Business Services Organisation

Making delivery of health and social care possible

Business Services Organisation
Annual Report and Accounts
For the year ended 31 March 2026

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This publication is also available for download from our website.

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MESSAGE FROM THE CHAIR

Sharon O'Connor
Chairperson (Appointed 1 December 2025)

It gives me great pleasure to present the BSO Annual Report and Accounts for 2025–26.

This year marks my first year as Chairperson of BSO, following the departure of Julie Erskine in November 2025. I would like to take this opportunity to acknowledge and thank Julie for her leadership and contributions during her time as Chair.

During the year, BSO has continued to deliver quality, value-for-money services to our customers against a challenging financial backdrop. In line with the Permanent Secretary's 'Reset Plan', BSO has worked closely with Health and Social Care (HSC) colleagues to establish ways to deliver more sustainable and effective services to our customers. It has been a privilege to see first-hand the care and pride demonstrated by staff in implementing improvements that make a positive difference to local communities. As part of this, BSO staff have established and delivered against our Sustainability Strategy 2025-30 through our Sustainability Working Group, making significant steps towards a sustainable future for HSC.

On behalf of the Board, I would like to extend my sincere thanks to all our staff. The Board recognises the exceptional dedication, professionalism and expertise demonstrated by our staff, and I am grateful for their commitment and resilience throughout the year.

I would also like to thank the Executive and Non-Executive Directors, and the wider Leadership Team, for their continued hard work, support and guidance during the year, which has been invaluable during this period of transition.

Board Engagement

Throughout the year, the Board has continued to engage positively with staff and key stakeholders, through a programme of meetings, workshops and presentations. This engagement has been particularly beneficial for myself, as the new Chairperson, as well as my fellow Board members who have been newly appointed this year. These opportunities have been instrumental in establishing and strengthening relationships, maintaining oversight, and ensuring that the Board remains connected to the experiences and perspectives of those delivering and using BSO services.

Board roles, responsibilities and moves during 2025-26

The Board of the BSO is made up of a combination of Directors, Executive Directors and Non-Executive Directors. The Board is chaired by myself, **Sharon O'Connor**.
During the reporting year, positions were held by Board Members as follows:

- **Mark Lowry**: Chaired the Business and Development Committee (BaDC); took up the role as the Board's Sustainability Champion
- **Fred Smyth**: Chaired the Governance and Audit Committee (GAC)
- **Sharon O'Connor:** Chaired the Remuneration and Terms of Service Committee from 1 December 2025, replacing **Julie Erskine**
- **Maynard Mawhinney** took up the role as the Board's Equality and Disability Champion from December 2025, replacing **Professor Dorothy Whittington**
- **Linus McLaughlin:** continued his role as the Raising a Concern Champion
- **Alan Todd, Bernadette McCrory, Peter Russell, and Joseph Stewart** were appointed as new Non-Executive Directors of BSO between November 2025 and January 2026

As we look to the year ahead, the Board is committed to building on this strong foundation, working in partnership with our HSC colleagues to support the delivery of sustainable and high-quality health and social care across Northern Ireland.

Sharon O'Connor, Chairperson
31st March 2026

PERFORMANCE REPORT

Performance Overview

Chief Executive’s Statement

Karen Bailey
Chief Executive

I am delighted to present BSO’s Annual Report and Accounts for 2025–26.

As Chief Executive, my aim is to ensure a strong, positive culture within BSO that enables all service areas to provide innovative, intuitive and high-quality services to our partners across the HSC sector.

BSO have made it a priority in this year to support the Permanent Secretary’s plans to ‘reset’ the HSC given the increasing financial pressures which have continued to intensify over the last few years. We have worked closely with Department of Health and HSC colleagues to consider how we innovate and streamline our services and have achieved that across the organisation. In particular, the programme delivery of a wide-ranging digital portfolio commissioned by the Chief Digital Officer and working to regional Senior Responsible Owners (SROs) has advanced service transformation across HSC. This year saw the achievement of several significant digital milestones, including the continued delivery of major digital programmes such as encompass, equip, Northern Ireland Digital Identity Service (NIDIS), evolve and Core Laboratory Information Management System (Core LIMS) and the introduction of the AI -enabled Bone view fracture service.

We have also remained committed to working closely with our HSC partner organisations to identify practical and sustainable business solutions, allowing us to continue delivering high-quality services that represent value for money in some cases stepping in at short notice to acquire third-party contracts in trouble and redesigning them for the HSC such as the Regional Wheelchair service. I would like to express my sincere thanks to BSO staff for their loyalty, resilience and continued hard work. Their professionalism, dedication and commitment are central to BSO's success and to the essential services we provide.

This Annual Report and Accounts covers the period from 1 April 2025 to 31 March 2026 and reflects a continued strong performance against our Annual Business Plan objectives. A detailed report on this performance can be found from page 15. Over the course of the year, we have delivered a wide range of achievements, successes and developments, many of which are highlighted in this report.

This year has marked a period of transition for BSO and across HSCNI. I have valued the opportunity to work closely with our new Chairperson, Sharon O'Connor, and to welcome new members to the Board. Their insight, challenge and support have already made a positive contribution to the organisation.

I would also like to express my personal thanks to Mrs Julie Erskine following her departure as Chairperson, and to our retiring Board members, for their commitment, leadership and hard work during their time with BSO. Their contributions have played an important role in shaping the organisation and strengthening its governance.

I would like to acknowledge the continued support of my fellow HSC Chief Executives, with whom I have a close and cooperative working relationship. This has included the delivery of extensive joint projects, developmental work and new initiatives.

During 2025–26, many BSO service areas received awards and accreditations, reflecting the strength and excellence of the work they do. We also continue to support colleagues across HSCNI, and the collaborative nature of our work has been recognised through both awards and positive customer feedback.

BSO is making significant strides in enhancing its services and aligning with regional HSC needs. As we move into the implementation year of the new equip Oracle platform and the changes this brings to service delivery, BSO continues to develop new partnership ways of working including supporting the newly formed 'Committee in Common' and participating in the Systems Finance Reset Group with a number of initiatives.

BSO has also continued its commitment to sustainability, with a strong focus on establishing our Sustainability Strategy 2025–30, meeting statutory climate reporting requirements, and embedding climate and environmental risks within corporate governance and risk management processes.

In the year ahead, I look forward to continuing to lead BSO in supporting the delivery of essential HSC services across Northern Ireland.

Karen Bailey.

Karen Bailey, Chief Executive
31st March 2026

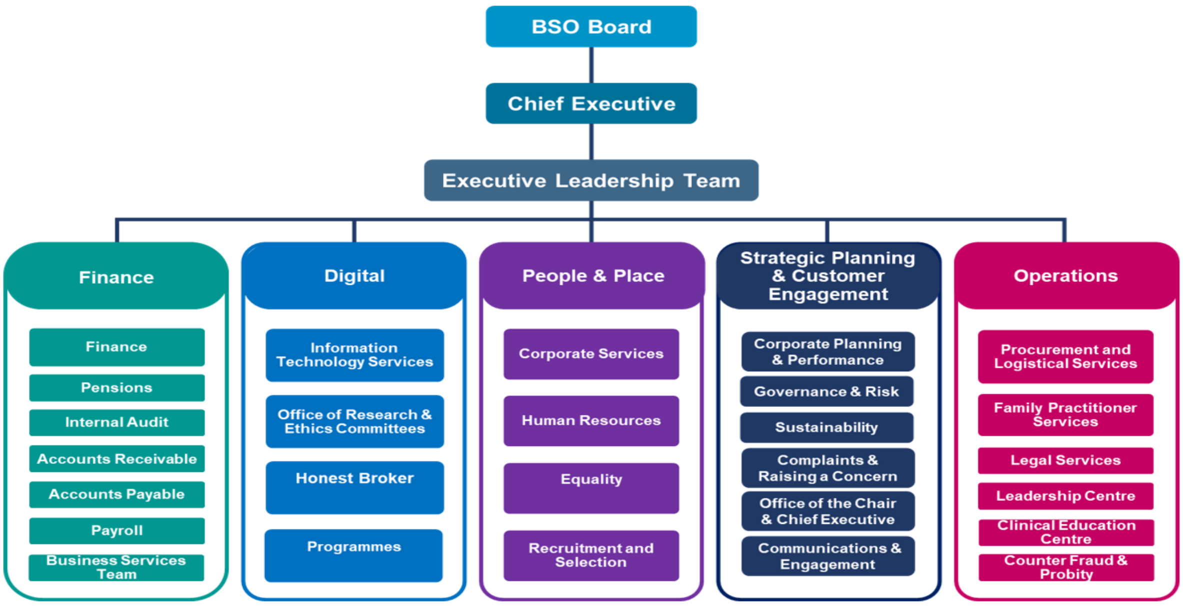
Purpose and Activities of the Organisation

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

Services are provided to ten Arm's Length Bodies of the Department of Health and the Northern Ireland Fire and Rescue Service, as well as to the six HSC Trusts. BSO delivers a broad range of services to our customer organisations across key functional areas such as Finance, Pensions, Internal Audit, Information Technology Services, Human Resources, Corporate Services, Equality, Legal, Procurement & Logistics Services, Interpreting Services, Business Services, Legal Services, Counter-fraud & Probity, Family Practitioner Services and training through the Clinical Education Centre and Leadership Centre. BSO also operates a Shared Services Centre from various locations, supporting customer organisations by providing Accounts Payable, Accounts Receivable, Payroll and Recruitment & Selection services.

BSO is headquartered at 2 Franklin Street, Belfast, but also operates from a range of locations across the region.

BSO Organisational Structure Diagram



BSO Vision, Objectives and Values

Our Vision

"*BSO – Making delivery of health and social care possible.*"

Our Values

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:

Our Objectives:

This year marked the second year of our Corporate Plan for 2024-2027, underpinned by three Corporate Objectives: Our Customers, Our People, and Innovation. Our focus on these priorities have helped us to fulfil our vision in an increasingly challenging environment. As part of this, during 2025-26, we aimed to:

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.

BSO at a glance 2025-26

27 Health and Wellbeing Champions	133,059 Interpreting Service requests processed	Corporate Services relocated 250 staff	2,653 Pension advice programmes delivered	£7.8M PaLS Community Equipment Recycling
2.57 M Total no of Invoices paid	1.2 M Dental Claims processed	645,092 Pension payments made	56 Complaints Received	62 Assembly Questions received
CEC delivered over 250 programmes to over 92,066 people	301 Freedom of Information Requests	£6 M property running costs	Estates Service managed £2.2 M	Recruitment Centre supported the HSC to fill 11, 916 posts
38 New Mental Health Advocates Trained during 2025-26 (57 advocates now trained in BSO)	Counter Fraud and Probity – 5,180 Patient Exemption Checks	£1.62 Billion PaLS Managed Spend	497 Subject Access Requests Received	131,321 Hour's spent providing Legal Support to HSC Clients
170,769 Activities Carried out by the Business Services Team	£6.095 M Legal Debt Recovery	1,480 people attended 12 different training and development courses	429 Counter Fraud and Probity-contractor reviews	46.4 M total No of Prescriptions items filled

Performance Overview

During 2025–26, BSO delivered a strong and resilient performance against a challenging financial and operational backdrop, marking the second year of delivery of the Corporate Plan 2024–27. Through an ambitious Annual Business Plan, the organisation focused on high-quality service delivery, value for money, digital transformation and effective partnership working across the HSC system.

Overall performance was robust, with BSO achieving 86.2% of objectives during the year, whilst continuing to operate within a complex environment shaped by financial pressures, major digital programmes and workforce challenges.

Beyond operational performance, BSO made a positive contribution to social responsibility and sustainability. The organisation met its statutory Climate Change reporting requirements, progressed delivery of its Sustainability Strategy, and colleagues actively supported a wide range of social, charitable and community initiatives. Combined with the successful completion of the Strategic Review Transformation programme, these achievements provide a strong platform for future delivery and continuous improvement.

Risk Overview

BSO operates within a complex and evolving environment, providing critical services that support the delivery of HSC across Northern Ireland. During the year, the organisation continued to manage a range of principal risks that could affect the delivery of its strategic objectives.

Several overarching corporate risk themes shape BSO’s overall risk profile, particularly financial pressures, digital transformation challenges, and operational resilience. Corporate risks during the year included the potential impact of industrial action, estates assets, digital applications or infrastructure failures affecting critical services, the continued qualification of the Organisation’s accounts relating to historical Personal Protective Equipment (PPE) demand, and the ongoing requirement to deliver efficiency savings.

The implementation of major transformation programmes, particularly the equip programme, continues to present operational challenges for BSO. In supporting programme implementation, there is a risk that increased demands on services and resources could impact the organisation's ability to sustain service delivery. As a result, continued focus has been placed on organisational readiness and managing pressures on workforce capacity.

In response, BSO continued to strengthen its risk management and assurance arrangements during the year, including improvements to risk reporting and the implementation of the BSO Risk Management Strategy. Some risks increased in response to external financial and operational pressures, while others were successfully mitigated, including the closure of the Recruitment Shared Services Capacity risk following the introduction of additional resources to support service demand.

Many of these risks arise within the wider HSC system and require ongoing collaboration with the Department of Health and customer organisations to manage their impact. Further detail is provided in the Performance Analysis section, within the Governance Statement (page 95) outlining the effectiveness of governance, risk management and internal control arrangements.

BSO Review Update

Following the 2021 BSO Strategic Review, a five-year transformation programme concluded in 2025–26. Progress during the final year focused on advancing the Digital Vision, progressing costing realignment, piloting a co-designed SLA model, and re-engaging PA Consulting to refresh recommendations in line with the evolving system and financial context.

In the final phase, BSO closed the programme, supported by independent assurance from PA Consulting and structured engagement with senior leaders to update recommendations in line with context. BSO also implemented a revised SLA framework and costing model on a phased basis, clarifying roles, improving compliance, and enhancing transparency and value for money.

Completion of the programme marks a significant milestone, with key actions embedded into governance and the 2026–27 Annual Business Plan, providing a strong foundation for future delivery and improvement.

Performance Analysis

The following sections provide an analysis of the risk profile of BSO as well as a consolidated summary of achievements against BSO's Strategic Objectives during the year, including performance against agreed priorities and targets.

Performance Indicators

Traffic Light System Rating

The Traffic Light System provides a summary of progress to date and an indication of the level of confidence that the **36** key actions identified in the Annual Business Plan 2025-26 will be delivered by the completion date.

BRAGG Status	
Blue	Complete for 2025-26.
Green	Progressing on target/within agreed tolerance level.
Amber	Potential to be delivered outside of the original completion date but within the timeframe of the annual business plan.
Red	To be or has been delivered significantly in excess of one quarter of completion date, or significantly outside agreed tolerance.
Grey	Has been agreed to be delivered in next year's plan due to interdependencies outside of action owner's control.

Performance Against Business Plan 2025-26

BSO Strategic Objective No 1. Build strategic partnerships with our customers to deliver high quality services, demonstrating value and effective ways of working			
1. Service Delivery			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
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**. All monthly updates shared with ELT. By year-end, 95% of all KPIs reported against the Corporate Scorecard were met.
2. Develop New Business Model			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
Develop a new charging model from baselining activity that enables suitable and transparent costings.	a) Agree on method to integrate the new Corporate Overhead approach by September 2025.	Report to ELT and Board	**Complete**, being used as part of 2026-27 budget roll-forward.
	b) Implement new SLA process and template with clearly defined roles and responsibilities for BSO and Customers, including new KPIs. Ongoing (Iterative) evaluation of pilot SLA process.		**Complete**
	c) Implementation by 1 April of phase 1 Service areas and 30 June for Phase 2 Service Areas.		**Complete**
	d) Design new corporate scorecard to reflect new KPIs June 2025.		**It has been agreed that this activity will be delivered in next year's Annual Business Plan.**

	e) Design new customer performance reports to reflect new KPIs by June 2025. (Implement new delivery against SLA (performance management) performance reports July 2025).		**It has been agreed that this activity will be delivered in next year's Annual Business Plan.**
3. Growth, income generation, cost recovery, commercial, savings target			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
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 2025.	Presentation to Board	**Complete**
	b) Develop the roll forward budget and communicate to ELT and budget holders by 31 May 2025.	Presentation to Board	**Complete**
	c) Present monthly financial performance report to BSO Board.	Presentation to Board	**Complete**
	d) Complete a Mid-Year Assessment and communicate to ELT by 30 November 2025.	Report to ELT and GAC	**Complete**
4. Growth, income generation, cost recovery, commercial, savings target			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
Completion of the Annual Year End consolidated Financial Statements to include hosting of SPPG for BSO in line with DOH guidance and engagement with external auditors and support the GAC throughout the year. Work in partnership with SP&CE to	a) Agree the NIAO annual external audit strategy with external auditors to support them presenting to BSO GAC by February 2026.	Report to GAC	**Complete** and submitted to GAC in February 2026.
	b) Engagement meeting with external auditors and support communication and engagement with BSO managers during January to July 2026.	Report to ELT	**Complete.**

produce the BSO Annual Report and Accounts.	c) Present the audit plan to ELT, Audit Forum and Senior Finance Team by February 2026.	Report to ELT	**Complete.** Plan was submitted to ELT on the 12 February 2026.
	d) Development of internal finance year-end financial statements plan in partnership with external auditors.	Report to ELT	**Complete.**
5. Savings			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
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 prioritization.	a) Development of a recurrent savings plan to deliver any agreed savings for DoH and our customers.	Report to ELT and Board	**Complete.**
BSO Strategic Objective No 2. Support and invest in our people, their potential and their contribution in ensuring BSO is a great place to work			
6. Leadership			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
Implementation of Year 3 of BSO People Strategy.	a) Delivery of in year actions as set out in the BSO Year People Strategy.	Quarterly Reports to ELT, BaDC and Board	**Complete.** All actions have been delivered within Year 3 of the People Strategy. Leadership conference was delivered in November 2025, and the outworking of the accreditations around IIP and IIW were delivered in January 2026. Ongoing development of the new refreshed Strategy, and this was submitted to ELT in May 2026 followed by Business and Development Committee and then Board at the end of May 2026.

7. Our People			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
Develop BSO workforce plan. Implement actions from IIP and IIW report. Continue to enable access to learning and development opportunities for personal development.	a) BSO will develop an overarching workforce plan, with each Directorate having a sub plan specific to their needs.	Updates to ELT	**It has been agreed that this activity will be delivered in next year's Annual Business Plan.**
	b) Develop action plan based on the IIP reports to take forward key recommendations.	Updates to ELT	**Complete**. Action plan has been completed. Actions have had ongoing engagement through the IIP and IIW working groups and this work will be carried forward into the new People Strategy.
	c) A comprehensive training programme will be provided with both ‘in person’ and ‘digital’ delivery.	Updates to ELT	**Complete**. Across the year, 120 training programmes were delivered with 1,354 participants attending.

BSO Strategic Objective 3: Offer opportunities that continue to enable and support innovative improvements across HSC

8. Education, Learning and Innovation			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
Offer shared learning events to generate ideas between service areas.	a) Organise and deliver shared learning events to all BSO staff, to support and develop leadership, communication and collaborative working.	Quarterly Meetings	**Complete**. Copilot training has been completed internally, approved by ITS SLT, and launched regionally, with BSO ITS managing deployment centrally; 1,000 licenses have now been issued following initial user training. ITS also supported ad hoc Procurement Act workshops for PaLS and mid-tier contracts training for DLS. Cyber security training was delivered to the Board on 26 February 2026, alongside negotiation with suppliers training delivered by ITS on 25 November 2025.

Arrange innovation events to identify potential areas for growth, and position BSO as an enabler for transformation across HSC.	b) Deliver 2 x innovation workshops, e.g. hackathon and bring together ELT, Board and ADs to identify and prioritise potential areas by March 2026.	Report to ELT	**Complete.** ITS held a strategic roadmap session with senior staff on 10 December 2025. Change Management workshops were delivered across BSO and regionally, informed by best practice and feedback. As part of ISO requirements, a Continual Improvement Process has been implemented to capture and priorities improvement ideas. A new commissioning process is currently being developed for rollout in the next financial year.
Ensure all BSO staff are digital ready and utilizing all working platforms effectively.	c) Develop a Digital platform for all BSO staff around examples of quality improvements, innovation to share examples of best practice to enhance shared learning practices across the BSO.	Report to ELT	**Complete.** The various heads of operational services have produced videos to provide information for external organisations showing what Digital services are provided. Alongside this a service catalogue is also being developed (included within Business matters during Q4). Assistant Director Stephen Beattie also presented around AI in nursing & Midwifery at NIPEC Nursing and Midwifery Conference on 2 December 2025.
	d) Develop further digital training initiatives for BSO staff.	Continual engagement	**Complete.** Training for users taking part in the regional Co-pilot trial was launched at the end of February 2025 and included a mix of online and Teams based sessions. Training for all staff within BSO on Co-pilots 'Chat' functionality has been on-going since early February 2026 and will be provided on an on-going basis over the next few months.
9. BSO Review			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
Implement key actions from strategic review	a) Complete engagement with independent party to test success of implementation of strategic review to date by April 2025.	Quarterly updates report to Programme Board and Oversight Board	**Complete.**

	b) Develop implementation plan of key actions and recommendations from independent review by May 2025.	Quarterly updates report to Programme Board and Oversight Board	**Complete.** A model for leadership behaviours and a proposal for ELT/ AD engagement has been developed to commence Q1 of 2026/27. We have agreed that commercial mindset activities will be delivered as part of 2026/27 annual business plan.
	c) Practically progress outputs and recommendations from review.	Quarterly updates report to Programme Board and Oversight Board	**Complete.** We have progressed the implementation plan to deliver against the recommendations from the review, and have agreed key actions to be delivered in 2026/27**.**
10. Sustainability			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
Appoint BSO Sustainability Manager.	a) Sustainability Manager to be in post by August 2025.	Quarterly update reports to ELT	**Complete**
Implement actions within the 6 BSO Workstreams to achieve DoH targets and recommendations.	b) Completion of actions by the 6 workstreams.	Quarterly update reports to ELT Report to ELT	**Complete.** Action plan for year 1 of our five-year Sustainability Strategy was presented to ELT on the 12 March 2026. All statutory requirements submitted to DoH and DAERA by 31 October 2025 (mitigation report) and on target for 31 March 2026 (adaptation report).
	c) Develop first Sustainability Mitigation Report as required by The Climate Change (Reporting Bodies) Regulations (Northern Ireland) 2024 by 31 Oct 2025.	Report to ELT	**Complete.** All statutory requirements submitted to DoH and DAERA by 31 October 2025 (mitigation report) and completed by 31 March 2026 (adaptation report).

11. Digitisation			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
Continue the delivery of the HSCNI Digital Portfolio on behalf of our customers, including but not limited to: encompass and equip.	a) Project delivery timelines. Quarterly financial spend of in year budget in line with projected expenditure and allocated budget.	Monthly finance review	**Complete.** Reports continue to be presented to Business and Development Committee (BaDC) and DHCNI every quarter. All targets have been met and achieved within budget. All programmes go through gateway reviews – NIPACs latest review outcome was green, the most optimal status available.
Ensure BSO is equip ready.	b) Completion of actions from equip readiness group.	Quarterly update reports to ELT	**Progressing on target.** All actions from the equip readiness group are completed. BSO have established an internal group with all functional areas alongside Interim Director of People and Place and Director of Finance. Interviews are currently in the process for all change leads within areas. A highlight report will be developed to provide ELT with information on implementation dates, and challenges within equip.
Continue to work toward the BSO Digital Vision.	c) Evaluate requests for investment in digital products to ensure they support the digitization of BSO processes.	Quarterly reports to the Digital vision oversight board	**Complete.** Continued engagement with Service Areas and Directorates. ITS supported HR in the development of a new in-house ER tracker CRM. FPS have also been supported with a new Power BI Dashboard functionality and infrastructure. Wider Digital vision initiatives discussions have been ongoing to support BSO**.**
12. Accommodation, assets and facilities			
FOCUS	**TARGET**	**MEASURE**	**STATUS UPDATE**
Continue to Implement BSO Asset Management Strategy	a) Invest, where possible, in the BSO estate.	Monthly updates to ELT, BaDC, Board	**Complete**. Refurbishment of BSO Franklin Street. Recruitment underway for additional BSO estate staff.
	b) Planning for Year 3 - Implementation of BSO Asset Management Strategy.	Monthly updates to ELT and Board	**Complete.**
	c) Planning for 26/27 Lease renewal or alternative accommodation.	Monthly updates to ELT and Board	**Complete.**
	d) Ongoing planning and consolidation of BSO estate, in line with current pilot hybrid model.		**Complete.**

How did we perform in 2025-26?

