



**Business Services
Organisation**

Providing Support to Health and Social Care

CORPORATE PLAN 2010 - 2013

**Including Service Delivery Plan
2011/12**

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INTRODUCTION

The Business Services Organisation (BSO) Corporate Strategy 2010-13 was developed in February 2010. It was intended to be a rolling strategy subject to annual review and supported throughout by an annual Service Delivery Plan (SDP) setting out the specific actions and outcomes BSO would deliver in that year.

This document reviews and updates the three-year 2010-2013 strategy, particularly the strategic context and strategic objectives for the organisation and includes the Service Delivery Plan for 2011-2012.

The BSO strategy must also take into account the wider strategic vision of the Department of Health, Social Services & Public Safety (DHSSPS) which has recently set out five long term goals:

1. Improving and protecting health and wellbeing and reducing inequalities;
2. Improving the quality of services;
3. Ensuring more accessible and responsive services;
4. Improving the involvement of individuals and communities in the design, delivery and evaluation of policies, strategies and services; and
5. Ensuring effective and efficient allocation and utilisation of all available resources in line with Ministerial priorities.

The BSO, as an Arms Length Body, is required to take its lead from these key goals and ensure the organisation's strategy and plans are consistent with the stated goals. In addition to supporting the DHSSPS wider strategic aims, the BSO Corporate and Service Delivery Plans will contribute, as appropriate, to the achievement by the wider Health and Social Care (HSC) sector of Public Service Agreements (PSA) and Priorities for Action (PfA).

The DHSSPS utilises the BSO plans as a basis for accountability reviews and check progress periodically throughout the year. The BSO also uses the plans internally to guide action and update performance management metrics and risk registers. Finally, the plans are useful to customers to show the direction of travel for the BSO.

Strategic Context

The functions and duties of the BSO as set out in its Management Statement are included at Appendix 1 of this document. The 2010-13 strategy set out the history of the Regional Business Services Organisation including the rationale, supported by legislation, for its establishment on 1 April 2009. This stated that:

“The Business Services Organisation (BSO) shall provide, or secure the provision of, support services to other health and social care bodies in the most economic, efficient and effective way, as approved by the Department.”

It was proposed that the BSO would develop in three phases:

Phase 1 – establishment and consolidation of a number of services

Phase 2 – transformation and modernisation

Phase 3 – growth and development.

As of February 2011, the BSO has achieved Phase 1 and elements of Phase 2 and now looks to the future to help colleagues in the Health and Social Care system by further modernising services and seeking to grow and develop new innovative service offerings.

The BSO aspires to match the best that any outsourcing provider can deliver by investing in technology and adopting a professional approach whilst also continuing to develop a customer service approach and a good reputation. This is reflected in our corporate objectives and during 2011-12 the BSO will further develop its engagement with customers whilst pursuing benchmarking and other performance improvement initiatives.

BSO also recognises that professional delivery is only possible with a motivated, appropriately skilled workforce and a number of actions relating to the workforce are set out in the 2011-12 Service Delivery Plan.

It must be recognised, however, that the strategic context for Health and Social Care has altered significantly over the last year. Pressure on the health budget to deliver efficiency savings means all Health & Social Care Organisations, including the BSO, have to consider their internal efficiency and the efficiency with which they deliver services to customers.

At this stage, the BSO has not been informed of the likely efficiency target for the next four years but scenario planning based on a number of possibilities has been carried out with staff over the last six months.

Based on those scenarios the BSO will be challenged over the next few years to manage resources within what may be a significantly reduced income whilst also endeavouring to maintain and improve on high levels of professional service.

With regard to how BSO resources the Service Delivery Plan for 2011-12 account must be taken of a number of inescapable pressures in the system, an example of which is the ever-increasing demand on Legal Services, currently growing at an unfunded rate of 8% per annum.

Given the strategic context, the BSO believe there is scope for greater consolidation and use of shared services. The BSTP programme is on-track to procure new electronic systems which will significantly improve back-office processing. In tandem, BSO awaits the outcome of a consultation paper on the location of shared services currently with the DHSSPS for consideration.

Strategically, the BSO will widen its service portfolio in 2011/12. In January 2011 the DHSSPS consulted on the proposed merger of the Beeches Management Centre (BMC) and the Nursing Education and Development Consortium North and West (NEDC) into the BSO. Approximately 110 members of staff are employed in BMC and NEDC with a turnover of more than £7m, providing services across the HSC family.

