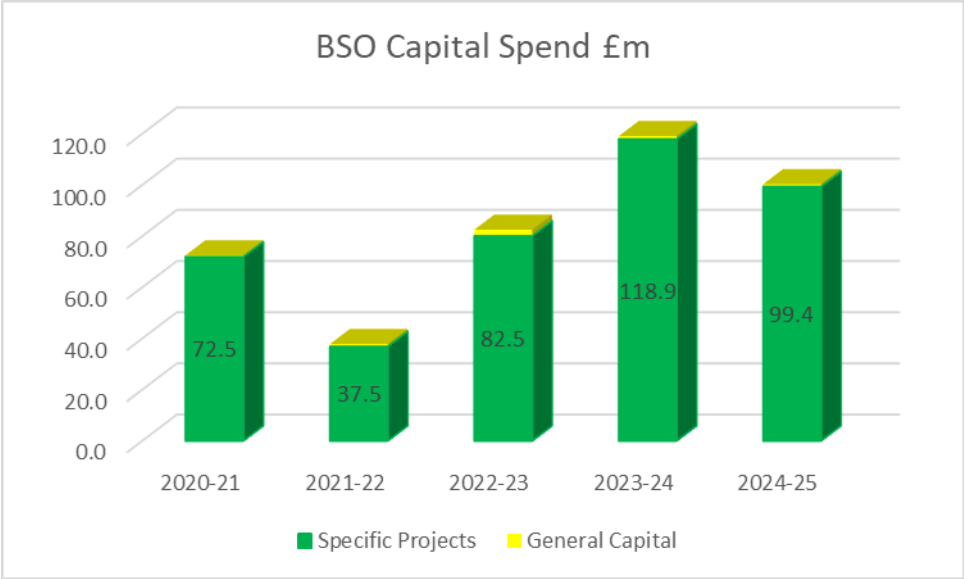


BSO's role in the continued roll out of the regional encompass programme has resulted in £56.1m (56%) of the total capital spend in 2024-25 being attributable to continue to progress this key digital enablement transformation programme for HSC in Northern Ireland. Following South Eastern Trust go-live in November 2023, BSO supported two further rollouts in the 2024-25 financial year – Belfast and Northern Trusts in May and November 2024 respectively. Capital spend on ITS Programmes accounts for a significant amount of the in-year capital spend at £27.2m (27%) with spend relating to programmes such as the regional Laboratory Information Management System, the new NI Picture Archiving and Communication System (NIPACS+) and Blood Production and Tracking (BPAT) all of which form part of the transformation to the delivery of digital healthcare solutions in NI.

Plans continued for the delivery of a replacement integrated system for finance, HR and procurement in 2026-27 with the project discovery and design phases ramping up in-year. This Equip programme utilised £13.6m (14%) of the in-year Capital spend. Furthermore, the McCloud Pensions project continued and is now nearing completion with the IT solution for the McCloud remedy now in place; this accounted for £1.5m of the in-year Capital allocation and spend. There

were also a number of other capital projects which were progressed in-year such as Strategic Business Research Initiatives subsumed within the general capital spend. The continued compliance with the change in public sector accounting standards in respect of accounting for leases led to £1 million of in-year spend for a building lease accommodation for the operations of regional IT projects.

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 key transformational ITS programmes has enabled important digitally enabled transformation progress. There is requirement for continued investment in the future to build upon the foundations laid towards optimisation of digital healthcare in Northern Ireland as well as being able to continue to deliver a quality service to HSC customers to meet changing demands whilst maintaining a sustainable service and duly considering environmental impacts.

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:

	2024-25	2024-25 Value £000s	2023-24	2023-24 Value £000s
Total bills paid	253,614	335,279	259,848	313,418
Total bills paid within 30-day target	251,273	274,328	257,012	240,574
% of bills paid within 30-day target	99.1%	-	98.9%	-
Total bills paid within 10-day target	246,786	231,677	252,405	185,652
% of bills paid within 10-day target	97.3%	-	97.1%	-

Social and Community Engagement



BSO Blood Drive:

63 staff from BSO and ALBs, donated blood in July and another 67 people donated in December, potentially saving almost 400 lives.

Football Tournament:

In support of Men's Health Week, over 100 staff took part in the BSO Football Tournament. Through donations, BSO was able to present Street Soccer NI with a donation of £546.25, and to donate £150 to Men's Action Network.



Careers Fair:

BSO staff from DLS, ITS, and Encompass attended Queens University's Career Fair and ITS attended Ulster University's Job Fair to inform students about placement & graduate opportunities, and answer their questions.

Foodbank:

There was an estimated 1/2 a ton of food donated to the local Northern Ireland Foodbanks in December 2024, providing great support for families who need it.



Disability Awareness Days: The BSO Equality Unit organised awareness days in February and March for Stroke Conditions and Schizophrenia. These consisted of a presentation from an expert speaker, followed by a Q&A session.



Social and Community Engagement

National Walking Month: BSO encouraged staff to take part in National Walking Month, by providing information about some of the best places to walk in Northern Ireland.



London Landmarks Half- Marathon:

Jennifer Ferguson (Business Change Lead, Equip) and Leona O'Neill MBE (Solicitor Consultant) completed the London Landmarks Half Marathon in April 2024 in aid of the Boom Foundation which is the only charity in NI supporting patients suffering from sarcoma cancer.

Golf Tournament: HSCNI won the 2024 4 Nations Golf Classic. BSO past and present was well represented in the NI team with Gerard Garland, Luke Walker, team captain Gary Loughran and Larry O'Neill all playing.



Belfast City Marathon 2024: The Finance Directorate entered two teams, raising money for PIPS Suicide Prevention Ireland. HR also entered two teams who collectively raised over £2,300 for Cancer Focus.

A number of BSO staff took part in the 2024 Active Travel Challenge:

- 1,062 journeys made
- 10,255 miles completed
- 540kg of Co2 saved
- 223,756 calories burned
- £727.75 saved



Cancer Awareness Days:

March was Ovarian Cancer Awareness Month. Ovarian Cancer Action worked to educate people regarding Ovarian Cancer. Cancer Focus NI visited Franklin Street in March. BSO staff had the opportunity to book a free health check and attend a skin scan and information session.

Sustainability Report

As part of the Business Services Organisation's obligations under the Climate Change Act (Northern Ireland) 2022, BSO has continued in its efforts to minimise, mitigate or remedy the effects of climate change. BSO has formed a Sustainability Working Group to bring leaders across the organisation together to drive the business changes necessary to achieve a more efficient and less carbon intensive operating model.

Reducing Energy Usage & Carbon Emissions

BSO PaLS have begun using biofuel in the BSO fleet. Nine Diesel trucks now use Hydrogenated Vegetable Oil (HVO), and HVO refuelling is available at the Boucher site. In addition, six Electric Vehicles will commence service in 2025-26. PaLS have begun onboarding suppliers to the Evergreen Sustainable Supplier Assessment tool, as well as incorporating the Social Value Procurement Policy Notice (PPN01/21) into contracts.

BSO has consolidated and reduced its office space in year, reducing total office footprint by 58,430sqft. PaLS estates rationalisation work has continued throughout 2024-25 to enable a warehousing footprint reduction of 126,500sqft to take place in September 25-26.

BSO ITS has taken steps to decouple IT service provision from carbon emissions through the refresh of air conditioning units in the data centre. ITS has reduced power consumption by increasing the acceptable temperature thresholds in the data centre and through server power profiling, which aims to dynamically lower the power consumption of hardware during less busy periods, such as through the night.

Carbon Reporting

BSO will comply with Regulation 5 of The Climate Change (Reporting Bodies) Regulations (Northern Ireland) 2024 by collating our Scope 1 and 2 emissions data to DAERA by 31st October 2025. BSO continues to seek external assistance with the calculation and reporting of Scope 3 emissions in subsequent periods.

On behalf of BSO, I approve the Performance Report



Karen Bailey
Chief Executive
30 June 2025

Accountability Report

Strategic Issues, Risks and Challenges

During 2024–25, BSO faced a range of strategic challenges that reflect its evolving role within the wider Health and Social Care (HSC) system. These challenges shaped the organisation’s operational environment and highlighted the need for ongoing adaptability in service delivery and strategic planning.

A number of key regional programmes, including encompass, Evolve, and Equip, continued to progress throughout the year. While these programmes are central to transformation across HSC, they presented complex delivery demands requiring sustained support from BSO. Alongside these, additional projects aimed at enhancing services for customers contributed to an increasingly dynamic and high-priority workload.

Workforce capacity remained under pressure during the year, influenced by the continued impact of industrial action and challenges in recruiting and retaining staff within a highly competitive labour market. These pressures affected resourcing across several critical service areas and programme delivery functions.

BSO also continued to actively monitor and address risks associated with the management and compliance of its Estates portfolio. Ensuring alignment with legislative and statutory requirements remains a key priority, though this is becoming more difficult in the absence of substantial capital investment.

The broader financial environment posed further challenges, particularly in meeting the savings and efficiency targets set by the Department of Health (DoH). Balancing these targets with the commitment to high-quality service delivery requires ongoing careful resource management, prioritisation and planning.

A notable ongoing challenge during 2024–25 was the management of surplus Personal Protective Equipment (PPE) stock. The surplus arose due to a combination of reduced demand, changes in DoH policy regarding PPE provision to the independent sector, and revisions to Infection Control guidance. These changes resulted in some stock reaching expiry before it could be issued, contributing to in-year losses, as detailed in the Audit and Accountability Report. BSO continues to work closely with the DoH and HSC partners to monitor stock levels and reduce the risk in the future.

Looking ahead to 2025–26, many of these challenges are expected to persist, particularly given the ongoing financial constraints and continued pressures on workforce availability. BSO remains committed to navigating these issues through robust planning, collaboration, and continued alignment with strategic system-wide priorities.

DIRECTORATE REPORTS



Directorate of Digital

The Directorate of Digital within the BSO plays a pivotal role in the transformation and operational efficiency of Health and Social Care in Northern Ireland. Established following a strategic review of BSO, the directorate has rapidly grown to encompass a wide array of digital services that are essential for modern healthcare delivery. Directorate of Digital effectively comprise of the following functional areas:

Digital Transformation and Operational Services

Digital Transformation includes all project work related to the creation of specific regional services or the replacement of existing systems. Major transformational programmes such as Encompass, Equip, and Evolve fall under this remit, each designed to enhance the digital capabilities of HSCNI, providing a better service delivery and operational efficiency. These programmes are managed as distinct regional initiatives outside of ITS but report to the Director of Digital.

Operational Services

Operational Services within the Directorate of Digital Operations contain all customer-facing services related to business and clinical systems. Key services include the Patient Administration System, the NI Electronic Health Care Record, Laboratory Systems, HRPTS, and Finance systems. When a major project or programme is completed, the delivery of the service created within that project occurs within operations, tracked through IT Service Management toolsets to ensure successful delivery against Service Level Agreements (SLAs).

Infrastructure Services

Infrastructure Services provide the specific platforms upon which operational delivery and transformation are possible. The regional data centres managed by BSO house over 2,500 virtual machines and host over 300 individual applications. The team supports over 15,000 client devices, provides remote access services for over 9,000 HSC staff daily, and manages access for over 300 suppliers who support trusts and arms-length bodies in delivering services.

ITS Programme and PMO

ITS deliver multiple regional programmes that span primary, secondary and social care. There are currently 11 regional programmes live, some examples of these programmes are:

Core LIMS – replacing multiple end-of-life lab systems with one regional solution.

BPAT – implementing a blood production and tracking system.

NIPACS+ - replacing multiple radiology systems with one regional solution.

Once the programmes and projects are delivered, support arrangements are put in place to deliver the service through Service Level Agreements (SLA) and hosting arrangements. The support model for each programme varies with some providing a fully managed service supplied by the vendor, while other programmes require ITS to host and support the new solution. ITS also deliver additional smaller projects within HSCNI. These projects and programmes are all supported by the ITS Project Management Office.

Service Improvement and Workforce Development

BSO Digital strive for continual service improvement and workforce development. This involves the integration of the Office for Research and Ethics Committees (OREC) and the Honest Broker Service (HBS) into the operations areas, streamlining service delivery and enhancing customer satisfaction. Workforce development initiatives include the introduction of the Digital Business Partner role and the establishment of the Digital Directorate, fostering better collaboration and communication across various departments.

The Directorate of Digital within BSO is dedicated to enabling and supporting innovative improvements spanning across HSCNI. With a comprehensive portfolio of services and a strong focus on digital transformation, operational efficiency, and continual service improvement, the Directorate plays a critical role in the delivery of high-quality healthcare services in Northern Ireland. Senior management's engagement and support are vital for the ongoing success and development of these initiatives.

Highlights Achieved during 2024-25:

The financial year 2024-25 has been another positive/engaging year for the Digital Directorate. Some examples of the notable key achievements include:

- Successful Go-Live of encompass in Belfast and Northern Trusts.
- Successful Go-Live of NIPACS+ for all trusts in NI and successful deployment of additional modalities in South-Eastern Trust, Belfast Trust, and Northern Trust.
- Implementation of the Core LIMS Programme in various trusts, along with the Regional Cervical Cytology Service.

- Completion of the Technical Enablement Project with a new £60m Microsoft enterprise agreement.
- Introduction of the Blood Production and Tracking project, awarded contract and Programme Manager winning an award.
- Establishment of the Power Platform Centre of Excellence to govern and innovate the Power Platform for HSC.
- Deployment of Boneview AI tool in Northern Trust, improving radiology service sensitivity.



ITS received highly commended as Best IT place to work 2024 at Belfast Telegraph IT Awards.

Project Overview

Service Area	Project Name	Description
Encompass	Encompass Go-Live	<p>Regional programme delivering a single Electronic Health Care record for all citizens in Northern Ireland.</p> <p>Budget: £154.3M.</p> <p>Objectives: Provide better service delivery and operational efficiency.</p> <p>Benefits: Improved patient care and standardised processes across the region.</p>
NIPIMS	Core LIMS Programme	<p>Implemented as part of the Northern Ireland Pathology Information Management Service (NIPIMS).</p> <p>Budget: £44M.</p> <p>Objectives: Replace aging lab systems, standardise regional laboratory services.</p> <p>Benefits: Enhanced accuracy and efficiency in pathology services.</p>
Equip	Equip Systems Integrator Procurement	<p>Replace FPL and HRPTS services with a single SaaS solution.</p> <p>Budget: £153M.</p> <p>Objectives: Modernise back-office systems and improve resource management.</p> <p>Benefits: Streamlined processes, improved staff efficiency.</p>
Technical Enablement	Microsoft Enterprise Agreement	<p>Update and expand Microsoft services usage across HSCNI.</p> <p>Budget: £65M.</p> <p>Objectives: Enhance digital capabilities and streamline cloud services.</p> <p>Benefits: Improved collaboration tools, enhanced data security.</p>
Blood Production and Tracking	BPaT Programme	<p>Implement electronic tracking from donor to transfusion.</p> <p>Budget: £36M.</p> <p>Objectives: Improve stock management and donor engagement.</p>

		Benefits: Enhanced safety, auditability, and efficiency in blood product management.
Power Platform	Centre of Excellence	Govern and innovate the Power Platform for HSC. Budget: Variable. Objectives: Enable custom app development, automate tasks, analyse data. Benefits: Improved productivity, enhanced data insights.
NIPACS+	Boneview AI Deployment	AI tool for radiology improving diagnostic accuracy. Budget: Included within NIPACS+ budget. Objectives: Enhance radiology services with AI-driven insights. Benefits: Increased diagnostic sensitivity, improved patient outcomes.

Impact on Clinical Practice:

Boneview AI Deployment: The implementation of Boneview AI improved sensitivity in detecting skeletal abnormalities will support and enhance clinical decision-making.

Encompass Programme: Encompass provides a single Electronic Health Care Record, significantly benefiting patient care pathways and standardised clinical processes.

NIPACS+ Imaging Services: The delivery of a single enterprise imaging solution improves accessibility and efficiency in clinical practice.

Core LIMS: improves efficiency of the cervical screening pathway.

NI Electronic Care Record Utilisation (NIECR): Despite the transition to Encompass, the NIECR remains a vital tool for front-line care, providing summary clinical information.

Impact on Business Services:

Workforce Planning: Strategic workforce planning has reduced vacancies and improved recruitment efficiency.

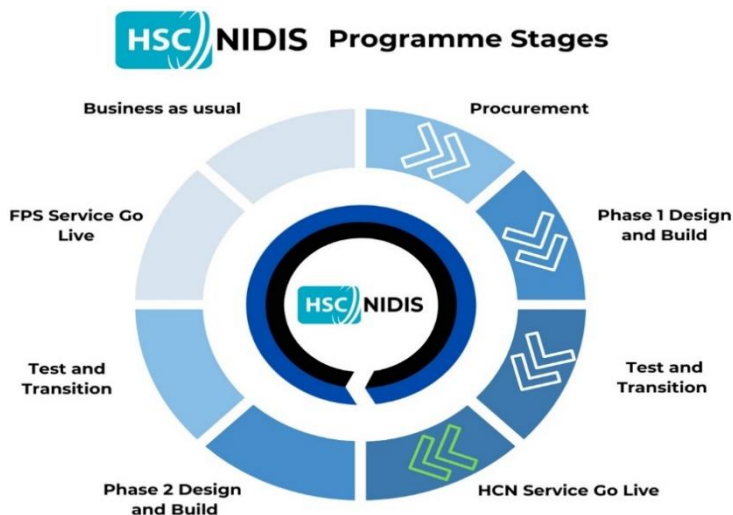
Contract Management: The adoption of the Atamis system has improved contract visibility, compliance, and operational efficiency.