In addition to the priorities and targets set out in the Corporate Plan 2024–27 and the Annual Business Plan for the year, BSO reports performance against a comprehensive range of targets and key performance indicators to the Board, the Executive Leadership Team (ELT), and to our customer organisations.

BSO reports on our performance to the **Board** through the Quarterly Board Performance Dashboard, which enables scrutiny and assurance of performance against key indicators across key functional areas. Monthly performance reporting is provided to the **Executive Leadership Team** via the Corporate Scorecard, enabling regular and robust oversight across a broad range of functional areas. In parallel, **customers** receive performance updates against their agreed Service Level Agreements, through tailored customer performance reports, supporting transparency and accountability.

A summary of some of our key performance indicators, is provided below, demonstrating BSO's strong performance throughout 2025-26.

KPIs	Service Area	Directorate	Target	Average Performance Results for 2025-26
Average processing time per non-stock requisition (Procurement and Logistics Service)	PaLS	Operations	5 Days	**3.2 days**
% of stock products supplied on 1st request (Procurement and Logistics Service)	PaLS	Operations	95%	**99.4%**
% of IT incidents resolved within target	ITS	Digital	90%	**93.2%**
% of Invoices paid within 10 days	Accounts Payable Shared Services	Finance	70%	**82.5%**
% of Invoices paid within 30 days	Accounts Payable Shared Services	Finance	95%	**97.3%**
Absence Rate	People and Place	People and Place	5.13%	**4.91%**
% of requests/ complaints acknowledged within 2 working days of receipt	Corporate Services	People and Place	100%	**100%**

Figure 1: Summary of key performance indicators

BSO Training Compliance

To ensure our staff are equipped with the knowledge and skills required to perform their roles effectively remains a key priority within BSO. Compliance with mandatory and statutory training continues to be closely monitored through the Learning Management System (LMS), which provides managers with dashboard functionality to track staff completion rates and identify outstanding training requirements.

Regular reminders are issued to all staff via corporate communications and the *Business Matters* bulletin to reinforce training responsibilities and deadlines. In addition, quarterly compliance reports are presented to the ELT, with Directors expected to ensure that their Directorates maintain appropriate levels of compliance.

During 2025-26, the BSO maintained strong levels of compliance across the majority of mandatory training areas. The highest completion rates were recorded in Risk Management Awareness (95.13%), Cyber Security (93.26%), and Display Screening Equipment (92.03%). Compliance levels across all training categories are detailed below.

Training (% of staff)	Cyber Security	Display Screen Equipment (DSE)	Equality	Fire Safety	Fraud Awareness	Health & Safety Awareness	Information Governance	Manual Handling Awareness	Risk Management Awareness
Total Compliance	**93.26%**	**92.03%**	**85.71%**	**81.52%**	**85.39%**	**84.52%**	**89.99%**	**85.07%**	**95.13%**

Figure 2: BSO's mandatory training compliance in 2025-26

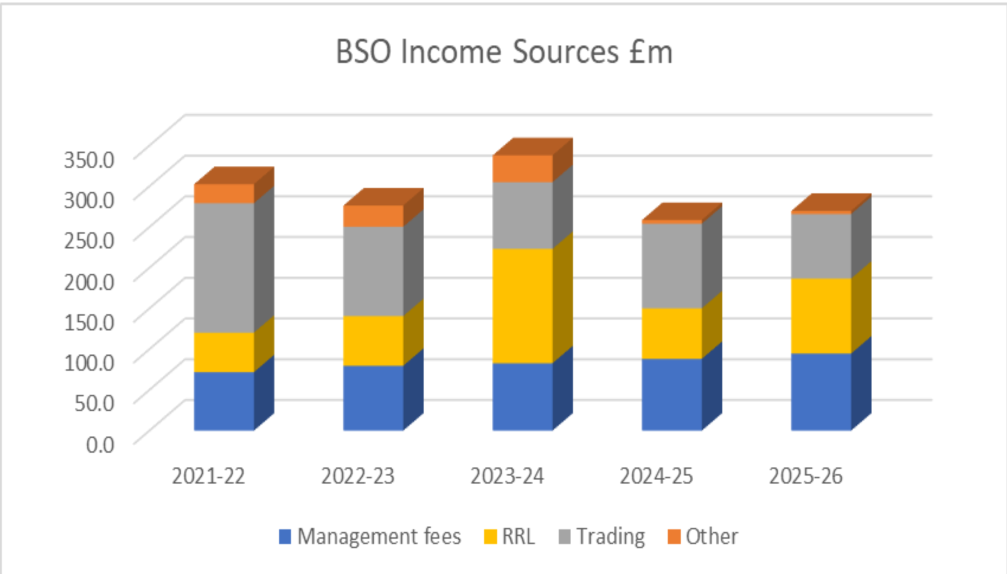
Long Term Expenditure Trends

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. Noteworthy is the in-year introduction of a new service BSO took on from

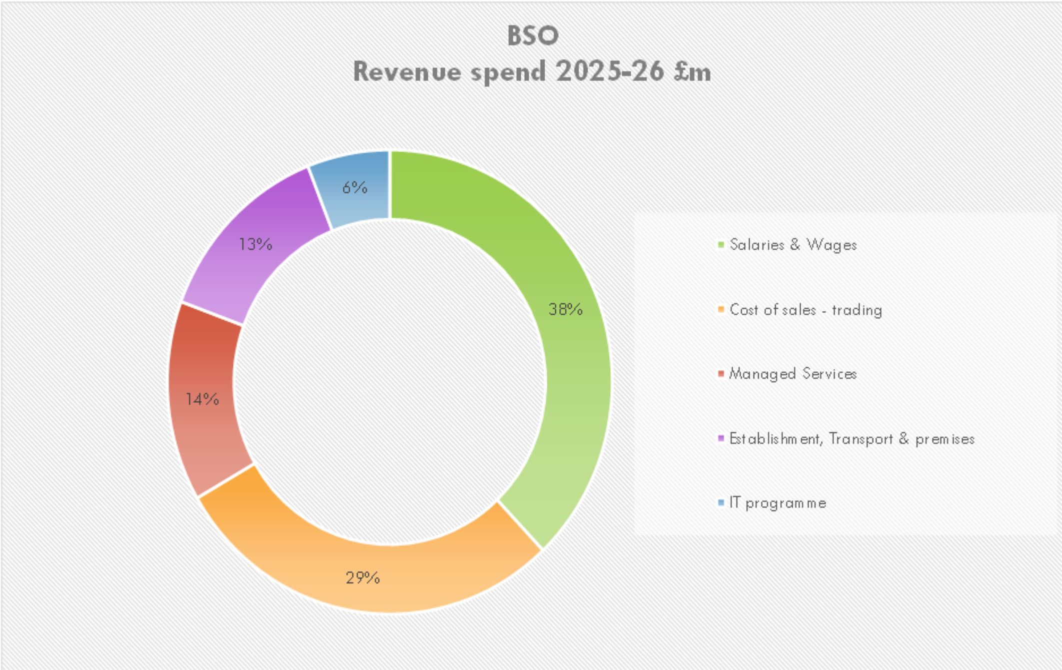
September 2025 together with new leased premises to deliver Community Wheelchair Services costs which are recharged to HSC customers who avail of the service.

Revenue

In 2025-26 BSO received an RRL revenue budget of £92m which, alongside £178m of other income resulted in a total Revenue budget of £270m. BSO performance against this budget was a £30k 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 £44m of budget received relating to the ongoing 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 2025-26.



BSO overall income, classed as management fees, trading and other, has fluctuated over the five-year period largely due to the impact on trading income of the pandemic through sale of Personal Protective Equipment (PPE) across the region. Within the current 2025-26 financial year, trading income has decreased on prior year due to a reduction in in-year sales of PPE products to the DoH for future emergency stockpiles; these were £30m in prior year against £6m current year. Consequently, there has been an increased level of RRL required on prior year without the same level of PPE sales to offset against funding requirements. Income from management fees shows a slight increase overall reflecting annual pay and price increases to the SLA. Management fees are not expected to increase in the coming years as there continues to be no additional funding for growth in the HSC system. BSO will seek to make savings against customer SLAs through working collaboratively with customers and DoH as the HSC system comes under increasing pressures. RRL funding has fluctuated over the last five years largely due to the impact of response to the Covid-19 pandemic and changes in services managed on behalf of DoH which tend to be driven by demand or legislation.

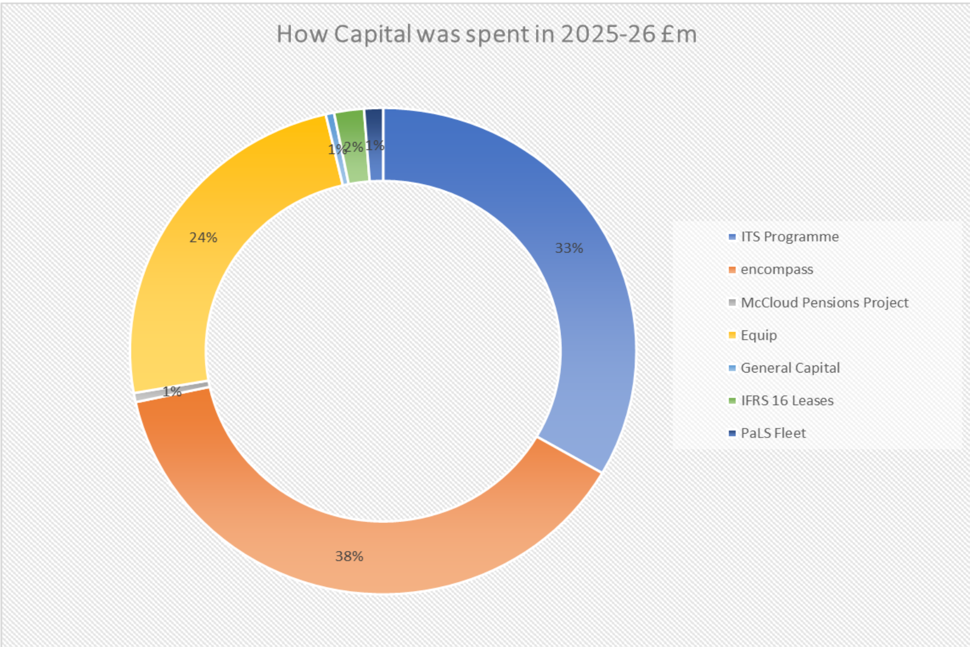


The largest cost for 2025-26 was in respect of salaries and wages which shows an increase on prior year, representing 38% of overall expenditure, largely due to support for progress on new digital programmes across BSO together with application of the Agenda for Change pay award to all eligible staff of 3.6%. Procurement and Logistics Services (PaLS) trading cost of sales continues to account for a significant portion of BSO's spend at 29% in-year; this relates to warehousing, distribution, transport and supply of medical and non-medical supplies across HSC for which there is corresponding trading income. Furthermore, there was a required write off of £28m of expired PPE in-year which, whilst not an in-year expense, has led to a reduction in the future provision to £11m for those PPE products which may not be utilised prior to expiry and remains subject to continual monitoring.

Managed services expenditure shows a decline on prior year, due to closure of the Infected Bloods Payment Scheme in Northern Ireland as administrated by BSO, to new infected applicants from 1 April 2025 as transition to the established national Infected Blood Compensation Authority progresses alongside the natural decline in applicants as interim and estate lump sum payments to both infected and affected were heightened in prior year being the year in which the Infected Blood Inquiry report conclusion published and those eligible received compensation.

<u>Capital</u>

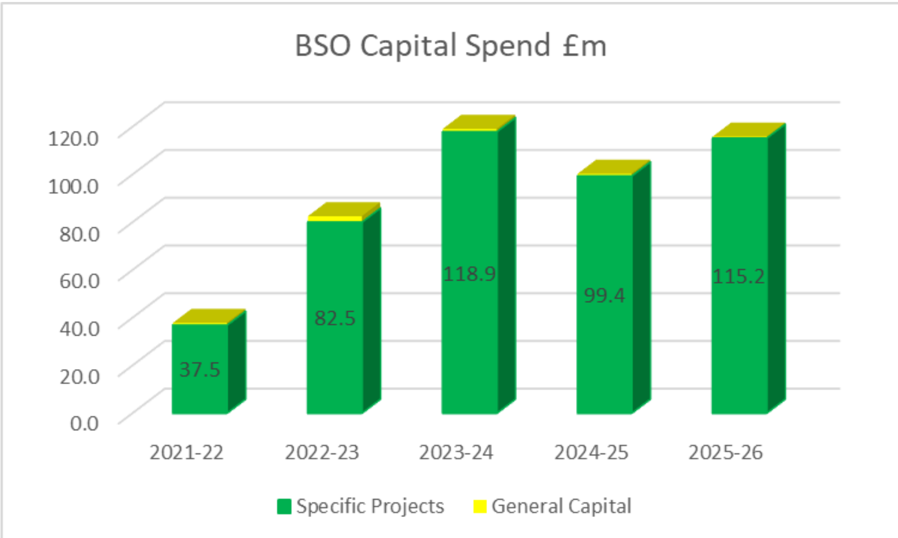
BSO received a £115.9m capital funding allocation from DoH for the financial year. The chart below sets out how BSO spent its available Capital funding during 2025-26.



BSO's role in the continued roll out of the regional encompass programme has continued to account for the majority of the in-year capital allocation with £44.3m (38%) of the total capital spend in 2025-26 being attributable to continue to progress remaining elements of this key digital enablement transformation programme for HSC in Northern Ireland. Western HSC Trust, Southern HSC Trust and NI Prisons Service all successfully went live on encompass systems in-year with plans progressing to bring Children's Health Service on board in 2026-27 to complete the full rollout.

Capital spend on ITS Programmes continues to account for a significant amount of the in-year capital spend at £38.6m (33%) with in-year spend relating to regional programmes such as Blood Production and Tracking (BPaT), NI Digital Identity Service and IT infrastructure improvements all of which form part of the transformation delivery agenda of digital healthcare solutions in NI. Plans ramped up in-year for the delivery of a replacement integrated system for finance, HR and procurement via the equip programme with the collaborative undertaking of the project design and implementation phases. The equip programme accounted for £27.9m (24%) of the in-year Capital spend. There were also a number of other capital projects which were progressed in-year such as the McCloud Pensions project, Strategic Business Research Initiatives, Clinical Education Centre simulation equipment for use in delivery of regional training and year one of a five-year HSC replacement fleet programme to enable continuity of logistics services provided across the region.

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.



There is requirement for continued capital investment in the future to enable optimisation of digital healthcare and regional service delivery in Northern Ireland; with resource limitations this needs to be carefully planned, targeted and rationalised in conjunction with DoH.

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:

	2025-26	2025-26 Value £000s	2024-25	2024-25 Value £000s
Total bills paid	258,741	302,420	253,614	335,279
Total bills paid within 30-day target	256,129	278,533	251,273	274,328
% of bills paid within 30-day target	99.0%	-	99.1%	-
Total bills paid within 10-day target	251,725	249,616	246,786	231,675
% of bills paid within 10-day target	97.3%	-	97.3%	-

Figure 3: Public Sector Payment Policy, measure of compliance 2025-26

Social Responsibility

Social and Community Engagement

During 2025–26, BSO colleagues actively supported a wide range of social, charitable and community initiatives, reflecting the organisation's strong commitment to social responsibility and staff wellbeing. Activities throughout the year included fundraising events, health and wellbeing initiatives, community support campaigns and significant external recognition of staff achievements, demonstrating the positive contribution of BSO and its people beyond core service delivery.

March 2026 – BSO colleagues were recognised at the **Women in Business Awards.** Claire Hamilton, Head of Interpreting Services, won the **Advancing Diversity and Inclusion Champion Award.**

March 2026 – BSO colleagues were recognised at the **Women in Business Awards.** Mellissa Cochrane, Head of Programme Delivery in ITS, won the **Transformational Leader**

January 2026 – Eilish Meehan of NIDIS was recognised for her outstanding contribution to HSC through being awarded an **MBE in the King's New Year Honours List.**

January 2026 – Julie Erskine, former BSO Chair, was recognised for her impressive contributions to HSC by being awarded an **MBE in the King's New Year Honours List.**

November 2025 –The Digital Directorate achieved significant success at **the Belfast Telegraph IT Awards**, with the encompass programme team winning both Public Sector IT Project of the Year and IT Project of the Year.

October 2025 – BSO Communications & Engagement Team were finalists in the prestigious **'Social Media Campaign of the Year award'**, recognising excellence in digital engagement and communications.

December 2025 – The Payroll Team supported the **Belfast City Mission's Giving Tree initiative**, collecting gifts to help ensure children and families did not go without at Christmas**.**

September 2025 – The Family Practitioner Services Social Committee held a coffee morning to raise funds in support of FPS Screening colleague Eoin Barrett, who completed a 90K trek through Cuba's Escambray Mountains in support of **Action Cancer**.

August 2025 - Rea Doherty, Nurse Education Consultant (Clinical Education Centre, Altnagelvin) completed a 16km Wild Donegal swim from Portsalon to Rathmullan, raising €4,224 for **Cancer Care West** in Letterkenny.

June 2025 – To celebrate **Men's Health Week**, the Annual BSO Football Tournament took place on Saturday 21 June at the Pavilion, Stormont. Seven teams from across BSO took part in the event with the Finance team winning for their second year in a row.

May 2025 - On Sunday 4 May 2025 colleagues from across BSO took part in the Belfast City Marathon to raise funds for many great causes. Two PaLS teams raised **£3,300** for Tiny Life.

May 2025 – Information Technology Services colleague Conor Henry completed the Belfast City Marathon, participating for the first time on Sunday 4 May 2025. Conor raised £3,500 in support of **Cancer Fund for Children**, **Angel Wishes**, and **The Children's Cancer Unit Charity**.

Diversity, Equality and Human Rights

Diversity, Equality and Inclusion

BSO remains fully committed to promoting equality and fostering an environment that values and celebrates the diversity of our staff and service users. We aim to reflect the communities we serve and to ensure every employee feels respected, supported, and empowered to perform to their best. The organisation is dedicated to providing opportunity for all staff, irrespective of gender (including gender identity and expression), religious belief, political opinion, marital or civil partnership status, family status, race or ethnicity, age, sexual orientation, disability, and whether or not they have dependants. During 2025-26, **85.71%** of our staff successfully completed their Equality training.

BSO reports to the Equality Commission NI on implementation of Section 75 of the NI Act and the Disability Order on an annual basis. The latest report is made available on the BSO website: BSO Equality Scheme and Reports - Business Services Organisation (BSO) Website.

Equality Forum

The BSO Equality Unit holds a quarterly Forum, where representatives from across the organisation meet to share good practice, learn from each other and celebrate success. Throughout 2025-26, the forum has continued to support staff to embed equality practices within Service Areas, raise awareness of our progress against the BSO Equality Scheme and Disability Action Plan, and promote events taking place through the Tapestry Network.

Tapestry HSC Disability Network

The Tapestry Network is a forum that supports BSO staff and ALB colleagues who have a disability, or who care for someone with a disability. The Network provides a safe and inclusive space where HSC staff can connect, share experiences, and access information on available support, advice, and guidance. The Network also makes recommendations on relevant policies and delivers a range of events to promote disability awareness across the organisation, including the following:

Disability Awareness Days

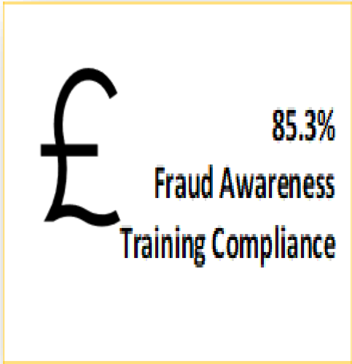
Throughout 2025–2026, BSO hosted two Disability Awareness Days. The first, on 3 December 2025, focused on neurodiversity and was attended by 75 participants who learned from Specialisterne NI facilitators. The second, on 24 March 2026, centred on heart and stroke conditions and featured an informative Q&A led by the Northern Ireland Chest, Heart and Stroke Foundation.

Inclusive Mentorship

As part of its commitment to diversity and inclusion, BSO supported SistersIN throughout 2025–26, a Northern Ireland charity empowering sixth-form girls through an eight-month leadership programme. In February 2026, BSO mentors hosted a virtual Shadow Day, enabling mentees to engage with senior leaders, explore roles, and gain insight into public service careers. This initiative promotes gender representation, aspiration, and inclusion by helping young women build confidence and access leadership opportunities.

Fraud, Bribery and Corruption

BSO maintains a zero-tolerance attitude towards fraud, bribery and corruption in line with the Principles set out by the Northern Ireland Audit Office and the Department of Health. Our Fraud Policy and Fraud Response Plan, which was updated in February 2026, sets out the key responsibilities of all staff in the prevention of fraud. During 2025-26, 85.39% of staff completed this mandatory training, and additional training is made available to staff through the Learn HSCNI website.



Sustainability Report

Sustainability Strategy

BSO focused on establishing a Sustainability Strategy 2025-30 during 2025-26, which was developed with the oversight of the Sustainability Working Group. The Strategy provides a clear roadmap to support a 50% reduction in greenhouse gas emissions by 2030, aligned with other statutory climate targets.

The Strategy is structured around six strategic themes: Estates and Energy; Purchasing and Supply Chain; Transport; Green Spaces and Biodiversity; Waste Management and People. Collectively, these themes support responsible resource use, operational resilience and staff wellbeing, while contributing to the UN Sustainable Development Goals (SDGs).

Climate and environmental risks are integrated within the BSO Risk Management Strategy 2025–29, with sustainability captured under the Environmental element of the corporate PESTLE assessment. Climate and environmental risks are defined and overseen through the BSO Governance and Risk framework, ensuring alignment with wider organisational risk and assurance processes.

Climate Change Reporting and Governance

BSO has met its statutory obligations under The Climate Change (Reporting Bodies) Regulations (Northern Ireland) as mandated by DAERA. BSO developed and submitted the first Sustainability Mitigation Report prior to 31 October 2025. Reporting on Scope 1 and Scope 2 greenhouse gas emissions and relevant Scope 3 emissions were completed. BSO also completed its first Climate Change Adaptation Report before 31 March 2026, which included: an assessment of climate-related risks relevant to BSO functions and services; the development of a Climate Change Risk Register and the identification of priority adaptation actions to improve resilience. Cross-Directorate engagement through the Sustainability Working Group will ensure that climate risks are considered alongside business continuity and emergency planning priorities. Both mitigation and adaptation reports have embedded climate considerations into corporate governance and assurance, and provide a baseline for future statutory reporting cycles.

Emissions under BSO’s direct operational control (Scope 1) accounted for approximately 63.6% of the total footprint, reflecting the energy demands of estates and fleet operations. Indirect emissions from purchased electricity (Scope 2) represented 19.2%, while Scope 3 emissions associated with business travel accounted for 17.2%.