The consultation closed on 28 January 2011 and BSO was informed on 4 March 2011 that the Minister, having considered the views expressed in the consultation exercise, had decided that the proposals should be implemented.

There will be a regional project management group established by the DHSSPS to oversee the implementation. Its membership is drawn from employers and trade unions. It is expected that the group will deal with issues at a high level and the BSO will be represented on the group.

BSO is engaged in a programme of work to develop and mainstream a Risk Management process in compliance with DHSSPS guidance. In relation to strategic risks or mitigating factors likely to affect organisational performance, the BSO Senior Management Team reviews corporate risks on a monthly basis and reports quarterly to the BSO Board on progress against risk actions.

With regard to business continuity, BSO has a Business Continuity Plan designed to give its Directorates maximum flexibility to respond to situations where the organisation's ability to perform core functions is seriously compromised. At such times when communications may be poor, there should be scope for initiative by Directors and Unit managers. The Plan seeks to clarify those areas of responsibility and those tasks regarding corporate functions. With the HSC continuing to strive towards the Business Continuity Standard, BS25999, in the coming year the BSO will work towards moving the corporate Business Continuity Plan and the local plans onto a single common template.

How Did We Perform in 2010-11?

The BSO had six key corporate objectives for the second year of its existence and below is a flavour of some of the key achievements under these objectives.

1. *To demonstrate competitiveness through the delivery of High Quality, Productive and Value for Money Services.*

KEY ACHIEVEMENTS:

- By September 2010, we had established a Healthy Start Service, with all payments made within 30 days (of receipt of all necessary information from claimants):
- By September 2010, we had established an expanded fraud investigation team to deliver a fraud investigative service across the HSC;
- By September 2010 we had designed and begun implementation of a Balanced Scorecard approach for all service areas. This included the development of key performance indicators for all service areas.
- By March 2011, external benchmarking had taken place of legal and financial services

2. *To anticipate and influence legislation and policy and comply with standards.*

KEY ACHIEVEMENTS:

- By March 2011, we had supported our customers in meeting their legislative requirements in the preparation of a new Equality Scheme.
- By March 2011, we had delivered in excess of 20 training sessions to customers on relevant legal issues.
- By February 2011, we had begun discussions with the Department on the policy and legislative context within which the BSO operates with a view to extending the range of organisations BSO supports.
- By December 2011, we had worked with the Pharmaceutical Clinical efficiencies Programme to implement the changes in prescribing guidelines
- By February 2011, we had worked with the department on an option for the future transition of the Beeches BMC and NEDC into the BSO.

3. To invest in appropriate systems and technology to modernise services for the benefit of customers and staff.

KEY ACHIEVEMENTS:

- By March 2011, we had ensured an increase in the number of IT incidents resolved within target times ;
- By March 2011, we had simplified and improved the requisitioning process and reviewed the Customer Catalogues, increasing the product range by over 100 lines;
- By March 2011, we had processed over 40% of payments to Community Pharmacists using the data embedded in the bar-codes printed on prescriptions with a reduction in staff costs.
- By March 2011, we had further developed and maintained the HSC Information Communication Technology infrastructure.

4. In line with DHSSPS policy, deliver cost effective shared services which are funded by customers and deliver benefits.

KEY ACHIEVEMENTS:

- By April 2010 we had implemented Bowel Cancer Screening Programme Call and Recall Service;
- By September 2010 we had consolidated ICT support for GP practices;
- By December 2010 we had delivered an Outline Business Case for shared services.

5. To achieve, through sound planning and SLAs, an agreed balance between cost, quality and satisfaction to meet customer demands and ensure financial stability.

KEY ACHIEVEMENTS:

- By April 2010, we had developed new contract portfolios and business arrangements to work towards a target of 70% of PaLS managed expenditure to be covered by contract;
- By March 2011, Legal Services had exceeded their time recording targets.
- By March 2011, respondents to our customer surveys agreed that the service had improved over the last 12 months across all areas.

- By April 2011, we had met with customer organisations to review the 2010/11 SLA delivery

6. *To have an appropriately skilled, healthy, productive and engaged workforce.*

KEY ACHIEVEMENTS:

- By July 2010, Legal Services had achieved Investors in People reaccreditation
- By October 2010, we had put in place an action plan arising from the Staff Attitude Survey, including the deployment of an effective communication process throughout the organisation;
- By March 2011, we had achieved a corporate absence rate of 3.71%, which was below the corporate target of 5.2%.