Financial Management: Effective financial management has supported the delivery of corporate objectives and ensured budget targets are met.

Infrastructure Upgrades: Upgrading infrastructure, such as data centres and network services, has enhanced service delivery and reduced operational risks.

Operational Efficiency: Initiatives such as PowerBI implementation in NIFRS have significantly improved reporting processes and operational efficiency.

Cyber Security Enhancements: Continuous improvement in cyber security measures has strengthened the resilience and protection of business services.



NIDIS Programme Stages.

Challenges faced during 2024-25:

- **Cyber Security Risks:** There are extreme risks related to cyber security which need continued investment and focus to protect HSCNI's digital infrastructure.
- **Resource Constraints:** Ongoing challenges related to resource allocation, particularly in supporting the Encompass program and other critical services.
- **Contract Approvals:** Staff often underestimate the timelines required for procurements and approvals, leading to urgent contract needs.
- **Transition of Services:** The transition of services from programmes or projects into operational business presents challenges in terms of staff transfer and redeployment.
- **Legacy System Decommissioning:** Managing the decommissioning of old systems and archiving legacy data remains a complex task.
- **Infrastructure Staff Recruitment:** Recruiting key infrastructure staff is challenging due to skill shortages and competitive salaries in the private sector.
- **Business Case Volume:** Increased requirement for business case approvals for all expenditures has created additional pressures.

Lessons Learned:

Standardisation and Collaboration: The need for more standardisation and collaboration across the Directorate of Digital Operations has been identified.

Continuous Improvement: Focus on continual service improvement and innovation is essential. Professional development and a strong culture of excellence are key drivers of success.

Customer Communication: Improved communication processes and strategies are necessary, especially during incidents and service disruptions.

Operational Efficiency: Streamlining processes to improve the overall workflow efficiency, leading to faster processing times and reduced overhead costs.

Risk Mitigation: Improved contract compliance tracking helps identify and mitigate risks associated with contractual obligations and regulatory requirements.

Stakeholder Engagement: Continuous engagement with stakeholders is crucial for better understanding and addressing their needs.

Quality Improvements 2024-25:

Within the Digital Directorate, our quality and service improvements which were implemented during the period April 2024 to March 2025:

- **Governance and Risk Management:** Adoption of the One Advanced governance software to link delivery against goals and associated risks. Supports the enhanced risk management and goals tracking.
- **Workforce Planning:** Implementation of new processes to reduce vacancies and improve recruitment efficiency. Strengthened talent attraction and retention and reduced vacancies.
- **Incident Resolution:** Achieved 90% incident resolution against our SLA targets amid high demand. Maintained a high standard of service delivery.
- **Business Continuity:** Migration of critical systems to cloud solutions. An improved system reliability alongside disaster recovery capabilities.
- **Operational Services:** Successful integration of both Honest Broker Service and Office for Research and Ethics Committees (ORECNI) into Operations areas. More streamlined service delivery and improved customer satisfaction.
- **Training and Development:** Developed and launched new career pathways portal alongside mid-level manager development courses. Enhanced employee development and career progression pathway.

- **Data Protection:** Completion of Data Protection Impact Assessments for major programmes. Improved compliance with data protection regulations.

Looking Ahead to 2025-26:

Focusing on our three Corporate Objectives, the Digital Directorate will continue to demonstrate and deliver upon a high quality and value add service in the areas highlighted below.

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

- **Digital Transformation:** Major transformational programs such as Encompass, Equip, and Evolve significantly enhanced the digital capabilities of HSCNI, offering improved service delivery and operational efficiency.
- **Workforce Development:** Introducing the Digital Business Partner role and establishing the Digital Directorate fostered enhanced collaboration and communication. This led to improved staff engagement and successful implementation of tailored digital solutions.
- **Service Delivery:** Integration of the Honest Broker Service and the Office for Research and Ethics Committees into Operations areas streamlined service delivery and increased customer satisfaction.
- **Governance and Risk Management:** Adoption of the One Advanced governance tool improved risk management by linking delivery against objectives directly to associated risks.

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

- **Workforce Planning:** New strategic workforce planning processes to reduce the volume of vacancies and improve recruitment efficiency. Early career opportunities and talent opportunities strengthened through BSO Digital's ability to attract and retain skilled staff.

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

- **Digital Transformation:** Major transformational programs such as Encompass, Equip, and Evolve will significantly enhanced the digital capabilities of HSCNI, offering an improved service delivery alongside operational efficiency.

Directorate of Finance

Following the inaugural year of the restructure of the Finance Directorate in 2023-24, the current financial year provided an opportunity to further embed the new structure across core Finance, Payroll, Accounts Payable, Accounts Receivable, Pensions, Business Services Team and Internal Audit to continue to deliver essential services to both internal and external customers. Collaboration is key to achieving requirements, both across the Directorate and the wider organisation as well as with our customers for whom we continue to strive to provide a streamlined, seamless service in a changing and challenging landscape - financially, legislatively and operationally.

The Finance Directorate has promoted strong leadership over the course of the financial year through providing key representation to the decision-making processes for future new system design whilst managing business as usual activities and having open, honest conversations with stakeholders on what is achievable within the current financial climate. This acts to both build the resilience of the teams but also the future resilience of the provision of shared services across the directorate to create a continually improving business model against the backdrop of increased funding constraints.

Key service provision within the responsibilities of the Finance Directorate for the 2024-25 financial year are as listed below.

- Financial Management
- Financial Accounting
- HSC Capital
- Governance
- HSC Treasury Management
- HSC Internal Audit
- Transformation
- Business Systems
- Nursing Bursaries
- Infected Blood Scheme NI
- HSC Payroll
- HSC Pensions
- HSC Accounts Payable
- HSC Accounts Receivable
- Family Practitioner Services reporting
- HSC Client Accounting Services

Across the directorate 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.

Highlights for Directorate and its Staff for in 2024-25:

The Finance Directorate as a whole has continued to operate successfully through teamwork to meet business needs and overcome challenges. Meeting organisational financial break-even continues to be a priority business objective which was achieved in the 2024-25 financial year for both Revenue and Capital through planning, engagement and monitoring to best achieve collective organisational spending requirements.

Credit must be given to the significant achievements across the Finance Directorate and business area colleagues throughout the 2024-25 financial year, some of which were:

Core Finance Team

- Management of a £280m Revenue and £100m 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 post-go live, NHSCT and BHSCT in-year go-lives and planning for and implementing regional future years go-live for WHSCT and SHSCT.
- 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 33,789 in-year payments to a value of £16m.
- In-year payment of Infected Blood services totalling £22.2m to include £18.4m of interim compensation payments and full engagement with DoH and the four nations on the future of the scheme, providing local expertise on the establishment of the new national compensation authority.
- 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 £1,019m.

Pensions

- The Payroll Pensions Team (PPT) have processed pay figures for McCloud affected members over the age of 50 and have updated a total of 15,250 CARE earnings. PPT have also recalculated pensionable pay for over 6,500 members.

- In compliance with McCloud legislation, recalculation of the 7 years remedy period Annual Allowance has been completed and 1,854 Remedial Pension Savings Statements to date to have been issued to members affected, meeting the 6 October 2024 legislative deadline.
- McCloud Deferred Choice Election (RSS) for Active to Retirements commenced in December 2024. Over 362 choice statements issued with 264 returned and actioned.
- 419 Ill Health applications have been sent for review under McCloud regulations to our occupational health providers. All 419 have been completed and all recalculations have been implemented where necessary.
- HSC Pension Service also have responsibility for the administration of the NIFRS Pension Scheme. Approximately 20,846 payments were made to members up to 31st March 2025.
- The GP Pension Team successfully processed 1,039 General Practitioners Annual Certificates.
- Approximately 596,746 individual pension and lump sum payments were made to pensioners and members in 2024-25.
- Pensions Administration Team have processed 2,262 new pensioners by March 2025.

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.
- The Internal Audit team have worked to ensure readiness for the new Global Internal Audit Standards, effective from April 2025.
- We welcomed a number of new staff into the Internal Audit team in 2024-25 including 2 Lead auditors, an IT auditor and 1 auditor.

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 for Agenda for Change and Medical & Dental for 2023-24 and 2024-25 financial years, consultants for 2024-25 and non-executive directors for 2024-25.
- Conclusion of the Payroll Quality Improvement Programme.
- Employee Satisfaction Levels consistently above 80% and roll out of annual Customer Service Training and new induction process in Payroll Service Centre.
- Successful office re-location of 120+ staff with minimal disruption to service.
- Delivery of a range of change requests to improve system performance and customer service.

Accounts Payable

The financial year 2024-25 has been another positive/engaging year for the Finance Directorate Accounts Payable team, achievements include:

- Completed transactional activity in a trusted, accurate, effective and timely fashion.
- Delivered a service that met the required service level targets.
- Received a satisfactory audit.
- Maintained and developed the APSS SharePoint site.
- The majority of AP staff have completed the Accounts Payable Association (APA) programme.
- Reviewed and updated a fully functional Business Continuity Plan strategy.
- Further engagement, reporting and training to support HSC Trust customers in reducing off-system payment.
- Continued to provide similar or better customer service provision whilst managing the hybrid working policy.
- Took a lead role in the “Procure to Pay” element of the Equip programme.
- Cloud Invoicing successfully processed 650,000 invoices.
- Completed the Q programme and have been awarded accreditation as a Centre of Excellence.

Accounts Receivable

- A total of 53k debtor cash transactions processed with a total value of £574m cash collected as at February 2025. (increased by 2,000 cash transactions and £55m value for the same period last year).
- HSCNI invoices paid in less than 30 days 70% target (62% as at March 2025).
- 90 Day Debt target - less than 70% (38% as at March 2025).
- Days Sales Outstanding target - less than 35 days (36 days at March 2025).
- The KPI target for invoices paid in less than 90 days - greater than 80% (80% as at March 2025).
- BSO Realignment Project and also reviewed KPI targets based on the current KPI performance in conjunction with SP&CE.
- VAT Service Development Proposal (Making Tax Digital to business as usual) & Regional Chair of VAT Working Group.

Business Services Team (BST)

Systems Administration	Interface Management	Data Maintenance	Change and Specialism	Ad Hoc and Reporting
<ul style="list-style-type: none"> •FPL & associated applications including eFinancials, FPM, Capita •Monthly audit and compliance reports surrounding FPL & associated applications •eRecruitment candidate support •Regional Interpreting Services •SharePoint •Year End roll forward Co-ordination 	<ul style="list-style-type: none"> •Payroll Interface •JAC Interface •Capita Interface •Saffron Interface •Invoice Scanning Interface •Management of interface communications 	<ul style="list-style-type: none"> •FPL Supplier File including data analysis, standardization •HRPTS Master Coding •FPL Master Coding •Facilitation of regional groups including Regional Intergration and Coding and Supplier File Regional Focus Groups 	<ul style="list-style-type: none"> •HRPTS Functional Specialism including testing support •FPL Functional Specialism including testing support •Change Management including capital and revenue investment •Facilitation of CAF 	<ul style="list-style-type: none"> • Shared Services Customer forum reports including production and issue •HRPTS System Upgrades •NHSCT Staff in post •International Nursing

BST has completed circa 90k critical business activities in areas including master data, reporting, system administration for finance and HR system and project & programme management. BST continued to manage the annual system contract amendments and strategic investment in existing finance and HR systems.

Existing systems being in last phase of its contract, posed a challenge to ensure adequate investment to ensure business continuity till end of contract.

BST has major engagement with equip programme for future finance and HR systems. Though this has potential to challenge to meet current critical KPIs and SLAs; however, BST has successfully met all these SLAs and KPIs due to its culture of continuous improvement.

Quality Improvements within the Directorate 2024-25:

On an overall basis, the Finance Directorate has provided key strategic contribution in-year to the first two tranches of the design and build of the future integrated system for HR, Payroll, Finance, Procurement and Logistics operations through the Equip programme and the associated data migration and exit management plans for current systems. The Equip programme endeavours to provide a functioning, fit for modern purpose, cloud-based, integrated IT system to enable HSC-wide transformation through increased effectiveness of service provision which will work hand in hand with improving business processes through refreshed functionality to meet current and

future business needs. Whilst this is an ongoing programme spanning several financial years, there have been a number of noteworthy in-year quality improvements across the Directorate:

- Payroll conducted a number of improvement regional working groups to progress focussed improvements in the areas of Protections, Overpayments and BAU Sickness and deliver on improvements in the areas of Off Cycles, Manual Payment Claims and Key Performance Indicators.
- A full review of the payroll payment validation process and system change testing process was undertaken and significant changes rolled out to increase its efficiency and effectiveness.
- Payroll completed a full assessment of performance with the Chartered Institute of Payroll Professionals and was awarded full accreditation in July 2024.
- Accounts Payable commenced the “ACT Programme” to build on its Centre of Excellence Accreditation.
- HSC Pension Service website has undergone a complete redesign to include a number of helpful information videos to aid members with their decisions on retirement and McCloud. A significant number of documents and forms have also been digitised to aid ease of application for members.
- Accounts Receivable received a Centre of Excellence accreditation award; presentation of this award was held in December 2024.



Accounts Receivable Shared Services (ARSS) - Chartered Institute of Credit Management (CICM) – Presentation of Award held on 11th December 2024.

- A number of current staff across the Finance Directorate successfully completed their accountancy examinations.
- The Internal Audit team have worked to ensure readiness for the new Global Internal Audit Standards, effective from April 2025.
- BST delivered a highly efficient FPM finance processing system upgrade.

- Investment in staff health and wellbeing through holding wellbeing days and health activities throughout the financial year.
- Participation in the HSC Graduate Trainee programme.

Challenges faced during 2024-25:

The 2024-25 financial year has proved challenging due to the significant number of new and emerging projects requiring planning and execution, such as active contribution to Equip design to meet future HSC requirements, conclusion of the McCloud remedy, active contribution to the future national Infected Blood compensation scheme and delivery of Agenda for Change and Medical & Dental pay awards, whilst balancing these demands in conjunction with business as usual activity. The Directorate has an invaluable yet finite level of expertise available in-house due to ongoing resource and funding constraints, further exacerbated by competing priorities and secondment opportunities presented by the HSC Equip programme. This has driven the urgent need to baseline customer requirements and manage service delivery expectations. Finance continue to provide expertise to the management of the Personal Protective Equipment overstock position and the associated accounts qualification together with stakeholders – further detail is contained within the Governance Statement which forms part of these Annual Report and Accounts. Ongoing challenges provide opportunities for learning and an ability to strengthen external relations and build future resilience which is a welcomed necessity to continue to build better services for the future.

Looking Ahead to 2025-26

Looking to the 2025-26 financial year and beyond within BSO Finance Directorate, there will be a need to build on the progress made in the now embedded restructured directorate with all service areas and teams pulling together to transparently deliver against continually challenging financial plans, meet the needs of the service users within funding constraints whilst continuing to grow and develop our workforce. This will require continued investment in our people, close monitoring and management of risk and courageous leadership at all levels across teams.

In line with BSO corporate objectives of building strategic partnerships, further partnership engagement with regional customers and with DoH is planned to identify and respond to areas of improvement and be able to provide the agreed level of service as per the costed baseline; ensuring that service level agreements accurately reflect achievable service delivery with any new provisions above baseline costing being appropriately valued. There continues to be significant transformative momentum built up within the restructured BSO Finance Directorate and the positive attitudes, expertise, teamwork and resilience of our people will enable it to continue throughout the in-coming year with service delivery, quality improvement and budgetary management being in key focus alongside active contribution to new system activities in support of innovative improvements.



Directorate of Operations

The Operations Directorate is the largest and most business diverse directorate within the Business Services Organisation (BSO). Its range is broad and consists of the following service areas:

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

Procurement and Logistic Service (PaLS)

PaLS provides professional procurement and logistics services to all the HSC organisations, and are responsible for 3,900 contracts, equating to c.£1.4bn of managed expenditure, per annum. PaLS is also responsible for £117m of warehouse turnover annually. 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. PaLS manage an operating budget of c£18m per annum and have a workforce of c.480 staff.

Family Practitioner Services (FPS)

Family Practitioner Service (FPS) delivers services across six strategic themes on behalf of the Strategic Planning and Performance Group (SPPG), to include;

- The registration of patients.
- The payments of Health Professionals in the Dental, Pharmacy, GP and Ophthalmic sectors.
- The issuing of invitations and running of patient helpline for Bowel and Cytology Screening.
- First-line support for primary care contractors accessing new technologies via the eBusiness team.
- Information and analytics for Family Practitioner Services provided by staff seconded from the Northern Ireland Statistics and Research Agency (NISRA).
- Regional-wide language interpreting services to the Health and Social Care Trusts, Primary Care services and other approved HSC providers in Northern Ireland.