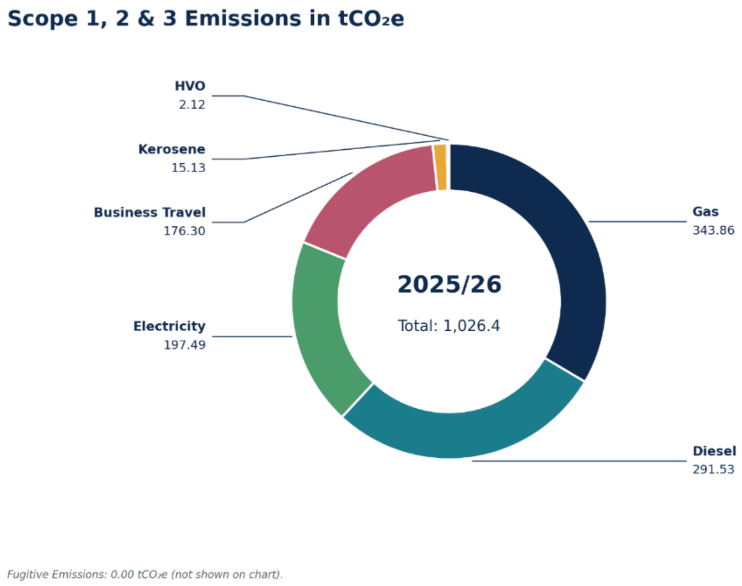


Figure 4: Out of scope emissions tCO2e

Environmental Performance and Resource Efficiency

In addition to greenhouse gas emissions reporting, BSO monitors wider environmental performance, including energy use, fleet transition and waste management. Detailed operational data is used internally to inform continuous improvement. Energy costs across warehouse facilities reduced in 2025-26 compared to 2024-25 with an annual cost saving of £5,849 and a 125,000 square foot reduction in footprint. During the year, BSO Information Technology Service (ITS) have progressed several initiatives aimed at reducing data centre carbon emissions. A Data Centre *Greenscore* exercise has been carried out in partnership with Broadcom, providing a baseline assessment of carbon efficiency and a series of recommendations to improve performance. The *Greenscore* methodology will also allow BSO ITS to recalculate performance following improvement projects. BSO ITS are progressing with a Data Centre hardware refresh, with all hardware replacement scheduled to be completed by January 2027. Orders were placed following a detailed scoping exercise which was conducted during 2025-26, with the project expected to deliver an estimated 15% reduction in power consumption.

Carbon Reduction and Net Zero Transition

As part of our net-zero targets and emissions reduction plan, progress was made during 2025-26 to decarbonise fleet and logistics operations. This included the procurement and delivery of six new electric vans, supporting lower-carbon transport.

Figure 5: BSO's sustainability promise

Sustainable Procurement and Supply Chain Emissions

To improve our sustainability performance and develop a comprehensive Scope 3 emissions inventory, foundational work and to support emissions reduction across the supply chain, BSO have continued to signpost suppliers to the Evergreen Sustainable Supplier Assessment tool across relevant tenders and contracts. In February 2026, Evergreen Level 1 registrations increased by 61% and Level 2 by 110%, while Level 3 and Level 4 also showed increases comparative to 2024-25.

Engagement and Awareness

During 2025-26, BSO Sustainability published nine Business Matters (BSO Internal Magazine) articles, including content on the launch of the Sustainability Strategy, a Sustainability Quiz, *BSO Sustainability in Action*, and *Sustainability at Christmas* (top tips). In addition, ten further Business Matters articles linked to sustainability were shared across the organisation, covering topics such as Stop Food Waste Day, the Active Travel Challenge and a Cycle to Work Day promotion.

	2025	**2024**
Journeys Made	1,849	1,062
Distance Travelled (Miles)	15,559	10,255
CO2 Saved	1,468 KG	540KG
Calories Burned	387,266	223,756
Money Saved	£1,884.70	£727.75

Figure 6: BSO's Active Challenge Statistics
Figures relate to journeys completed via walking, running, cycling, or public transport.

During November 2025, BSO partnered with the Department for Infrastructure and Walk Wheel Cycle Trust to host a Cycle Safety Roadshow at James House to support staff awareness of active travel and safety. Sustainability also featured at the November 2025 Leadership Conference for the first time, including within the Health and Wellbeing Marketplace and a showcase highlighting the development of the BSO Sustainability Strategy.

On behalf of BSO, I approve the Performance Report

Karen Bailey.

Karen Bailey
Chief Executive
29 June 2026

ACCOUNTABILITY REPORT

Corporate Governance Report

Strategic Issues, Risks and Challenges

BSO maintains a comprehensive corporate risk register to support the identification, management and monitoring of risks that may impact the delivery of its corporate objectives, as set out in the Corporate Plan. This supports a structured approach to managing risk in the context of organisational performance and delivery. Corporate risks are reviewed regularly by the Executive Leadership Team, Governance and Audit Committee, and the Board to ensure that appropriate mitigations and oversight arrangements are in place.

A number of themes shaped BSO's risk profile during 2025-26, including financial pressures, digital transformation and operational resilience across the HSC.

Financial pressures have remained a significant theme during the year. The continued requirement to deliver efficiency savings while maintaining service delivery has placed additional pressure on workforce capacity and operational resources across a number of service areas. The qualification of the organisation's accounts relating to historical PPE demand also remains a significant financial and reputational risk which BSO continue to work through with DoH.

Digital resilience and transformation continue to represent key areas of risk for the organisation. Digital applications and infrastructure failures have the potential to impact the delivery of critical services across HSCNI. In addition, the implementation of the Equip Programme presents ongoing operational challenges. BSO provides significant support to implementation, creating a risk that increased demand on services and resource pressures may impact the organisation's ability to maintain service delivery. This risk increased during the year due to the scale and pace of implementation, alongside evolving requirements and timelines. Work has also continued to progress in defining the future support model for the encompass programme.

Operational resilience risks have also remained an important consideration. The potential for industrial action has increased during the year in response to the wider workforce landscape. BSO also continues to manage risks relating to information governance, including the potential for data breaches as well as risks relating to the sustainability of BSO's estate. Work has progressed during the year to refurbish and consolidate elements of the estate to ensure that facilities remain fit for purpose and compliant with statutory and legislative requirements.

Risk management arrangements continued to develop during the year, with a focus on strengthening organisational assurance and improving the quality of risk reporting to the Board. This included supporting the implementation of the organisation's Risk Management Strategy and providing training and guidance to support the consistent application of risk management practices across the organisation.

Some positive progress was also achieved during the year. The Recruitment Shared Services risk was closed following the implementation of additional resources required to support increased service demand.

Looking ahead, BSO continues to monitor a range of emerging risks that may influence the organisation's operating environment. These include increasing demand for services across the HSC system, ongoing financial constraints, workforce capacity and retention challenges, the wider implications of digital transformation initiatives, and the organisational impact of major transformation programmes.

BSO will continue to enhance its risk management maturity during the coming year through improved horizon scanning, strengthened assurance processes and continued development of risk management capability across the organisation.

Further information on the organisation's governance and assurance framework is provided within the Governance Statement.

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 functions. It is accountable, through the Chairperson, to the Permanent Secretary for the Department of Health.

It is made up of the Chairperson, 8 Non-Executive Directors, BSO Chief Executive, 3 Executive Directors and 2 Directors. The Department of Health appoints Non-Executive Directors, with the approval of the Minister for Health.

Chairperson

- Sharon O'Connor (Appointed 1 December 2025)
- Julie Erskine (Term ended 30 November 2025)

Current Non-Executive Directors

- Mark Lowry (Appointed 15 January 2024)
- Maynard Mawhinney (Appointed 15 January 2024)
- Fred Smyth (Appointed 15 January 2024)
- Linus McLaughlin (Appointed 1 March 2024)
- Alan Todd (Appointed 13 November 2025)
- Bernadette McCrory (Appointed 1 December 2025)
- Peter Russell (Appointed 1 December 2025)
- Joseph Stewart (Appointed 1 January 2026)

Outgoing Non-Executive Directors

- Professor Dorothy Whittington (Term ended on 30 November 2025)
- Robert Bannon (Term ended on 30 November 2025)
- Sean McKeever (Term ended on 12 November 2025)

Board Functions and Committee Members

The BSO Board has three sub-committees: the Governance and Audit Committee, the Remuneration and Terms of Service Committee and the Business and Development Committee.

Governance and Audit Committee

The Governance and Audit Committee is a Board sub-committee chaired by a Non-Executive Director and provides independent and objective assurance on the effectiveness of the BSO's governance, risk management and system of internal control.

The Committee is chaired by Fred Smyth, and comprised the following members:

- Linus McLaughlin
- Sean McKeever (Term ended 12 November 2025)
- Prof Dorothy Whittington (Term ended 30 November 2025)
- Bernadette McCrory (Appointed 1 December 2025)
- Joseph Stewart (Appointed 1 January 2026)

Remuneration and Terms of Service Committee

The Remuneration and Terms of Service Committee is a Board sub-committee chaired by the Chairperson of the BSO Board, and meets as required to consider remuneration matters in line with its approved Terms of Reference. Its role is to advise the Board on the remuneration, terms and conditions of service for the Chief Executive and other Senior Executives, in line with Department of Health policy and best practice. The Committee also oversees the operation of performance appraisal systems for senior staff.

The Committee reports formally to the Board, providing written reports on the basis for its decisions. Any decisions are recorded in Board meeting minutes.

The Remuneration and Terms of Service Committee is chaired by Sharon O'Connor, and comprised the following members:

- Mark Lowry
- Maynard Mawhinney
- Robert Bannon (Term ended on 30 November 2025)
- Julie Erskine (Chaired the Committee until 30 November 2025 when term ended).

Business and Development Committee

The Business and Development Committee is a Board sub-committee chaired by a Non-Executive Director and meets quarterly in line with its Terms of Reference. The Committee's role is to enhance the Board's capacity to oversee the running of the organisation by providing assurance that sufficient time is dedicated to scrutiny of organisational performance.

The Committee focuses on a wide range of operational and assurance matters, including information management, Service Level Agreement performance, benchmarking, customer satisfaction, management of complaints, human resources and corporate services policies, serious adverse incidents, and Freedom of Information.

Following each meeting, the Chair presents a summary report to the Board highlighting any specific issues, and approved minutes are submitted to the Board for information and noting.

The Business and Development Committee is chaired by Mark Lowry, and comprised the following members:

- Robert Bannon (Term ended 30 November 2025)
- Peter Russell (Appointed 1 December 2025)
- Alan Todd (Appointed 13 November 2025)
- Linus McLaughlin (Resigned from this position 26 February 2026)
- Maynard Mawhinney

Additional Responsibilities:

- **Maynard Mawhinney** took up the role as the BSO Board's Equality and Disability Champion from 1 December 2025, replacing **Professor Dorothy Whittington** (Term ended on 30 November 2025)
- **Linus McLaughlin** continued his role as the Raising a Concern Champion.
- **Mark Lowry** has taken up the role of Sustainability Champion

BSO Executive Leadership Team ELT

- Lesley Young – Director of Operations
- Simon McGrattan – Director of Finance
- Karen Hunter – Director of Strategic Planning and Customer Engagement
- Ben Doran – Director of Digital
- Paula Smyth – Director of People and Place (Retired 31 March 2026)
- Robin Arbuthnot – Interim Director of People and Place (Appointed 28 March 2026)

Directors

- Ben Doran, Director of Digital
- Karen Hunter, Director of Strategic Planning and Customer Engagement
- Stephen Beattie (Interim Director of Strategic Planning and Customer Engagement, 6 October – 30 December 2025)

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
Tel: 028 9536 3863

Directorate Reports

HSC Business Services Organisation
Directorate of Digital

Directorate of Digital

The Digital Directorate comprises the following service areas:

Introduction

The Digital Directorate enables and transforms HSC across Northern Ireland through major regional programmes and high-quality digital services. It oversees flagship initiatives including **encompass, equip and evolve**, alongside the **Office for Research Ethics Committees (OREC NI)**, which supports ethical review of health research to protect participants and promote beneficial studies. **Information Technology Services (ITS)** provides core infrastructure, operations, and programme delivery across HSCNI.

Directorate Highlights and Challenges in 2025-26

Directorate Highlights during 2025-26

The past year has been marked by major programme milestones, national recognition, and continued improvements in operational maturity. During the year, the Digital headcount increased to 679 staff, with a low turnover of staff and low absence levels. Training and capability development remained a priority, with over 250 staff participating in more than 30 training courses.

Highlights: Major Digital Transformation Programme

encompass programme

- **Full roll-out of encompass across all HSC Trusts**, positioning Northern Ireland at the **forefront of digital health delivery**, providing a **single, lifelong electronic care record**, to support standardised patient pathways across secondary care, community services, mental health and social care.
- Transitioned into **stabilisation and optimisation** and planning is underway for Phase 1 of transition to business-as-usual by Autumn 2026.
- **My Care patient portal exceeded 250,000 users**, significantly improving patient access to health information and services.
- Further implementations have also been completed with Prison Health.

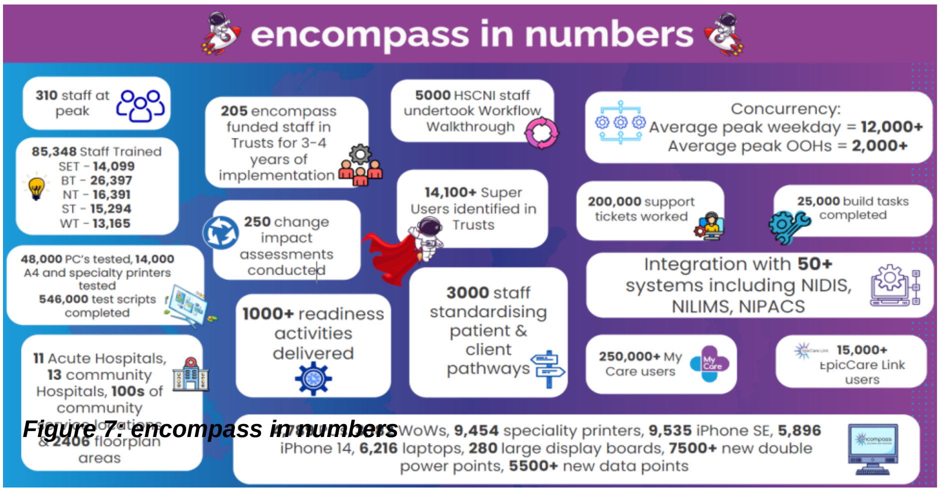


Figure 7: encompass in numbers

equip programme

- The equip programme made substantial progress during 2025–26, completing **extensive discovery, design and build activity. As second largest digital programme ever undertaken within HSC**, advancing the delivery of a single cloud-based solution for HR, Payroll, Finance and Procurement for all 16 HSC organisations.

- Over **700** design and build workshops were delivered, with **1,100** design decisions approved, and system testing commenced in preparation for the **go-live date in 2026.**

evolve programme

- The evolve programme has successfully delivered all objectives for 2025-26, including significant undertakings of a HSC Wide technical review and roadmap, alongside an independent assessment setting a regionally-agreed clear direction for the programme's next phase.
- The programme is working collaboratively with commissioners in evolving existing governance and technical forums, supporting delivery of a more resilient, standardised and regionally aligned digital service model, while addressing long-standing strategic risk.

Highlights: ITS

ITS delivered clear progress across a broad portfolio of regional systems and services during 2025–26, strengthening operational delivery, resilience and innovation to support HSCNI.

Figure 8: ITS Highlights in pictures

OREC (NI)

- During 2025-26, **HSC Research** and **Ethics Committees** (RECs) were awarded full **accreditation** in the biannual audit conducted by the Health Research Authority (HRA) **Quality Assurance team**.

- **124** new studies, and **144** amendments to ongoing research were reviewed during the reporting period, with all **99%** reviewed within the UK Research Ethics Service recommended timeframes.
- Facilitated **9** training modules for **HSC REC** members ensuring they have the appropriate skills to review different types of research, alongside **5 training workshops** to **214** researchers in both the HSC and academia fields.

ITS Project Management Office (PMO)

- The ITS Project Management Office (PMO) continued to provide oversight and assurance across a substantial and complex contract portfolio, **valued at approximately £656 million. Reflecting the scale of digital regional investment and contracts being managed.**

NIPACS+

- **Completed roll-out** across all five HSC Trusts
- Winner of Business Post Public Sector Digital Transformation Awards 2025- **HealthTech Innovation of the Year.**
- Roll out and success of BoneView in NIPACS+ has led to new request being presented to DHCNI to set up a **regional AI programme.**

Core LIMS

- **Completed roll-out** across all five HSC Trusts, and the success of LIMS Pathology Network has led to enquiries regarding delivering the regional Analyser replacement programme.
- Won the **Healthcare Science for Service Improvement – Advancing Healthcare Awards Northern Ireland 2025.**

BPaT

- Discovery phase was signed off in December 2025 for + Production (NIBTS) 150 GLRA (Blood Production and tracking system – Go Live Readiness Assessment).
- Several BSO blood drives were delivered.

- The solution will be live in Summer 2026, providing the **first regional vein-to-vein system and capability in Europe**, providing **regional shared inventory of all blood stock**, and a public facing Donor Web Portal to allow online registration, appointment booking and pre-submission of Donor Health check questionnaire. This regional solution addresses recommendations from the Infected Blood Enquiry.

GMS

- The team provided a strong operational response following the administration of the Vendor of Vision system used by 118 GP practices. BSO ITS activated Bronze command and successfully migrated 80 practices in 2025, **with no patient impact and full completion is expected by June 2026.**
- The contract was signed to implement a **regional Document Management System** for all GP Practices.

NIDIS

- NIDIS has now been **live for over 2 years** with downtime of less than 70 mins.
- The team completed the implementation of **Cervical Screening Call/Recall functionality** and a portal to allow patients to change GP online and potential home for clinician codes.

Regional Coding

- Established **5 Nations SNOMED (Systematised Nomenclature of Medicine) collaboration.** The 5 Nations SNOMED collaboration is a cooperative initiative involving the United Kingdom, Canada, Australia, New Zealand, and the United States. Its primary goal is to coordinate the use of SNOMED CT, the globally recognised clinical terminology standard across these countries.
- A Direct Award Contract was approved to procure a **Terminology Server** to support the consistent interpretation of data and terminologies across systems.

ePharmacy

- The team was successfully awarded NICS transformation funding to support the delivery of the **Go Pharmacy NI and Electronic Transfer of Prescriptions (ETP) project**.

- Four projects within the ePharmacy programme are on track to be successfully delivered over the next four years via the deployment of NICS Transformation Funding, whilst **delivering £19m in cash releasing and £142m in non-cash releasing savings.**

Data Archiving

- ITS have been commissioned to deliver a **regional data archiving solution** to archive legacy data from systems being replaced by regional systems such as encompass.

BSO ITS HR

- The ITS HR team, alongside the BSO Communications and Engagement Team, were **finalists in the Northern Ireland Social Media Awards 2025** for a social media campaign that has made a significant difference in recruiting IT professionals to the Health Service.

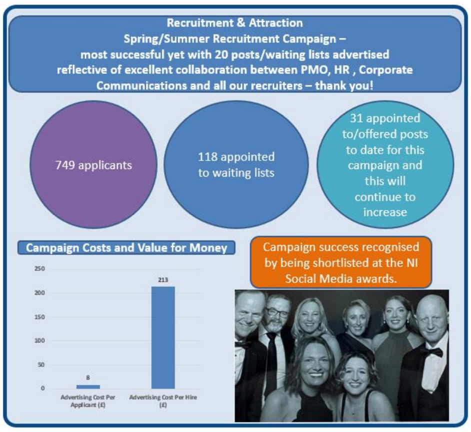


Figure 9: ITS HR Social Media campaign

Challenges during 2025-26

Across programmes, the Directorate faced challenges associated with **resource constraints**, **complex dependencies**, and the need to carefully manage programme velocity to protect service continuity. The **transition from legacy systems to modern platforms** introduced risks related to supplier stability, data migration, governance and user readiness.

Programme delivery was also impacted by external factors, including **supplier failures** within GP systems, lengthy business case approval processes, and dependencies on funding decisions at a regional level. These challenges required careful prioritisation, strong governance and close collaboration with partners across HSCNI.

Within ITS Operations and Infrastructure, challenges included **ageing hardware**, increasing cyber threats, limited funding for refresh and innovation, and **recruitment difficulties** within specialist technical roles. The growing digital estate, combined with increased sophistication of cyber-attacks and the use of **AI by threat actors**, placed sustained pressure on security teams.

A simulated phishing exercise highlighted the ongoing need for workforce awareness and behavioural change.

Quality Improvements during 2025-26

A major milestone was the successful achievement of **ISO 9001 (Quality Management) and ISO 20000 (Service Management) certification** within ITS, embedding consistent processes, clearer accountability and continuous improvement across digital services. Revised governance arrangements were implemented across major programmes, strengthening decision-making, risk management and transition to business-as-usual.

Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 9001:2015

...making excellence a habit.™

Certificate of Registration

IT SERVICE MANAGEMENT SYSTEM - ISO/IEC 20000-1:2018

This is to certify that: Business Services Organisation
James House
2-4 Cromac Avenue
Belfast
BT7 2JD
United Kingdom

Holds Certificate Number: ITMS 823655

and operates an IT Service Management System which complies with the requirements of ISO/IEC 20000-1:2018 for the following scope:

The BSO Information Technology Services (ITS) Service Management System that supports the provision of IT solutions and services to Health and Social Care customers across Northern Ireland.

For and on behalf of BSI: Matt Page, Senior Vice President, EMEA Assurance

Figure 10: ISO 20000 and ISO 9001 Certification

Operational quality improvements included enhanced service desk processes, improved monitoring and reporting, expanded DevOps tooling, and better integration across systems. Within encompass, stabilisation activity focused on optimisation, user experience improvements and the expansion of My Care functionality, including self-scheduling and digital correspondence.

Across the Directorate, investment in training, change management and communications improved readiness for change, supported staff engagement and strengthened adoption of new systems and ways of working.

Looking Ahead to 2026-2027

Looking ahead to 2026-2027, the Digital Directorate will focus on consolidating recent achievements whilst accelerating the delivery of our objectives aligned to the three BSO Corporate Objectives.

Customer:

The Directorate will continue to strengthen partnerships with HSC organisations, clinicians and service users by optimising encompass and My Care, delivering the next phases of equip go-lives, and improving service responsiveness and reliability across ITS. A "**one for Northern Ireland**" approach will underpin future regional solutions, contracts and services. OREC (NI), as one of the bodies responsible for the regulation of research in the UK, it recognises that to facilitate good quality research, we need to lead change and work collaboratively with other regulatory bodies in the UK.

People:

Continued investment in workforce capability will remain a priority through continued training, skills development and recruitment. The Directorate will continue to support staff through major transitions, particularly as equip and evolve move into the delivery phases, ensuring wellbeing, engagement and professional development remain central.

Innovation:

Innovation will be driven through expanded use of **cloud technologies**, **automation**, **low-code** platforms and **AI**. Planned initiatives include further development of **population health management tools, virtual wards, regional AI programmes, enhanced analytics**, and the establishment of **centres of excellence** to support sustainable innovation across the HSCNI. OREC (NI) as the Medicines for Human Use (Clinical Trials) (Amendment) Regulations 2024 come into force in April 2026, representing the most significant overhaul of UK clinical trial regulations in 20 years. The updated regulations are designed to **protect trial participants**, **reduce unnecessary burdens on researchers**, and **facilitate** the conduct of **high-quality**,

trusted research in Northern Ireland and the rest of the UK. OREC (NI) continue to work closely with the HRA and colleagues in the Scottish and Welsh Research Ethics Services to develop guidance around the legislation.

The Digital Directorate will also progress the outcomes of the **evolve future state review**, enabling a more resilient, standardised and future-ready digital service model from April 2026 onwards.