Developing the Plan

A Service Planning Workshop was held in January 2011 with BSO Directors and Assistant Directors. The key objectives were to review the Corporate Plan 2010-13 in light of the key business drivers and current financial climate; to inform on progress against the current SDP and begin the process of formulating the annual SDP for 2011-12.

Participants heard a number of scene-setting presentations and then were divided into four breakout discussion groups to consider the corporate objectives and then at a second session, the service planning actions for the year 2011/12 against the objectives.

Following detailed discussion by the groups, amendments were suggested to a number of the key corporate objectives.

A consensus emerged that the objective “To anticipate and influence legislation and comply with standards” is a required and statutory duty of management and therefore should not be articulated as a goal which may or may not be met.

It was felt that an action on working with the department on changes to policy and legislation under a new objective “**To extend the BSO’s range of services and business opportunities**” was sufficient and this new objective links to the DHSSPS theme of ensuring effective and efficient allocation and utilisation of all available resources.

A number of specific actions relating to the rationalisation of HSC organisations and the BSO’s internal efficiency programme (TOPS) were also highlighted under this objective. The attendees also highlighted the need to maintain and develop the BSO brand and reputation.

The objective “To achieve, through sound planning and SLAs, an agreed balance between cost, quality and satisfaction **to meet customer demands and ensure financial stability**” has been amended slightly to reflect the financial climate. This now reads as “To achieve, through sound planning and SLAs, an agreed balance between cost, quality and satisfaction **to meet customer demands and financial targets**”

It was suggested that the BSO could not guarantee a “healthy” workforce but did have an obligation in its actions **to promote and maintain a healthy and supportive working environment** and to help the workforce to **develop additional skills**.

The existing corporate objectives (table 1) and the proposed amendments (table 2) were endorsed by SMT and the BSO Board and now form the basis for the 2011/12 Service Delivery Plan (SDP).

TABLE 1: VALUES, OBJECTIVES, MISSION & KEY ACTIONS 2010-13

OBJECTIVES 2010-11

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

O B J E C T I V E S	<i>To demonstrate competitiveness through the delivery of High Quality, Productive and Value for Money Services.</i>	Develop clear performance indicators	Prove and Improve Value through Benchmarking	Drive System Wide Efficiencies	K E Y A C T I O N S	
	<i>To anticipate and influence legislation and comply with standards.</i>	Representation to appropriately influence	Deliver to Good Practice Standards			
	<i>To invest in appropriate systems and technology to modernise services for the benefits of customers and staff.</i>	Focus on Return on Investments	Business Services Transformations	Continuous Improvement Activity		
	<i>In line with DHSSPS Policy, deliver cost effective shared services which are funded by customers and deliver benefits.</i>	Lead BSTP	Design and Deliver Shared Services			
	<i>To achieve, through sound planning and SLAs, an agreed balance between cost, quality and satisfaction to meet customer demands and ensure financial stability.</i>	Deliver to Challenging and Meaningful SLAs	Increasing Customer Satisfaction	Grow the BSO		Financial Success
	<i>To have an appropriately skilled, healthy, productive and engaged workforce.</i>	Develop Strategic Workforce Planning	Maintain a Healthy Workplace	Focus on Performance		

WE VALUE...

Listening & Responding To Customers	Transparency & Professionalism	Diversity & Individuality of Staff	Maximising Resources For Frontline HSC	Social & Environmental Responsibility
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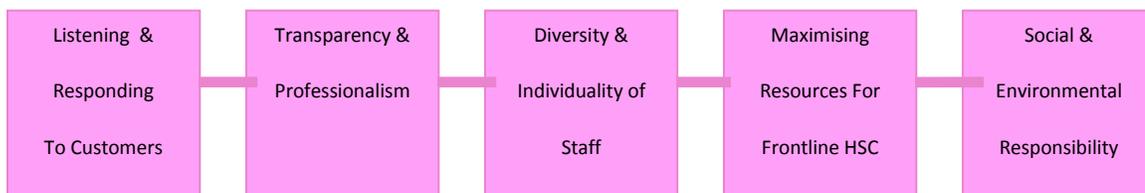
TABLE 2: VALUES, OBJECTIVES, MISSION & KEY ACTIONS 2010-13