Legal Services (DLS)

Legal Services (DLS) are a professional specialist legal team of solicitors, assisted by a dedicated support team, providing 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) also provide general legal advice to clients in all areas as well as an out-of-hours service for urgent matters.

Counter Fraud and Probity Services

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. CFS services include advice and guidance, investigation of referrals, prevention activity including fraud awareness events, bespoke training, a fraud proofing service, data analytics and proactive projects.

Probity Services is responsible for the delivery of a range of technical verification and assurance activities to the Strategic Planning and Performance Group (SPPG) in relation to in excess of £1b of Family Health Service (FHS) expenditure each year. Probity Services is also responsible for the delivery of a regional verification and debt recovery service in relation to claims made by patients in respect of dental and ophthalmic treatment received.

Probity Services also has responsibility for the administration of the Healthy Start and Day Care Foods Scheme. This regional scheme involves the issuing of vitamins to pregnant and nursing mothers and babies across Northern Ireland as well as the provision of milk to children attending nursery schools and day care facilities.

Clinical Education Centre

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.

The HSC Clinical Education Centre (CEC) operates from 4 HSC sites, has a staff headcount of 67 and has an annual budget of approximately £3.3 million.

The Leadership Centre

The HSC Leadership Centre offers a range of innovative, high quality and cost-effective products and services to HSC organisations divided into three product areas:

- **Consultancy** - bespoke support to meet client needs.
- **Brochure programmes** - Leadership and management development programmes.
- **Digital Consultancy** - our consultants offer a wide range of programmes from basic IT skills through to the development of bespoke eLearning packages for HSC clients. The Centre hosts and contract manages the interim Learning Management System which is used by the HSC, Primary Care and Independent sector customers.

Directorate Highlights in 2024-25:

The financial year 2024-25 has been another positive and engaging year for the Operations Directorate. Some examples of notable key achievements below:

- **PaLS** - procurement Act Readiness training for all procurement staff, re-engineering of all processes/procedures, liaising with DOH and DOF regarding the policy. Alongside provision of awareness sessions for our customers.
- **PaLS** - procurement Function Redesign, included the establishment of the centralised Regional Purchasing Team and Category Realignment.
- **PaLS** - management of Surplus PPE and replenishment of the DoH emergency planning stockpile. Working with suppliers to extend shelf-life, repurposed and recycled to avoid waste.
- **PaLS** - Established the Community Equipment and Continence Service Regional Working Group - KPI data capture ongoing across the five Trusts to benchmark and inform the future service delivery model.
- **PaLS** - Customer Segmentation to manage demand variation and realign order frequency to reduce the cost to serve – creating multiple workstreams to target data analysis and customer engagement.
- **PaLS** – planning for a fleet replacement programme, supported by progressing a five-year business case and funding from 25-26 to introduce EVs and expand the use of hydrotreated vegetable oil (HVO) as an alternative fuel to diesel.
- **PaLS** - Continued to promote and offer Health and Well-being initiatives for our staff and support with Investors in People (IIP) and Investors in Wellbeing (IIW).
- **PaLS** - Continued professional development of our staff, including support for our Graduate Management and Student Placement programmes.

- **PaLS** - installation of charging infrastructure to support the use of EV, part of the action plan to decarbonise transport.



Winning the National GO Award (May 2024) for the establishment of the Nursing Agency Framework (leading to a Year 1 £32m benefit) Gerry Gormley, Linda O'Hare, Shannon Sinclair, Kyle McAuley, Myles O'Hagan.

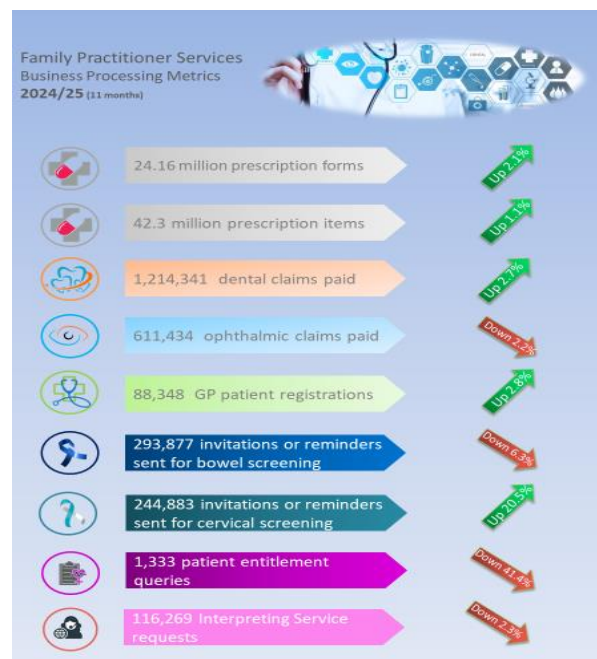
- **DLS** - employment team – sleep in cases involving all Trusts with over 900 sets of proceedings issued in both Industrial Tribunal and High Court. Cases have been ongoing for 8 years. Test case was dismissed by the Tribunal and appeal to Court of Appeal withdrawn before the hearing and DLS working with claimants' solicitors to withdraw remaining cases.
- **DLS** - refresh of the specialist panels of Junior Counsel and new Junior Counsel Bank to provide competitive fee rates to HSC bodies.
- **DLS** - provided total recoveries, savings and reductions for the HSC in the areas of debt recovery; negotiated reduction on damages and third-party costs; Counsel fees; and Compensation Recovery Unit (CRU) to the value of £67,684,469 in 2024-25.
- **DLS** - delivered a forecast of 128,740 hours of legal case time to clients in 2024-25.



General Legal Advice (GLA) team nominated for BSO People Awards 2024 category “Team of the Year”

- **DLS:** Six solicitors successfully completed an Advanced Advocacy course facilitated by the Law Society of NI.
- **FPS** developed new interactive dashboards/analytical tools for SPPG to facilitate the monitoring of drug spend efficiency savings and population access to General Dental Services.
- **FPS** - development and Implementation of a new Frontier Worker process and system which is compliant and provides a consistent approach to assessment of entitlement for patients.
- **FPS** - Bowel Screening Research project:
 - Queens University with funding from Bowel Cancer UK collaborated with the PHA and BSO/FPS Bowel Screening call recall with the aim to increase participation in the National Bowel Screening program. It focused on areas described as being “areas of deprivation” and for participants who had never responded to previous invites. The project was run over 12 weeks and 204 individuals were sent bespoke invites, with the responses monitored for the next 6 months.
- **FPS** - implementation of new laboratory system LIMS to report cervical screening results:
 - Call recall were critical in providing expert guidance and knowledge in ensuring logged smears and results met NHAIS criteria and were essential in ensuring successful UAT.

- **FPS** Data Analyst Team instrumental in the introduction of a new pharmacy discount scale implementation.
- **FPS** - progressed early discovery activities in respect of a patient portal to transform medical registrations and patient entitlement.
- **FPS** - release of 26 Official Statistics publications (majority formally accredited) relating to Primary Care activity.
- **FPS** - Played a key role in the design needs stage of new patient registration system, Northern Ireland Digital Identity Service (NIDIS) due to go live in 2025-26.
- **FPS** Interpreting Services, celebrated its 20th Anniversary in June 2024. Additionally, 18 new Interpreters registered to meet demand for a range of languages including: Bengali, Cantonese, Farsi, Hungarian, Malayalam, Pashto, Polish, Portuguese, Romanian, Slovak, Spanish, Tagalog, Ukrainian, Urdu, Punjabi. A further 8 new Interpreters are in the process of registering.



- During 2024- 25, **CEC** has six staff who commenced their Post Graduate Certificate in Education for Healthcare. These staff are due to complete in summer 2025
- **CEC** – delivered over 252 programmes to approximately 80,000 attendances/completions. The CEC continue to design, develop and deliver education and work in partnership with other clinical experts as required.
- **CEC** - Business Manager Claire Smith, won the BSO ‘Everyday Hero Award’ at the BSO Awards in October 2024. Claire was described as; ‘The backbone and unsung hero in the service, she is one step ahead, always looking at ways to improve the service’.
- **CEC** – successfully delivered a multi-professional menopause webinar series between March and November 2024 in partnership with DoH. This concluded with a face to face learning event in November 2024.

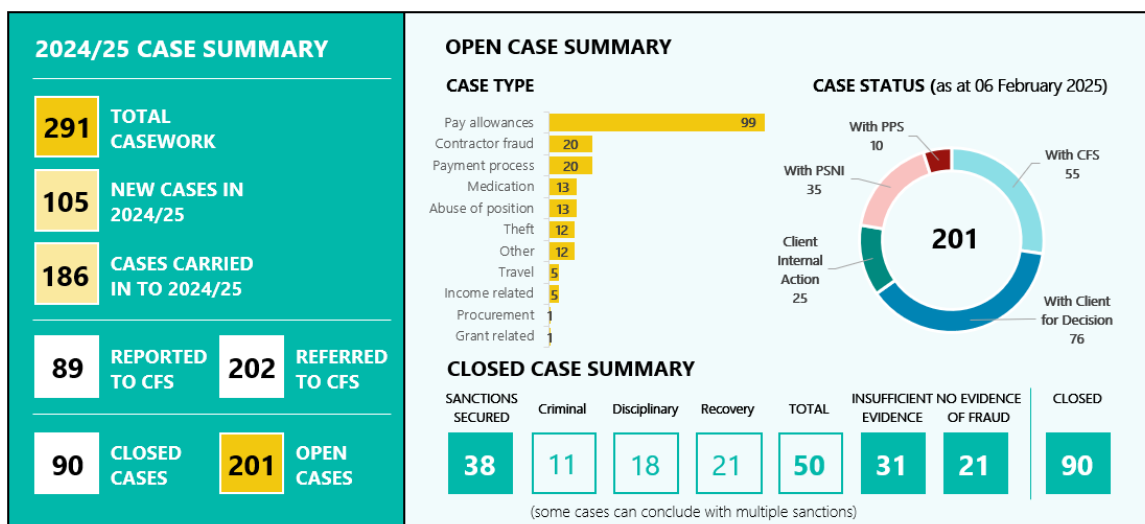
- **CEC**- two further high-fidelity simulation programmes developed: ‘*Emotional Intelligence in Supporting People with Learning Disability: Simulation*’ and ‘*Breaking Bad News with Simulated Practice*’.
- **CEC** - redesigned and released of ‘*Frailty: An Introduction*’ eLearning package in October 2024, developed in collaboration with NI Frailty Network and HSC colleagues.



RCN Nurse of the Year Awards - Heather Finlay, Head of CEC presented joint winners Cathal Bradley (NHSCT) and Oonagh Andrews (WHSCT) with their award.

- **The Leadership Centre** - Shortlisted for the Best LMS platform implementation category for the 2024 Learning Technology Awards held in London on 13th November 2024.
- **The Leadership Centre** - Introduced a quality improvement initiative to electronically allocate and track work requests.
- **The Leadership Centre** -12 participants from across HSCNI, PSNI and NIFRS completed the new Director level leadership programme, Insight. Programme objectives included opportunities to explore ideas that drive leadership, strategy, change and impact guided by strategic thinkers and industry practitioners.
- **The Leadership Centre** - Learning Management System - Developed and implemented the organisational unit method for targeting encompass training. Enabled almost real-time training to be applied to SEHSCT and BHSCT user accounts for up to 2 Epic job roles, and was documented as being instrumental for the successful go-live in BHSCT.
- **The Leadership Centre** - The Boardroom Leadership Programme was a success with participants and was endorsed by the Department of Health. Its aim is to enhance the effectiveness of board members, in particular, Chairs and Non-Executive Director (NEDS).
- **Counter Fraud and Probity Services** - Probity Service saw a return to normal routine working arrangements in respect of verification checks across all areas. The 2024-25 year saw an increase in the volume of dental reviews. The Probity team also completed a review on Personal Protection Equipment (PPE) claims submitted by dental contractors. Total Probity recoveries by the end of January 2025 across all four areas were £119,706.

- During the year **Counter Fraud and Probity Services** patient exemptions team also processed in excess of 5,000 new patient exemption cases in line with the annual SLA target. Patient Exemption recoveries returned to SPPG for the 2024-25 year were c£160k.
- **Probity Service** - engaged with Strategic Performance and Planning Group (SPPG) General Medical Services (GMS) colleagues regarding the introduction of four new Local Enhanced Services. This involved the development of relevant working papers and agreement on the range and scope of verification checks required.



Summary of cases in Counter Fraud and Probity Services during 2024-25

Challenges faced during 2024-25:

The financial year 2024-25 has been challenging for the Operations Directorate with some examples highlighted below, per Service Area:

- **PaLS** - supporting the equip programme as it moved into design and build stage was a significant requirement on our business as usual resources.
- **PaLS** - the operationalisation of the BSO Estate Strategy.
- **PaLS** - sustained a partial system outage for 11 days during January 2025, however we ensured services to customers were maintained.
- **PaLS** – the Covid Inquiry, responses to Module 3 & Module 5.
- **PaLS** - SLA realignment and developing a new cost model taking account the complexity of the PaLS service offering.
- **FPS** – cervical screening, the implementation of NHS England’s new cervical screening solution for Call Recall resulted in additional manual work around being introduced to record cervical screening history for patients transferring in and out of Northern Ireland.

- **FPS** - it has been challenging dealing with the increasing number of GP Practice closures, mergers and change of ownership whilst also ensuring the continuity of high-quality service to patients.
- **FPS** – Interpreting services have faced challenges due to continued and sustained migration to NI, which has contributed to a significant increase in demand for languages. Demand is currently exceeding capacity. Interpreting services continue to engage with key stakeholders to mitigate provision challenges.
- **FPS** - payments Team have been managing patient de-registrations as increasing numbers of dentists seek to move from NHS to private work, thereby increasing the number of patients who are no longer registered with an NHS Dentist. FPS processed approximately 35,000 patient deregistration's within the last year.
- **FPS** - the BSO Interpreting Online Booking System and Interpreter Mobile App underwent an upgrade in October 2024. A number of system improvements were introduced to enhance user experience and reduce manual workload.
- **CEC** - the roll-out of encompass, within many customer organisations impacted CEC's service delivery, both in terms of classroom usage and programme attendance.
- **CEC** - continues to be challenged by the non-recurrent, unproductive funding model of commissioning. Despite this, CEC continues to encourage and promote multi-professional education by offering around 44% of programmes to a multi-professional audience during 2024-25.
- **Counter Fraud and Probity** - Delays still remain in the Criminal Justice system following the pandemic which have caused backlogs in the court system.
- **Counter Fraud and Probity Services** - pressures within the Primary Care sector. Probity staff experienced difficulty closing cases during this period due to complications obtaining information from Primary Care contractors, particularly General Practitioner practices.
- **Counter Fraud and Probity Services** - Additionally, budgets within the Criminal Justice sector have also been impacted by ongoing financial pressures. Counter Fraud Service staff have engaged with Criminal Justice partners and all HSC organisations to progress investigative work in a timely manner. Counter Fraud Services team managed a significant caseload of investigative and prevention work during 2024-25.

Quality Improvements 2024-25:

Within the Operations Directorate, our quality and service improvements which were implemented during the period April 2024 to March 2025, by Service Area:

- **PaLS** - ISO:9001 maintained accreditation in ISO:9001 food Safety, and achieving a Gold Standard in Community Equipment Code of Practice Standard (CECOPS).
- **PaLS** - New Risk Management software an overhaul of the process to monitor and report on risks & issues.

- **PaLS** - Expanding the Circular Economy by improving returns and recycling in the Community Equipment and Contenance Service.
- **PaLS** - Development and testing of the PaLS Business continuity plan.
- **DLS** -Talent Pipeline, Created annual student placement programme across DLS teams. Apprentice Solicitor successfully qualified in 2024.
- **DLS** - ISO:9001 - maintained its 3-year reaccreditation in ISO:9001 and Lexcel practice management standard.
- **DLS** - KPI pilot to develop performance measures around the General Legal Advice & Medical Negligence processes.
- **DLS** - General Legal Advice Project, structured approach to referrals using an online e-form with tracking and analysis to support development of training programmes for clients.
- **Counter Fraud and Probity Services** - have made changes to the way recommendations are dealt with at the conclusion of investigative work to ensure all client organisations engage with CFS regarding the consideration of the recommendations and how any improvements to governance arrangements are implemented.
- **FPS** - Developed a new digital service for immigration status checking for all non-British/Irish nationals, across HSC Trusts and General Health Services. No contact is therefore required to be made with patient, where entitlement to access health care in Northern Ireland is confirmed.
- **FPS** - Dental Payment Team and Information Unit have worked collaboratively in the development of practice profiles to be released to dentists on a monthly basis, summarising activity information.
- **CEC** – In February 2024, CEC had two applications accepted onto the Regional Quality Improvement programme for Social Work, Nursing and Midwifery: Improving the quality of Simulation Facilitator Assisted Debrief in an Education Setting (SIMFADES) and Improving the Did Not Attend (DNA) rate on teacher led, virtual education programmes delivered at HSC CEC.
- **CEC**- continue to deliver new training requests by DoH including;
 - development of a Long Covid eLearning programme.
 - overseeing delivery of the nurse casting theory programme.
 - successful partnership delivery of a pilot nursing and midwifery leadership programme, '*Embracing Your Leadership Journey*,' in conjunction with the Leadership Centre.
- **CEC**- evaluation data continues to show 95% of participants who attended a teacher-led programme, rated the programme as excellent or very good.