Directorate of Finance

The Finance Directorate comprises the following service areas:

Introduction

The Finance Directorate works collaboratively with internal and external stakeholders to deliver effective services in a complex and challenging environment, and comprises a range of key service areas. Internal Audit provides independent assurance across all HSC organisations and the Northern Ireland Fire and Rescue Service. Pension Services deliver support, guidance and payments to HSC staff. Accounts Payable provides an accurate invoice paymaster service to 16 HSCNI organisations, while Accounts Receivable leads financial coordination across income streams. The Payroll Service Centre delivers a regional payroll service, ensuring staff are paid accurately and on time, and manages employee-related payments and queries. The Business Services Team coordinates the global financial year-end roll-forward process.

Figure 11: Finance Directorate Key Service Areas

Directorate Highlights and Challenges in 2025-26

Highlights during 2025-26

The Finance Directorate has continued to operate effectively through strong teamwork, maintaining service delivery whilst responding to ongoing financial pressures. A key organisational priority has been the achievement of financial break-even, which was successfully delivered across both Revenue and Capital positions during the 2025-26 financial year through effective planning, engagement and financial control.

Contributions across the Finance Directorate throughout the financial year has included:

Core Finance Team

- Management of a **£267m Revenue budget** and **£116m Capital budget**.
- Ongoing provision of **financial reporting**, **advice** and **support** to budget holders. Support for **major programmes**, including **regional system** development and **go-live** planning.
- Delivery of **budgeting, financial management, capital, financial accounting and support services** to six HSC bodies.
- Administration of **bursary payments** on behalf of the DoH providing **financial support** to student nurses across the region.
- In-year payment of **Infected Blood services** totalling **£14.3m** to include **£11m** of interim compensation payments; continuing engagement with DoH and the four nations, providing local expertise to the new national compensation authority established in May 2024 as they prepare to take over the future scheme provision.
- **Reconciliation** and **analysis** of payments for the SPPG across: General Practice (GMS), Dental Services (GDS), Ophthalmic Services (GOS) and Pharmaceutical Services (GPS) in line with Service Level Agreement for payments totalling **£1.139bn**.
- Maintaining the **Corporate Direct Award Contracts register**, ensuring full compliance with governance requirements and provision of training and support to business areas. Undertaking a **refresh** of BSO's **Fraud Policy** and **Fraud Response Plan**.

Pensions

- Engagement with over **8,000 members** through **workshops, seminars, conferences**, alongside the introduction of a new member engagement forum called **"Ask Erin".**
- Ongoing **communication** with approximately **79,000 members and stakeholders** via telephone and e-mail.

- Processing of pensionable pay figures for a total of **25,500** members impacted by McCloud.
- Issuance of over **4,000** revised **Annual Allowance statements** within the statutory deadline.
- Processing of more than **1,000 partial retirement applications** and **642,000 pension and lump sum payments**; **21,000 payments** to NIFRS Scheme members and onboarding of around **3,000 new pensioners**.
- Processing of more than **1,000 General Practitioners Annual Certificates**.

Internal Audit

- Key achievements included: Delivering **Annual Audit Plans** across all client organisations.
- Embedding the new **Global Internal Audit Standards**, effective from April 2025.
- **Strengthening leadership capacity** through restructuring of the Senior Management Team.
- Continuing development of internal capabilities, including **procurement of 3 Artificial Intelligence (AI) engines** from the Government Internal Audit Agency (GIAA) on a 1-year pilot .
- Achieving **improved staffing stability**, with the function nearing full resourcing.

Payroll

- **Processing** approximately **130,000 payments** per month.
- Implementing **system enhancements**, including updates to **sickness payment calculation** and introduction of **new pension-related payment** types.
- **Delivery** of **national pay awards** across multiple staff groups.
- Maintenance of performance levels exceeding **75% customer satisfaction.**
- Ongoing support to the **equip** Programme, including system **Design** and **Build, Data migration**, **testing and training** activities.
- Successful **relocation of over 120** staff without disruption to service delivery.

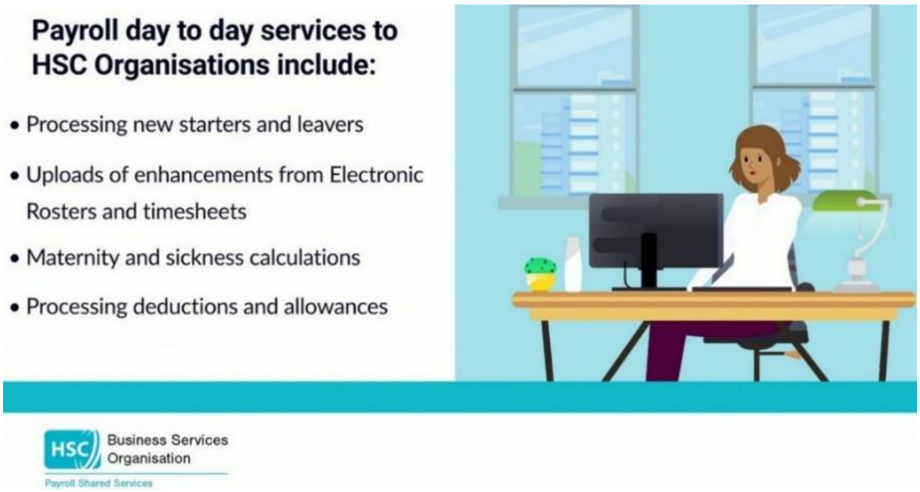


Figure 12: Payroll day to day services

Accounts Payable

- Processing approximately **700,000 invoices** through a cloud-based system.
- **Achievement** of required **service level targets** and receipt of a satisfactory internal audit outcome.
- Progression of the **"Procure to Pay"** element of the **equip programme**.
- **Accreditation** as a **Centre of Excellence** following completion of the **Q programme**.
- Enhancement of business continuity arrangements and continued development of the **APSS SharePoint site.**
- Ongoing **engagement, reporting and training** to support HSC Trust customers and reduce off-system payments.
- Continuing **successful delivery of services provision** while operating hybrid working arrangements.

Accounts Receivable

- Processing approximately **57k debtor cash transactions**, with total cash collections of approximately **£649m** as at 31 March 2026 (similar number of cash transactions processed compare to the last year and **£30m more cash collection than last year**).
- Maintaining high levels of cash collection performance.

- HSCNI invoices paid in less than 30 days **65% target** (64% as at 31 March 2026).
- Maintaining 90 Day Debt target – aimed at less than **75%** (averaging at 58% as at 31 March 2026).
- Maintaining the Days Sales Outstanding target – aimed at less than **35 days** (averaging at 26 days as at 31 March 2026).
- Maintaining the KPI target for invoices paid in less than 90 days **-** greater than **75%** (80% as at 31 March 2026).
- Completing returns for the **BSO Realignment Project** in conjunction with **Finance** business partners and **SP&CE** team members and **reviewed KPI targets** based on the current KPI performance overall through an engagement process with HSC customer entities and in conjunction with **SP&CE**.
- Significantly contributing to **the equip** programme (Order to Cash and VAT) and representation on the **Contract Adjudication Group** for the provision of a third-party Income Management Solution to support card payments and receipting processes.
- Establishing the **Regional Income Group** to **standardise processes**, **improve consistency** and enhance **performance management** across organisations.

Business Services Team (BST)

- Coordinating the **global financial year-end roll** forward by managing communications across stakeholders, agreeing key timelines, maintaining regular engagement to ensure a smooth, controlled process and reviewing and incorporating lessons learned to strengthen future delivery.

- Supporting a range of **system updates and change initiatives** to enhance performance and service delivery by delivering pensions interface improvements, implementing pay awards, completing system upgrades and infrastructure enhancements and providing ongoing support for equip-related challenges.

Quality Improvements within the Directorate 2025-26:

During 2025-26, the Finance Directorate delivered targeted quality improvements aligned to the equip transformation agenda and wider organisational objectives. These focused on enhancing efficiency, improving access and modernising systems across key functions.

Key developments included investment in staff professional qualifications, a continued focus on health and wellbeing, and significant in-year recruitment to strengthen capacity. A centralised Gift and Hospitality system was also introduced to support compliance with Department of Finance and Department of Health requirements through a consistent and transparent approach.

Pensions

Pension Services delivered improvements to digital services, including enhanced self-service capabilities, improved communications and greater accessibility of information. These changes support better decision-making and stronger member engagement.

Internal Audit

Internal Audit introduced structural changes alongside new methodologies and performance indicators. These improvements strengthened assurance capabilities and improved alignment with strategic objectives.

Payroll

Payroll achieved a fully satisfactory Internal Audit outcome and improved standardisation and service quality through regional working groups. The Quality Improvement Programme is largely complete, with further enhancements to communication, engagement, McCloud remedy support and digital P60s.

Figure 13: Payroll monthly services

Accounts Payable

During 2025-26, the team commenced the ACT Accredited Technician Programme to build on the centre of Excellence, continuing to promote staff development and service quality, and align with recognised standards of excellence.

Accounts Receivable

Successfully implemented the first system-based Direct Debit process, which significantly improved the efficiency and reliability of income collection. This has enabled more streamlined debt management and enhanced service provision for key stakeholders, including high-volume customers. Further progress was achieved through the introduction of PCI – Compliant Card Payment processing via a secure telephone-based solution. This has strengthened data security, improved customer experience and increased operational resilience during peak periods. In the area of IT and cyber security, the deployment of a new authentication application has enhanced secure access to banking service, replacing legacy processes and improving usability for staff while maintaining strong governance controls.

The Business Services Team

The Business Services Team implemented account name verification software, reducing fraud risk and improving data accuracy. Further system and process improvements strengthened data quality and processing efficiency.

Challenges faced during 2025-26:

The 2025-26 period was marked by significant operational pressure driven by the need to deliver multiple strategic projects alongside business-as-usual services. Resource constraints and competing priorities required careful management of workload and expectations. Finance adopt an approach of seeking to build team resilience to best deal with ongoing and future challenges through careful planned team structures and cross-training opportunities.

Finance continue to provide input into the management of the Personal Protective Equipment overstock position and the associated accounts qualification (indicative) together with stakeholders – further detail is contained within the Governance Statement which forms part of these Annual Report and Accounts.

Increased demand on the Payroll function, particularly due to ongoing holiday pay claims and equip-related requirements, further stretched capacity. At the same time, the complexity of supporting the equip programme, including system migration and data transformation, added to operational strain.

The rising prevalence of cyber threats necessitated enhanced collaboration and strengthened controls to safeguard systems and suppliers.

Additionally, delayed and backdated pay awards created substantial administrative burden, particularly in relation to pension recalculations and annual allowance considerations, placing further pressure on staff and resources.

Ongoing challenges provide opportunities for learning and an ability to strengthen external relations and continue to build future resilience which is a welcomed necessity to continue to build better services for the future.

Looking Ahead to 2026-2027

In 2026-2027, the Finance Directorate will prioritise the delivery of accurate, timely and high-quality services while progressing key transformation initiatives. Maintaining strong customer relationships and meeting service performance standards will remain central to operations.

Investment in people will focus on **training**, **upskilling** and **wellbeing** to **strengthen capability** and support **continuous improvement**. Alongside this, the ongoing **implementation** of the **equip** programme and transition to **Oracle Function** will drive **standardisation,** improved data management and **enhanced reporting**. Finance will be key in the upcoming testing and acceptance phase as plans progress.

The **Pension Service** will continue to operate within a complex regulatory environment, with emphasis on data quality, governance and delivery of the Pensions Dashboard Programme. Financial operations will further increase digital processing and system efficiencies while maintaining service continuity.

Internal Audit will provide assurance and support through strengthened controls, adoption of data and AI tools and oversight of system changes.

Overall, the year ahead will require a continued balance between sustaining business-as-usual delivery and embedding transformation to improve efficiency, resilience and service outcomes.

HSC Business Services Organisation

Directorate of Operations

Directorate of Operations

The Directorate of Operations comprises the following service areas:

Clinical Education Centre	Counter Fraud & Probity Services	Family Practitioner Services	Legal Services (DLS)	Leadership Centre	Procurement & Logistics Service

Introduction

The Directorate of Operations supports HSC delivery across Northern Ireland through six key service areas, providing Legal, Counter Fraud, Leadership & Education, Family Practitioner, and PaLS. The Clinical Education Centre delivers over 240 training programmes annually, while Counter Fraud & Probity Services leads fraud prevention and assures over £1bn in Family Health Service expenditure. Family Practitioner Services administers patient registration, contractor payments, screening programmes, digital support, analysis, alongside Interpreting Services. Legal Services provides specialist legal expertise across HSCNI, and the Leadership Centre delivers leadership development and consultancy support across the HSC. PaLS manages £1.4bn in contracts, warehouse operations, and essential services such as supplies, equipment, and emergency stock, supported by a £20m budget and have a workforce of around 500 staff.

Directorate Highlights and Challenges in 2025-26

Directorate Highlights in 2025-26

The Directorate of Operations delivered a wide range of impactful outcomes during 2025–26, strengthening service delivery, improving efficiency and supporting HSC across Northern Ireland.

Clinical Education Centre (CEC)

Figure 14: CEC staff attending the Florence Nightingale

- CEC supported **regional priorities through major education initiatives**, including: Advance Care Planning and the Frailty Education Pathway, aligned to the Department of Health's Winter Preparedness and HSC Reset plans.
- A number of **New and updated programmes** were also delivered: Childhood immunisation webinars; Swallow Aware eLearning; Ethical decision-making framework for AHPs.
- Team co-delivered **an innovative Nursing & Midwifery Leadership Programme** with HSCLC.
- Several CEC Staff completed **postgraduate qualifications**.
- The CEC sponsored, judged and represented the Centre at the **RCN NI Nurse of the Year Awards and Advancing Healthcare Awards NI.**

Counter Fraud and Probity Services (CFPS)

- The team delivered **significant investigative activity** including a major organised criminality case within HSC, and maintained excellent **fraud awareness engagement** despite constrained resources.
- CFPS increased verification across Dental, Ophthalmic and Pharmaceutical services.
- The team made recoveries: **£245k** from verification checks; **£127k** patient exemption recoveries (11-month period).
- Patient Exemptions processed **more than 5,000 cases**, meeting our Service Level Agreement.

Family Practitioner Services (FPS)

- Launch of a new Non-Medical Prescriber (NMP) electronic application system, **removing manual intervention and improving processing times**.

- Information Unit Statistician were **Highly Commended in UK Government Analysis Awards** for development of modern interactive efficiency dashboards.
- The Head of Interpreting Services was the **winner of the 2026 Women in Business - Advancing Diversity and Inclusion Award**.
- The team successfully implemented **Universal Credit for all Ophthalmic and Dental claims** by 1 December 2025.
- New digital dashboards and reporting improvements were delivered, supporting **Pharmaceutical Clinical Effectiveness programmes**.
- The team made progress in **digitalising FPS services** and enhancing operational data quality.

Interpreting Services

A short animation video explaining the role of Interpreting Services can be viewed at the following link - *https://vimeo.com/1136837344?fl=pl&fe=cm*

Legal (DLS)

- The legal teams delivered over **130,144 hours of legal case time** to clients. **£49.5M** in recoveries/cost avoidance was achieved by the team for HSC.
- The team supported charitable fund registrations totalling **£27.4M**.

- The **DLS Transformation Programme** which implemented changes in workforce strategy, funding and processes, systems and tools, to meet recommendations outlined in the DLS strategic review in 2021, was successfully completed.
- A senior leadership team was appointed and **governance structures were strengthened.** Multiple system upgrades were successfully completed (Legis, server relocation, virtual court delivery).
- **ISO9001 / Lexcel** annual surveillance audit was completed with no non-conformances.
- **Regional training** across multiple areas of law was delivered, including **advanced advocacy qualifications and new solicitor admissions.**

Figure 15: 3 DLS Staff who successfully completed the Advanced Advocacy Course delivered by the Law Society NI.

Leadership Centre (LC)

- **Strategy 2025-28**, co-designed with system partners, setting a clear three-year direction focussing on impactful, sustainable leadership development.
- **TeamStride model** was created in partnership with Johns Hopkins University, providing a research-driven approach to strengthening team performance across HSC.
- **First UK public sector body accredited as a PRINCE2 training centre**. Two staff achieved Practitioner status, with six cohorts completed, including Foundation and Practitioner programmes.

- Exchange places for leadership programmes was agreed to deliver bespoke consultancy, deepening **cross-border partnership**.
- The team won **CIPD NI 2025 – Best Digital & Technology Initiative in HR/L&D** and shortlisted for a Picker Experience Network (PEN) Award.

Figure 16: Leadership Centre staff at the CIPD Northern Ireland 2025 Awards

Procurement and Logistics Service (PaLS)

- **Implemented major procurement legislative and policy** changes including: Procurement Act 2023 (PA23) and the NI Public Procurement Policy Statement NIPPPS, and introduced new Cabinet Office terms and conditions.
- New **Sourcing Portal and Customer Portal** launched to streamline processes, and provide access to information.
- PaLs achieved a number of awards, winning the **Highly Commended award in the Procurement Delivery category** at the UK National GO Awards.
- The **Community Wheelchair Service (CWS)** was established and stabilised through new workflows and automation, along with clearing inherited backlogs.
- The successful management and lifecycle extension of surplus PPE and replenishment of the DoH emergency stockpile.
- The customer segmentation programme **reduced cost-to-serve and improved ordering behaviours**.
- The fleet replacement programme introduced **Electric Vehicles and HVO (Hydrotreated Vegetable Oil) fuels.**
- The Non-Medicines stock range was expanded from Pharmacy into PaLS supply chain.

Challenges during 2025-26

This year has been challenging for the Directorate of Operations due to sustained pressure on resources and systems to meet increasing and complex demands. This increased complexity was underpinned by the operational impact of the equip programme and legislative changes which change the way we work.

Clinical Education Centre (CEC)

- The team experienced **rising demand** from a wider professional inter-agency audience without corresponding funding.
- Learning platforms and processes **are not yet optimised to scale** educational delivery.
- The planned implementation of **equip** has had an impact on operations and business processes.

Counter Fraud and Probity Services (CFPS)

- The team experienced **unprecedented increase in fraud investigation demand** requiring cessation of proactive work with the identification of organised criminal activity representing **significant future risk** if not addressed.
- The introduction of Universal Credit created **system and process challenges** for Patient Exemptions.
- Significant non-engagement from some Primary Care contractors required **escalated intervention.**

Family Practitioner Services (FPS)

- The Interpreting Service has seen **demand surges** in Somali, Vietnamese, Tetum, Bengali, and Malayalam combined with **reduced interpreter availability.**
- Prescription volumes **consistently exceeded funded levels** (2.3m/month vs 2m/ month), creating payment timing and statutory compliance risks.
- The GMS Registrations team saw BMA collective action **increase demand pressures and create patient registration backlogs**, especially affecting patients born outside the UK.

Legal (DLS)

- The team saw a **major increase in legal queries and case volume**, particularly following Procurement Act 2023.
- There were **increased data protection queries** linked to the Data (Use & Access) Act 2025, alongside a **growing volume and complexity of litigants-in-person cases.**

Leadership Centre

- The introduction of **equip** and the need to **extend the Learning Management System contract** as a safeguard.
- The team had to manage **staff pressures** due to promotions and retirements, to enable service continuity.

Procurement and Logistics Service (PaLS)

- There was a **significant demand on resources** to support the **equip** programme's User Acceptance Testing and training.
- Our estate was consolidated from 10 procurement sites to 5.
- The SLA and budget realignment required a **new cost model**.
- High operational pressures were experienced due to **service complexity and change**.

Quality Improvements during 2025-26

During 2025-26, the Directorate of Operations focused on strengthening quality and resilience by embedding digital tools, improving data and reporting, and investing in workforce development. These improvements were informed by operational learning and have enhanced governance, assurance, and decision-making across HSCNI.

Counter Fraud and Probity Services (CFPS)

- A new **Probity Case Management System** was developed.
- The reporting for **Healthy Start & Day Care Foods schemes** was enhanced.
- Strengthened collaboration with SPPG and DoH on verification and governance issues.

Legal (DLS)

- **New triage and fast-track models** were implemented for medical negligence claims.
- A **high value claims tracker** was developed for oversight of >**£1M** cases.
- **IAS 37** financial training leading to **£5M** returned to frontline services.
- **Regional Periodical Payment Order (PPO)** support package was delivered.
- KPIs were expanded into SLAs and the **new SharePoint dashboard** was developed for contract managers, alongside digital improvements to key services.
- The talent pipeline was strengthened via **the apprentice solicitor qualification and new placement programme.**

Family Practitioner Services (FPS)

- Automated reporting was expanded using interactive HTML dashboards, including a new **antimicrobial prescribing dashboard**.
- The OCR technology harvested ~11 million missing Health and Care Numbers from archived prescriptions (since 2017), **improving data quality for patient-safety initiatives.**

Family Practitioner Statistics provided by the Northern Ireland Statistics and Research Agency (NISRA) – the full report for 2024-25 can be accessed at the following link - *FPS Key Facts for NI 2024/25*

Leadership Centre (LC)

- **Project Management capability** was expanded through accredited **PRINCE2** training, strengthening delivery **confidence and governance**.

Procurement and Logistics Service (PaLS)

- **ISO9001**, **Food Safety**, and Gold Standard **CECOPS** accreditations were maintained.
- **QMS procedures** were overhauled to reflect PA23 and NIPPPS changes.
- An updated Business Continuity Plan was developed and tested, with risk management processes also strengthened.

Looking Ahead to 2026-2027:

During 2026-2027, the Directorate of Operations will continue to focus on delivering high-quality, efficient and sustainable services that support the wider HSC system. Building on recent progress, the Directorate will prioritise service modernisation, workforce development, digital transformation and value for money, while strengthening governance, resilience and customer focus.

Procurement and Logistics Service (PaLS)

- Support the **equip** programme, alongside testing and training for the **2026 go-live**.
- Implement a new **People Plan** to support workforce and organisational development.
- **Identify cost-reduction opportunities** through benchmarking and spend analysis.
- Continue **sustainability** and **Net Zero carbon** actions, alongside disposal of **surplus PPE** and warehouse footprint optimisation.
- **Standardise** the Community Equipment & Continence Services and expansion of **Non-Medicines supply chain model** across Trusts.
- **Develop Business cases** for future logistics facilities.
- Further development of segmentation and revised order frequency pilots.

Legal (DLS)

- Deliver **customer-focused legal services** aligned to individual customer SLAs.
- **Workforce Strategy implementation**, to include the **Talent Management Strategy** by December 2026.
- Continue the ongoing **digital transformation**, including **enhancements to Legis**, and progress the new **digital Case Management System**

Counter Fraud and Probity Services (CFPS)

- Strengthen **HSC fraud prevention mechanisms** alongside early detection.
- Deploy the new **Probity Case Management System**.
- Expand assurance work including new **GP Federation enhanced service checks.**

Family Practitioner Services (FPS)

- Continue development of the **Drug Tariff Intelligence Unit** and **Primary Care Digital Reform Programme (ePharmacy).**
- Support development of a modernised **Cervical Screening System** and ensure alignment with NIDIS.
- Launch the **FPS Five-Year Strategic Plan** to guide future service transformation.

Leadership Centre

- Implement year 2 of the **Leadership Strategy**.
- **Co-design** and delivery new **HSE- partnered leadership programmes**.
- **Commence** a **review** of the **operating model**.

Clinical Education Centre (CEC)

- **Expand** and **modernise** the **education portfolio**.
- **Strengthen stakeholder partnerships** to meet evolving workforce needs.
- **Sustain growth** in programme completion.

HSC Business Services Organisation

Directorate of People and Place

Directorate of People and Place

The following service areas that sit within the People and Place Directorate:

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

Introduction

The Directorate of People and Place supports BSO and the wider HSC system through four key service areas, Corporate services; Equality Unit; Human Resources and Recruitment Shared Services. Corporate Services delivers critical functions including Estates, Facilities, Emergency Planning, Health and Safety, Fire Safety and Information Governance. The Equality Unit provides expert guidance on equality, disability and human rights legislation. As well as supporting training, engagement, action plans and statutory reporting. Human Resources offers strategic and operational HR and organisational development and guidance services, working with senior leaders to align workforce strategies, support transformation, and maintain strong trade union partnerships. Recruitment Shared Services delivers end-to-end administrative support for HSC recruitment processes, while the hiring decisions remain with employing organisations.

