

HSC BUSINESS SERVICES ORGANISATION

Minutes of Proceedings

The thirty ninth meeting of the Regional Business Services Organisation (BSO) was held on Monday 9 July 2012 at 11.00 am in the Boardroom, BSO HQ, 2 Franklin Street, Belfast.

Present

Mr Alexander Coleman (Chairman)

Mrs Geraldine Fahy

Mr David Bingham (Chief Executive)

Mr Alan Hanna

Mr Paddy Anderson (Director of Finance)

Mr Greg Irwin

Mrs Hilary McCartan

Mr Sean Mahon

Mr Brian McMurray

Mr Gerry Strong

In Attendance

Mrs Karen O'Loan – Director of Customer Care and Performance)

Miss Amanda Mills (Secretary to the Board)

1. **Apologies**

Apologies for absence were received from Robin McClelland, Teresa Molloy, Alphy Maginness, Hugh McPoland and Shane Devlin.

2. **Chairman's Business**

The Chairman advised members that he and the Chief Executive were scheduled to meet with the Permanent Secretary later today to discuss the management of contracts issue.

3. **Minutes**

(i) ***Minutes of Meeting held on 31 May 2012***

The minutes of the Board meeting held on 31 May 2012 were agreed as an accurate and true reflection of the meeting and were signed by the Chairman

(ii) Minutes of Meeting held on 21 June 2012

The minutes of the Board meeting held on 21 June 2012 were agreed as an accurate and true reflection of the meeting and were signed by the Chairman

4. Matters Arising from Minutes

(i) Action Sheet arising from Meeting held on 31 May 2012

The actions arising from the BSO Board meeting held on 31 May 2012 were noted by members.

The Director of Customer Care and Performance confirmed that Management of Contracts had now been placed on the Corporate Risk Register.

(ii) Action Sheet Arising from Meeting held on 21 June 2012

The actions arising from the BSO Board meeting held on 21 June 2012 were noted by members.

5. Financial Matters

(i) Summary Finance Report – May 2012

The Director of Finance presented a summary Finance Report for the two month period ended 31 May 2012. He advised that the report was in summary form as budgets for the organisation iro 2012/13 have yet to be formally approved by the Board. It was noted that the Budget paper is on the agenda for discussion and approval at today's meeting. At present the income and expenditure account for the period ended 31 May 2012 presented a small surplus.

The Director of Finance advised members that a list of capital expenditure bids for 2012/13 amounting to £408k was submitted to the Department at the end of June for approval. As stipulated in the Department's letter to BSO of 21 May 2012 setting out the change in the process concerning how general capital will be allocated to Arms' Length Bodies, the bids have been categorised under two headings – Essential and Desirable. It is hoped to receive a response in the near future.

Members noted the summary finance report.

(ii) Budget for 2012/13

The Director of Finance presented paper BSO 52/2012 which set out the budget for the Business Services Organisation for the 2012/2013 financial year. Mr Anderson briefed members on the process used to calculate the final budget which included the creation of a composite BSO Service Offering, issued to all customers and detailed, by operational area, how cash releasing and productivity efficiencies could be achieved. The Director of Finance confirmed that the LBE exercise which commenced last year will continue in this financial year.

Members approved the Budget for 2012/2013.

6. **Update on Management of Contracts**

The Chief Executive updated members on the issues raised in the Management of Contracts Internal Audit report which provided a Limited Assurance and resulted in a qualified regularity opinion in respect of the BSO's 2011/12 Accounts. He advised that a recovery plan has been produced and is a substantive item on the agenda for SMT where weekly report is provided and reported on in person, by the Head of Procurement. A Recovery Team has been established to work on regularising all contracts and is headed by a senior procurement specialist from PALS. Additional staff have also been recruited on a temporary basis to work on the recovery process.

SMT are presented with a spread sheet identifying all potentially non-compliant contracts and the progress being made to regularise these. Tables are also presented to SMT identifying irregular spend and setting out the potential impact this might have on customers' accounts in 2012/13.

SMT have commissioned Internal Audit to commence work on the audit of all Pals activity and will report regularly to SMT. It was noted that additional resources have been identified to provide the extra staffing that this work will require.