Looking Ahead to 2025-26:

In considering the year ahead for the Operations Directorate, we will focus on the following key objectives, per Service Area:

- **PaLS** – Continue to support to the Equip programme, through release of resources to design and build, test and train in preparation for the 2026 go live.
- **PaLS** – Implementation and transition to the new Procurement Act regime.
- **PaLS** - Continued emphasis on Sustainability and Net Zero Carbon targets.
- **PaLS** - Adoption of Mid-Tier Terms and Conditions for Procurement.
- **PaLS** - Continue to expand on the customer segmentation and pilot revised order frequency with additional workstreams, demonstrating incremental improvements in productivity.
- **PaLS** – Dispose of surplus stock of PPE and reduce the warehouse footprint and storage costs.
- **PaLS** - Further development of the PaLS Costing Model.
- **PaLS** - Expand our service to BHSC and shift the Non-Medicines from Pharmacy to PaLS supply chain.
- **DLS** – continue to embed SLAs with all clients including performance measures in every area of law.
- **DLS** - Increase our usage of digital technology to enable innovative legal solutions for our clients in the most efficient manner, underpinned by the implementation of our first case management system.
- **DLS** - Support the development of a fit for purpose Cervical Screening System, and support NIDIS to ensure Screening needs are incorporated within the development.
- **FPS** - Secure a memorandum of understanding (MoU) for data sharing with DHSC for the Drug Tariff Information Unit (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.
- **Counter Fraud and Probity Services** - Probity Service will continue to build relationships with a number of new clinical advisers coming into post next year 2025-26 and will continue close engagement with SPPG colleagues to review the service and make improvements as appropriate.

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 2024-25:

- BSO were delighted to receive reaccreditation in Investors In People (We Invest in People) award to Silver Level. In addition to this award, BSO were the first HSC organisation to gain accreditation in Investors in People (We Invest in Wellbeing) award. This was awarded at Silver and recognised the organisation's commitment to health and wellbeing of its workforce. The HR team led on the accreditation process which linked to the ongoing delivery of the BSO People Strategy and BSO Health and Wellbeing Strategy.
- The **HR** team continued to promote good health and wellbeing amongst staff. This included specific activities linked to the Health and Wellbeing Strategy and under the three key pillars of Healthy Mind, Healthy Culture and Healthy Body. Some activities from this included:
 - A walking challenge as part of Men's Health Week
 - Five-a-side tournament at Stormont
 - Stress reduction support and guidance rolled out across the organisation
- **Corporate Services** the BSO Estate Team last developed an Asset Management Strategy in 2022, just as the BSO was embarking on a journey of transformation, restructuring services, improving efficiency, and aligning services with the needs of a modern healthcare system. The Asset Management Strategy was updated during 2024-25, to ensure our estate remains a strong foundation for the delivery of agile services supporting health and social care across Northern Ireland. This is designed to address core strategic drivers, both internal and external, while responding to emerging operational needs. Its flexibility ensures readiness for future changes.
- **Corporate Services** the Information Governance (IG) Team have been implementing many of the recommendations made within the external review of IG. This included reconstituting the oversight of Information Governance across the BSO. BSO Assistant Directors assumed the role of Information Asset Owners for their departments, and the IG team implemented changes to processes, governance and management to drive the service improvements forward.
- **RSSC** have successfully implemented phase one of the Amicus Project. They have also significantly improved 'Time to Hire' through the Amicus system.
- **RSSC** were key influencers within the 'End to End' Recruitment Service design process. Alongside this streamlined the Nursing recruitment.
- During 2024-25, the **HR** team led on the delivery of the biannual BSO People Awards. The event was held in Crumlin Road Gaol, where over 200 colleagues were welcomed from across the organisation to celebrate the dedication and innovation of teams who deliver high quality and leading-edge services to our customers. The culmination of the awards night was with Payroll winning the Chief Executive's Award.
- **Equality Unit**, supported individual clients design more efficient and effective approaches to equality screenings.
- **Equality Unit** have supported and established new arrangements for facilitating work placements for those with a disability.

Quality Improvements within the Directorate 2024-25:

- **HR** continue to embed their Customer Portal as a 'one stop shop' for managers for all aspects of People Management. A new e-form with self-service functionality has also been introduced to help managers and staff resolve queries quickly without the need for speaking to a member of the team.
- The **HR** team updated a number of policies during 2024-25 including Attendance at Work; Fixed Term Workers Policy; Secondment Guidance for Line Manager; and Employees and Supporting Performance Improvement Policy.
- A new Absence Accountability Framework was implemented by the **HR** team to ensure compliance with absence management procedures and help reduce absence rates across the organisation.
- A number of staff from the **HR** team have been actively engaged in the Equip Programme as subject matter experts and functional owners, supporting the development of the new Oracle solution to be implemented in 2026.
- The **Equality Unit** made significant progress in the digitisation of its work, with the design of an Equality Portal as well as the introduction of MS Forms and MS Lists in reporting processes. This has resulted in standardisation and greater efficiency of processes and improved access to information for customers.
- Within **Corporate Services**, the Estates team commenced refurbishment and management of refurbishment projects in BSO Headquarters and BSO Boucher Crescent and these have been designed to make the office workspace modern and fit for purpose for our staff. Some works have been completed in this financial year and have delivered exceptional value for money.
- During 2024-25 **RSSC** have enhanced Manager Visibility through PowerBi reporting, alongside enhanced Customer reporting functionality. They have also developed a Manager Query form to support BSO Managers.
- **RSSC** also established a Customer Forum to work in partnership with regional colleagues to deliver on priorities.
- During 2024-25, **RSSC** lead on an independent review of Recruitment Shared Services.
- **RSSC** also updated the Vision 2022 database that supports end to end recruitment requisition tracking, and developed the associated recruitment dashboard further to enable improved visibility of the recruitment process for all parties.

Challenges faced during 2024-25:

- BSO **HR** team continues to see an increasing demand from within BSO and customers to support significant organisational change. This can be complex and involves senior members of the team. HR anticipate further changes and restructuring especially given significant financial constraints on the system.
- BSO **HR** team anticipates the current trend of increasing numbers of Industrial Tribunals across BSO and customer organisation. Each case is resource intensive and are

becoming increasingly more complex and related to technical points of employment law. Cases require the input of a range of senior staff.

- Equip will be a challenge during 25/26 as BSO HR provides SME support right up to and including Assistant Director level. There will be a need to understand the impact of the change the new system will bring to work processes and there will be a need to review and modify local procedures accordingly.
- **RSSC** have continue to experience experienced a sharp 45% increase in demand activity which is a combination of new posts (indication of workforce growth) and replacement posts (indication of increased labour turnover). Over the past year, the 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, new processes and a new way of working to adapt to the new software.
- Staffing to meet the increase in demand remains a challenge within **RSSC**, likewise the structure has a significant weakness and lacks contingency for the Head of Recruitment Shared Services post. Significant risks have been identified around governance and compliance due to the staffing structure heavily reliant on Band 3's.

Looking Ahead to 2025-26:

- **People and Place** are preparing for management of change for Equip, Evolve and encompass Programmes.
- **Corporate Services** BSO Estates will complete the refurbishment works in BSO HQ which will provide staff with exceptional office accommodation.
- **Corporate Services** BSO Estates will manage the closure of BSO Great Victoria Street and this will deliver on the BSO obligations to reduce our carbon footprint as well as delivering on a DoF Ministerial commitment.
- **Corporate Services** will implement and deliver an IG training programme for all senior staff across the BSO.
- **RSSC** are also researching and considering how they can develop a new business model to include attraction alongside the transformation of services through partnership working.
- **RSSC** will pilot a new programme with BHSC to test a new approach to recruitment.
- **RSSC** will also continue to implement recommendations from Internal Audit and the internal review to improve internal processes, communication and structure. Alongside capacity building within the team through continuous professional development.
- **RSSC** will continue to embed the new pre-employment checking software and work in partnership to improve time to hire, alongside enhancing the candidate experience.
- The **Equality Unit** will continue to support and offer new ways of collaboration with customer organisations and voluntary sector partners to offer work placements for people with a disability.
- The **Equality Unit** will support the BSO and its customer organisations undertake their five-year review of their individual Equality Schemes.



Directorate of Strategic Planning and Customer Engagement

The Directorate comprises four core functional areas:

- Strategy, Engagement and Improvement
- Corporate Communication and Engagement
- Chair and Chief Executive's Office
- Complaints

SP&CE plays a central role in supporting the Executive Leadership Team and the BSO Board, while also acting as a key coordination and advisory function across all BSO service areas. The Directorate works closely with customer organisations and the Department of Health Sponsor Branch to ensure alignment with strategic priorities and effective service delivery.

The Corporate Communications and Engagement team leads both internal and external communication activity, representing BSO in areas such as media relations, business continuity communications, creative engagement, and brand management. The team also manages the BSO website, intranet, social media presence, and engagement analytics—ensuring BSO's voice and identity are effectively communicated and consistently represented.

The 2024–25 financial year has been another constructive and dynamic period for the SP&CE Directorate. Throughout the year, SP&CE have continued to strengthen their position within BSO as a strategic partner, enabling and supporting directorates to deliver high-quality, customer-focused services. Their work has focused not only on internal improvements but also on reinforcing their role as a key driver of organisational performance, governance, and engagement.



Key Achievements for the Directorate during 2024-25:

Strategy, Engagement and Improvement

Service Development and Alignment

- Successfully launched a pilot Service Level Agreement (SLA) template with Payroll, Legal Services (DLS), and PaLS, establishing a consistent and collaborative approach to service delivery.
- In partnership with Finance, delivered a comprehensive KPI realignment project across the organisation, including workshops and support clinics to guide service areas in revising KPIs aligned with delivery models.

Performance, Governance and Reporting

- Rolled out the new oneAdvanced system organisation-wide, enhancing risk and performance management capabilities.
- Delivered all major corporate reports including the Annual Quality Report, Risk Report, and Annual Business Plan, while continuing robust KPI monitoring and customer reporting.
- Developed and embedded a new Integrated Governance and Assurance Framework, alongside the further development of service and corporate risk registers, incident tracking, and audit recommendation follow-ups.

Communications and Engagement

- The Communications and Engagement team received and delivered over 436 projects support requests via the branding site during the year, including digital recruitment campaigns that attracted over 1,500 applicants, notably improving recruitment in historically hard-to-fill areas like IT, Legal, and Finance.
- The Communications and Engagement team have delivered and supported approximately 800+ projects over the 2024-25 year.
- The team supported high-profile digital projects such as Core LIMS, BPaT, NIDIS, and NIPACS+, receiving widespread recognition.
- Social media presence saw marked growth, with LinkedIn followers increasing by 1,723 (now 6,651), Facebook followers up by 730 (now 4,817), and improved engagement across all platforms.
- The internal staff publication, Business Matters, continues to grow in popularity, providing monthly updates to over 2,000 staff, with each edition now exceeding 50 pages.

Quality and Continuous Improvement during 2024-25:

- Risk training was developed and delivered across the organisation, reinforcing good governance practices.
- Introduced a refined approach to business planning, starting with a senior leaders' workshop that shaped a more cohesive and strategic business plan.
- Collaborated with digital teams to standardise internal monitoring processes and enhance reporting using existing infrastructure.
- Collaborated with service areas across the organisation to strengthen customer engagement and refine SLAs, ensuring inclusion and exclusion criteria, and costing structures are clearly defined and communicated, supporting greater transparency and alignment with customer expectations.
- Conducted a review and refresh of internal BAU processes to ensure continuous improvement remains central to the Directorate's operations.

The Chair / Chief Executive's Office

The Chair / Chief Executive's Office continues to play a vital role in supporting the leadership of the organisation. It serves as a central coordination point for the Executive Leadership Team and Board.

In December 2024, a staffing restructure was implemented to further strengthen the office's capacity and direction. This included the creation of a new Head of the Chair and Chief Executive's Office role, designed to enhance support to both the Chief Executive and the Chair of the Board. This change marked a significant step in the ongoing transformation of the office.

Throughout 2024–25, development efforts have focused on improving internal workflows, embedding more streamlined and efficient processes, and ensuring the office continues to provide high-quality executive support and coordination. The office has also worked to strengthen links between the Executive Leadership Team and directorates ensuring actions are clearly communicated and monitored alongside the SEI team.

These changes reflect a broader commitment to ensuring the Chair / Chief Executive’s Office remains responsive, effective, and well-positioned to meet the evolving needs of the organisation.

Complaints

BSO received 65 complaints during 2024-25; of these, 97% were acknowledged within 2 working days. Additionally, 9 of these complaints were addressed directly by service areas. 60% of these complaints were responded to within 20 working days. During 2024-25, 18 BSO staff were trained to be whistleblowing advocates.

Challenges for the Directorate during 2024-25:

As the smallest Directorate in the BSO, SP&CE continues to face pressures in workforce planning. With the organisation’s growing needs, ensuring capacity to meet demand has required ongoing adaptability and prioritisation across SP&CE teams.

The piloting of new technology and automated systems that supported processes across the organisation, while continuing to provide business as usual activities has also not been without challenge.

One of the biggest challenges faced for complaints is the level of complexity around some of the complaints received. Some complaints can be multi-faceted with multiple service areas involved, this can then on occasion lead to complaints not being responded to within the statutory time-frame. This can sometimes affect the complainants experience and resolution.

Looking Ahead to 2025–26:

Our priorities for the upcoming year include:

- Continuing to embed oneAdvanced as business as usual, incorporating lessons learned during initial implementation.
- Redeveloping the SP&CE SharePoint platform to align with the broader BSO digital strategy.
- Creating a robust, organisation-wide Performance Management Framework.
- Advancing service digitisation and automation to enhance efficiency.
- Reviewing and updating the Customer Engagement Strategy.

- Delivering educational workshops on performance and customer engagement to build capability across service areas.
- Continuing to support the evolution of statutory documentation and implement the next stages of the BSO Review.
- Mapping the digital infrastructure required to optimise Directorate and organisation-wide operations.
- A new 'model complaint handling procedure' (MCHP) is being produced by the Northern Ireland Public Services Ombudsman (NIPSO) for the Health and Social Care Sector. This will be released in July 2025, the BSO will then have six months to implement and roll out this policy throughout the organisation. Alongside this, new Investigator training is being developed and will also be rolled out to support service areas identify and deal appropriately with problems earlier, to help mitigate against complaints escalating further.





Directorate Statistics & General Reporting

SP&CE has refined and continued reporting on a wide range of areas, below is not an exhaustive list:

- Annual Report
- Annual Quality Report
- Annual Complaints Report
- Annual Risk Report
- Standing Financial Instructions
- BSO Business Plan
- Corporate monitoring and reporting
 - Performance & Customer Engagement
 - Quarterly Performance Against Business Plan
 - KPI monitoring and customer reporting
 - Corporate Balance Scorecard
 - Risk & Governance
 - Service Risk Registers
 - Corporate Risk Registers
 - Issues & Incidents
- Development of the Partnership Agreement.

BSO Website Engagement

The BSO Corporate Communications and Engagement team has worked with all directorates and service areas to enhance the BSO brand and engagement with customers and public, as demonstrated by a selection of statistics below.





<p>378% increase in Google Search clicks** for the BSO website</p> 	<p> 3,350,342 total event* counts for BSO Website</p>	<p>965,549-page views (67.99% increase)</p> 	<p> Organic Google Search impressions*** – 1,238.28% increase to 10,767,716 impressions</p>
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*An **event** is a specific interaction or occurrence on your website that you want to measure. Events can include actions such as loading a page, clicking a link.

A **click is an action where a user selects a button, link, or element on a website or in an application.

*** **Impressions** refer to the total number of times a user sees an ad, video, image, or search result on an online platform.

Social Media Engagement

<p>Pages Views – 86.23% increase to 862,643</p> 	<p> Total Social Media Followers – 12, 848 (up 2,499)</p>	<p>Total Event Counts – 92.59% increase to 2,684,309</p> 	<p> File Download – 855.86% increase to 9,463 events*</p>
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Statement of Accounting Officer Responsibilities

Under the 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:

- ***A new Partnership Agreement*** between the BSO and DoH was signed in October 2024. This agreement outlines the overall governance framework which the BSO operates within and includes the mechanisms which ensures the necessary assurances are provided to stakeholders. It also defines the roles and responsibilities of partners within the overall governance framework outlining the formal accountability meetings which are in place in addition to ongoing formal liaison.
- ***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 and managed through the normal SLA process. 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 SPPG staff and associated costs having to be consolidated into the BSO annual report and accounts. Additional funding is provided annually to BSO by DoH to cover the costs. The governance accountabilities and performance responsibilities of the SPPG lie with DoH. BSO has obtained a 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 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 Senior Responsible Owner (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 £28m is received via the Revenue Resource Limit (RRL) and £18m is received via Capital Annually Managed Expenditure (CAME). BSO also makes payments for Interpreting Services on behalf of SPPG totalling approximately £5m.