Directorate Highlights and Challenges in 2025-26

Highlights during 2025-26

The Directorate of People and Place saw many highlights during 2025-26 through its four service areas. In 2025–26, the Directorate’s focus was on strengthening resilience, compliance and workforce support to enable high-quality service delivery.

Corporate Services

The 2025-26 financial year has been another positive and productive period for the Corporate Services function, which encompasses Estates, Facilities Management, Asset Management, Emergency Planning and Business Continuity, Health and Safety, Fire Safety and Information Governance/GDPR.

Estates, Facilities Management and Asset Management:

- Continued implementation of **the Asset Management Strategy** adopted during 2024-25, placing a renewed emphasis on the efficient and effective use of the BSO estate, including the closure of the Great Victoria Street offices and the **consolidation of teams** into other sites.
- In Armagh, the closure of Pinewood Villa enabled staff to be **successfully relocated into the redeveloped and modernised** Rosewood Villa.
- **Refurbishment works** across BSO Headquarters at Franklin Street significantly improved staff accommodation, upgraded workstations, and increased the availability of modern meeting spaces to support hybrid and collaborative working.
- Estate Team continued to work to optimise utilisation, support new working arrangements, and ensure buildings remain safe, compliant and fit for purpose.

Emergency Planning and Business Continuity:

- An **Emergency Planning & Business Continuity (EPBC) Manager** was appointed and remains in post until March 2027, strengthening leadership and coordination, with a focus on reviewing plans, addressing capability gaps, and updating emergency, business continuity, and major incident arrangements.
- BSO participated in **Exercise Pegasus**, a Tier 1 national multi-agency resilience exercise, improving situational awareness, communication pathways, and preparedness across key service areas.
- Engagement with regional resilience forums increased, supporting planning and aligned response arrangements, alongside continued work to **strengthen Business Continuity maturity** through updated Business Impact Analyses, review of critical functions, and enhanced continuity planning to maintain service resilience during disruption

Information Governance (IG):

- The Information Governance function continued to grow during 2025–26, with the appointment of a new **Head of Information Governance and Data Protection** strengthening leadership and underscoring BSO's commitment to data protection, statutory compliance, and robust governance.
- The IG team delivered a **Comprehensive service to internal business** units and a range of ALBs across the HSC system.

Equality Unit

- The Equality Unit facilitated BSO and HSCNI customer organisations in undertaking their **Five-Year Review of Equality Scheme** - designing the methodology and facilitating data collection.
- The team supported BSO HR in **developing a Framework for Work Placements for people with a disability** in BSO alongside 10 HSCNI customer organisations through new ways of collaborating with voluntary sector partners.

Human Resources (HR)

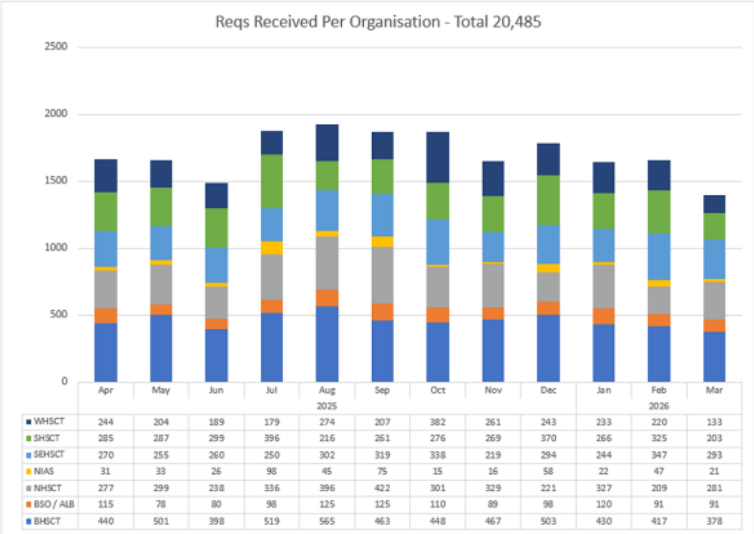
- The BSO HR team led on a varied programme of Organisational Development initiatives and events, to include the **biannual BSO Leadership Conference**. The conference theme was "RESET", which focused on the stabilisation, reform and delivery of high-quality services across HSC both now and into the future. An address from the **Health Minister** highlighted the unique position BSO holds within the HSC and how BSO will be an integral leader of transformation across HSC.
- **HR** and **Trade Union** colleagues re-established the **Joint Negotiating Forum** within BSO this year, committing to partnership working and maintenance of a positive employee relations environment.

- The HR team supported **numerous transformational change programmes** including the PHA Reshape and Refresh programme, equip, establishment of the Regional Wheelchair Service within PALS, transfer of the ECHO Research Project to RQIA etc.

Figure 17: Leadership Conference November 2025

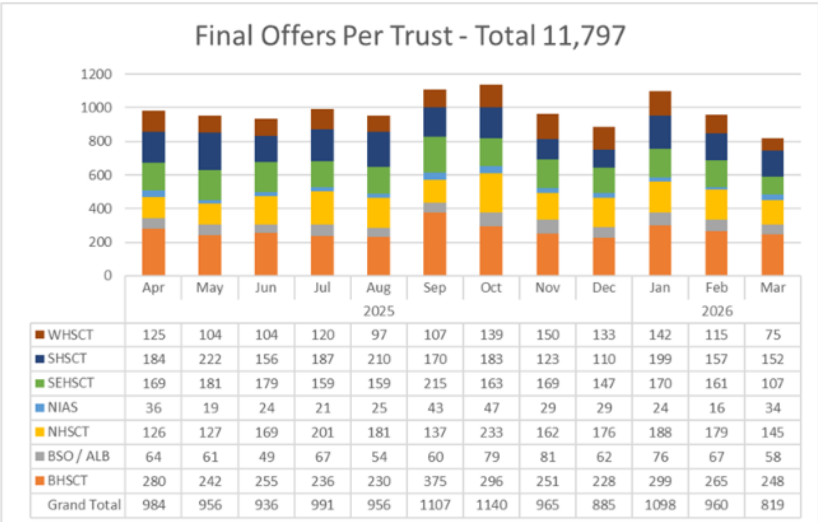
Recruitment Shared Services (RSSC)

- RSSC continued to operate in a challenging environment, delivering high quality, efficient services such as **supporting equip** joining the workforce, underpinning **regional workforce transformation.**
- RSSC received **20,485 requisitions** from across HSCNI, resulting in **11,797 final offers.**
- RSSC handled over **40,000** calls, achieving a **positive 98% call handling rate**.
- RSSC also handled **424 Freedom of Information (FOI)** and **Subject Access Requests (SAR) and** processed **over 10,000 Access NI applications.**



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
					2025						2026	
WHSCT	244	204	189	179	274	207	382	261	243	233	220	133
SHSCT	285	287	299	396	216	261	276	269	370	266	325	203
SEHSCT	270	255	260	250	302	319	338	219	294	244	347	293
NIAS	31	33	26	98	45	75	15	16	58	22	47	21
NHSCT	277	299	238	336	396	422	301	329	221	327	209	281
BSO / ALB	115	78	80	98	125	125	110	89	98	120	91	91
BHSCT	440	501	398	519	565	463	448	467	503	430	417	378

Figure 18: Requisitions received per organisation



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
					2025						2026	
WHSCT	125	104	104	120	97	107	139	150	133	142	115	75
SHSCT	184	222	156	187	210	170	183	123	110	199	157	152
SEHSCT	169	181	179	159	159	215	163	169	147	170	161	107
NIAS	36	19	24	21	25	43	47	29	29	24	16	34
NHSCT	126	127	169	201	181	137	233	162	176	188	179	145
BSO / ALB	64	61	49	67	54	60	79	81	62	76	67	58
BHSCT	280	242	255	236	230	375	296	251	228	299	265	248
Grand Total	984	956	936	991	956	1107	1140	965	885	1098	960	819

Figure 19: Final offers per organisation

Challenges during 2025-26

During 2025–26, the Directorate of People and Place operated in a challenging and fast-paced environment, with increasing demand, major system changes and growing regulatory complexity impacting across services. Teams were required to balance the delivery of core business-as-usual activity with significant transformation programmes, heightened compliance requirements and rising service expectations, placing sustained pressure on capacity, resilience and ways of working.

Corporate Services

- **Demand for Information Governance services has increased** year on year, driven by rising statutory information rights requests, data sharing assessments, and growing complexity of digital systems and cross organisational data flows, regularly responding to urgent or unplanned requests that require review, redaction, duplication removal, and engagement with stakeholders.
- **Variations in communication expectations** across service areas add additional pressure, requiring the team to adapt quickly while ensuring compliance standards.

Equality Unit

- The Equality Unit performed Five-year Reviews as additional statutory tasks during the year, creating **resourcing pressures.**
- The team saw unpredictable demand, due to **a lack of control** over the requirement for advice on equality screenings

Human Resources (HR)

- HR, RSSC, PALS, Finance and Payroll colleagues, have been involved in the **design of the new equip system,** which is due to replace HRPTS in the coming year. This has been challenging due to time input required from staff to support this phase of the programme alongside BAU.
- Pay & Conditions teams were also heavily involved in the delivery of **multiple pay review processes** and awards for **Agenda for Change**, Senior Executive and Medical & Dental staff, across BSO and ALBs.

Recruitment Shared Services Centre (RSSC)

- RSSC operated in a complex 2025–26 environment, managing simultaneous internal and external pressures including major system changes, new technologies, legislative updates, compliance reviews, and evolving ways of working.
- Current staffing model is heavily reliant on Band 3 roles, creating **risks around capacity, governance, and compliance.**

- Lack of standardised processes with customers- combined with increases in offline processes, continues to create **complexity and inefficiencies** within the service area.

Quality Improvements during 2025-26

During 2025-26, significant quality improvements were delivered across the Directorate of People and Place, with a strong focus on digital enablement, governance and service improvement. These initiatives strengthened data, reporting and oversight, supported system-wide transformation programmes, and enhanced consistency, assurance and customer engagement across the Directorate of People and Place.

Corporate Services

- **Worked to strengthen BSO's emergency preparedness** and organisational resilience.
- Learnings from Exercise Pegasus were captured through a structured debrief to **strengthen operational plans and future training.**

Equality Unit

- The team saw the expansion of **digitisation in statutory reporting processes** for all customer organisations.
- The team developed a **new methodology for undertaking the Five-Year Reviews,** which has allowed maximising of shared learning and efficiencies between BSO and customer organisations.

Human Resources (HR)

- **PowerBI software** introduced to enhance workforce data reporting capabilities and analytics.
- **Internal Trawl process** introduced to significantly decrease recruitment timeframes for temporary roles within BSO.
- **Employee Relations Tracker system** was implemented which has enabled greater oversight and reporting of case activity and timeframes.

Recruitment Shared Services Centre (RSSC)

- RSSC achieved Satisfactory Assurance from Internal Audit, demonstrating **robust governance, alongside full compliance from our Access NI Audit.**
- RSSC worked collaboratively with regional colleagues to **progress shared priorities** alongside shaping the **End-to-End Recruitment Service Design**, influencing future service models.
- **Customer Forum was revamped** strengthening regular communication channels to enhance customer engagement through Insights meetings.
- The team delivered improvements in Time to Hire through **the implementation and optimisation of the Amiqus system.**

Looking ahead to 2026-2027

In 2026-2027, the Directorate of People and Place will continue to focus on strengthening the organisational foundations that enable BSO and its customers to deliver high-quality services. Priorities will include workforce sustainability, digital and system transformation, effective recruitment and people governance, and promoting equality, safety and compliance during a period of ongoing change and increasing demand.

Corporate Services

Planning for the Belfast Fleadh 2026 & 2027

Planning for the All-Ireland Fleadh Cheoil in Belfast from 2–9 August 2026 and again in 2027, will be a major focus in the year ahead. This event is expected to attract significant local, regional, and international attendance. Early engagement has already begun with impacted BSO services, it will intensify in 2026–27 through continued coordination with partners to manage risks, maintain essential services, and ensure incident preparedness.

Estates, Facilities Management and Asset Management

- Continue to **centralise estates**, **facilities**, and **asset management service**, to ensure accommodation is **efficient, sustainable, and aligned** to organisational needs, whilst **consistent practices**, **standardised processes**, **improve coordination** across sites, streamline access, improve responsiveness, and simplify engagement for business units.

- This work will deliver **clearer service pathways**, **modernised workflows**, **enhanced digital tools**, and more strategic estate management, supporting better planning and faster issue resolution.

Emergency Planning & Business Continuity

- Continuing to build, **collaborate** and **strengthen arrangements** and **embed** the Emergency Planning structure, ensuring resilience, preparedness, and coordinated responses become integrated **into everyday operational practice both within BSO and with strategic partners across the wider public service.**
- Continue to work closely with regional forums, statutory agencies, and partner organisations to maintain **shared situational awareness** and **ensure aligned planning for both routine and exceptional circumstances**.

Information Governance

- Embed **governance structures**, **organisational awareness**, and **compliance** following the appointment of the new Head of Information Governance and Data Protection.
- Meeting **increased demand for service** as digital transformation accelerates across HSC.
- **Strengthening capability** and **streamlining processes** to manage pressures from new digital systems, integrated platforms, and complex data-sharing.
- **Improving workflow efficiency** for information rights requests, DPIAs, access assessments, and governance queries.
- Enhancing staff awareness through updated training, guidance, and improved support.
- **Safeguarding data**, enabling compliant innovation, and embedding privacy and security across system design and service delivery.

Equality Unit

- Support BSO and **8** customer organisations to complete and report on the **statutory Five-Year Review of their Equality Schemes** and provide **expert support and advice** on equality screenings and EQIAs.
- Organise **2 Disability Awareness Days** for staff, managers and Board members in BSO and customer organisations alongside supporting the PHA in establishing an **internal Equality Forum.**

Recruitment Shared Services Centre (RSSC)

- **Evolving our approach** around how we will operate within the new business model and embedding the new staffing structure.
- **Strengthen governance and performance** by developing a new costing model, updating regional KPIs, policies and procedures and maintain satisfactory Audit outcomes.
- **Driving transformational change and collaboration** through partnerships to continue improving **Time to Hire**, ensuring staff, processes are ready to implement the equip programme through transformation, regional collaboration and service redesign.
- **Improving staff capability and our candidate experience** by enhancing candidate experience, ensuring a consistent, high-quality recruitment journey.

Human Resources (HR)

- Refresh **BSO People Plan from 2026-2029,** to include a **strategic approach to workforce and succession planning.**
- Continuing to support the t**esting and implementation phases of the equip programme**, including management of change and training, across BSO and ALBs.
- Developing a **BSO Leadership Charter**.
- Supporting the **transformational change agenda** across all other areas within BSO and ALBs.

Directorate of Strategic Planning and Customer Engagement

The following service areas sit within the Strategic Planning and Customer Engagement Directorate:

Corporate Planning & Performance | Governance & Risk | Sustainability | Complaints & Raising a Concern | Office of the Chair and Chief Executive | Communications and Engagement

Introduction

The SP&CE Directorate supports the Executive Leadership Team and the BSO Board, providing a central coordination point whilst working closely with customer organisations and the Department of Health to ensure strategic alignment and effective service delivery. **Corporate Planning & Performance** leads on the corporate planning, performance management, statutory reporting and Service Level Agreements. **Governance & Risk** oversees the governance frameworks, risk management, assurance processes and reporting. **Sustainability** drives the Sustainability Strategy, climate reporting and statutory compliance across BSO. **Complaints & Raising a Concern** ensures effective complaints handling processes, policy implementation, reporting and organisation wide learning. The **Office of the Chair and Chief Executive** provides executive coordination and governance support to the Chair, Chief Executive and Executive Leadership team. The **Communications and Engagement** team leads internal and external communications, media relations and digital platforms to ensure clear, consistent messaging internally and externally.

Directorate Highlights and Challenges in 2025-26

Highlights during 2025-26

During 2025-26, the Directorate continued to provide strategic leadership, coordination and assurance across BSO, strengthening corporate planning and performance, governance and risk management, sustainability, complaints handling, communications, and executive support to enable high-quality, transparent and accountable service delivery.

Corporate Planning & Performance

- After **successful roll-out of the Pilot SLA Programme** during 2024-25, all remaining BSO service areas were supported to transition onto the new SLA templates.
- The team worked closely with the Finance Directorate to deliver the **Realignment project** to drive improved transparency and service delivery to our customers.
- The team focused on **continuous improvement** through the delivery of multiple KPI workshops and 1:1 support with service areas and customer engagement.
- The **Performance Management Framework** was developed, to support organisation wide service improvement with clear guidance on best practice.

Governance & Risk

- BSO’s **digital risk management system** was further embedded across the organisation.
- **Tailored risk management** training was delivered, including targeted sessions for service area senior management teams.
- **Corporate risk reporting was improved** to support the Board, Governance and Audit Committee and Executive Leadership Team.
- an **Integrated Governance and Assurance Framework for 2025-26** was introduced and implemented.

Sustainability

- The **new Sustainability Manager** took up the role on 5 January 2026, reflecting BSO’s commitment to sustainability.
- **The action plan for year 1 of our Five-Year Sustainability Strategy** was successfully developed and presented to ELT on 12 March 2026.
- All statutory reporting requirements were submitted to the Department of Health and DAERA on time.

Complaints & Raising a Concern

- BSO received **56** complaints during 2025-26 with **100% acknowledged within 2 working days** and **86%** of complains responded to (complaints processed) within 20 working days
- The **Complaints Policy and processes were** updated in line with the new 'Model Complaints Handling Procedure' introduced by the Northern Ireland Public Services Ombudsman (NIPSO).
- **Our new Complaints & Raising a Concern Manager** took up the role on 2 March 2026.
- **Over 84% of BSO staff** successfully completed complaints training during 2025-26.

Office of the Chair and Chief Executive

- During 2025–26, the team focused on **improving internal workflows** and embedding updated, streamlined and more efficient processes.
- The Office continued to provide **high-quality coordination and executive professional support.**
- Processes between the Executive Leadership Team and Directorates were strengthened to ensure **actions and activities are clearly communicated and effectively monitored**.
- During 2025–26, the Office developed a comprehensive onboarding package to support **the induction, transition and training of new Non-Executive Directors.**

Communications and Engagement

- **BSO's profile was strengthened** through enhanced staff engagement, external recognition, digital channel development, and public-facing campaigns.
- The Communications and Engagement Team (Team) alongside ITS HR colleagues received National recognition being named **finalist in the Northern Ireland Social Media Awards.**
- The Team supported and collaborated with multiple ITS teams to achieve success at the Belfast Telegraph IT Awards 2025, with the encompass programme team winning **Public Sector IT Project of the Year** and **IT Project of the Year**, while ITS was highly commended for Best Place to Work in IT. Alongside two wins **at the Public Sector Digital**

Transformation Awards 2025 in October 2025, including an award for the NIPACS+ Programme.

- Digital and marketing communications supported **recruitment, onboarding, and employer-brand activity**, helping position BSO as an attractive employer.
- The Team continue to support good governance, **maintained and signposted a clear public framework** for its communications channels.
- The Team maintained **good governance standards**, including social media frameworks and Web Content accessibility Guidance 2.1 (WCAG) compliant website accessibility.
- **Business Matters, continues to grow and develop providing over 2,000 staff** a regular view of what is going on across the organisation, with over 50 pages of content.
- The Team **delivered over 308 Communications and Engagement projects in during 2025-26** (not including direct requests by email, teams and in person.

Challenges during 2025-26:

As the smallest Directorate in the BSO, SP&CE continues to face pressures in capacity and workforce planning, against a backdrop of increasing complexity and changing demands.

Corporate Planning & Performance

- As a small team which is responsible for corporate and statutory reporting functions, we continue to face **challenges with capacity**, particularly during busy periods.
- Ensuring consistency of how performance is managed across a **complex organisation** is not without its challenges.

Governance & Risk

- Ensuring **consistent risk management practices** across a complex and diverse organisation continues to be challenging.
- **Capacity constraints** remain, as a small central function that supports over 21 service areas and dozens of risk owners with differing levels of risk management maturity.

- **Embedding risk management into day-to-day operational planning** and decision-making continues to be a challenge, as at times it is viewed as stand-alone.

Sustainability

- The Sustainability function faced **resiliency risks** due to reliance on specialist knowledge held by staff across the organisation, with staff departures leading to the loss of critical knowledge and experience.

Complaints and Raising a Concern

- Ensuring **consistent implementation of new complaints procedures** can present challenges, including ensuring frontline staff consistently complete the required online forms so that Stage 1 complaints are accurately captured at service level.
- Delivering effective training and communication continues to present difficulties, given **varying staff needs and operational pressures** across the organisation
- Managing **increasingly complex complaints that involve multiple service areas,** presents challenges in coordination and meeting statutory response times that impact the complainant's overall experience.

Office of the Chair and Chief Executive

- As a small team responsible for supporting BSO's leadership teams, **capacity has remained a challenge**, particularly during peak periods and with the additional demands associated with inducting and supporting new Non-Executive Directors.

Communications and Engagement

- As a small team, **capacity constraints** continue to limit proactive and strategic activity.
- The increasing **complexity and demand for tailored communications** is increasing workload across multiple channels.
- Maintaining **consistency of messaging** across the organisation is challenging due to increasing size and complexity.

- **Balancing reactive demands with long-term planning and evaluation** can prove difficult.

Quality Improvement 2025 - 26

During 2025–26, the Directorate of Strategic Planning and Customer Engagement delivered a programme of improvements that strengthened consistency, assurance and organisational effectiveness across BSO. These focused on improving data quality, governance and risk maturity, compliance with statutory requirements, and stakeholder engagement.

Corporate Planning & Performance

- **Strengthened and standardised processes** for capturing performance data to improve quality and consistency.
- Supported the successful completion of the **BSO Strategic Review**.
- Enhanced KPI and SLA management to **clarify roles and responsibilities** and support continuous improvement.
- Developed a **Performance Management Framework** to provide a consistent approach to monitoring, reporting and improvement.
- Delivered all statutory reports, including the Annual Business Plan and Annual Quality Report, **ensuring accuracy, timeliness and compliance.**

Risk & Governance

- Risk reporting has been **improved to support well-informed discussions** at Board and senior management level.
- The strengthening of our processes has provided **better visibility of assurance.**
- **Consistency** in the identification, assessment, and escalation of risks was improved across service areas.
- Alignment between governance, risk, and assurance was strengthened through the introduction of an **Integrated Governance and Assurance Framework**.
- There was a **greater organisational focus on risk management** as an integral part of decision-making and service delivery.

Sustainability

- The Sustainability working group worked to embed a **consistent and coordinated approach** to delivering our statutory reporting requirements and sustainability action plan.

Complaints and Raising a Concern

- During 2025–26, BSO implemented the new Model Complaints Handling Procedure (MCHP), **strengthening the quality and consistency of complaint handling across the organisation.**
- The Complaints Policy was comprehensively reviewed and updated to improve process quality, embed early resolution and strengthen the use of complaints as a source of **organisational learning and service improvement.**
- The revised policy was approved by the BSO Board on 28 November 2025 and came into effect on 1 January 2026, providing a **more reliable and standardised approach** to complaints handling.
- **Robust change management arrangements** supported quality assurance during implementation, with legacy and new systems operating in parallel until 31 March 2026.
- Ongoing staff training is supporting consistent application of the policy and **embedding a culture of quality improvement and learning** from complaints across BSO.