Corporate Objectives 2011-12

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

O B J E C T I V E S	<i>To demonstrate competitiveness through the delivery of High Quality, Productive and Value for Money Services.</i>	Develop clear performance indicators	Prove and Improve Value through Benchmarking	Drive System Wide Efficiencies	Review contracting arrangements	K E Y A C T I O N S
	<i>To invest in appropriate systems and technology to modernise services for the benefits of customers and staff.</i>	Focus on Return on Investments	Business Services Transformations	Continuous Improvement Activity		
	<i>In line with DHSSPS Policy, deliver cost effective shared services which are funded by customers and deliver benefits.</i>	Lead BSTP	Design and Deliver Shared Services			
	<i>To achieve, through sound planning and SLAs, an agreed balance between cost, quality and satisfaction to meet customer demands and financial targets.</i>	Deliver to Challenging and Meaningful SLAs	Increasing Customer Satisfaction	Financial Success		
	<i>To have an appropriately skilled, productive and engaged workforce.</i>	Develop Strategic Workforce Planning	Positively promote health and well being within the workforce	Focus on Performance	Develop Appropriate Skills	
	<i>To extend the BSO's range of services and business opportunities.</i>	Manage the transition of the Beeches Management Centre (BMC) and NEDC	To work proactively with the Department on changes to policy and legislation.	Progress the TOPs Programme.	Maintain and develop BSO brand and reputation.	

**WE
VALUE...**



The One Year Service Delivery Plan for 2011-12

Within the first year of the three year plan the BSO delivered specific actions under each of the six corporate objectives, in line with the three year perspective. Each Directorate within the BSO had a specific one year Service Delivery Plan. These plans became the key tool to ensuring that the BSO delivers to its overall plan, and subsequent mission. The individual Directorate plans divide into specific Service plans which form the work plans for Directors, Assistant Directors, Managers and Staff throughout the organisation. It is intended to follow a similar process for 2011-12 with the revised Corporate Objectives. The Key Actions with Operational Targets and Measures, across the whole of the BSO, are detailed below.

Corporate Objective 1 - To demonstrate competitiveness through the delivery of High Quality, Productive and Value for Money Services.

- ❖ Develop clear performance indicators
- ❖ Prove and Improve Value through Benchmarking
- ❖ Drive System Wide Efficiencies
- ❖ Review, with the Department, contracting arrangements with a view to introducing new arrangements April 2012

Key Operational Targets/Measures

- 1) By June 2011, **Customer Relations & Service Improvement** and **Finance** will have carried out a re-basing costing exercise for its customers, in conjunction with the Department.
- 2) By September 2011, **Equality Services** will have worked in collaboration with client organisations and established three partnership forums between client groups. A review mechanism will be developed to measure the contribution of these groups and establish their longer-term viability by March 2012.
- 3) By November 2011, **Legal Services** will have maintained ISO and Lexcel quality awards. The measure is independent assessment.
- 4) By November 2011, **PaLS** will deliver a regional contracting programme with no more than 5% of EU contracts stood down.
- 5) By January 2012, **Customer Relations & Service Improvement** will have facilitated the roll-out of agreed formal benchmarking initiatives throughout the BSO. The measure is sign-up by individual service areas to benchmarking clubs.

- 6) By March 2012, **Information Technology Services** will have demonstrated delivery of high quality IT services through accreditation to ISO 20000. The measure is independent assessment.
- 7) By March 2012, **HSC Pensions** will have instigated a pilot exercise to issue Annual Benefits Statements to 12,500 current members, subject to funding. The measure will be the production of the Benefits Statements.
- 8) By March 2012, **TOPS Programme (Customer Care & Performance)** will have delivered 5-10% efficiencies internally within BSO in respect of a number of services e.g. postage/telephony.
- 9) By April 2012, **Chief Executive, with the Department**, will have reviewed existing contracting mechanisms with a view to introducing new arrangements.

Corporate Objective 2 - To invest in appropriate systems and technology to modernise services for the benefits of customers and staff.