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 2024. 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;
- 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 and Terms of Service Committee;
- the operation of the Business and Development Committee; and
- the management of Information Systems.

3.1 *Role of the Board*

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 2025

Board/Committee	Number of meetings	% Attendance
BSO Board	10	92%
Governance and Audit	4	94%
Remuneration and Terms of Service	4	100%
Business and Development	4	79%
BSO Review Oversight Programme Board	1	83%

The attendance of officers at the BSO Board in 2024-25 is shown in the table below:

	No. Meetings Attended	No. of possible Meetings
Non-Executive Directors		
Julie Erskine	10	10
Mark Campbell (resigned 7 Jan 2025)	6	7
Sean McKeever	8	10
Prof Dorothy Whittington	10	10
Robert Bannon	8	10
Mark Lowry	10	10
Maynard Mawhinney	9	10
Fred Smyth	10	10
Linus McLaughlin	9	10

Executive Directors	No. Meetings Attended	No. of possible Meetings
Karen Bailey	9	10
Paula Smyth	7	10
Karen Hunter	9	10
Lesley Young	10	10
Simon McGrattan	10	10
Ben Doran	10	10

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 (NAO) - "Audit and Risk Assurance Committee Self-Assessment Checklist" on an annual basis to assess its effectiveness. The last assessment was carried out in January 2024 with the next assessment scheduled to take place in 2025. Its completion 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 which contributes to the priorities set out by the NI Programme for Government (PfG). 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 vision, mission, core values and long-term objectives that will shape the strategic direction and priorities for the three-year period 2024 to 2027. The BSO currently has three new corporate objectives, developed in 2024 which are set out in the Annual Report and Accounts (2024-25). 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 defined objectives and targets, developed in collaboration with senior management and the executive leadership team (ELT). The objectives relate 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 directly 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 the reasonable level dictated by the organisations agreed risk appetite 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 implements a systematic programme for risk identification, assessment, management and quality improvement. These processes and procedures are approved and monitored by the Governance and Audit Committee (GAC) on behalf of the BSO. The Director of Strategic Planning and Customer Engagement (SP&CE) is responsible for ensuring that risks are effectively managed across BSO. This is delivered through the use of risk management software and the Directorate of Strategic Planning and Customer Engagement. Operational management and responsibility for risk is led by BSO Directors in their respective areas.

The BSO has developed a Risk Management Strategy for the period 2025-2029, along with associated policies and procedures in place which describe the arrangements for embedding risk management into the activities of the BSO. The BSO Risk Management Strategy was approved by the BSO Board in February 2025 and by the Governance and Audit Committee (GAC). It was published on the BSO website on 1 April 2025. The updated Strategy is in line with the overall HSC Regional Risk approach and based on the principles of ISO 31000:2018.

A key part of effective risk management is the embedding of the BSO risk appetite. Risk appetite refers to the amount of risk the BSO is willing to accept, and 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. A revised Risk Appetite was approved by the Board and GAC in October 2024. It recognises that some degree of inherent risks is necessary to achieve the organisation's aims and deliver beneficial outcomes to stakeholders. The BSO will take risk in a considered and controlled manner, ensuring that exposure remains within levels deemed acceptable by the Board.

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, Corporate Issue and Incident Logs. 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 was previously presented to the BSO Board meeting biannually. From 2025-26, the Board will review the Corporate Risk and Assurance Report quarterly in order to support the review and management of risk, in line with the BSO Risk Management Strategy 2025-29.

Corporate Risk Register records and maintains details in relation to strategic and significant risks. It is a central repository for tracing risks, likelihood impact and mitigation measures. It details the controls, assurances and actions approved by the Governance and Audit Committee to ensure the focused and effective management of these risks. It is comprised of risks that have been identified which may affect the achievement of the BSO Strategic Objectives and other significant risks that have arisen. The Corporate Risk Report is managed by Executive Leadership Team (ELT) through a monthly review process. A Corporate Risk and Assurance Report is presented to Governance and Audit Committee quarterly and in 2025-26, will also be presented to the Board quarterly.

Service Risk Registers are managed locally through the BSO Risk Management software, in accordance with the regional HSC Management Model. All risks are scored using the HSC Regional Risk Matrix which is based on the principles of the ISO 31000:2018 standard. Assistant Directors and Senior Managers are responsible for reporting on risks at least quarterly to their respective Directors. They are also accountable for the proactive management of risks, including timely reviews of controls and ensuring that actions to mitigate risks are completed within the agreed timeframes.

Risk Registers are formal records of identified and assessed risks, maintained at both corporate and service levels. They serve to ensure that the effectiveness of controls is regularly monitored and that risks are prioritised for action.

Corporate Issues Log is a formal record of any issues that are identified and assessed as affecting the wider organisation's operations, performance and reputation beyond the service level. An issue refers to a challenge that is currently happening or will occur. The Corporate Issue Log is maintained by the Strategy, Engagement and Improvement Team and issued to the Executive Leadership Team (ELT) in a quarterly report. The Issues Log provides a clear and structured method for tracking resolution actions and support issue owners (Directors) in proactively managing potential challenges. The Corporate Issue Log is managed by ELT with assigned corporate issue owners who are responsible for reviewing and updating the issues on a regular basis ensuring corporate issues are managed affectively.

Service Issue Log is a formal record of any issues that are identified and assessed as affecting the operations, performance and/ or reputation within a service area. The Service Issue Log is maintained by the Strategy, Engagement and Improvement Team and issued to ELT in a quarterly report. The Issues Log provides a clear and structured method for tracking resolution actions and supporting issue owners in proactively managing potential challenges. Service Issues are managed by Assistant Directors and senior managers who are responsible for reviewing and updating the issues on a regular basis ensuring issues are managed effectively. ELT are responsible for ensuring issues are managed appropriately across BSO.

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 made 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.

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 for perimeter security of the HSC Wide Area network i.e. the interface between HSC and the external world and for the systems operated by BSO. This is 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 made 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 Integrated Governance and Assurance Framework 2025-26 was approved by GAC in February 2025 and presented to the Board for formal approval in May 2025. The Integrated Governance and Assurance Framework sets out the Board’s arrangements for Integrated Governance, organisational structure and accountability arrangements. The Integrated Governance and Assurance Framework is owned by the Accounting Officer and used to help meet their obligations to maintain a sound system of risk management and internal control. The Board have an oversight role and is responsible for ensuring that it has effective systems in place for governance, essential for the achievement of organisational objectives and, in line, with the objectives set by the Minister.

The Framework is a core part of BSO’s arrangements for managing risk and is, therefore, integral to the risk management framework used for the effective delivery of BSO’s outcomes and objectives.

This Framework includes the arrangements by which the Board will provide assurance on risk management, governance and internal controls.

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 with which BSO is compliant.

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 2024-25.

7.1 Compliance with Litigation and Legal Services Payment Circular

In 2006 the then Department of Health, Social Services and Public Safety 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. BSO Counter Fraud Service (CFS) has responsibility for

the conduct of all investigations regarding potential fraudulent activity. Our Fraud Liaison Officer (FLO) promotes fraud awareness, provides assistance to CFS regarding investigations as required 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 Public Health Agency 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 prior years' 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 the in-year write off of £21m of PPE stock within

the Losses Statement and inclusion of a provision recognising a potential £38m 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. In addition, BSO has worked closely with the DoH to contribute to future four nations emergency stockpile planning, facilitating the sale of PPE stocks to DoH during 2024-25.

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 continued to meet throughout the course of the year to progress exploration of various mitigation measures such as product re-lifing, mutual aid, repurposing and charitable donations.

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 2024-25 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
FINANCE AUDITS	
Financial Review	SATISFACTORY
CORPORATE RISK AUDIT	
Access to Health	SATISFACTORY
Administration of Screening Programmes	SATISFACTORY – Administration of the Bowel and Cervical Screening Administrative Processes LIMITED – Management of Information Systems used by the Screening Programmes
Procurement and Logistics Service – Procurement	SATISFACTORY
Pension Processing	SATISFACTORY – Pension Payments LIMITED – BACs Payment File Management, Validation of Pensions in Payment for Recipients Not Domiciled in Northern Ireland and Business Continuity Arrangements
IT Audit	SATISFACTORY – Firewall Management LIMITED – Supply Chain Security Management
Encompass (in BSO)	SATISFACTORY
Information Governance	LIMITED - <i>standing assurance from 2021/22 audit, in context of audit deferral in 2024/25)</i>
GOVERNANCE AUDIT	
Governance Framework	SATISFACTORY
Internal Performance Management & Reporting	SATISFACTORY
Substantive Follow Up on Recommendations in the 2022/2023 Equality Unit Audit Report	SATISFACTORY - Management and Delivery of Equality Services to Clients LIMITED - Management of Compliance with Statutory Duties by BSO
SHARED SERVICE AUDITS	
Payroll Service Centre (PSC)	SATISFACTORY
Accounts Payable Shared Services	SATISFACTORY
Business Services Team	SATISFACTORY
Recruitment Shared Services	SATISFACTORY

10.1.1 Administration of Screening Programmes

Administration of the Bowel and Cervical Screening Administrative Processes was given a satisfactory assurance. A limited assurance was provided for Management of Information Systems (MIS) used by the Screening Programmes (namely NHAIS and BSIMs) on the basis of the lack of formal clarity and agreement over system ownership, contract management and responsibilities of BSO /PHA. This governance matter does not impact

on service delivery of the screening programmes to patients. Resolution of the limited assurance on MIS will require action across both BSO and PHA.

10.1.2 Pension Processing

Pension Payments was given a satisfactory assurance. A limited assurance was provided for BACs Payment File Management, Validation of Pensions in Payment for Recipients Not Domiciled in Northern Ireland and Business Continuity Arrangements. Internal audit highlighted the need to provide additional safeguarding to BACS payment files and to strengthen controls in respect of the validation of pensions in payment to those domiciled outside Northern Ireland. Action is needed to improve the robustness of business continuity plans.

10.1.3 IT Audit – Supply Chain Security

Firewall management had been satisfactorily assured. Limited assurance was provided for Supply Chain Security Management (i.e. third-party management) in relation to their access to BSO information systems, roles and responsibilities. Generally technical IT related controls in this area are of sound design and are operating effectively, however appropriate action should be taken to provide advice and guidance to BSO service owners of their supply chain security responsibilities, in accordance with the BSO governance arrangements.

10.1.4 Substantive Follow Up on Recommendations in the 2022/2023 Equality Unit Audit Report

The Management and Delivery of Equality Services to Clients was given a satisfactory assurance. A limited assurance was provided for Management of Compliance with Statutory Duties by BSO on the basis that further work is required in this area. There is limited assurance that the Equality Diversity and Inclusion Forum is operating as effectively as it could and risk remains that wholly robust business processes are not in place to ensure that policies and procedures are routinely equality screened and any required associated Equality Impact Assessments (EQIAs) completed.

10.1.5 *Prior Year Recommendations*

During their year-end follow up of outstanding audit recommendations and recommendations from advisory assignments, Internal Audit found 251 (84%) of the 299 recommendations followed up were fully implemented, a further 43 (14%) were partially implemented, and 5 (2%) 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 - Silver (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*

There are no new control issues to report for 2024-25.

13. Budget Position and Authority

The Budget Act (Northern Ireland) 2025, which received Royal Assent on 6 March 2025, together with the Northern Ireland Spring Supplementary Estimates 2024-25 which were agreed by the Assembly on 17 February 2025, provide the statutory authority for the Executive's final 2024-25 expenditure plans. The Budget Act (Northern Ireland) 2025 also provides a Vote on Account to authorise expenditure by departments and other bodies into the early months of the 2025-26 financial year.

14. Direct Award Contracts

BSO maintains a Direct Award Contracts (DAC) Register. A total of 26 DACs were completed by BSO in 2024-25 with a combined value of approximately £4.1m. 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 on the DAC Register throughout the year. The new Procurement Act 2023 and associated Procurement Regulations resulted in significant changes in public procurement from 24 February 2025. This had an immediate impact on DACs from the date of introduction to ensure organisational compliance during 2024-25 and beyond.

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 2024-25, three 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

As of 2024-25, Linenhall Street accommodation no longer forms part of BSO's consolidated annual report and accounts as in line with legislation it has transferred to DoH-owned retained estate therefore does not present future liabilities for required maintenance to BSO.

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 2024-25.

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

With effect from 1 April 2023, the Department of Health has introduced in 2025 a Senior Executive Pay Structure Reform which impacts all Senior Executives in post at 1 April 2023. An incremental scale has been introduced, initially an 8-point scale, annually reducing by 1 point to achieve a 5-point scale by year 4 (1 April 2026). All incremental progression is subject to satisfactory performance, as considered by the Remuneration and Terms of Service Committee applying the standards as set out in the revised Performance Management Framework. The Department will introduce a new performance framework, setting expectations of organisational and personal objectives which must be met to merit a satisfactory rating. There shall be no further individual performance related pay elements or bonuses. The estimated impact of these changes is as reflected within the Senior Employees Remuneration Table on pages 100-101 of this report. It should be noted that these figures are accrued and unpaid at 31 March 2025. The 2023-24 and 2024-25 Senior Executive Pay Award circular was received from the DoH on 13 May 2025 and will be paid during 2025-26.

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 are due for senior executive pay award up to 31 March 2025 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 2024-25.

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 2024-25.

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

Mrs Julie Erskine – Chair

Mr Robert Bannon

Mr Mark Lowry

Mr Maynard Mawhinney

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	2024-25					2023-24 Restated ^{Note 2}				
	Salary £000s ^{Note 3}	Bonus / Performance Pay £000s	Benefits in kind ^{Note 1} (rounded to nearest £100)	Pension Benefits (rounded to nearest £1,000)	Total £000s	Salary £000s ^{Note 2}	Bonus / Performance Pay £000s	Benefits in kind (rounded to nearest £100)	Pension Benefits (rounded to nearest £1,000)	Total £000s
Executive Members										
Karen Bailey <i>Chief Executive</i>	170-175	-	-	111,000	285-290	145-150	-	-	26,000	170-175
Karen Bryson <i>Director of Finance (Resigned 30 November 2023)</i>	-	-	-	-	-	85-90 (Full Year 95- 100)	-	-	(5,000)	80-85
Paula Smyth <i>Director of People and Place</i>	135-140	-	13,900	70,000	220-225	115-120	-	8,900	54,000	175-180
Simon McGrattan <i>Interim Director of Finance (Appointed 1 August 2023)</i>	105-110	-	-	32,000	135-140	60-65 (Full Year 90- 95)	-	-	39,000	100-105
Ben Doran <i>Interim Digital Director (Appointed 15 May 2023)</i>	110-115	-	-	28,000	140-145	75-80 (Full Year 85- 90)	-	-	(15,000)	65-70
Lesley Young <i>Director of Operations</i>	120-125	-	1,300	33,000	155-160	110-115	-	1,500	22,000	130-135
Karen Hunter <i>Director of Strategic Performance and Customer Engagement</i>	85-90	-	-	18,000	105-110	75-80	-	-	18,000	95-100
Martin Bradley ^{Note 4} <i>Interim Director of Operations</i> (Appointed 1 March 2022, Resigned 31 March 2023)	-	-	-	-	-	0-5	-	-	-	0-5
Mark Bradley ^{Note 4} <i>Interim Director of Customer Care and Performance</i> (Resigned 31 March 2023)	-	-	-	-	-	10-15	-	-	-	10-15

Name	2024-25					2023-24 Restated ^{Note 2}				
	Salary £000s ^{Note 3}	Bonus / Performance Pay £000s	Benefits in kind ^{Note 1} (rounded to nearest £100)	Pension Benefits (rounded to nearest £1,000)	Total £000s	Salary £000s ^{Note 2}	Bonus / Performance Pay £000s	Benefits in kind (rounded to nearest £100)	Pension Benefits (rounded to nearest £1,000)	Total £000s
June Turkington ^{Note 4} <i>Chief Legal Advisor</i>	-	-	-	-	-	5-10	-	-	-	5-10
Alphy Maginness ^{Note 4} <i>Chief Legal Advisor</i> (Resigned 31 March 2022)	-	-	-	-	-	10-15	-	-	-	10-15
Non-Executive Members										
Julie Erskine	25-30	-	-	-	25-30	25-30	-	-	-	25-30
Dorothy Whittington	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Mark Campbell (Resigned 7 January 2025)	0-5 (Full Year 5-10)	-	200	-	0-5	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)	-	-	-	0-5
Sean McKeever	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Mark Lowry (Appointed 15 January 2024)	5-10	-	400	-	5-10	0-5 (Full Year 5-10)	-	100	-	0-5
Maynard Mawhinney (Appointed 15 January 2024)	5-10	-	-	-	5-10	0-5 (Full Year 5-10)	-	-	-	0-5
Fred Smyth (Appointed 15 January 2024)	5-10	-	-	-	5-10	0-5 (Full Year 5-10)	-	-	-	0-5
Linus McLaughlin (Appointed 1 March 2024)	5-10	-	300	-	5-10	0-5 (Full Year 5-10)	-	-	-	0-5

Note 1 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 2 The 2023-24 figures include the three financial years pay awards 20-21, 21-22 and 22-23 paid in-year and revised estimated pay award accrual in respect of 2023-24 leading to restatement in line with latest DoH guidance.