Office of the Chair and Chief Executive

- During 2025–26, the team focused on **improving internal workflows** through the establishment of Standard Operating Procedures and **strengthened tools and templates**, driving consistency.
- Technology was fully implemented and embedded to **improve the consistency, quality, and efficiency** of Executive Leadership Team (ELT) and Board meetings, supporting clearer reporting, stronger governance, and more effective decision-making.

Communications and Engagement

During 2025-26, the BSO website continued to see **significant growth in its engagement with all stakeholders.** For example, page development and increased exposure have seen **an increase of 278.16% in users exploring career opportunities** with BSO. This improvement is demonstrated through the following statistics:

- **Total Event Counts**- increased from 3,350,342 to 3,962,833
- **Pages Views** - Increased from 965,549 to 1,116,775
- **Total Users**- Increased by 31.47% from 369,576 vs. 281,113 with 31.46% increase in new users.
- **Organic Google Search clicks** -Increased to 443,022**
- **Organic Google Search impressions**- Increased to 20,249,521 impressions***

Image 21: Corporate Communications Statistics 2025-26

*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.

The **BSO Intranet continued to see growth** across all service areas and Directorates. This improvement is demonstrated through the following statistics:

- **Total Event Counts** – increased to **2,778,654** from 2,684,309
- **Pages Views** – increased to **895,214** from 862,643
- **File Download** – increased by **44.99**% from 9,463 to 13,720 events*

The Communications and Engagement team continued to design and improve digital marketing recruitment campaigns that have generated more than **1,500 applicants for jobs** across all BSO Directorates, including areas that had previously struggled to attract applicants.

Looking ahead to 2026-27

During 2026-27, the Directorate of Strategic Planning and Customer Engagement will focus on enabling effective leadership, assurance and organisational alignment across BSO. It will continue to provide strategic oversight, coordination and insight to support strong governance, informed decision-making and continuous improvement in partnership with the wider HSCNI.

Corporate Planning & Performance

- Support BSO to **develop a commercial mindset** through targeted engagement
- **Benchmark our services against comparable UK Shared Services** to identify areas for improvement and to inform the adoption and implementation of best-practice models.
- **Refresh the Customer Engagement Strategy** to ensure it remains aligned with the evolving HSC landscape.
- **Roll out the Performance Management Framework** across all service areas, supported by comprehensive training and clear guidance.
- Re-develop our corporate reporting mechanisms, including **the Corporate Scorecard and the Board Quarterly Performance Dashboard,** alongside enhancements to customer reporting arrangements.
- Refresh and standardise the **Service Development Proposal process** to incorporate updated guidance and training for all service areas.

Governance & Risk

- Refresh the **Integrated Governance and Assurance Framework (IGAF)** to further strengthen alignment between governance, risk, and assurance arrangements.
- Further embed our **Risk Management Strategy for 2026-29** to support greater clarity, consistency, and maturity in risk management across the organisation.
- Establishing a **Risk Management Practice Group** to support shared learning and promote consistent approaches across service areas.
- **Further develop risk management procedures and guidance** to support effective and consistent application in practice.

- **Expand our use of risk deep-dives** to enable more detailed and focused review of key organisational risks.
- **Provide tailored training and ongoing support** to service areas and risk owners to strengthen risk management capability.
- **Strengthen assurance arrangements** across BSO in response to new and evolving service delivery models.

Sustainability

- Embed sustainability across BSO through **the delivery of a mandatory sustainability e-learning** aligned to the Sustainability Strategy 2025-30, Environmental Policy, and Climate Adaptation Plan.
- **Review and update the BSO Environmental Policy** to ensure full alignment with legislative requirements, HSC net zero commitments, and organisational sustainability objectives.
- **Strengthen organisational awareness and capability in** sustainability through improved staff engagement, training, and cross-Directorate working.
- **Pilot wellbeing and biodiversity initiatives**, including nature-based staff engagement activities, to support delivery of the Sustainability Strategy and promote HSC values.

Complaints and Raising a Concern

- **Embed the new complaints handling framework** in line with the Model Complaint Handling Procedure to improve the quality, consistency, and timeliness of complaint responses.
- **Improve early resolution of complaints at Stage 1** through clearer processes, enhanced data capture, and ongoing monitoring of response times.
- **Deliver wider organisational training and targeted investigation training for stage 2 complaints** to support consistent application across service areas.
- **Utilise learning from complaints** to inform service improvement and enhance the overall complainant experience across BSO.

Office of the Chair and Chief Executive

- **Embed new digital tools and ways of working** to improve the efficiency, consistency, and quality of Executive Leadership Team and Board meetings.
- Monitor the **implementation of digital tracking** to support the timely handling of Assembly Questions and exploring opportunities to triangulate issues with FOIs and media enquiries.
- **Strengthen meeting administration processes in line with audit recommendations**, to better support Board and ELT meetings.
- Build **team resilience and capability** through targeted training, consistent completion of appraisals, and structured knowledge-sharing across the SP&CE Directorate.

Communications and Engagement

- Implement the **Communications and Engagement Strategy** across BSO, supported by structured engagement sessions and a clear delivery roadmap.
- **Strengthen BSO's external reputation** by promoting organisational achievements, and supporting award submissions
- **Modernise internal communications platforms and conduct accessibility**, including the intranet and website, to improve accessibility, usability, and consistency.
- **Improve digital accessibility** across BSO through accessibility audits and the delivery of clear guidance to support compliance and good practice.
- **Enhance communications reporting and analytics** through the introduction of regular dashboards and engagement reports to support insight-led decision-making.
- Building Communications and Engagement **team capacity** through targeted recruitment and the delivery of a structured internal communications training programme.

  Support BSO workforce attraction and retention by continuing to leverage digital and marketing communications to strengthen BSO employer branding and recruitment.

Statement of Accounting Officer Responsibilities

Under the HSC (Reform) Act (NI) 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 HSC 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

- **Introduction/Scope of Responsibility**

  This statement is given for BSO in respect of 2025-26. It outlines the BSO's governance framework for directing and controlling its functions and how assurance is provided to support me in my role as Accounting Officer for BSO. 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 public funds and assets for which I am responsible, in accordance with the responsibilities assigned to me by the Department of Health.

  The organisation has an established range of governance processes and structures to ensure appropriate accountability and effective oversight. These include:

- ***A Partnership Agreement*** with the Department of Health, 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 engagement which is set out in an annual engagement plan.

- ***Memorandum of Understanding*** governing 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 (SLAs) with Customer Organisations,*** including the Department of Health's Strategic Planning and Performance Group (SPPG), Public Health Agency (PHA), HSC Trusts and other HSC Organisations, which define service expectations, performance standards and accountability arrangements.

- ***Partnership Forums and Shared Services Regional Customer Forums***
  Partnership meetings with all HSC customer organisations are conducted annually at a corporate level. BSO Service Areas 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 Arm's Length Body (ALB) Customer Forum which brings together the ALBs and Senior Staff from BSO in a quarterly forum. The Director of Strategic Planning and Customer Engagement chairs the forum and is supported by the Assistant Director of Strategic Planning & Customer Engagement who is responsible for coordinating attendance of senior staff from across the BSO. 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, updates to service delivery, 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. Programme implementation is delivered by teams working within the BSO Digital Directorate and normal accountability for professional delivery of services is through the Director of Digital reporting through to the BSO Chief Executive,

Following implementation, a model for operational delivery of systems is agreed with DHCNI and this is translated into payment for business as usual services within the Service Level Agreements following normal lines of accountability.

- ***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 was received in-year via the Revenue Resource Limit (RRL) and £11m was received via Capital Annually Managed Expenditure (CAME). BSO also makes payments for Interpreting Services on behalf of SPPG totalling approximately £4m.

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 (ELT) 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 August 2025. 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.

The summary of Self-Assessment was shared with the Board and actions agreed included a review of the Integrated Governance and Assurance Framework and an updated schedule of assurances.

A Board Effectiveness audit was conducted by BSO Internal Audit with a final report issued in February 2026. The report concluded with a satisfactory rating in relation to the Board governance, risk management and control. Internal Audit is of the opinion that the Self-

Assessment process was sufficiently robust, with sufficient and adequate details recorded in relation to all Green or Amber flag indicators; no Red flag indicators were identified.

A Board Impact Case Study also formed 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:

- Standing Orders and Standing Financial Instructions;
- A Scheme of Delegation, which gives decision making authority, within set parameters, to the Chief Executive and other officers;
- A schedule of matters reserved for Board decisions;
- An Integrated Governance and Assurance Framework;
- A Corporate Plan supported by an Annual Business Plan;
- 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 BSO Board is responsible for setting the strategic direction and objectives of the organisation, working in conjunction with the Executive Leadership Team (ELT). It ensures accountability to stakeholders for the Organisation's performance and that the Organisation operates with probity, integrity and in accordance with statutory and regulatory requirements.

To support the discharge of its responsibilities, the BSO Board has three Sub-Committees:

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

Each Sub-Committee operates in accordance with approved Terms of Reference, which is reviewed annually to ensure continued effectiveness and alignment with organisational priorities.

The Board and its Committees met regularly during the year to discharge their responsibilities. Attendance levels across the Board and Committees were consistently high, demonstrating strong engagement and effective oversight and it has been detailed in the table below.

Table 1: Attendance records for BSO Board and Sub-Committees as at 31 March 2026

Board/Committee	Number of meetings	% Attendance
BSO Board	11	86%
Governance and Audit	4	86%
Remuneration and Terms of Service	3	100%
Business and Development	5	100%

Table 2: Attendance of officers at the BSO Board in 2025-26:

	No. Meetings Attended	No. of possible Meetings
Non-Executive Directors		
Julie Erskine *(Term ended 30 November 2025)*	7	8
Sean McKeever *(Term ended 12 November 2025)*	6	7
Prof Dorothy Whittington *(Term ended 30 November 2025)*	7	8
Robert Bannon *(Term ended 30 November 2025)*	7	8
Mark Lowry	11	11

	No. Meetings Attended	No. of possible Meetings
Maynard Mawhinney	11	11
Fred Smyth	9	11
Linus McLaughlin	10	11
Sharon O'Connor *(Appointed 1 December 2025)*	3	3
Alan Todd *(Appointed 13 November 2025)*	4	4
Peter Russell *(Appointed 1 December 2025)*	3	3
Bernadette McCrory *(Appointed 1 December 2025)*	2	3
Joseph Stewart *(Appointed 1 January 2026)*	3	3
Executive Directors		
Karen Bailey	10	11
Paula Smyth *(Retired 31 March 2026)*	10	11
Robin Arbuthnot *(Interim from 2 March 2026)*	1	1
Lesley Young	5	11
Linda O'Hare *(Interim from 10 November 2025)*	4	4
Simon McGrattan *(Interim to 26 October 2025, Permanent appointed 27 October 2025)*	9	11
Directors		
Karen Hunter	7	11
Stephen Beattie *(Interim 6 October – 30 December 2025)*	3	3
Ben Doran *(Interim to 26 October 2025, Permanent appointed 27 October 2025)*	10	11

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

The GAC, chaired by a Non-Executive Director, meets not less than four times per year in accordance with its Terms of Reference. The Committee's primary role is to provide an independent and objective oversight of the organisation's governance, risk management and internal control arrangements. In discharging its responsibilities, the Committee oversees the work of internal and external audit; reviews the effectiveness of financial systems and controls; monitors compliance with the BSO Standing Orders and Standing Financial Instructions and reviews the Financial Statements, including the Schedule of Losses. The Committee places reliance on the work of internal and external audit in forming its view on the effectiveness of the system of internal control.

Following each meeting, the Chair presents a summary report to the BSO Board on the key matters discussed, highlighting any significant governance issues. Approved minutes of the Committee meetings are submitted to the BSO Board for noting. In addition, the Chair provides an annual report to the Board summarising the Committee's activities.

The Committee undertakes an annual self-assessment using the Northern Ireland Audit Office (NIAO) Audit and Risk Assurance Committee Self-Assessment Checklist to evaluate its effectiveness. The most recent assessment was completed in July 2025, with the next review scheduled for 2026. The outcome of the assessment confirmed that the Committee is operating effectively, supported constructive discussion and the development of an action plan for continuous improvement. No significant issues were identified.

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 operation of performance appraisal systems to ensure that appropriate arrangements are in place to support performance management and accountability.

3.4 *Role of the Business and Development Committee*

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

Agreement performance, benchmarking, customer satisfaction, management of complaints, human resources and corporate services policies, adverse incidents and freedom of information.

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

4. Business Planning and Risk Management

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

4.1 *Business Planning*

The BSO, as an Arm's Length Body, is required to take its lead from the wider Department of Health (DoH) 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. In 2024, BSO developed three new corporate objectives which are set out in the Corporate Plan 2024-27. The Corporate Plan is supported by three consecutive Annual Business Plans that drive the delivery of key priorities, targets and actions. These are grouped under the three strategic objectives that focus on the organisation's core purpose. The plan includes defined objectives and targets, that are developed in collaboration with senior management, the Executive Leadership Team (ELT) and the Board. The objectives relate to corporate governance, service quality and delivery, BSO staff and innovative and incremental 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 also demonstrate the strategic direction of BSO to both our customers and the public.

The 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 develops its own local business plan which reflects the corporate objectives set out in the Corporate plan 2024-27 and the Annual Business Plan. The development of these local business plans is underpinned by guidance and templates that provide a consistent and outcome-orientated approach across BSO. These local business plans and the included SMART objectives are reviewed and approved by the appropriate Director, and form the basis of work for Directors, Assistant Directors, Managers and Staff across the organisation and of individual and team performance appraisals. These are retained centrally by the BSO Strategy, Engagement and Improvement team.

4.2 *Risk Management*

The system of internal control is designed to manage risk to a level consistent with the organisation's agreed risk appetite rather than to eliminate all risk of failure to achieve its policies, aims and objectives. It can therefore only provide reasonable, but not absolute, assurance of effectiveness.

The BSO's Risk Management Framework 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 review and assess the effectiveness of controls and sources of assurance in place to manage risk 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 continuous improvement. These processes and procedures are 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 and that appropriate systems and processes, including risk management software and centralised governance and risk coordination, are in place to support this.

Operational responsibility for risk management rests with BSO Directors within their respective areas.

The BSO has developed a Risk Management Strategy for the period 2025-29, along with associated policies and procedures that set out how risk management is embedded across the organisation. 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 will vary depending on the nature of each risk. Risks broadly cover financial, infrastructure and our workforce. No system of internal control can eliminate all risk and the BSO's strategy is to focus on the effective management of known risks to support efficient service delivery. The BSO Risk Appetite statement recognises that some degree of inherent risk 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 Corporate Risk and Assurance Reports, a Corporate Risk Register, Corporate Issue Register and Service Risk and Issue Registers. 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 and Assurance Report is reviewed monthly by the Executive Leadership Team (ELT) with regular oversight provided by the Governance and Audit Committee (GAC). The Corporate Risk and Assurance Report is now reviewed by the BSO Board on a quarterly basis to strengthen oversight and support the effective management of risk, in line with the BSO Risk Management Strategy 2025-29.

The Corporate Risk Register records and maintains details of strategic and significant risks. It is a central repository recording risks, their likelihood and impact, and associated mitigation measures. It details the controls, assurances and actions approved by the Executive Leadership Team (ELT) to ensure focused and effective management of these risks.

It includes risks that may impact the achievement of the BSO's strategic objectives, as well as other significant emerging risks. The Corporate Risk Register is managed by the Executive Leadership Team (ELT) through a monthly review process.

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. 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 level. They serve to ensure that the effectiveness of controls is regularly monitored and that risks are prioritised for action.

The Corporate Issue Register is a formal record of issues that are impacting, or will impact the wider organisation's operations, performance or reputation. An issue refers to a challenge that is currently happening or will occur. The Corporate Issue Register is maintained by the Governance and Risk Manager and issued to the Executive Leadership Team (ELT) at least quarterly. The Corporate Issue Register provides a clear and structured method for tracking resolution actions and supports issue owners in proactively managing potential challenges. The Corporate Issue Register 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 effectively.

Service Issue Registers are a formal record of any issues that are identified and assessed as affecting or will affect the operations, performance and/ or reputation within a service area. Service Issue Registers are maintained by the Governance and Risk manager and issued to ELT in a quarterly report. The Issues Register 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 internal audit of risk management systems.

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 services areas who would like advice and guidance in the management of their risks.

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 Governance and Audit Committee (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 and 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. 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 the Board 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 receive 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 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 Raising a Concern in the Public Interest (Whistleblowing) Policy in place that adheres to the Regional HSC Raising a Concern in the Public Interest (Whistleblowing) Policy. The regional policy has been reviewed and revised by the DoH and HSC organisations, including the BSO. The Raising a Concern in the Public Interest (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 were working in practice throughout 2025-26.

7.1 Compliance with Litigation and Legal Services Payment Circular

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

The Chief Legal Adviser has confirmed that the BSO continues to be compliant with the requirements outlined in the Departmental Circular HSS (F) 67/2005 now updated by HSC(F) 38-2023. During 2025-26 DLS were subject to an internal audit which provided satisfactory assurance in respect of management of claims.

8. Fraud

BSO takes a zero-tolerance approach to fraud in order to protect and support our key public services. We have in place the 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 Services (CFS) has responsibility for the conduct of all investigations regarding potential fraudulent activity. BSO's 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 Fraud Policy and Fraud Response Plan, which are kept under review and updated as appropriate or every three years.

9. Personal Protective Equipment (PPE)

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

In 2020, extensive PPE demand modelling was undertaken by PHA in conjunction with the DoH to predict future demand needs during the pandemic. This ensured that the volumes of PPE to be procured and distributed across HSC including provision to primary, secondary, independent sector and social care settings would meet the modelling recommendations. There was a natural reduction in demand post-pandemic, further impacted by the PHA guidance issued in March 2023 on revised infection prevention and control measures for Covid-19 in HSC 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 continued to be 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 was 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. In-year monitoring of a robust sales forecasting model has led to the in-year write off of £28.1m within the Losses Statement with a remaining potential £11.6m future loss accounted for in relation to expiring PPE to include respirator masks, gloves, scrubs and hand sanitiser where expiry dates exist or where 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 2025-26. 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; BSO will continue to closely monitor the situation in conjunction with DoH.

10. Sources of Independent Assurance

The BSO obtains Independent Assurance from the following sources:

10.1 Internal Audit

The BSO operates an Internal Audit function in accordance with defined professional standards. Audit activity is informed by an assessment of key organisational risks, which underpins the development of a risk-based annual audit plan.

During 2025-26, Internal Audit completed a programme of work, as documented in the Table 3. 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 3, with further narrative provided where appropriate.
Management has accepted the findings and is taking forward agreed actions to address identified weaknesses. Progress against these actions is subject to ongoing monitoring and oversight.

Table 3: Finalised Internal Audit Reports – Level of Assurance

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
FINANCE AUDITS	
Financial Review 2025/26	SATISFACTORY
Asset Management 2025/26	SATISFACTORY – Maintenance of Asset Register (excluding physical assets) LIMITED – Maintenance of Asset Register for Physical assets
CORPORATE RISK AUDIT	
BSO PaLS Procurement 2025/26	SATISFACTORY
Management of Legal Services	SATISFACTORY – Management of Legal Services LIMITED – Case Database (Legis)
IT Audit: encompass	SATISFACTORY
FPS: Pharmaceutical Services and Data Management Team	SATISFACTORY
Information Governance – Follow Up 2025/26	LIMITED

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
GOVERNANCE AUDIT	
Board Effectiveness	SATISFACTORY – Board Effectiveness LIMITED – Legislative Compliance of Board Composition
Risk Management	SATISFACTORY
Business Continuity	LIMITED
SHARED SERVICE AUDITS	
BSO Account Payable Shared Services (APSS) 2025/26	SATISFACTORY
BSO Shared Services Accounts Receivable (SSAR) 2025/26	SATISFACTORY
BSO Payroll Shared Services (PSS) 2025/26	SATISFACTORY

10.1.1 *Asset Management*

Asset Management received a split audit opinion. *Satisfactory* assurance was provided in relation to Maintenance of the Asset Register (excluding physical assets) and *Limited* assurance in relation to Maintenance of the Asset Register for Physical assets. The findings confirmed that appropriate arrangements are in place to support identification, recording and financial management of assets in line with Departmental guidance. The review identified an opportunity for improvement in relation to the verification of physical assets to ensure a strategic approach to verification at a frequency commensurate with the nature and useful economic life of assets. Management has accepted the findings and is committed to addressing the recommendations in the areas identified subject to mutually agreed approach and resource capacity across the business.

10.1.2 *Management of Legal Services*

Management of Legal Services received a split audit opinion. *Satisfactory* assurance was provided in respect of the Management of Legal Services. The review confirmed that key controls are in place to support the effective delivery of legal services, including robust case management processes, appropriate approval arrangements and regular reporting to client organisations. The audit identified a number of areas for improvement within the current supporting electronic case management system, which resulted in *Limited* assurance being provided in this area. These relate primarily to system functionality leading to inefficiencies in the case management process due to need for manual intervention for aspects of reporting capability due to being legacy infrastructure which is no longer considered fit for purpose.

Management has acknowledged these findings and is aware of the current database limitations in supporting legal case management workload, having submitted a business case for a replacement cast database to DoH. However, in the absence of a new system due to resource constraints, management is committed to progressing interim measures to improve upon the areas identified in the audit via further strengthening of system controls, enhancing reporting functionality and reducing any associated risk.

10.1.3 *Information Governance*

Internal Audit provided *Limited* assurance in relation to Information Governance, based on the follow-up review undertaken. Opportunity for improvement continued to be identified in respect of existing processes to ensure consistent and effective application across the organisation. Actions are underway to enhance governance structures, clarify roles and responsibilities and improve upon reporting in support of a more effective and transparent Information Governance framework.

10.1.4 *Board Effectiveness*

This area received a split audit opinion: *Satisfactory* assurance in relation to Board Effectiveness and *Limited* assurance in relation to Legislative Compliance of Board Composition. The audit noted a number of positive conclusions from audit fieldwork leading to Satisfactory assurance in respect of Board effectiveness such as regularity and attendance of Board meetings, the effectiveness of Committee structures, the expanse and appropriateness of information presented and the appropriateness of the approved framework under which the Board operates. The limitations around legislative compliance of the Board arose due to disparity between the founding legislation of the BSO and the written record of its operation. In practice, two of BSO’s Directors do not have voting rights based on the founding legislation, therefore, BSO formal records have been amended to reflect this for the two functional, non-executives, directors and to ensure alignment with founding legislation currently in existence. DoH advised that they will consider the need for any amendment to the legislation as part of a future periodic review.

10.1.5 *Business Continuity*

This area received a *Limited* audit opinion due to Internal Audit highlighting opportunity to improve upon the consistency, quality and oversight of business continuity planning and assurance processes. Work is in progress to enhance corporate coordination, update plans and review arrangements. A structured programme of work has been established to support these improvements and to ensure that business continuity arrangements are as robust as possible.

10.1.6 Prior Year Recommendations

During their year-end follow up of outstanding audit recommendations and recommendations from advisory assignments, Internal Audit found 239 (82%) of the 292 recommendations followed up were fully implemented, a further 43 (15%) were partially implemented, and 10 (3%) were not yet implemented.

All Internal Audit recommendations are tracked to completion and regularly reported to the Governance and Audit Committee.

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 Governance and Audit Committee meetings.

10.3 *Attainment /Reaccreditation*

The BSO continues to promote the value of independent external assurance, evidenced through the attainment and maintenance of recognised accreditation standards, including Investors in People - Silver (IIP), Investors in Wellbeing – Silver (IIW), Lexcel, Mark of Excellence Award and International Standards Organisation (ISO). Such accreditations constitute a key component of the organisation's assurance framework and provide independent validation that appropriate risk management, governance and organisational practices are operating effectively.

These external assessments support BSO in providing assurance to stakeholders that the organisation is effectively managing its risk and is progressing in line with its strategic vision, aims and objectives. Furthermore, the achievement of Centre of Procurement Expertise (COPE) status provides further assurance in respect of the robustness and maturity of procurement governance and practices within the organisation.