- ❖ Focus on Return on Investments
- ❖ Business Services Transformations
- ❖ Continuous Improvement Activity

Key Operational Targets/Measures

- 10) By June 2011, **Counter Fraud & Probity Services** will have a new fraud reporting mechanism in place to take over responsibility from DHSSPS for the managing of fraud reporting by HSC bodies, with cases being reported under the new system by September 2011.
- 11) By June 2011, **Counter Fraud & Probity Services** will have implemented and rolled out a Fraud Awareness E-Learning package for use by all HSC organisations.
- 12) By June 2011, **Counter Fraud & Probity Services** will have implemented an INFRA-based Case Management system for fraud investigations
- 13) By June 2011, **Human Resources & Corporate Services** will have ensured effective implementation of Meta Compliance to ensure that receipt of relevant corporate policies by staff is recorded.
- 14) By June 2011, **Human Resources & Corporate Services** will have implemented the Multi-Functional Devices Project following agreement by the Senior Management Team.

- 15) By July 2011, **Equality** will have implemented a time recording system.
- 16) By October 2011, **Human Resources & Corporate Services** will have developed intranet facilities for reporting of Health and Safety and Adverse Incidents etc.
- 17) By December 2011, **Internal Audit** will have researched and evaluated the introduction of Computer Aided Audit Techniques (CAATS).
- 18) By December 2011, **PaLS** will have completed roll-out of EMM (Electronic Materials Management) to 387 wards.
- 19) By January 2012 **PaLS** will have rolled out UNITAS which will see electronic non-stock transactions at 50% of total non-stock transactions.
- 20) By January 2012, **Information Technology Services** will have procured the Integrated Electronic Care Record system.
- 21) By March 2012, **Family Practitioner Services** will have processed 70% of the payments to Community Pharmacists using DM&D Codes with a reduction in data preparation costs of c£156k per year.
- 22) By March 2012, **Information Technology Services** will have rolled out to BSO, HSCB, PHA and PCC Windows 7 and Office 2010.
- 23) By March 2012, **Legal Services** will have delivered 20 training sessions to customers on relevant legal issues.
- 24) By March 2012 **Pensions** will have rolled out Employer access to the AXISE system allowing them to be able to calculate benefit estimates and review pensionable service for employees.
- 25) By March 2012 **Pensions** will also have electronically streamlined the GP certificate submission process removing the manual 55B forms
- 26) By March 2012, **ORECNI** will have implemented improvements to the Research & Ethics Database and Research Ethics Committees workflow

Corporate Objective 3 - In line with DHSSPS policy, deliver cost effective Shared Services which are funded by customers and deliver benefits.

- 27) By August 2011 **Business Systems Transformation Programme (BSTP)** will have successfully procured and awarded a contract for replacement HR, Finance, Payroll, Travel & Subsistence, Procurement & Logistics business systems
- 28) By November 2011, **Information Technology Services** will have completed the regional theatre management system roll-out

29) By January 2012 **BSTP** will have an agreed shared services plan (subject to Departmental approval) and agreed transition model

Corporate Objective 4 - To achieve, through sound planning and SLAs, an agreed balance between cost, quality and satisfaction to meet customer demands and financial targets.

- ❖ Deliver to challenging and meaningful SLAs
- ❖ Increasing customer satisfaction
- ❖ Financial Success

Key Operational Targets/Measures

30) By May 2011, **Customer Relations & Service Improvement** will have issued 2011/12 SLAs to customer organisations, incorporating any amendments for the 2011/12 period.

31) By September 2011, **Information Technology Services** will have implemented a programme management toolset and process for all commissioned ICT projects, with all projects loaded and reported to HSCB.

32) By October 2011, **Customer Relations & Service Improvement** will have reviewed corporate governance arrangements with a view to streamlining processes and addressing gaps.

33) By December 2011, **Customer Relations & Service Improvement** will have reviewed and agreed with customers a set of expanded Key Performance Indicators appropriate to the service areas.

34) By March 2012, **Internal Audit Services** will have ensured that 75% of draft audit reports are issued within four weeks.

35) By March 2012, **Customer Relations & Service Improvement** will have facilitated rolling customer satisfaction measurements processes.

Corporate Objective 5 - To have an appropriately skilled, productive and engaged workforce.