Note 3 The 2024-25 figures include an estimated pay award accrual in respect of 2024-25 in line with latest DoH guidance.

Note 4 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 31/03/24* £000s	CETV at 31/03/25* £000s	Real increase in CETV £000s
Karen Bailey	0-2.5 plus lump sum of nil	45-50 plus lump sum of 115-120	1,193	1,296	103
Paula Smyth	2.5-5 plus lump sum of 2.5-5	20-25 plus lump sum of 30-35	518	605	88
Simon McGrattan	0-2.5 plus lump sum of 0-2.5	25-30 plus lump sum of 35-40	594	639	46
Ben Doran**	0- 2.5 plus lump sum of nil	30-35 plus lump sum of 0-5	468	503	11
Karen Hunter	0-2.5 plus lump sum of nil	5-10 plus lump sum of 0-5	142	166	24
Lesley Young	0- 2.5 plus lump sum of nil	0-5 plus lump sum of 0-5	27	52	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 2024-25 CETV figures; as at the year-end, there have been no further changes to the SCAPE discount rate of 1.7% above inflation since the HM Treasury guidance was published. The HM Treasury Guidance of 27 April 2023 can be found at [Basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes - GOV.UK](#).

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 2024-25 was £170k - £175k (2023-24 (Restated): £145k – 150k). The increase on prior year is due to application of the senior executive pay award together with eligible for an additional responsibility

allowance as agreed by the Remuneration Committee. The percentage change in the highest paid director salary for 2024-25 is 19.9% (2023-24 Restated: 42.7%) which varies as a result of prior year being the first year of inclusion of the additional responsibility allowance and the impact of the latest senior executive pay awards. The relationship between the mid-point of this band and the remuneration of the BSO workforce is disclosed within the table below.

2024-25	Mean	25th percentile	Median	75th percentile
Total remuneration (£)	36,708	25,674	32,324	46,148
Pay ratio		6.7:1	5.3:1	3.7:1
2023-24	Mean	25th percentile	Median	75th percentile
Total remuneration (£)	32,637	23,177	28,982	40,588
Pay ratio		6.4:1	5.1:1	3.6:1

In 2024-25 remuneration ranged from £4,814 to £172,500 (2023-24: £6,030 to £147,500). In 2024-25, no employees (2023-24: 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 2024-25 was £145k-£150k (2023-24: £120k – 125k) under the BSO hosting arrangement. The percentage change in the highest paid director salary for 2024-25 is 17.5% (2023-24: 5.7%) which shows an increase due to the impact of application of the senior executive pay award. 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.

2024-25	Mean salary	25th percentile	Median	75th percentile
Total remuneration (£)	53,798	36,483	52,809	66,246
Pay ratio		4.0:1	2.8:1	2.2:1
2023-24	Mean salary	25th percentile	Median	75th percentile
Total remuneration (£)	47,554	32,934	47,672	56,164
Pay ratio		3.7:1	2.6:1	2.2:1

In 2024-25 SPPG remuneration ranged from £3,744 to £145,500 (2023-24: £3,744 to £122,500). In 2024-25 no employees (2023-24: 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)

	2024-25		2023-24	
Staff costs comprise:	Permanently employed staff £000s	Others £000s	Total £000s	Total £000s
Wages and salaries	105,076	16,016	121,092	116,574
Social security costs	11,758	-	11,758	9,115
Other pension costs	23,523	-	23,523	19,117
Sub-Total	140,357	16,016	156,373	144,806
Capitalised staff costs	(18,240)	(2,211)	(20,451)	(16,563)
Total staff costs reported in SoCNE	122,117	13,805	135,922	128,243
Less recoveries in respect of outward secondments			(1,744)	(1,503)
Total net costs			134,178	126,740
of which BSO Core			96,051	88,742
of which SPPG			38,127	37,998

Staff Profile and Composition

The following table shows staff composition as at 31 March 2025:

Staff Gender Breakdown	Male	Female	Total
Non-Executive Directors¹	6	3	9
Directors²	4	9	13
Senior Management³	29	53	82
All other BSO staff	1,122	1,518	2,640
Total	1,161	1,583	2,744

¹NEDs include one employee who is the Chair of the NI Social Work degree but not a NED on BSO Board therefore not disclosable within the Remuneration Report. ²Includes SPPG Directors who are not BSO Board members therefore not disclosable within the Remuneration Report. ³Senior 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 2024-25.

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 2024-25 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 2023-24-member contribution rates that applied in-year for both the HSC Pension Scheme and the HSC Pension Scheme 2015 until implementation of the 2024-25 pay award, after which the rates were amended in line with scheme regulation requirements to those set out within the 2024-25 contribution rates table below.

Pensionable salary range	Contribution rates (before tax relief & based on actual annual pensionable pay)
Up to £13,246	5.1%
£13,247 to £17,673	5.7%
£17,674 to £24,022	6.1%
£24,023 to £25,156	6.8%
£25,157 to £29,635	7.7%
£29,636 to £30,638	8.8%
£30,639 to £45,996	9.8%
£45,997 to £51,708	10.0%
£51,709 to £58,972	11.6%
£58,973 to £75,632	12.5%
£75,633 and above	13.5%

2024-25 Pension Contribution rates

Pensionable salary range	Contribution rate (before tax relief)
Up to £13,259	5.2%
£13,260 to £26,831	6.5%
£26,832 to £32,691	8.3%
£32,692 to £49,078	9.8%
£49,079 to £62,924	10.7%
£62,925 and above	12.5%

Average number of persons employed (Audited)

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

	2024-25			2023-24
	Permanently employed staff	Others	Total	Total
	No.	No.	No.	No.
Administrative and clerical	2,152	168	2,320	2,072
Commissioning of Health and Social Care	496	29	525	532
Total average number of persons employed	2,648	197	2,845	2,604
Less average staff number relating to capitalised staff costs	279	45	324	283
Less average staff number in respect of outward secondments	8	22	30	25
Total net average number of persons employed	2,361	130	2,491	2,296

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 2024-25 or 2023-24 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 2024-25 there were 6 early retirements from BSO agreed on the grounds of ill-health. (2023-24: 5). The estimated additional pension liabilities of these ill-health retirements are £134k (2023-24: £76k). 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 2025 was 4.55% (2023-24: 4.83%) which was below the Departmental target of 5.13%. For SPPG under the BSO hosting arrangement, the cumulative sickness and absenteeism rate as at the end of March 2025 was 4.17% (2023-24: 4.10%) which was below the Departmental target of 4.49%.

Staff Turnover

The staff turnover for the year ended 31 March 2025 was 9.52% (2023-24: 8.83%).

Staff Engagement

During the period BSO successfully was reaccredited at Silver for Investors in People. This demonstrated our people are engaged with the strategic objectives of the organisation, understand their role in achieving them and are committed to continuous improvement. In addition to this BSO also undertook Investors in Wellbeing for the first time and were accredited to Silver level demonstrated the organisation's commitment to supporting the health and wellbeing of its people.

In October 2024, BSO held its People Awards bringing together teams from across the organisation and showcasing examples of good practice and excellence in service delivery. The event was attended by the Health Minister and Payroll Shared Services Centre won the Chief Executive's Special Award on the night.

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 95.49% 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. This was a 4.17% increase on the compliance rate of 91.32% for 23/24.

Staff Communication and Employee Involvement

The BSO communicates with staff using a range of channels. Team briefings are intended to facilitate a clear communication of the connection between an individual's contribution and

corporate success. The monthly newssheet “*BSO Business Matters*” has continued to be developed as a means of disseminating corporate information.

Equality

During the reporting period, BSO commenced delivery of the new Employment Equality and Disability Action Plans. In particular there was a focus on understanding and supporting staff who are neuro-diverse in the workplace. A number of workshops and training events were held to raise awareness and support managers to understand how to engage well with staff who are neuro-diverse.

Health and Well-Being

BSO continued to implement its Health and Wellbeing Strategy. During the reporting period the following actions were undertaken against the three pillars of the strategy:

Healthy Mind

BSO held its first Healthy Mind week (13-17 May 2024) with a number of webinars, courses and resources as part of the Health and Wellbeing Strategy – the webinars run were Combating Stress, Supporting Ourselves & Others, Mindfulness & Resilience Practice, Moving More for Our Mental Health and Gratitude Practice.

Healthy Culture Week

The Health and Wellbeing team completed BSO’s first Healthy Culture week held from 3-7 March 2025 and had a number of webinars throughout the week to focus on the aims of Health Culture. Over 100 staff attended the webinars which included Promoting a Healthy Culture within your teams, Introduction to the BSO Social Committee and Health and Wellbeing resources, Conflict, Bullying and Harassment Awareness, The importance of development in a Healthy Culture and Women’s Mental Health seminar for International Woman’s Day. Over 100 colleagues attended the numerous events held throughout the week and there was an average feedback rating of 4.8 out of 5.

Healthy Body

BSO partnered with Cancer Focus to run a number of Health Checks. 480 employees attended a Quick fit Health check between March and September 2024. Health checks were held across 20 dates and at 15 regional locations. Following feedback, 88% of attendees have made a positive lifestyle change following the advice from their appointment.

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 31 March 2025, total mandatory compliance was 85.84%, this is a slight decrease of 0.36% due to timings of certificates expiring and new staff commencing. Compliance for the BSO mandatory training courses are as follows:

Mandatory Course	March 2024	March 2025	Comparison
Cyber Security Awareness	87.81%	90.23%	2.42%
Display Screen Equipment Awareness	91.46%	89.70%	1.76%
Equality, Good Relations and Human Rights	88.96%	85.97%	2.99%
Fire Safety Awareness	80.02%	76.39%	3.63%
Fraud Awareness	83.67%	84.00%	0.33%
Health and Safety Awareness	83.77%	83.62%	0.15%
Information Governance Awareness	87.56%	88.75%	1.19%
Manual Handling Awareness	82.47%	82.14%	0.33%
Risk Management Awareness	90.11%	92.67%	2.56%

The compliance target for all these courses is 90%.

Throughout 2024-25 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 Attendees
Recruitment & Selection	199
Appraisal Training for Managers	68
Attendance Management Training	95
Conflict Bulling & Harassment	69
Managing Challenging Conversations Courageously	34
Minute Taking Skills	20
Band 2-4 Development Programme	136
Middle Managers Programme (Band 4-6)	189
Totals	810

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 are as disclosed within the Performance Analysis section of this document on page 33.

Expenditure on Consultancy

BSO incurred nil spend on external consultancy during the 2024-25 financial year (2023-24: nil).

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 2025. The following tables provide further analysis.

Table 1: Temporary off –payroll worker engagements as at 31 March 2025

	2025
Number of off-payroll engagements at 31 March	1
of which:	
Existed for less than one year at time of reporting	-
Existed for between one and two years at time of reporting	-
Existed for between two and three years at time of reporting	1

Table 2: All temporary off-payroll workers engaged at any point during the year ended 31 March 2025

	2025
Number of off-payroll workers engaged during the year ended 31 March	8
of which:	
Number determined as out-of-scope of IR35	8
Number determined as in-scope of IR35	-
Number of engagements reassessed for compliance or assurance purposes during the year	8

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 these workers 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)

Losses statement	2024-25	2023-24
Total number of losses	1,136	6,620
Total value of losses (£000)	21,695	17,840

Individual losses over £300,000	2024-25 £000	2023-24 £000
Constructive losses		
- PPE facemasks	20,894	9,013
- PPE gloves	-	1,741
- Hand sanitiser	670	6,998
	21,564	17,752

Special Payments

Special payments	2024-25	2023-24
Total number of special payments	7	3
Total value of special payments (£000)	43	74

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 2025, 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 two 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 over £300,000 in-year.

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.

Karen Bailey

Chief Executive

Date 1 July 2025

BUSINESS SERVICES ORGANISATION

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

Opinion on financial statements

I certify that I have audited the financial statements of the Business Services Organisation for the year ended 31 March 2025 under the Health and Social Care (Reform) Act (Northern Ireland) 2009. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. 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 my report, the financial statements:

- give a true and fair view of the state of the Business Services Organisation's affairs as at 31 March 2025 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 2025, BSO held stock at a value of £80m and of this, £44m has been identified by BSO as "at risk" based upon the levels of stock held, expiry dates and usage. A stock provision of £38m has been reflected in the financial statements as at 31 March 2025.

I am qualifying my audit opinion on the 2024-25 financial statements for two issues:

- **Material error:** - The value of the stock in the financial statements is materially misstated by £6m due to the level of provision being insufficient to cover the stock identified as being at risk. In addition the Surplus against RRL reported (breakeven), which indicated an achievement of breakeven is incorrect, as breakeven would have been breached had the stock provision been stated correctly.
- **Limitation of scope:** - There is £9m of stock without expiry dates at the year end, of which £5m has been included in the stock provision at 31 March 2025. £4m of the stock without expiry dates has not been included in the provision and there is uncertainty as to whether this will all be issued prior to becoming obsolete. Management have not undertaken reasonable steps to ascertain the extent to which a provision might be required.

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 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 my 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 the 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.

The going concern basis of accounting for the Business Services Organisation is adopted in consideration of the requirements set out in the Government Financial Reporting Manual, which require entities to

adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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 certificate.

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. 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 nothing to report in this regard.

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
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

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;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remunerations 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 the 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:

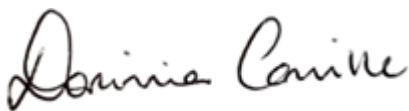
- obtaining an understanding of the legal and regulatory framework applicable to the Business Services Organisation through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Health and Social Care (Reform) Act (Northern Ireland) 2009 and Department of Health directions issued thereunder;
- making enquires of management and those charged with governance on the 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 the 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 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. 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

2 July 2025

BUSINESS SERVICES ORGANISATION

ANNUAL ACCOUNTS FOR YEAR ENDED 31 MARCH 2025

Foreword

The accounts for the year ended 31 March 2025 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 HSC (Reform) Act (NI) 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 2024-25 financial statements as reported within the subsequent pages:

SoCNE Income £1,048k (Note 4), Expenditure £44,506k (Note 3) resulting in a net expenditure position of £43,458k; this includes non-cash costs for depreciation and movement in provisions which total £2,370k. Thus, leading to RRL from DoH for the hosting arrangement of £41,088k as set out in Note 22 and a non-cash budget control limit of £2,370k.

SoFP non-current assets of £253k (Notes 5 and 6), current assets of £328k (Note 12) resulting in assets totalling £581k including land, buildings and IT equipment alongside staff and associated liabilities relating to staff-related pay and non-pay costs totalling £11,734k (Notes 13 and 14). The overall resultant impact on BSO's Statement of Financial Position and corresponding Statement of Taxpayer's Equity is £11,153k.

BSO received an appropriate level of funding from DoH, being RRL as detailed above together with £28k 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 124 - 172) 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

1 July 2025

Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 124 - 172) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chair

1 July 2025

Date



Chief Executive

1 July 2025

Date

BUSINESS SERVICES ORGANISATION

Statement of Comprehensive Net Expenditure for the year ended 31 March 2025

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.

		2024-25	2023-24
	Note(s)	£000s	Restated £000s
Income			
Revenue from contracts with customers	4.1	192,147	165,158
Other operating income	4.2	5,265	26,621
Total operating income		197,412	191,779
Expenditure			
Staff costs	3	(135,922)	(128,242)
Purchase of goods and services	3	(104,779)	(82,680)
Depreciation, amortisation and impairment charges	3	(59,033)	(35,945)
Provision expense	3	(7,995)	(5,111)
Other expenditures	3	(77,869)	(161,381)
Total operating expenditure		(385,598)	(413,359)
Net Expenditure		(188,186)	(221,580)
Finance income		-	-
Finance expense		(39)	(43)
Net expenditure for the year		(188,225)	(221,623)
Adjustment to net expenditure for non-cash items		85,114	40,807
Net expenditure funded from Revenue Resource Limit (RRL)		(103,111)	(180,817)
Revenue Resource Limit (RRL) received from DoH	22.1	103,142	180,835
Surplus against RRL		31	18
OTHER COMPREHENSIVE INCOME/(EXPENDITURE)			
		2024-25	2023-24
	Note(s)	£000s	£000s
Items that will be classified to net operating costs:			
Net gain/(loss) on revaluation of property, plant & equipment	5.1/8/5.2/8	1,763	102
Net gain/(loss) on revaluation of intangibles	6.1/8/6.2/8	2,996	(413)
Net gain/(loss) on revaluation of financial instruments		-	-
Items that may be reclassified to net operating costs:			
Net gain/(loss) on revaluation of investments		-	-
Total Comprehensive Net Expenditure for the year ended 31 March		(183,466)	(221,659)

The notes on pages 128 - 172 form part of these accounts.