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*

During the year, one new internal control issue was identified as set out below:

12.3.1 Family Practitioner Services Dental Practice Allowance Overpayment

A control weakness was identified in-year relating to the manual, off-system calculation process for Dental Practice Allowance payments. The absence of system-based functionality necessitated reliance on manual processes, with insufficient change management and pre-payment validation controls leading to occurrence of a duplicate payment totalling £850k impacting a number of dental practices.

The issue arose following the introduction of revised calculation methodology intended to improve transparency. This resulted in duplication of gross earnings where practitioners held multiple Dental Services numbers within the same practice, with payments incorrectly processed under the “other payments” category. Due to the manual nature of the process and inadequate validation controls, duplicate payments were not identified prior to release. The issue was identified post-payment following contractor escalation and subsequently confirmed through investigation.

Immediate actions included stakeholder notification, contractor engagement, recalculation of affected payments and implementation of recovery arrangements. Retrospective adjustments were applied where required. Control improvements include strengthened validation procedures, formalised change management controls, enhanced reconciliation of Dental Services numbers and the introduction of analytical pre-payment checks. Work is also progressing to implement system-based solutions to reduce reliance on manual processes, with strengthened governance oversight in place.

The issue was identified on 17 November 2025, with investigation and confirmation completed by 20 November 2025 and stakeholder notification issued on 20-21 November 2025. Recovery commenced in December 2025 and wholly concluded with full recovery achieved in May 2026. System and control enhancements are ongoing, with delivery of system- based improvements currently anticipated by November 2026.

13. Budget Position and Authority

The Budget Act (Northern Ireland) 2026, which received Royal Assent on 20 March 2026, together with the Northern Ireland Spring Supplementary Estimates 2025-26 which were agreed by the Assembly on 23 February 2026, provide the statutory authority for the Executive's final 2025-26 expenditure plans by departments and other bodies into the early months of the 2026-27 financial year. The Department is currently operating under the authority provided by the Vote on Account which provides 45% of the 2025-26 financial year's cash and resources. The cash and resource balance to complete for the remainder of 2026-27 will be authorised by the 2026-27 Main Estimates and the associated Budget Bill based on an agreed 2026-27 Budget.

In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

14. Direct Award Contracts

BSO maintains a Direct Award Contracts (DAC) Register to support transparency and oversight of non-competitive procurement activity. During 2025-26, a total of 32 DACs were awarded, with a combined value of approximately £24.2 m.

All DACs exceeding £50,000 were reported to BSO PaLS as the Centre of Procurement Expertise, in line with departmental guidance and publication requirements. The Governance and Audit Committee received regular updates on DAC activity and associated controls throughout the year.

Following the introduction of the Procurement Act 2023 and associated regulations from 24 February 2025, BSO updated its DAC guidance to reflect the revised requirements. This guidance has been communicated to relevant staff and refresher training has been delivered and remains accessible to support ongoing compliance.

Management continues to monitor DAC usage to ensure appropriate justification, compliance with guidance and effective oversight.

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 2025-26, BSO reported two data breaches to the Information Commissioner's Office (ICO). The ICO did not take any enforcement action against BSO in respect of either breach. BSO has adopted lessons learned and communicated with those involved following the occurrence of these two independent instances in order to reduce risk of reoccurrence. Additionally, the ICO made a number of practice recommendations which BSO will implement through its Information Governance Management Group.

16. BSO Estate

During the 2025-26 reporting period, BSO implemented a series of significant estate rationalisation and consolidation measures aimed at improving operational efficiency and reducing reliance on leased accommodation. As part of this programme, BSO fully vacated the leased premises at Great Victoria Street and consolidated staff across existing sites at Franklin Street, Boucher Crescent and James House.

In Armagh, BSO further streamlined its estate footprint by relocating teams from Pinewood Villa to Rosewood, establishing a single multi-team hub to enhance collaboration and support more efficient service delivery.

In addition, in-year BSO assumed responsibility for the Community Wheelchair Service located at Altona Road, including full operational responsibility for the management and maintenance of the estate from September 2025.

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 2025-26.

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. The BSO Remuneration and Terms of Service Committee services the needs BSO only 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 introduced revised Senior Executive pay arrangements via a Senior Executive Pay Structure Reform which impacted all Senior Executives in post at 1 April 2023, as set out within DoH circular HSC (SE) 1/2025. An incremental scale has been introduced, initially set out as an 8-point scale, annually reducing by 1 point to achieve a 5-point scale by year 4 of the reform (1 April 2026). All incremental progression on this scale during transition to the revised 5-point scale is automatic however robust performance management processes continue to operate, overseen by the BSO Remuneration and Terms of Service Committee applying the standards as set out within the Performance Management Framework. The 2023-24 and 2024-25 Senior Executive Pay Award circular was received from the DoH on 13 May 2025 and the 2025-26 Senior Executive Pay Award circular was received from the DoH on 29 January 2026; all payments were made 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 the Senior Employees Remuneration Table which forms a part of this report. None of the Executive or Non-Executive Directors of the BSO received any bonuses or performance-related pay in 2025-26.

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 2025-26.

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

Mrs Julie Erskine – Chair *(Term ended 30 November 2025)*
Mrs Sharon O'Connor – Chair *(Appointed 1 December 2025)*
Mr Robert Bannon *(Term ended 30 November 2025)*
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 2024 were as follows:

	2025-26					2024-25				
Name	**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 *Chief Executive*	180-185	-	-	(118,000)	60-65	170-175	-	-	111,000	285-290
Simon McGrattan *Director of Finance*	105-110	-	-	55,000	160-165	105-110	-	-	32,000	135-140
Paula Smyth *Director of People and Place* (*Resigned 31 March 2026)*	140-145	-	13,900	62,000	200-205	135-140	-	13,900	70,000	220-225
Robin Arbuthnot *Interim Director of People and Place (Appointed 2 March 2026)*	5-10 (Full Year 85-90)	-	-	22,000	25-30	-	-	-	-	-
Ben Doran *Digital Director*	120-125	-	-	256,000	375-380	110-115	-	-	28,000	140-145
Lesley Young *Director of Operations*	120-125	-	1,600	32,000	150-155	120-125	-	1,300	33,000	155-160
Linda O'Hare *Interim Director of Operations (Appointed 10 November 2025)*	40-45 (Full Year 95-100)	-	-	52,000	90-95	-	-	-	-	-
Karen Hunter *Director of Strategic Performance and Customer Engagement*	100-105	-	-	25,000	125-130	85-90	-	-	18,000	105-110
Stephen Beattie *Interim Director of Strategic Performance and Customer Engagement (Appointed 6 October 2025 – 30 December 2025)*	30-35 (Full Year 95-100)	-	-	74,000	105-110	-	-	-	-	-

	2025-26					2024-25				
Name	**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**
Non-Executive Members										
Julie Erskine *(Term ended 30 November 2025)*	15-20 (Full Year 25-30)	-	-	-	15-20	25-30	-	-	-	25-30
Sharon O'Connor *(Appointed 1 December 2025)*	5-10 (Full Year 25-30)	-	-	-	5-10	-	-	-	-	-
Mark Lowry	5-10	-	500	-	5-10	5-10	-	400	-	5-10
Maynard Mawhinney	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Fred Smyth	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Linus McLaughlin	5-10	-	500	-	5-10	5-10	-	300	-	5-10
Dorothy Whittington *(Term ended 30 November 2025)*	0-5 (Full Year 5-10)	-	-	-	0-5	5-10	-	-	-	5-10
Mark Campbell *(Term ended 7 January 2025)*	-	-	-	-	-	0-5 (Full Year 5-10)	-	200	-	0-5
Robert Bannon *(Term ended 30 November 2025)*	0-5 (Full Year 5-10)	-	-	-	0-5	5-10	-	-	-	5-10
Sean McKeever *(Term ended 12 November 2025)*	0-5 (Full Year 5-10)	-	-	-	0-5	5-10	-	-	-	5-10
Bernadette McCrory *(Appointed 1 December 2025)*	0-5 (Full Year 5-10)	-	-	-	0-5	-	-	-	-	-
Peter Russell *(Appointed 1 December 2025)*	0-5 (Full Year 5-10)	-	-	-	0-5	-	-	-	-	-
Joseph Stewart *(Appointed 1 January 2026)*	0-5 (Full Year 5-10)	-	-	-	0-5	-	-	-	-	-
Alan Todd *(Appointed 13 November 2025)*	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 2024-25 figures included an estimated pay award accrual in respect of 2024-25 in line with latest DoH guidance; this was paid during 2025-26.

Note 3 There is no accrual required for 2025-26 senior executive pay award as this was paid in-year and is therefore included within the salary disclosed within table above.

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 31/03/25* £000s	CETV at 31/03/26* £000s	Real increase in CETV £000s
Karen Bailey	2.5-5 plus lump sum of nil	70-75 plus lump sum of nil	1,723	1,604	(118)
Paula Smyth	2.5-5 plus lump sum of 2.5-5	35-40 plus lump sum of 90-95	833	918	86
Simon McGrattan	2.5-5 plus lump sum of 2.5-5	30-35 plus lump sum of 75-80	717	792	75
Ben Doran**	0- 2.5 plus lump sum of nil	45-50 plus lump sum of 0-5	503	740	204
Karen Hunter	0-2.5 plus lump sum of nil	10-15 plus lump sum of 0-5	179	212	33
Lesley Young	0- 2.5 plus lump sum of nil	5-10 plus lump sum of 0-5	63	97	35
Robin Arbuthnot	0- 2.5 plus lump sum of 0-2.5	15-20 plus lump sum of 20-25	248	276	28
Linda O'Hare	2.5- 5 plus lump sum of 0-2.5	30-35 plus lump sum of 10-15	517	575	58
Stephen Beattie	2.5- 5 plus lump sum of 5-7.5	35-40 plus lump sum of 85-90	698	789	91

As Non-Executive members do not receive pensionable remuneration, they do not have disclosures in respect of pensions.
*****In line with FD (DoF) 03/26 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 2025-26 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 2025-26 was £180k - £185k (2024-25 (Restated): £170k – 175k). The percentage change in the highest paid director salary for 2025-26 is 4.1% (2024-25 Restated: 19.9%) which varies as a result of prior year comparator being the first year of inclusion of the additional responsibility allowance together with 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.

2025-26	Mean	25th percentile	Median	75th percentile
Total remuneration (£)	38,298	26,598	33,487	47,810
Pay ratio		6.9:1	5.5:1	3.8:1
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

In 2025-26 remuneration ranged from £4,987 to £182,500 (2024-25: £4,814 to £172,500). In 2025-26, no employees (2024-25: 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 2025-26 was £160k-£165k (2024-25: £145k – 150k) under the BSO hosting arrangement. The percentage change in the highest paid director salary for 2025-26 is 10.6% (2024-25: 17.5%). 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.

2025-26	Mean salary	25th percentile	Median	75th percentile
Total remuneration (£)	55,635	37,796	54,710	68,631
Pay ratio		4.2:1	2.9:1	2.3:1
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

In 2025-26 SPPG remuneration ranged from £3,744 to £162,500 (2024-25: £3,744 to £147,500). In 2025-26 no employees in SPPG (2024-25: 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)

	2025-26			2024-25
Staff costs comprise:	**Permanently employed staff**	**Others**	**Total**	**Total**
	£000s	**£000s**	**£000s**	**£000s**
Wages and salaries	114,773	16,415	131,188	121,092
Social security costs	14,835	-	14,835	11,758
Other pension costs	25,180	-	25,180	23,523
Sub-Total	154,788	16,415	171,203	156,373
Capitalised staff costs	(24,291)	(719)	(25,010)	(20,451)
Total staff costs reported in SoCNE	130,497	15,696	146,193	135,922
Less recoveries in respect of outward secondments			(1,612)	(1,744)
Total net costs			**144,581**	**134,178**
of which BSO Core			**103,282**	**96,051**
of which SPPG			**41,299**	**38,127**

Staff Profile and Composition

The following table shows staff composition as at 31 March 2026:

Staff Gender Breakdown	Male	Female	Total
Non-Executive Directors[1]	7	3	10
Directors[2]	5	9	14
Senior Management[3]	30	55	85
All other BSO staff	1,212	1,588	2,800
Total	**1,254**	**1,655**	**2,909**

[1]NEDs 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. [2]Includes SPPG Directors who are not BSO Board members therefore not disclosable within the Remuneration Report. [3]Senior management is defined as Band 8c and above.

HSC Pension Arrangements

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

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the statement of financial position date and updates it to reflect current conditions. The 2020 valuation for the HSC Pension scheme which reflects current financial conditions (and a change in financial assumption methodology) has been used for 2025-26.

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, from 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 2024-25 member contribution rates that applied in-year for both the HSC Pension Scheme and the HSC Pension Scheme 2015 following implementation of the 2025-26 pay award, after which the rates were amended in line with scheme regulation requirements to those set out within the 2025-26 contribution rates table below.

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%

2025-26 Pension Contribution rates

Pensionable salary range	Contribution rate (before tax relief)
Up to £13,259	5.2%
£13,260 to £27,288	6.7%
£27,289 to £33,247	8.5%
£33,248 to £49,913	10.0%
£49,914 to £63,994	10.9%
£63,995 and above	12.7%

Average number of persons employed (Audited)

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

	2025-26			2024-25
	Permanently employed staff	**Others**	**Total**	**Total**
	No.	**No.**	**No.**	**No.**
Administrative and clerical	2,250	176	2,426	2,320
Commissioning of HSC	491	31	522	525
Total average number of persons employed	**2,741**	**207**	**2,948**	**2,845**
Less average staff number relating to capitalised staff costs	297	33	330	324
Less average staff number in respect of outward secondments	7	21	28	30
Total net average number of persons employed	**2,437**	**153**	**2,590**	**2,491**

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 2025-26 or 2024-25 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 2025-26 there were 3 early retirements from BSO agreed on the grounds of ill-health. (2024-25: 6). The estimated additional pension liabilities of these ill-health retirements are £53k (2024-25: £134k). 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 2026 was 5.02% (2024-25: 4.55%) which was above the Departmental target of 4.87%. For SPPG under the BSO hosting arrangement, the cumulative sickness and absenteeism rate as at the end of March 2026 was 4.22% (2024-25: 4.17%) which was below the Departmental target of 4.83%.

Staff Turnover

The staff turnover for the year ended 31 March 2026 was 8.45% (2024-25: 9.52%).

Expenditure on Consultancy

BSO incurred nil spend on external consultancy during the 2025-26 financial year (2024-25: 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 no such 'off-payroll' staff resource engagements as at 31 March 2026. The following tables provide further analysis.

Table 1: Temporary off –payroll worker engagements as at 31 March 2026

	2026
Number of off-payroll engagements at 31 March	-
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	-

Table 2: All temporary off-payroll workers engaged at any point during the year ended 31 March 2026

	2026
Number of off-payroll workers engaged during the year ended 31 March	2
of which:	
Number determined as out-of-scope of IR35	2
Number determined as in-scope of IR35	-
Number of engagements reassessed for compliance or assurance purposes during the year	-

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.

Assembly Accountability Disclosure Notes

i Losses and Special Payments (Audited)

Losses statement	2025-26	2024-25
Total number of losses	992	1,136
Total value of losses (£000)	28,201	21,695

Individual losses over £300,000	2025-26 £000	2024-25 £000
Constructive losses		
- PPE facemasks	25,907	20,894
- PPE gloves	435	-
- Hand sanitiser	1,209	670
- Surgical Gowns	514	-
	28,065	21,564

Special Payments

Special payments	2025-26	2024-25
Total number of special payments	5	7
Total value of special payments (£000)	55	43

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 2026, 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 six 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 at either 31 March 2026 or 31 March 2025.

Karen Bailey.

Karen Bailey

Chief Executive Date: 29 June 2026

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 2026 under the Health and Social Care (Reform) Act (Northern Ireland) 2009. The financial statements comprise: the Statement 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 effects of the matter described in the Basis for opinions section of my certificate, the financial statements:

- give a true and fair view of the state of the Business Services Organisation's affairs as at 31 March 2026 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 2026, the Business Services Organisation held stock at a value of £38 million against which a provision of £11.6 million has been recorded in the financial statements. Of the £38 million, the Business Services Organisation identified £25.5 million as "at risk" based upon the levels of stock held, expiry dates and usage.

I am qualifying my audit opinion on the 2025-26 financial statements on the basis that the value of the stock in the financial statements is materially misstated by £13.9 million due to the level of provision being insufficient to cover the stock identified as being at risk. In addition, the surplus against the Revenue Resource Limit (RRL) is reported as being within break-even. If the stock provision had not been understated by £13.9 million the Business Services Organisation would have breached break-even this year.

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 effect of the misstated stock provision, 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 certificate, 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Department of Health directions issued under the Health and Social Care (Reform) Act (Northern Ireland) 2009.

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 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 parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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

- maintaining proper accounting records;
- 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 of 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 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 Health and Social Care (Reform) Act (Northern Ireland) 2009 and Department of Health directions issued thereunder;
- making enquires of management and those charged with governance on Business Services Organisation's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Business Services Organisation's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition 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; and

- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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 income and expenditure 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

1 July 2026

ANNUAL ACCOUNTS FOR YEAR ENDED 31 MARCH 2026

Foreword

The accounts for the year ended 31 March 2026 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.

<u>BSO hosting of Strategic Planning and Performance Group (SPPG)</u>

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 2025/26 financial statements as reported within the subsequent pages:

SoCNE Income £0.7m (Note 4), Expenditure £44.6m (Note 3) resulting in a net expenditure position of £44.5m; this includes non-cash costs for depreciation and movement in provisions which total £0.25m. Thus, leading to RRL from DoH for the hosting arrangement of £44.2m as set out in Note 22 and a non-cash budget control limit of £-0.25m.

SoFP non-current assets of £0.47m (Notes 5 and 6), current assets of £0.37m (Note 12) resulting in assets totalling £0.84m including land, buildings and IT equipment alongside staff and associated liabilities relating to staff-related pay and non-pay costs totalling £12.0m (Notes 13 and 14). The overall resultant impact on BSO's Statement of Financial Position and corresponding Statement of Taxpayer's Equity is £11.2m

BSO received an appropriate level of funding from DoH, being RRL as detailed above together with £325k 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 147 - 196) 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.

Simon McGrattan, Director of Finance

Date: 29 June 2026

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 147 - 196) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

Sharon O’Connor, Chair

Date: 29 June 2026

Karen Bailey, Chief Executive

Date: 29 June 2026

Statement of Comprehensive Net Expenditure for the year ended 31 March 2026

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

	Note(s)	2025-26 £000s	2024-25 £000s
Income			
Revenue from contracts with customers	4.1	172,613	192,147
Other operating income	4.2	5,747	5,265
Total operating income		178,360	197,412
Expenditure			
Staff costs	3	(146,193)	(135,922)
Purchase of goods and services	3	(80,555)	(104,779)
Depreciation, amortisation and impairment charges	3	(69,904)	(59,033)
Provision expense	3	(109)	(7,995)
Other expenditures	3	(98,802)	(77,869)
Total operating expenditure		(395,563)	(385,598)
Net Expenditure		**(217,203)**	**(188,186)**
Finance income			-
Finance expense		(115)	(39)
Net expenditure for the year		**(217,318)**	**(188,225)**
Adjustment to net expenditure for non-cash items		81,200	85,114
Net expenditure funded from Revenue Resource Limit (RRL)		(136,118)	(103,111)
Revenue Resource Limit (RRL) received from DoH	22.1	136,148	103,142
Surplus against RRL		**30**	**31**

OTHER COMPREHENSIVE INCOME/(EXPENDITURE)

	Note(s)	2025-26 £000s	2024-25 £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	433	1,763
Net gain/(loss) on revaluation of intangibles	6.1/8/6.2/8	4,175	2,996
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		**(212,710)**	**(183,466)**

The notes on pages 151 - 196 form part of these accounts.

BUSINESS SERVICES ORGANISATION

Statement of Financial Position as at 31 March 2026

	Note(s)	2025-26 £000s	2025-26 £000s	2024-25 £000s	2024-25 £000s
Non-Current Assets					
Property, plant and equipment	5.1/5.2	44,830		47,523	
Right-of-use assets	5.1/5.2	4,618		3,736	
Intangible assets	6.1/6.2	359,540		306,536	
Financial assets	7	-		-	
Trade and other receivables	12	27,696		23,133	
Other current assets	12	-		-	
Total Non-Current Assets			**436,684**		**380,929**
Current Assets					
Assets classified as held for sale	9	-		-	
Inventories	10	26,577		42,312	
Trade and other receivables	12	34,110		48,800	
Other current assets	12	4,267		4,622	
Intangible current assets	12	105		16	
Financial assets	7	-		-	
Cash and cash equivalents	11	-		999	
Total Current Assets			65,059		96,749
Total Assets			**501,743**		**477,678**
Current Liabilities					
Trade and other payables	13	(89,317)		(53,505)	
Other liabilities	13	(546)		(1,180)	
Intangible current liabilities	13	-		-	
Cash and cash equivalents	11	(2,382)		-	
Provisions	14	(1,496)		(1,983)	
Total Current Liabilities			(93,741)		(56,668)
Total assets less current liabilities			**408,002**		**421,010**
Non-Current Liabilities					
Provisions	14	(19,421)		(19,512)	
Other payables > 1 yr	13	(15,095)		(20,343)	
Financial liabilities	7	-		-	
Total Non-Current Liabilities			(34,516)		(39,855)
Total assets less total liabilities			**373,486**		**381,155**
Taxpayers' Equity and other reserves					
Revaluation reserve			26,735		22,128
SoCNE Reserve			346,751		359,027
Total equity			**373,486**		**381,155**

The financial statements on pages 147 - 150 were approved by the Board on and were signed on its behalf by:

Signed Sharon O'Connor, Chair Date: 29 June 2026

Signed Karen Bailey, Chief Executive Date: 29 June 2026

The notes on pages 151 - 196 form part of these accounts.

BUSINESS SERVICES ORGANISATION

Statement of Cash flows for the Year Ended 31 March 2026

	Note(s)	2025-26 £000s	2024-25 £000s
Cash flows from operating activities			
Net operating expenditure		(217,318)	(188,225)
Adjustments for non-cash transactions		69,657	66,652
(Increase)/decrease in trade and other receivables		10,393	(24,391)
Less movements in receivables relating to items not passing through the NEA			
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		15,735	17,678
Increase/(decrease) in trade payables		29,931	(57,162)
Less movements in payables relating to items not passing through the SoCNE			
Movements in payables relating to the purchase of property, plant & equipment		(6,169)	12,469
Movements in payables relating to the purchase of intangibles		(11,281)	(3,069)
Movements in payables relating to leases		(1,266)	553
Movements in payables relating to grants		632	633
Use of provisions	14	(687)	(599)
Net cash inflow/(outflow) from operating activities		(110,373)	(175,461)
Cash flows from investing activities			
Purchase of property, plant & equipment	5	(3,147)	(17,463)
Purchase of intangible assets	6	(95,892)	(92,150)
Proceeds of disposal of property, plant & equipment		-	7
Proceeds on disposal of intangibles		-	-
Proceeds on disposal of assets held for resale		-	-
Net cash outflow from investing activities		(99,039)	(109,606)
Cash flows from financing activities			
Grant in aid		204,764	268,469
Capital element of payments – leases and on balance sheet (SoFP) PFI and other service concession arrangements		1,267	(553)
Net financing		206,031	267,916
Net increase in cash & cash equivalents in the period		(3,381)	(17,151)
Cash & cash equivalents at the beginning of the period	11	999	18,150
Cash & cash equivalents at the end of the period	11	(2382)	999

The notes on pages 151 - 196 form part of these accounts.