- ❖ Develop Strategic Workforce Planning
- ❖ Promote and maintain a healthy and supportive workplace environment
- ❖ Focus on Performance

- ❖ Develop Appropriate Skills

Key Operational Targets/Measures

- 36) By June 2011, **Information Technology Services** will have implemented a Band 5 development scheme
- 37) By October 2011, **Human Resources & Corporate Services** will have carried out a preliminary assessment against Investors In People (IIP) standards with a view to ensuring corporate accreditation by 2012.
- 38) By March 2012, **Human Resources & Corporate Services** will have further developed and fully implemented the virtual learning facility within BSO and made it available to customers where appropriate.
- 39) By March 2012, **Human Resources & Corporate Services** will have developed a range of mandatory training programmes to include governance, statutory and business related topics.

Corporate Objective 6 - To extend the BSO's range of services and business opportunities.

- ❖ Manage the transition of the Beeches Management Centre (BMC) and NEDC
- ❖ Work with the DHSSPS on changes to policy and legislation
- ❖ Progress the TOPS Programme
- ❖ Maintain and develop BSO brand and reputation.

Key Operational Targets/Measures

- 40) By April 2011, **Family Practitioner Services** will have facilitated the production of the new Northern Ireland Drug Tariff with new roles and responsibilities and data needs defined and new posts filled in conjunction with HSCB.
- 41) By July 2011, the **Chief Executive and the DHSSPS Project Group** will have established administrative arrangements for the transfer of the Beeches Management Centre (BMC) and NEDC staff and resources into BSO.
- 42) By October 2011, the **Chief Executive and Customer Relations & Service Improvement** will have agreed a product portfolio and SLA arrangements for the transferred Beeches and NEDC.

- 43) By October 2011, the **Chief Executive** will have rebranded the transferred bodies.
- 44) By October 2011, the **Chief Executive** will have established new management arrangements for the transferred bodies.
- 45) By December 2011, the **TOPS programme (Customer Care and Performance)** will have identified and scoped five potential areas for BSO extension of services.
- 46) By March 2012, **HSC Pensions** will have rolled out the GP Practice Interface to all GP practices in Northern Ireland.
- 47) By March 2012, **Customer Relations & Service Improvement** will have worked with the DHSSPS to effect a change in policy and amendment to the functions of the BSO as outlined in the Health & Social Care (Reform) Act (NI) 2009.
- 48) By March 2012, **PaLS** will have extended its Community Care Appliance (CCA) service to the whole of the South Eastern Trust.

Environmental Matters

The BSO notes and supports the NI Executive target of reducing greenhouse gas emissions by 25% on 1990 levels by 2025. The organisation also recognises its responsibility to meet the objectives of the NI Sustainable Development Strategy Implementation Plan by reducing the level of water usage and water sent for disposal.

In 2011/12, the BSO will establish a working group to develop a strategy for achieving these environmental targets. This will include the appropriate capture of information to inform an action plan and setting specific reduction targets for carbon and water usage for the planning horizon of this corporate plan i.e. three year period set against any personnel expansion in the same period.

Prompt Payment

The BSO recognises the need to ensure that all possible steps are taken by public bodies to pay suppliers as promptly as possible and seeks to move towards the ten day prompt payment commitment made by Government in response to the current economic climate.

Current business support systems do not allow the BSO or its customer organisations to pay within ten days but steps are underway to move towards this goal. In 2005, the Department of Health Social Services & Public Safety (DHSSPS) published their Information and Communications Strategy which concluded that the IT systems in use within the then HPSS (now HSC) to support the corporate functions of HR, Payroll,

Procurement and Logistics and Finance had difficulty in meeting current management requirements.

The BSO is project managing the Business Services Transformation Programme with one of the core objectives being to replace these outdated systems. The new systems will provide support for the ten-day prompt payment goal. Timescales for this are award of contract to a successful bidder at the end of 2011, with implementation through 2012/13. The project is currently on target to achieve these.

Resourcing the Plan 2011/12

1. Introduction and context

- 1.1 The Northern Ireland Executive Budget 2011-15 was passed by the Northern Ireland Assembly in March 2011. The Budget provides Departmental Current Expenditure and Capital Investment allocations for the four year budget period 2011/12 to 2014/15. Details of the Final Budget and the potential funding gaps are presented in Table 1.
- 1.2 The Budget has been set in arguably the most challenging fiscal environment experienced in recent memory. The Department of Health, Social Services and Public Safety (DHSSPS) and the Business Services Organisation (BSO) will face very significant challenges over the four year Budget period in order to deliver on the overall objectives for Health and Social Services and Public Safety and maintain services within a budget allocation which is significantly below the level of assessed need.