BUSINESS SERVICES ORGANISATION

Statement of Financial Position as at 31 March 2025

	Note(s)	2024-25		2023-24 Restated	
		£000s	£000s	£000s	£000s
Non Current Assets					
Property, plant and equipment	5.1/5.2	51,260		67,623	
Intangible assets	6.1/6.2	306,536		255,807	
Financial assets	7	-		-	
Trade and other receivables	12	23,133		12,657	
Other current assets	12	-		-	
Total Non Current Assets			380,929		336,087
Current Assets					
Assets classified as held for sale	9	-		-	
Inventories	10	42,312		59,990	
Trade and other receivables	12	48,800		35,571	
Other current assets	12	4,622		3,896	
Intangible current assets	12	16		56	
Financial assets	7	-		-	
Cash and cash equivalents	11	999		18,150	
Total Current Assets			96,749		117,663
Total Assets			477,678		453,750
Current Liabilities					
Trade and other payables	13	(53,505)		(103,067)	
Other liabilities	13	(1,180)		(1,561)	
Intangible current liabilities	13	-		-	
Financial liabilities	7	-		-	
Provisions	14	(1,983)		(1,359)	
Total Current Liabilities			(56,668)		(105,987)
Total assets less current liabilities			421,010		347,763
Non-Current Liabilities					
Provisions	14	(19,512)		(12,740)	
Other payables > 1 yr	13	(20,343)		(27,561)	
Financial liabilities	7	-		-	
Total Non-Current Liabilities			(39,855)		(40,301)
Total assets less total liabilities			381,155		307,462
Taxpayers' Equity and other reserves					
Revaluation reserve			22,128		28,943
SoCNE Reserve			359,027		278,519
Total equity			381,155		307,462

The financial statements on pages 124 - 172 were approved by the Board on and were signed on its behalf by:

Signed  (Chair)

Date 1 July 2025

Signed  (Chief Executive)

Date 1 July 2025

The notes on pages 128 – 172 form part of these accounts.

BUSINESS SERVICES ORGANISATION

Statement of Cash flows for the Year Ended 31 March 2025

	Note(s)	2024-25 £000s	2023-24 Restated £000s
Cash flows from operating activities			
Net operating expenditure		(188,225)	(221,623)
Adjustments for non-cash transactions		66,652	40,534
(Increase)/decrease in trade and other receivables		(24,391)	(10,596)
<i>Less movements in receivables relating to items not passing through the NEA</i>			
Movements in receivables relating to the sale of property, plant & equipment		-	-
Movements in receivables relating to the sale of intangibles		-	-
Movements in receivables relating to leases		-	-
(Increase)/decrease in inventories		17,678	103,025
Increase/(decrease) in trade payables		(57,162)	(135,402)
<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		12,469	(13,226)
Movements in payables relating to the purchase of intangibles		(3,069)	(15,347)
Movements in payables relating to leases		553	1,617
Movements in payables relating to grants		633	717
Use of provisions	14	(599)	(746)
Net cash inflow/(outflow) from operating activities		(175,461)	(251,047)
Cash flows from investing activities			
Purchase of property, plant & equipment	5	(17,463)	4,130
Purchase of intangible assets	6	(92,150)	(94,477)
Proceeds of disposal of property, plant & equipment		7	12
Proceeds on disposal of intangibles		-	-
Proceeds on disposal of assets held for resale		-	-
Net cash outflow from investing activities		(109,606)	(90,335)
Cash flows from financing activities			
Grant in aid		268,469	353,122
Capital element of payments – leases and on balance sheet (SoFP) PFI and other service concession arrangements		(553)	(1,617)
Net financing		267,916	351,505
Net increase in cash & cash equivalents in the period		(17,151)	10,122
Cash & cash equivalents at the beginning of the period	11	18,150	8,028
Cash & cash equivalents at the end of the period	11	999	18,150

The notes on pages 128 – 172 form part of these accounts.

BUSINESS SERVICES ORGANISATION

Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2025

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 Restated £000s	Revaluation Reserve £000s	Total Restated £000s
Balance at 1 April 2023		145,582	29,235	174,817
Prior period adjustment in respect of James House inclusion as a Right of Use Asset under IFRS 16 Leases (refer to Note 1.25)		1,246	-	1,246
Balance at 1 April 2023 (as restated)		146,828	29,235	176,063
Changes in taxpayers' equity 2023-24				
Grant from DoH		313,693	-	313,693
Grant from DoH – SPPG hosting		39,429	-	39,429
Comprehensive expenditure for the year		(221,623)	(311)	(221,934)
Non-cash charges – auditors' remuneration	3	192	-	192
Non-cash charges – other administration		-	19	19
Balance at 31 March 2024		278,519	28,943	307,462
Changes in taxpayers' equity 2024-25				
Grant from DoH		223,927	-	223,927
Grant from DoH – SPPG hosting		44,542	-	44,542
Comprehensive expenditure for the year		(188,225)	4,759	(183,466)
Transfer of asset ownership – Linenhall		-	(11,575)	(11,575)
Non-cash charges – auditors' remuneration	3	264	-	264
Non-cash charges – other administration		-	1	1
Balance at 31 March 2025		359,027	22,128	381,155

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

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 in-year on 31 January 2025 by Land and Property Services (LPS) with the next review due by 31 January 2030 in accordance with Government FReM.

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.

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.

In accordance with FReM adaptation of IAS20, Government grant income is recognised in the year of inception in relation to the peppercorn rent licence agreement in place for use of office premises at James House, Belfast which has been capitalised as a right of use asset under IFRS16 for the duration of the licence agreement.

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.

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.

Peppercorn leases

Peppercorn leases are defined as leases for which the consideration paid is nil or nominal and are within scope of IFRS 16 if they meet the definition of a lease in all aspects apart from containing consideration. Peppercorn leases are recognised as right of use assets measured in accordance with IFRS 16 as interpreted by the FReM. In accordance with IFRS 16 requirements, the right of use asset is held at latest valuation; the latest valuation date for the right of use asset held under peppercorn lease is 31 January 2025 which was carried out by Land and Property Services (LPS). There is no associated interest charge as the licence agreement payment is nominal; being £1, if collected. Government grant income equal to the valuation is recognised in full in the year of inception in accordance with IAS 20 as interpreted by the FReM.

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 2024-25 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 £38m which is a £42m (52%) decrease on prior year's provision due to both sale and disposal of PPE overstock post-pandemic. Detailed stock modelling continued in-year to quantify ongoing 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 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 £9.2m 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.

1.25 Prior Year Restatement

BSO's 2024-25 financial statements includes restatement of the 2022-23 Statement of Changes in Taxpayers' Equity and 2023-24 financial year to reflect the fact that there was an in-year determination of the applicability of IFRS 16 Leases in respect of the James House licence agreement in place with Department of Finance. The licence agreement has been in place since 10 October 2022 and has the effect of reducing comprehensive net expenditure for 2022-23 by £1,246k noted in statement of changes in taxpayers' equity (being £1,376k inclusion of Right of Use asset James House licence, an associated notional government grant income of £1,376k in line with IAS 20 as interpreted by the FReM and associated depreciation charge of £130k). The impact on the 2023-24 financial statements is a depreciation charge of £275k. The inclusion of this Right of Use asset is as set out within Note 5.2 PPE. Interest charge has not been applied as the lease liability is notional under IAS 20 and does not impact on cashflow. Independent valuation was undertaken by LPS in accordance with IFRS 16 requirements.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

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 2025-26 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 2025

	Staff costs	Other expenditure	Total expenditure	Income	Net operating expenditure
	£000s	£000s	£000s	£000s	£000s
Operating segment					
Core	59,435	90,228	149,663	(53,266)	96,397
ITS	17,138	18,941	36,079	(14,234)	21,845
PaLS	16,566	86,972	103,538	(123,180)	(19,642)
Managed Services	3,973	47,879	51,852	(5,684)	46,168
SPPG	38,810	5,695	44,505	(1,048)	43,457
Total	135,922	249,715	385,637	(197,412)	188,225
Less non-cash expenditure per Note 22					(85,114)
Net expenditure funded from RRL					103,111
Revenue Resource Limit (RRL)					103,142
Surplus/(Deficit) against RRL					31

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 Restated	Total expenditure Restated	Income	Net operating expenditure Restated
	£000s	£000s	£000s	£000s	£000s
Operating segment					
Core	55,886	60,121	116,007	(52,794)	63,213
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
Total	128,242	285,160	413,402	(191,779)	221,623
Less non-cash expenditure per Note 22					<u>(40,806)</u>
Net expenditure funded from RRL					180,817
Revenue Resource Limit (RRL)					<u>180,835</u>
Surplus/(Deficit) against RRL					<u><u>18</u></u>

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 3 EXPENDITURE	2024-25 £000s	2023-24 Restated £000s
Operating Expenses		
Staff costs ¹ :		
Wages and salaries	100,641	100,011
Social security costs	11,758	9,114
Other pension costs	23,523	19,117
IT Programme	16,521	15,818
Supplement for Undergraduate Medical and Dental Education (SUMDE)	4,409	3,467
Bursaries	15,966	16,695
Infected Blood Payment Scheme	22,120	3,792
Healthy Start	658	502
Regional Interpreting Services	3,752	4,671
Cost of Sales	103,664	81,498
Supplies and services – general	1,115	1,182
Establishment	25,582	18,977
Transport	1,156	1,128
Premises	5,539	6,293
Interest charges under IFRS 16	39	43
Miscellaneous	2,709	1,147
Personal Protective Equipment stock provision/write off	(20,330)	89,136
Research & development expenditure	162	204
Bad debts	1	5
Non-cash items		
Depreciation	12,078	13,311
Amortisation	46,955	22,634
Impairments	-	-
Profit on disposal of property, plant and equipment (including land)	(7)	(12)
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)	8,176	5,272
Cost of borrowing provisions (unwinding of discount on provisions)	(181)	(161)
Auditors' remuneration	264	192
Release of government grant	(633)	(633)
Total	385,637	413,403

During the year the BSO purchased non-audit services to the value of £3.6k from their auditors in relation to the National Fraud Initiative (2023-24: nil). The auditors' remuneration reflects time incurred on the preparation of the Shared Services Report in addition to the audit of the financial statements.

¹ Further detailed analysis of staff costs is located within the Staff Report from page 105.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 4 INCOME

4.1 Revenue from contracts with customers

	2024-25	2023-24
	£000s	£000s
Management fees - HSC Trusts	87,907	82,700
Sale of goods	103,921	82,072
Accommodation	319	386
Total	192,147	165,158

4.2 Other Operating Income

	2024-25	2023-24
	£000s	£000s
Other income from non-patient services	3,494	25,118
Seconded staff	1,771	1,503
Donations / Government Grant / Funding for non-current assets	-	-
Total	5,265	26,621

TOTAL INCOME

197,412	191,779
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BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 5.1 Property, plant & equipment - year ended 31 March 2025

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Cost or Valuation									
At 1 April 2024	8,700	30,771	-	549	338	2,971	71,048	6,067	120,444
Indexation	-	49	-	-	1	88	207	163	508
Additions	-	1,078	-	9	-	-	3,904	3	4,994
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	(600)	600	-	-	-	-	-	-	-
Transfers	(3,800)	(9,744)	-	(180)	-	141	571	-	(13,012)
Revaluation	-	(183)	-	-	-	-	-	-	(183)
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(98)	(1,281)	-	(1,379)
At 31 March 2025	4,300	22,571	-	378	339	3,102	74,449	6,233	111,372
Accumulated Depreciation									
At 1 April 2024	-	7,755	-	-	286	1,965	39,193	3,621	52,820
Indexation	-	27	-	-	-	61	82	108	278
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	(1,969)	-	-	-	-	-	-	(1,969)
Revaluation	-	(1,715)	-	-	-	-	-	-	(1,715)
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(98)	(1,281)	-	(1,379)
Provided during the year	-	2,549	-	-	5	302	8,371	850	12,077
At 31 March 2025	-	6,647	-	-	291	2,230	46,365	4,579	60,112

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 5.1 (continued) Property, plant & equipment- year ended 31 March 2025

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Carrying Amount									
At 31 March 2025	4,300	15,924	-	378	48	872	28,084	1,654	51,260
At 31 March 2024	8,700	23,016	-	549	52	1,006	31,855	2,446	67,624
Asset financing									
Owned	4,300	12,188	-	378	48	872	28,084	1,654	47,524
Leased	-	3,736	-	-	-	-	-	-	3,736
On B/S (SoFP) PFI and other service concession arrangements contracts									
Carrying Amount	4,300	15,924	-	378	48	872	28,084	1,654	51,260
At 31 March 2025									

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 £1,911k (23-24 (Restated): £2,031k).

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

	2024-25 £000s	2023-24 £000s
Donations	-	-
Government Grant	-	-
Lottery funding	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 5.2 Property, plant & equipment - year ended 31 March 2024 (Restated)*

	Land £000s	Buildings (excluding dwellings) £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Cost or Valuation								
At 1 April 2023	8,699	29,221	2,714	328	3,066	60,881	5,799	110,708
Opening balance adj – IFRS 16 James House	-	1,376	-	-	-	-	-	1,376
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	8,700	30,771	549	338	2,971	71,048	6,067	120,444
Accumulated Depreciation								
At 1 April 2023	-	4,910	-	273	1,703	37,771	2,654	47,311
Opening balance adj – James House	-	129	-	-	-	-	-	129
Indexation	-	29	-	8	11	(15)	125	158
Reclassifications	-	-	-	-	-	(3)	-	(3)
Transfers	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(114)	(7,972)	-	(8,086)
Provided during the year	-	2,687	-	5	365	9,412	842	13,311
At 31 March 2024	-	7,755	-	286	1,965	39,193	3,621	52,820

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 5.2 (continued) Property, plant & equipment- year ended 31 March 2024 (Restated)*

	Land £000s	Buildings (excluding dwellings) £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Carrying Amount								
At 31 March 2024	8,700	23,016	549	52	1,006	31,855	2,446	67,624
At 31 March 2023	8,699	24,311	2,714	55	1,364	23,109	3,145	63,397
Asset financing								
Owned	8,700	18,447	549	52	1,006	31,855	2,446	63,055
Leased	-	4,569	-	-	-	-	-	4,569
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-
Carrying Amount	8,700	23,016	549	52	1,006	31,855	2,446	67,624
At 31 March 2024								

*As set out within Accounting Policy Note 1.25, prior year PPE has been restated to take account of BSO's occupation of James House as a Right of Use asset on the Statement of Financial Position. This licence agreement constitutes a lease under IFRS 16, commenced on 10 October 2022 and is included within the restated Buildings through inclusion of opening balance adjustments to recognise the right of use asset value and corresponding opening depreciation.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 6.1 Intangible assets- year ended 31 March 2025

	Software Licences £000s	Information Technology £000s	Payments on Account & Assets under Construction £000s	Total £000s
Cost or Valuation				
At 1 April 2024	133,623	179,320	86,195	399,138
Indexation	827	3,715	-	4,542
Additions	16,058	1,044	78,117	95,219
Donations / Government grant / Lottery Funding	-	-	-	-
Reclassifications	-	-	-	-
Transfers	669	102,827	(104,027)	(531)
Revaluation				
Impairment charged to the SoCNE	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-
Disposals	(616)	-	-	(616)
At 31 March 2025	150,561	286,906	60,285	497,752
Accumulated Amortisation				
At 1 April 2024	56,263	87,068	-	143,331
Indexation	400	1,147	-	1,547
Reclassifications	-	-	-	-
Transfers	-	-	-	-
Revaluation	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-
Disposals	(616)	-	-	(616)
Provided during the year	25,298	21,656	-	46,954
At 31 March 2025	81,345	109,871	-	191,216

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 6.1 (continued) Intangible assets- year ended 31 March 2025

	Software Licences £000s	Information Technology £000s	Payments on Account & Assets under Construction £000s	Total £000s
Carrying Amount				
At 31 March 2025	69,216	177,035	60,285	306,536
At 31 March 2024	77,360	92,252	86,195	255,807
Asset financing				
Owned	69,216	177,035	60,285	306,536
Leased	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-
Carrying Amount	69,216	177,035	60,285	306,536
At 31 March 2025				

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:

	2024-25 £000s	2023-24 £000s
Donations	-	-
Government Grant	-	-
Lottery funding	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 6.2 Intangible assets - year ended 31 March 2024

	Software Licences £000s	Information Technology £000s	Payments on Account & Assets under Construction £000s	Total £000s
Cost or Valuation				
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	133,623	179,320	86,195	399,138
Accumulated Amortisation				
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	56,263	87,068	-	143,331

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 6.2 (continued) Intangible assets- year ended 31 March 2024

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

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

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

	2024-25			
	Property, Plant & Equipment £000s	Intangibles £000s	Financial assets £000s	Total £000s
Total value of impairments for the period				
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	-	-	-	-
Impairments charged to Statement of Comprehensive Net Expenditure Account	-	-	-	-

	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)	-	-	-	-
Impairments charged to Statement of Comprehensive Net Expenditure Account	-	-	-	-

NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

The BSO did not hold any assets classified as held for sale in 2024-25 or 2023-24.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 10 INVENTORIES

	2024-25 £000s	2023-24 £000s
Goods for resale	80,333	139,767
Less: Adjustment for at risk PPE inventory*	(38,021)	(79,777)
Total	42,312	59,990

*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; mitigations to ensure least wastage continue to be actively explored.