Members were advised that a number of Single Tender Actions (STAs) are awaiting signature from either the Chief Executive or the Permanent Secretary (depending on the level of EU threshold) and if these are signed off this will reduce the number of non-compliant contracts.

The Permanent Secretary has written to the Chief Executive expressing the Department's concern and in particular requesting assurances on the actions BSO is taking to regularise the position on the tenders highlighted in the NIAO Audit and the processes being put in place to avoid any recurrence of this situation. A response to the Permanent Secretary's letter is required by 16 July 2012.

Negotiations are on-going with NHS Supply Chain to take on some of the non-compliant contracts, however members were advised that NHS Supply Chain is not proving to be cost-effective and therefore not a value for money service.

A lengthy discussion ensued and it was unanimously agreed that the BSO must "utilise every resource" to resolve this matter and ensure that the appropriate management systems are in place so that this issue will not re-occur.

A further update will be presented to the August Board meeting.

Members noted the position.

7. **Update from Board Sub-Group re Gartner**

The Chief Executive advised members that the recruitment process to appoint a Project Manager to oversee the recommendations highlighted in the Gartner Report has commenced. Members were also briefed on a meeting with the Head of IBM Technical Services Europe which was attended by the Chief Executive. At that meeting assurances were sought regarding the problems which occurred and which resulted in the shut-down of the data centres will not re-occur. IBM advised that they have put measures in place to address these issues and they will follow up their assurances in writing.

The Chairman advised that he will hold a further meeting of the Board Sub-Group in August for an update.

Members noted the position.

8. **Temporary Realignment of Responsibilities at Director Level**

The Chief Executive presented paper BSO 53/2012 setting out proposed temporary changes to the responsibilities of Directors and other members of SMT. He explained that the key factors which have contributed to the proposed change are the substantial work involved with the roll-out of Shared Services, in particular the work on the design and roll-out of shared services centres. The second factor is the publication of the Gartner Report and the work involved in addressing the recommendations contained in the Report. As Shared Services and ITS fall within the remit of the Director of Operations responsibilities the Chief Executive has recommended the following changes of responsibilities at Director level.

- Responsibility for ITS would transfer from the Director of Operations to the Director of Customer Care and Performance.
- Responsibility for leading the ITS Transformation Project would be led by the Director of Finance.

Members were advised that these changes will be reviewed later in the next 12 months. In response to a query the Chief Executive said that if the Board believed that substantive changes to the Director level structures are required a formal business case could be made to the Department.

Members approved these temporary measures.

9. **Corporate Balanced Scorecard**

The Director of Customer Care and Performance presented paper BSO 54/2012 setting out the performance of key service areas in the BSO for the period up to 31 May 2012.

Members noted the information contained within the Corporate Scorecard.

10. **BSTP Update**

The BSTP Programme Director updated members on recent developments regarding the BSTP Project and referred to the BSTP Programme Director's report which was circulated to members for information.

The HRPTS project is commencing the testing phase and User Acceptance Testing (UAT) is scheduled to commence on 1 August 2012.

The first FPL UAT testing report was presented to the FPL Technical Group on 15 June 2012 and was not signed off due to a number of supplier issues. Further testing will take place in the near future.

Members noted the position. A further update will be made to the August Board meeting.

11. **GAC**

(i) **Minutes of Meeting held on 17 April 2012**

Members noted the minutes of the GAC meeting held on 17 April 2012.

12. **Any Other Business**

(i) **Resolution of Bank Indemnity**

The Director of Finance tabled to members a document setting out a revision to the resolution indemnifying the Bank of Ireland in relation to payments made through the Central Bank Accounts which BSO manage on behalf of HSC.

He explained the reason for the change was due to the implementation of BSTP which will allow BSO to make BACs payments directly rather than the current arrangement where an indemnity is in place for Fujitsu to submit BACs payments.

Board members approved the resolution to the revised arrangements and the Chairman and Chief Executive signed the revised indemnity form which was appended to the Board papers.

13. **Date of Next Meeting**

The next meeting of the BSO Board will take place at 2.00 pm on Thursday 30 August 2012 in the Boardroom, BSO HQ, 2 Franklin Street, Belfast.

The Chairman thanked everyone for attending and closed the meeting.

Chair

Chief Executive

Date _____