BUSINESS SERVICES ORGANISATION

Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2026

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

	Note(s)	SoCNE Reserve £000s	Revaluation Reserve £000s	Total £000s
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 St		-	(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**
Changes in Taxpayers' equity 2025-26				
Grant from DoH		160,819	-	160,819
Grant from DoH – SPPG hosting		43,945	-	43,945
Comprehensive expenditure for the year		(217,318)	4, 608	(212,710)
Transfer of asset ownership		-	-	-
Non-cash charges – auditors' remuneration	3	277	-	277
Non-cash charges – other administration		-	-	-
Balance at 31 March 2026		**346,750**	**26,736**	**373,486**

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 accrual's 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 HSC 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, considering 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 2026. 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 2025-26 accounts. The 2020 valuation assumptions will be retained for most demographic assumptions apart from the assumption for future longevity improvements, which are assumed to be in line with the 2022-based population projections for the United Kingdom published by the Office for National Statistics (ONS) on 28 January 2025. Financial assumptions are updated to reflect recent financial conditions. The 2024 valuation is underway but not sufficiently progressed to be used in the 2025-26 accounts.

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 accrual's 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 accrual's 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 £11.6m which is a £26.4m (69%) 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 £9.7m 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 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.

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 2026

	Staff costs	Other expenditure	Total expenditure	Income	Net operating expenditure
	£000s	£000s	£000s	£000s	£000s
Operating segment					
Core	60,205	104,137	164,342	(53,726)	110,616
ITS	,20,640	20,151	40,791	(16,914)	23,877
PaLS	19,205	82,770	101,975	(101,432)	543
Managed Services	4,121	39,804	43,925	(5,565)	38,360
SPPG	42,023	2,623	44,646	(724)	43,922
Total	146,194	249,485	395,679	(178,361)	217,318
Less non-cash expenditure per Note 22					(81,200)
Net expenditure funded from RRL					136,118
Revenue Resource Limit (RRL)					136,148
Surplus/(Deficit) against RRL					30

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 3 EXPENDITURE	2025-26 £000s	2024-25 £000s
Operating Expenses		
Staff costs [1]:		
Wages and salaries	106,178	100,641
Social security costs	14,835	11,758
Other pension costs	25,180	23,523
IT Programme	16,108	16,521
Supplement for Undergraduate Medical and Dental Education (SUMDE)	4,576	4,409
Bursaries	15,351	15,966
Infected Blood Payment Scheme	14,176	22,120
Healthy Start	624	658
Regional Interpreting Services	4,798	3,752
Cost of Sales	79,106	103,664
Supplies and services – general	1,449	1,115
Establishment	34,044	25,582
Transport	1,355	1,156
Premises	4,857	5,539
Interest charges under IFRS 16	115	39
Miscellaneous	977	2,709
Personal Protective Equipment stock provision/write off	2,114	(20,330)
Research & development expenditure	178	162
Bad debts	-	1
Non-cash items		
Depreciation	11,960	12,078
Amortisation	57,945	46,955
Impairments	(1)	-
Profit on disposal of property, plant and equipment (including land)	-	(7)
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)	324	8,176
Cost of borrowing provisions (unwinding of discount on provisions)	(215)	(181)
Auditors' remuneration	277	264
Release of government grant	(633)	(633)
Total	**395,678**	**385,637**

During the year the BSO purchased non-audit services to the value of £nil from their auditors in relation to the National Fraud Initiative (2024-25: £3.6k). 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 130.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 4 INCOME

4.1 Revenue from contracts with customers

	2025-26	2024-25
	£000s	£000s
Management fees - HSC Trusts	93,118	87,907
Sale of goods	79,495	103,921
Accommodation	-	319
Total	172,613	192,147

4.2 Other Operating Income

	2025-26	2024-25
	£000s	£000s
Other income from non-patient services	4,135	3,494
Seconded staff	1,612	1,771
Donations / Government Grant / Funding for non-current assets	-	-
Total	5,747	5,265

TOTAL INCOME	**178,360**	**197,412**

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 5.1 Property, plant & equipment - year ended 31 March 2026

	Land	Buildings (excluding dwellings)	Dwellings	Assets under Construction	Plant and Machinery (Equipment)	Transport Equipment	Information Technology (IT)	Furniture and Fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation									
At 1 April 2025	**4,300**	**22,571**	-	**378**	**339**	**3,102**	**74,449**	**6,233**	**111,372**
Indexation	-	65	-	-	18	305	295	695	1,378
Additions	-	2,674	-	2,526	-	1,417	2,698	-	9,315
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	(9)	-	-	426	(21)	396
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Disposals	-	(1,940)	-	-	-	-	(5,575)	(130)	(7,645)
At 31 March 2026	**4,300**	**23,370**	**-**	**2,895**	**357**	**4,824**	**72,293**	**6,777**	**114,816**
Accumulated Depreciation									
At 1 April 2025	**-**	**6,647**	**-**	**-**	**291**	**2,230**	**46,365**	**4,579**	**60,112**
Indexation	-	36	-	-	15	238	129	527	945
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(4)	-	(4)
Revaluation	-	-	-	-	-	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-	-	-	-	-	-
Disposals	-	(1,940)	-	-	-	-	(5,575)	(130)	(7,645)
Provided during the year	-	2,263	-	-	5	271	8,770	651	11,960
At 31 March 2026	**-**	**7,006**	**-**	**-**	**311**	**2739**	**49,685**	**5,627**	**65,368**

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 5.1 (continued) Property, plant & equipment- year ended 31 March 2026

	Land	Buildings (excluding dwellings)	Dwellings	Assets under Construction	Plant and Machinery (Equipment)	Transport Equipment	Information Technology (IT)	Furniture and Fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Carrying Amount									
At 31 March 2026	**4,300**	**16,364**	**-**	**2,895**	**46**	**2,085**	**22,608**	**1,150**	**49,448**
At 31 March 2025	**4,300**	**15,924**	**-**	**378**	**48**	**872**	**28,084**	**1,654**	**51,260**

Asset financing									
Owned	4,300	11,746	-	2,895	46	2,085	22,608	1,150	44,830
Right-of-use assets	-	4,618	-	-	-	-	-	-	4,618
On B/S (SoFP) PFI and other service concession arrangements contracts									
Carrying Amount At 31 March 2026	4,300	16,364	-	2,895	46	2,085	22,608	1,150	49,448

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

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure Account in respect of assets held under finance leases and hire purchase contracts is Nil (24-25: £1,911k).

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

	2025-26	2024-25
	£000s	£000s
Donations	-	-
Government Grant	-	-
Lottery funding	-	-

NOTE 5.2 Property, plant & equipment - year ended 31 March 2025

	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 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
Opening balance adj – James House	-	27	-	-	61	82	108	278
Indexation	-	-	-	-	-	-	-	-
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**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 5.2 (continued) Property, plant & equipment- year ended 31 March 2025

	Land	Buildings (excluding dwellings)	Assets under Construction	Plant and Machinery (Equipment)	Transport Equipment	Information Technology (IT)	Furniture and Fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£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
Right-of-use assets	-	3,736	-	-	-	-	-	3,736
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-
Carrying Amount At 31 March 2026	**4,300**	**15,924**	**378**	**48**	**872**	**28,084**	**1,654**	**51,260**

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).

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026
NOTE 6.1 Intangible assets- year ended 31 March 2026

	Software Licences £000s	Information Technology £000s	Payments on Account & Assets under Construction £000s	Total £000s
Cost or Valuation				
At 1 April 2025	**150,561**	**286,906**	**60,285**	**497,752**
Indexation	1,125	5,764	-	6,889
Additions	4,059	235	102,879	107,173
Donations / Government grant / Lottery Funding	-	-	-	-
Reclassifications	-	-	-	-
Transfers	15	35,508	(35,919)	(396)
Revaluation				
Impairment charged to the SoCNE	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-
Disposals	(8,804)	(2,700)	-	(11,504)
At 31 March 2026	**146,956**	**325,711**	**127,245**	**599,912**
Accumulated Amortisation				
At 1 April 2025	**81,345**	**109,871**	**-**	**191,216**
Indexation	647	2,067	-	2,714
Reclassifications	-	-	-	-
Transfers	4	-	-	4
Revaluation	-	-	-	-
Impairment charged to the SoCNE	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-
Reversal of impairments (indexn)	-	(1)	-	(1)
Disposals	(8,804)	(2,700)	-	(11,504)
Provided during the year	27,741	30,204	-	57,945
At 31 March 2026	**100,933**	**139,441**	**-**	**240,374**

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 6.1 (continued) Intangible assets- year ended 31 March 2026

	Software Licences £000s	Information Technology £000s	Payments on Account & Assets under Construction £000s	Total £000s
Carrying Amount				
At 31 March 2026	**46,023**	**186,272**	**127,245**	**359,540**
At 31 March 2025	**69,216**	**177,035**	**60,285**	**306,536**
Asset financing				
Owned	46,023	186,272	127,245	359,540
Right-of-use assets	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-
Carrying Amount At 31 March 2026	46,023	186,272	127,245	359,540

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:

	2025-26 £000s	2024-25 £000s
Donations	-	-
Government Grant	-	-
Lottery funding	-	-

BUSINESS SERVICES ORGANISATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026
NOTE 6.2 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 2026

NOTE 6.2 (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
Right-of-use assets	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-
Carrying Amount At 31 March 2026	**69,216**	**177,035**	**60,285**	**306,536**

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

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

	2025-26		
	Property, Plant & Equipment £000s	**Intangibles £000s**	**Total £000s**
Total value of impairments for the period			
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	-	(1)	-
Impairments charged to Statement of Comprehensive Net Expenditure Account	-	(1)	-

	2024-25		
	Property, Plant & Equipment £000s	**Intangibles £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 2025-26 or 2024-25.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 10 INVENTORIES	**2025-26 £000s**	**2024-25 £000s**
Goods for resale	38,185	80,333
Less: Adjustment for at risk PPE inventory*	(11,608)	(38,021)
Total	**26,577**	**42,312**

*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

	2025-26 £000s	**2024-25 £000s**
Balance at 1 April	999	18,150
Net change in cash and cash equivalents	(3,381)	(17,151)
Balance at 31 March	**(2,382)**	**999**

The following balances at 31 March were held at:	**2025-26 £000s**	**2024-25 £000s**
Commercial banks and cash in hand	(2,382)	999
Balance at 31 March	**(2,382)**	**999**

NOTE 11.1 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2024-25 £000s	**Cash Flows £000s**	**Non-Cash £000s**	**2025-26 £000s**
Lease Liabilities	3,091	1,267	-	4,358
Total Liabilities from financing Activities	**3,091**	**1,267**	**-**	**4,358**

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 12 TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS

	2025-26 £000s	2024-25 £000s
Amounts falling due within one year		
Trade receivables	17,972	38,999
Deposits and advances	-	-
VAT receivable	11,559	6,422
Other receivables – not relating to fixed assets	4,579	3,379
Other receivables – relating to property, plant and equipment	181	-
Other receivables – relating to intangibles	105	16
Trade and other receivables	34,396	48,816
Prepayments	4,086	4,622
Accrued income	-	-
Current part of PFI and other service concession arrangements prepayment	-	-
Other current assets	4,086	4,622
Carbon reduction commitment	-	-
Intangible current assets		
Amounts falling due after more than one year		
Trade receivables	27,696	23,133
Deposits and advances	-	-
Other receivables	-	-
Trade and other receivables	27,696	23,133
Prepayments and accrued income	-	-
Other current assets falling due after more than one year	-	-
TOTAL TRADE AND OTHER RECEIVABLES	62,092	71,949
TOTAL OTHER CURRENT ASSETS	4,086	4,622
TOTAL INTANGIBLE CURRENT ASSETS		
TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	**66,178**	**76,571**

The balances are net of a provision for bad debts of £794k (2024-25: £797k).

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 13 TRADE PAYABLES AND OTHER LIABILITIES

	Note(s)	2025-26 £000s	2024-25 £000s
Amounts falling due within one year			
Other taxation and social security		4,516	6,782
Trade capital payables – property, plant and equipment		3,977	-
Trade capital payables – intangibles		10,816	11,806
Trade revenue payables		25,395	4,083
Payroll payables		-	-
Other payables		63	62
Accruals		15,355	16,041
Accruals - relating to property, plant and equipment		2,626	757
Accruals - relating to intangibles		25,932	13,338
Deferred income		637	636
Trade and other payables		89,317	53,505
Current part of lease liabilities	16	546	1,180
Current part of long-term loans		-	-
Other current liabilities		546	1,180
Total payables falling due within one year		90,551	54,685
Amounts falling due after more than one year			
Other payables, accruals and deferred income		6,327	6,960
Trade and other payables		4,957	11,472
Clinical negligence payables		-	-
Leases		3,811	1,911
Long term loans			-
Total non-current other payables		15,095	20,343
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES		**104,958**	**75,028**

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 14 PROVISIONS FOR LIABILITIES AND CHARGES 2025-26

Name	Employer's Liability £000s	Holiday Pay £000s	Other £000s	2025-26 Total £000s
Balance at 1 April 2025	1,087	9,228	11,180	21,495
Provided in year	233	466	273	972
(Provisions not required written back)	(620)	-	(27)	(647)
(Provisions utilised in the year)	(110)	-	(577)	(687)
Cost of borrowing (unwinding of discount)	-	19	(235)	(216)
At 31 March 2026	**590**	**9,713**	**10,614**	**20,917**

Comprehensive Net Expenditure Account Charges	2025-26 £000s	2024-25 £000s
Arising during the year	972	8,344
Reversed unused	(647)	(168)
Cost of borrowing (unwinding of discount)	(216)	(181)
Total charge within Operating costs	**109**	**7,995**

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 14 (continued) PROVISIONS FOR LIABILITIES AND CHARGES 2025-26

Analysis of expected timing of discounted flows as at 31 March 2026

	Employer's Liability	Holiday Pay	Other	2025-26 Total
	£000s	**£000s**	**£000s**	**£000s**
Not later than one year	590	-	1,003	1,593
Later than one year and not later than five years	-	9,713	5,120	14,833
Later than five years	-	-	4,490	4,490
At 31 March 2026	**590**	**9,713**	**10,613**	**20,916**

The following categories of provisions exist as at 31 March 2026: 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 in respect of holiday. Under Agenda for Change, the contractual provisions for Sick Pay mirror those for Holiday pay i.e. payment includes what would have been paid had the employee been in work. pay.

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 solution also covers periods of sick 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 31 March 2025. The BSO provision at 31 March 2026 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 2013-14 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 2028/29 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.

A sensitivity analysis has been undertaken to determine how sensitive the total provision is to changes in a number of the assumptions. This analysis will support management in making an informed decision in respect of any final settlement. The sensitivity analysis in respect of likely uptake rate has been applied based on the frequency of staff claims in prior years; applying a threshold of 6 claims per year to reflect a regular pattern of occurrence, and 4 claims per year reflecting a lower frequency of occurrence.

The calculation of the holiday pay and sick pay provisions is sensitive to the rates applied in respect of Working Time Directive, Employers National Insurance and compound interest as well as the potential uptake in claimants. The table below shows the potential impact of varying applicable rates.

Analysis	Impact	
	£'000	%
WTD rate – increase 1%	661	7
WTD rate – decrease 1%	(661)	(7)
NIC rate – increase 1%	82	1
NIC rate – decrease 1%	(82)	(1)
Compound Interest rate – increase 1%	1647	17
Compound Interest rate – decrease 1%	(1372)	(14)
Uptake based on minimum 6 Claims per annum	2684	(28)
Uptake based on minimum 4 Claims per annum	(1534)	(16)

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

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**

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 2026 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.

NOTE 15 CAPITAL COMMITMENTS	**2025-26 £000s**	**2024-25 £000s**
Property, plant and equipment	235	39
Intangible assets	10,144	1,864
	10,379	1,903

NOTE 16 COMMITMENTS UNDER LEASES

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

	2025-26 £000s	**2024-25 £000s**
Right of Use assets		
At 1 April	3,736	4,569
Additions	2,674	1,078
Depreciation expense	(1,793)	(1,911)
At 31 March	4,617	3,736

16.2 Quantitative disclosures around lease liabilities

	2025-26 £000s	**2024-25 £000s**
Buildings		
Not later than one year	1,356	1,227
Later than one year but not later than five years	3,224	1,972
Later than five years	-	-
Less interest element	(323)	(108)
Present value of obligations	**4,357**	**3,091**
Current portion	1,234	1,180
Non-current portion	3,123	1,911

16.3 Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure	**2025-26 £000s**	**2024-25 £000s**
Other lease payments not included in lease liabilities	888	560
Sub-leasing income	-	(11)
Expense related to short-term leases	-	-
Expense related to low-value asset leases (excluding short-term leases)	-	-
	888	**549**

16.4 Quantitative disclosures around cash outflow for leases	**2025-26 £000s**	**2024-25 £000s**
Total cash outflow for leases	2,397	2,231

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 2026 or 31 March 2025.

17.2 On balance sheet (SoFP) PFI Schemes

NOTE 18 OTHER FINANCIAL COMMITMENTS

The BSO did not have any other financial commitments at either 31 March 2026 or 31 March 2025.

NOTE 19 CONTINGENT LIABILITIES

The BSO has the following quantifiable contingent liabilities:

	2025-26 £000s	**2024-25 £000s**
Employers' liability	16	9
Amounts recoverable through non-cash RRL	(16)	(9)
	-	-

In addition, the following unquantifiable contingent liabilities exist:

Backdated Holiday Pay

BSO has made provision for the potential liability for claims for shortfalls to staff in holiday pay, and for breach of contract in relation to sick pay. However, the extent to which the liability may exceed this amount remains uncertain as the calculation will rely on the outworkings of legal advice, the Supreme Court judgment, the resolution of claims currently lodged with the Industrial Tribunal in Northern Ireland and will be required to be agreed as part of any negotiated settlement with Trade Unions.

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 2026 or 31 March 2025.

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 2026

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. *An operational decision was made to request closure of BSO NISCC Registration bank account effective from January 2026.
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. **An operational decision was made to streamline bank accounts and the NIMDTA Direct Debit Bank account has been dormant for past two years and will be closed permanently in April 2026.

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:

	2025-26	**2024-25**
	£000s	**£000s**
RRL allocated from:		
DoH (excludes non-cash) – BSO	91,978	62,054
DoH (excludes non-cash) – SPPG hosting	44,170	41,088
Total agreed RRL to be Accounted For	136,148	103,142
RRL expenditure:		
Net Expenditure per SoCNE	217,318	188,225
Adjustments:		
Depreciation/Amortisation	(69,905)	(59,033)
Impairments	1	-
Release of Government Grant	633	633
Notional charges	(277)	(264)
Profit/(loss) on disposal of fixed assets	-	7
Other – release of provisions	(109)	(7,995)
Other – Infected Blood Capital AME	(11,365)	(18,300)
Research & Development expenditure under ESA10	(178)	(162)
Net expenditure funded from RRL	136,118	103,111
Surplus/(Deficit) against RRL	30	31
Break Even cumulative position (opening)	1,759	1,728
Break Even cumulative position (closing)	1,789	1,759

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

	2025-26	2024-25
	%	%
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)	0.68	0.71

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

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:

	2025-26 Total £000s	2024-25 Total £000s
CRL allocated from:		
DoH – BSO	115,861	100,346
DoH – SPPG hosting	325	28
Total CRL received	116,186	100,374
Capital Resource Limit Expenditure		
Capital expenditure per additions in asset notes	116,489	100,213
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	178	161
Other – Dilapidations	(483)	-
Net Capital Expenditure Funded from CRL	116,184	100,374
Surplus/(Deficit) against CRL	2	-

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 1 July 2026.

BUSINESS SERVICE ORGANISATION 2025-26

Introduction and Background

1. During the COVID-19 pandemic, the Business Services Organisation (BSO) purchased large amounts of Personal Protective Equipment (PPE) as required by the Department of Health (the Department) to meet emergency demand. As the pandemic eased, demand dropped sharply, leaving the BSO with excess stock of PPE. PPE stock levels peaked in 2023 at £171 million and have since reduced to £26.6 million at 31 March 2026.

2. I have qualified my opinion on the BSO accounts since 2022-23 because stock values have been overstated in relation to the excess stocks of PPE which are unlikely to be used.

3. The BSO has 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.

Excess PPE stocks

4. The BSO has identified £25.5 million of PPE stock as "at risk" at 31 March 2026. This includes:

   - Stock which has an expiry date amounting to £11.3 million. This relates to stock that has not yet reached its expiry date, but management considers, based on current usage, there to be doubts over their ability to utilise it before then.

   - Stock with no expiry date amounting to £14.2 million. This comprises items unlikely to be used before 30 September 2027, at which point any remaining stock would require disposal due to the expiry of the current warehousing lease and the prohibitive cost of storage under a new lease.

5. The BSO has fully provided against the stock with an expiry date of £11.3 million and against £0.3 million of the £14.2 million stock without an expiry date, leaving a balance of £13.9 million unprovided for.

6. The BSO has told me that it is aware that the provision should be greater and that it would make the full provision of £13.9 million if funding were available.

Qualified Audit Opinion

7. I qualified my audit opinion on the basis that there is a material error in the stock provision. The BSO has included a stock provision of £11.6 million against PPE stock in the 2025-26 accounts although the total value of the stock "at risk" is estimated to be £25.5 million. The inventory figure in the Statement of Financial Position is therefore overstated by £13.9 million. The BSO has disclosed a surplus against Revenue Resource Limit (RRL) of £30,000 in Note 22.1 to the accounts. If the correct provision had been made in the financial statements, the BSO would have significantly breached its RRL.

8. Except for the understated stock provision of £13.9 million and the associated impact on the surplus against the RRL disclosed in the Statement of Comprehensive Net Expenditure, the financial statements give a true and fair view.

Response by the BSO

9. The BSO told me that it acknowledges these findings and the continued audit qualification in respect of PPE stock provisioning. It noted that it has made significant progress in reducing stock levels and has continued to engage extensively with the Department, including recent assurance at Permanent Secretary level, regarding the funding and accounting treatment of excess stock.

10. Furthermore, the prior year limitation of scope relating to £6 million has now been addressed within the modelling of excess stock through the application of a defined end date aligned to the warehouse lease expiry of 30 September 2027. It recognises the need to further refine its approach to provisioning, particularly in relation to non-expiring stock, and is working with the Department to achieve a consistent and sustainable solution. This includes ongoing consideration of the ability to meet the Department's future emergency stockpile requirements.

11. It does not consider that its accounting judgements have been driven by the requirement to achieve a breakeven position, rather they reflect complexities in the funding framework within which it operates alongside emergency planning capabilities. It told me that it remains committed to full compliance

with applicable accounting standards and is working with the Department to resolve the basis for audit qualification and support forward planning.

Value for money considerations in respect of storage costs

12. I note that the BSO has updated the date when it considers that the stock with no expiry date would become unusable to 30 September 2027, in line with the end of the lease period for the warehouses where the stock is stored. The BSO has estimated that £1.1 million of stock will be issued prior to 30 September 2027 when the warehouse 5-year lease expires. With an approximate rent of £0.7 million for 2026-27 the BSO needs to consider the value for money for extending the lease beyond this period.

Conclusion

13. While I acknowledge that stock levels have reduced significantly since 2022–23 following interventions by BSO and the Department, it is of serious concern that I am once again required to qualify my audit opinion on this matter, now for the fourth consecutive year.

14. The requirement for HSC bodies to meet Department-set financial objectives, including breakeven positions within Revenue Resource Limits, creates a clear risk that accounting judgements are being driven by financial targets rather than by compliance with applicable accounting standards. This fundamentally undermines the integrity, reliability and neutrality of reported financial performance.

15. In this instance, I am concerned that the failure to account properly for stock valuation may have been driven, at least in part, by the imperative to achieve a breakeven position. To the extent that this is the case it constitutes a serious breach of proper financial reporting principles and requires urgent and decisive guidance at Departmental level.

Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
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Belfast
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1 July 2026