NOTE 11 CASH AND CASH EQUIVALENTS

	2024-25 £000s	2023-24 £000s
Balance at 1 April	18,150	8,028
Net change in cash and cash equivalents	(17,151)	10,122
Balance at 31 March	999	18,150

The following balances at 31 March were held at:

	2024-25 £000s	2023-24 £000s
Commercial banks and cash in hand	999	18,150
Balance at 31 March	999	18,150

NOTE 11.1 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2023-24 £000s	Cash Flows £000s	Non-Cash £000s	2024-25 £000s
Lease Liabilities	3,644	(553)	-	3,091
Total Liabilities from financing Activities	3,644	(553)	-	3,091

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 12 TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS

	2024-25 £000s	2023-24 £000s
Amounts falling due within one year		
Trade receivables	38,999	22,234
Deposits and advances	-	2
VAT receivable	6,422	11,311
Other receivables – not relating to fixed assets	3,379	1,777
Other receivables – relating to property, plant and equipment	-	-
Other receivables – relating to intangibles	16	56
Trade and other receivables	48,816	35,380
Prepayments	4,622	3,896
Accrued income	-	-
Current part of PFI and other service concession arrangements prepayment	-	-
Other current assets	4,622	3,896
Carbon reduction commitment	-	-
Intangible current assets	-	-
Amounts falling due after more than one year		
Trade receivables	23,133	12,657
Deposits and advances	-	-
Other receivables	-	-
Trade and other receivables	23,133	12,657
Prepayments and accrued income	-	-
Other current assets falling due after more than one year	-	-
TOTAL TRADE AND OTHER RECEIVABLES	71,949	48,037
TOTAL OTHER CURRENT ASSETS	4,622	3,896
TOTAL INTANGIBLE CURRENT ASSETS	-	-
TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	76,571	51,933

The balances are net of a provision for bad debts of £797k (2023-24: £814k).

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 13 TRADE PAYABLES AND OTHER LIABILITIES

	2024-25 £000s	2023-24 £000s
Amounts falling due within one year		
Other taxation and social security	6,782	546
Trade capital payables – property, plant and equipment	-	609
Trade capital payables – intangibles	11,806	9,239
Trade revenue payables	4,083	43,182
Payroll payables	-	-
Other payables	62	50
Accruals	16,041	23,355
Accruals - relating to property, plant and equipment	757	12,617
Accruals - relating to intangibles	13,338	12,836
Deferred income	636	633
Trade and other payables	<u>53,505</u>	<u>103,067</u>
Current part of lease liabilities	1,180	1,561
Current part of long-term loans	-	-
Other current liabilities	<u>1,180</u>	<u>1,561</u>
Total payables falling due within one year	54,685	104,628
Amounts falling due after more than one year		
Other payables, accruals and deferred income	6,960	7,596
Trade and other payables	11,472	17,882
Clinical negligence payables	-	-
Leases	1,911	2,083
Long term loans	-	-
Total non-current other payables	<u>20,343</u>	<u>27,561</u>
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	<u><u>75,028</u></u>	<u><u>132,189</u></u>

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 14 PROVISIONS FOR LIABILITIES AND CHARGES 2024-25

Name	Employer's Liability £000s	Holiday Pay £000s	Other £000s	2024-25 Total £000s
Balance at 1 April 2024	450	2,628	11,021	14,099
Provided in year	684	6,597	1,063	8,344
(Provisions not required written back)	(20)	-	(148)	(168)
(Provisions utilised in the year)	(30)	-	(569)	(599)
Cost of borrowing (unwinding of discount)	3	3	(187)	(181)
At 31 March 2025	1,087	9,228	11,180	21,495

Comprehensive Net Expenditure Account Charges	2024-25 £000s	2023-24 £000s
Arising during the year	8,344	5,732
Reversed unused	(168)	(461)
Cost of borrowing (unwinding of discount)	(181)	(161)
Total charge within Operating costs	7,995	5,110

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 14 (continued) PROVISIONS FOR LIABILITIES AND CHARGES 2024-25

Analysis of expected timing of discounted flows as at 31 March 2025

	Employer's Liability £000s	Holiday Pay £000s	Other £000s	2024-25 Total £000s
Not later than one year	1,087	-	896	1,983
Later than one year and not later than five years	-	9,228	5,185	14,413
Later than five years	-	-	5,099	5,099
At 31 March 2025	1,087	9,228	11,180	21,495

The following categories of provisions exist as at 31 March 2025: employer's liability in respect of outstanding legal cases, PSNI holiday pay and other, being injury benefit 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 BSO has estimated appropriate level of provisions based on professional legal advice.

Holiday Pay

On 4 October 2023, the Supreme Court handed down the decision in the case of the Chief Constable of the PSNI v Agnew and others. The judgement confirmed that the 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 to the beginning of their employment or the implementation of the Working Time Regulations in 1998.

At the point that the Supreme Court judgement was provided, the PSNI had accepted the principle, established by a number of cases in both the European and domestic courts, that the claimants were entitled to be paid their normal pay during periods of annual leave, and that "normal pay" is not limited to basic pay but could include elements such as overtime, commission and allowances.

The outcome of this case has widespread implications for all public sector bodies in Northern Ireland in respect of both the pay elements that must be included in holiday pay calculations and the period of retrospection which means that some employees may be able to bring claims to be rectified as far back as 1998.

With effect from 1 April 2025, HSC employers have implemented an interim arrangement for the calculation of holiday pay to ensure employees are paid appropriately for periods of annual leave. This interim arrangement has been agreed with trade unions pending the introduction of the new HR and payroll system in 2026-27. However, a provision in respect of the retrospective payment is still required for the period 1998-99 to 2024-25. The BSO provision at 31 March 2025 reflects this retrospective timeframe. In calculating the provision, the BSO has used payroll data available, for all eligible staff, within the current HR, Pay, Travel and Subsistence (HRPTS) system back to 2014 with averaging applied for the prior years and changes in staffing numbers. Actual staffing numbers are available from the current system for financial years 2014-15 to 2024-25. Staffing numbers prior to this have been estimated based on an assumed 1% increase per annum. Revised Working Time Directive (14.5%) and Employer costs rates have been factored in, and compound interest applied. A settlement year of 2026/27 has been used and as such the overall value of the provision has been discounted to determine the net present value.

The key areas of uncertainty include:

- The reliability of the data used.
- The terms of the settlement which is subject to a number of factors including:
 - the determination of a very significant number of cases currently progressing through the Industrial Tribunal;
 - the number of further Industrial Tribunal claims lodged by employees;
 - any settlement of these claims agreed with the claimants or their legal representatives;
 - the number of grievances already lodged by employees in respect of the underpayment / incorrect payment of holiday pay which require to be resolved and any settlement negotiations with trade unions;
 - the number of further grievances received; and
 - any potential requirement to include additional numbers of employees within any settlement.
- The uptake rate for current or past employees.
- The extent of attrition in the workforce.
- Delays in the time it will take to administer the payments, once agreed.
- The extent to which interest will apply.

No sensitivity analysis has been undertaken to assess how much the value of the provision would change if the assumptions used were to differ. The reason for this is the possible permutations for any sensitivity analysis are numerous and the value of the provision is already subject to the key areas of uncertainty identified above. The overall impact has been to increase this provision from £2.6m in 2023-24 to £9.2m. The increase in 2024-25 is largely interest driven due to the inclusion of 8% compound interest in the calculations.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

NOTE 14 PROVISIONS FOR LIABILITIES AND CHARGES 2023-24

Name	Employer's Liability £000s	Holiday Pay £000s	Other £000s	2023-24 Total £000s
Balance at 1 April 2023	662	969	8,104	9,735
Provided in year	203	1,658	3,871	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)	1	(138)	(161)
At 31 March 2024	450	2,628	11,021	14,099

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

	Employer's Liability £000s	Holiday Pay £000s	Other £000s	2023-24 Total £000s
Not later than one year	450	-	911	1,361
Later than one year and not later than five years	-	2,628	5,128	7,756
Later than five years	-	-	4,982	4,982
At 31 March 2024	450	2,628	11,021	14,099

The following categories of provisions exist as at 31 March 2024: employer's liability in respect of outstanding legal cases, PSNI holiday pay and other, being injury benefit 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 year 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 2025

NOTE 15 CAPITAL COMMITMENTS

Contracted capital commitments at 31 March not otherwise included in these financial statements	2024-25 £000s	2023-24 £000s
Property, plant and equipment	39	95
Intangible assets	1,864	10,232
	<u>1,903</u>	<u>10,327</u>

NOTE 16 COMMITMENTS UNDER LEASES

16.1 Quantitative disclosures around Right-Of-Use assets (Buildings)	2024-25 £000s	2023-24 Restated £000s
Right of Use assets		
At 1 April	4,569	6,600
Additions	1,078	-
Depreciation expense	(1,911)	(2,031)
At 31 March	<u>3,736</u>	<u>4,569</u>

16.2 Quantitative disclosures around lease liabilities	2024-25 £000s	2023-24 £000s
Buildings		
Not later than one year	1,227	1,608
Later than one year but not later than five years	1,972	2,083
Later than five years	-	-
Less interest element	(108)	(47)
Present value of obligations	<u>3,091</u>	<u>3,644</u>
Current portion	<u>1,180</u>	<u>1,582</u>
Non-current portion	<u>1,911</u>	<u>2,062</u>

16.3 Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure	2024-25 £000s	2023-24 £000s
Other lease payments not included in lease liabilities	560	1,387
Sub-leasing income	(11)	(30)
Expense related to short-term leases	-	-
Expense related to low-value asset leases (excluding short-term leases)	-	-
	<u>549</u>	<u>1,357</u>

BUSINESS SERVICES ORGANISATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

16.4 Quantitative disclosures around cash outflow for leases	2024-25 £000s	2023-24 £000s
Total cash outflow for leases	2,231	2,833

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 2025 or 31 March 2024.

17.2 On balance sheet (SoFP) PFI Schemes

BSO had no commitments under PFI and other concession arrangement contracts at either 31 March 2025 or 31 March 2024.

NOTE 18 OTHER FINANCIAL COMMITMENTS

The BSO did not have any other financial commitments at either 31 March 2025 or 31 March 2024.

NOTE 19 CONTINGENT LIABILITIES

The BSO has the following quantifiable contingent liabilities:

	2024-25 £000s	2023-24 £000s
Employers' liability	9	5
Amounts recoverable through non-cash RRL	(9)	(5)
	-	-

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.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

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 2025 or 31 March 2024.

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 2025

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 2025

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 the review of Financial Process, the format of Note 22.1 changed from 2023-24 financial year 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 2024-25 onwards, the materiality threshold limit excludes non-cash RRL.

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

	2024-25	2023-24
	£000s	Restated
		£000s
RRL allocated from:		
DoH (excludes non-cash) – BSO	62,054	140,351
DoH (excludes non-cash) – SPPG hosting	41,088	40,483
Total agreed RRL to be Accounted For	103,142	180,834
RRL expenditure:		
Net Expenditure per SoCNE	188,225	221,623
Adjustments:		
Depreciation/Amortisation	(59,033)	(35,945)
Impairments	-	-
Release of Government Grant	633	633
Notional charges	(264)	(192)
Profit/(loss) on disposal of fixed assets	7	12
Other – release of provisions	(7,995)	(5,111)
Other – Infected Blood Capital AME	(18,300)	-
Research & Development expenditure under ESA10	(162)	(204)
Net expenditure funded from RRL	103,111	180,816
Surplus/(Deficit) against RRL	31	18
Break Even cumulative position (opening)	1,728	1,710
Break Even cumulative position (closing)	1,759	1,728

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

	2024-25	2023-24
	%	%
Break Even in-year as % of RRL and Income (Note 4.1)	0.01	0.01
Break Even cumulative position as % of RRL and Income (Note 4.1)	0.71	0.58

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

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:

	2024-25	2023-24
	Total	Total
	£000s	£000s
CRL allocated from:		
DoH – BSO	100,346	118,944
DoH – SPPG hosting	28	182
Total CRL received	<u>100,374</u>	<u>119,126</u>
Capital Resource Limit Expenditure		
Capital expenditure per additions in asset notes	100,213	118,920
Adjustments to remove items not funded via CRL		
Net book value of disposals	-	-
Adjustments to add items not capitalised in accounts but funded via CRL		
Adjustment for R&D under ESA10	161	204
Net Capital Expenditure Funded from CRL	<u>100,374</u>	<u>119,124</u>
Surplus/(Deficit) against CRL	<u>-</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 2 July 2025.

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

BUSINESS SERVICE ORGANISATION 2024-25

Introduction and Background

1. During the COVID-19 pandemic, BSO purchased large amounts of PPE as required by DoH to meet emergency demand. As the pandemic eased, demand dropped sharply, leaving BSO with excess stock. PPE stock levels peaked in 2023 at £171m and have since reduced to £80m in 2025.
2. The BSO accounts have been qualified since 2022-23 in relation to excess stock. The BSO subsequently commenced 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.
3. BSO also developed a stock model to consider the basis upon which any write off (or provision) for future years 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.
4. 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.
5. 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.

Stock at risk

6. As stated above as at 31 March 2025, BSO's stock value was £80m of which £56m has been identified by the stock model as being "at risk". This includes both expiry and non-expiry stock. The value has reduced since 31 March 2024 as a result of DoH acquiring stock and BSO writing off stock during the year.
7. There have been some mitigating factors which reduces the value at risk e.g. supplier swap out agreements and commitment by DoH to purchase additional stock during 2025-26 and 2026-27. These mitigations have reduced the value of stock considered at risk to £44m, however, only £38m was accounted for in provisions as the BSO did not have the funding from DoH to provide for the full amounts and have indicated they would have breached the breakeven target they are required by DoH to meet. As a result, stock is overstated by £6m, which is material to the financial statements.

Non Expiry stock uncertainty

8. Included within stock at the year end is £9m of PPE with no expiry date (e.g., gloves, aprons). £5m of this is considered "at risk" and included in the provision above. However, £4m was not included because the model assumes it will be used over the next 74 years. Of this amount, only £51k is expected to be used in the next 12 months. I consider BSO should only hold levels of stock for a period of time which reflects estimated demand and the level of risk of possible obsolescence.
9. In addition, the lease agreements on the warehouses in which the stock is held will be expiring between September 2025 and September 2027. BSO are spending an estimated £1m per year on warehousing rent.

Qualified Audit Opinion

I have qualified my audit opinion on two bases:


10. **Material Error in the Stock Provision:** A stock provision of £38m has been made against stock in the 2024-25 accounts. As a provision charge of £44m should have been reflected in the Statement of Comprehensive Net Expenditure, the charge of £38m is materially misstated in the financial statements. As a result the Surplus against RRL reported (breakeven), which indicated an achievement of breakeven is incorrect as breakeven would have been breached had the stock provision been stated correctly. In addition the inventories figure in the Statement of Financial Position (£42.3m) is materially misstated.
11. **Limitation of Scope - Non-expiry date stock which has not been provided for:** I was unable to obtain sufficient evidence that the value of non-expiry stock of £4m was not misstated as there is uncertainty as to whether this will all be issued prior to becoming obsolete. Management have not undertaken sufficient steps to ascertain the extent to which a provision might be required.
12. 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

13. The qualified audit opinion is on two bases. In respect of the total of £6m for stock with an expiry date, HSC funding was not available in 2024/25. However, BSO will continue to request funding from DoH.
14. In respect of limitation of scope, £4m, for non-expiring stock not included within the provision, BSO recognise that the anticipated product life when calculating the need for a provision, in the absence of a HSC policy, should better reflect estimated demand and the level of risk of possible obsolescence. This may necessitate additional funding from DoH which BSO will seek in 2025/26.

Conclusion

15. This is the third consecutive year I have qualified my audit opinion on this issue. Whilst I acknowledge the levels of stock have decreased through interventions by BSO and DoH, I continue to urge BSO to continue to pursue the mitigations so as to minimise this loss as far as possible.
16. Whilst BSO have advised that they did not receive the funding from DoH to include the required amounts of the stock provision, I am concerned that accounting treatment and accounting judgements taken by management in the current year has been due to the requirement to achieve a breakeven position rather than reflecting the most accurate position to the reader of the financial statements.



Dorinnia Carville

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

2 July 2025