Table 1: Final Budget Allocation DHSSPS 2011-15

	2010/11	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m	£m
Current Expenditure					
Final Allocation	4,303	4,383	4,448	4,569	4,659
Assessed Need		4,694	4,913	5,172	5,457
Funding Gap		311	465	603	798
Shortfall (as a percentage of 2010/11 Budget)		7.23%	10.81%	14.01%	18.55%
Assessment of Minimum Need		4,560	4,721	4,954	5,222
Savings required to break even		177	273	385	563
Shortfall (as a percentage of 2010/11 Budget)		4.11%	6.34%	8.94%	13.08%

- 1.3 The overall impact of the anticipated resource position on the BSO will depend on the degree of strategic change introduced by the DHSSPS and the Health and

Social Care Board (HSCB) to achieve a reduction in costs or an increase in revenue. Full details are not yet available and will depend on the detailed Commissioning Plan to be prepared by the DHSSPS.

2. The Business Services Organisation – Income

- 2.1 The BSO earns its income from the provision of services to a range of HSC Organisations including the HSCB, HSC Trusts and other HSC Agencies. It also provides functions, including the management of funds, on behalf of the DHSSPSNI.
- 2.2 The total turnover of the BSO for the year ended 31 March 2011 was £104.557m, as set out in Table 2 below.

Table 2: Income 2010-11 and Baseline Position 2011-12

		Final 2010/11 £m	Baseline* 2011/12 £m
1	Core Services (Management Fees, DHSSPS RRL and other income sources)	34.738	37.264
2	Business Services Transformation Project	1.150	1.605
3	ITS Programme Expenditure	11.298	11.000
4	Stock Issues – PaLS	37.183	37.060
5	Managed Services	20.188	20.908
Total		104.557	107.837

** Baseline income figures illustrated before 2011/12 Pay & Price uplifts and CSR targets applied.*

- 2.2 As outlined in section 1, the position in relation to the level of savings required in 2011/12 is not yet clear – BSO has received confirmation from DHSSPS of a reduction in its RRL income stream for 2011/12 of 5%, however the Organisation awaits confirmation of the level of reduction to be applied to income derived from

its HSC customers via Management Fees. The baseline figures included in Table 2 do not therefore include any reduction in respect of the anticipated saving required. The mechanism by which savings will be introduced is also unclear, i.e. will the BSO be required to reduce prices (perhaps on a differential basis) to each of its customers, or will the total savings target be determined and managed through the HSCB. Indications are that the latter approach is more likely. While uncertainty remains, the BSO has initiated a budget planning process for 2011/12 using a planning assumption of a reduction in its Management Fee income of 3.2% which, when added to the 5% RRL reduction confirmed by DHSSPS, generates a total reduction of £1.395m from its overall income stream..

2.3 Core Services

BSO's Core Services are embedded in the Directorates of Operations, Legal, Finance, HRCS and Customer Care & Performance. The Organisation is currently engaged in a series of bi-lateral meetings with each of the HSC Trusts, HSC Agencies and the HSC Board with the aim of agreeing Service Level Agreements (SLAs) for the services to be provided in 2011/12. These discussions are ongoing.

The BSO also receives funds from the DHSSPS for services delivered on its behalf and for which it is necessary to employ staff e.g. bursaries staff. This is referred to as RRL Core, representing £2.957m of income receipted during 2010/11. Details of the baseline Management Fees and RRL Core expenditure in 2011/12 (before any savings targets are applied) are set out in Table 3, below.

The main areas of other income are within BSO's Information Technology Services (ITS) Division in respect of income derived as a result of staff being recharged to the regional ITS Programme and Corporate Services in respect of income generated at the County Hall canteen in Ballymena.

Table 3 – Funding for Core BSO Services

Source	Final 2010/11 £m	Baseline* 2011/12 £m
Trusts	14.126	14.641
Board / PHA	15.949	17.393
Agencies	0.510	0.510
Other income	1.196	0.988
RRL – Core DHSSPS	2.957	3.732
Total	34.738	37.264

** Baseline income figures illustrated before 2011/12 Pay & Price uplifts and CSR targets applied.*

2.4 Business Services Transformation Programme (BSTP)

The 2011/12 revenue funding indicated by DHSSPS is at the same level as 2010/11, ie, £1.605m. Some of this funding was returned to DHSSPS during 2010/11 due to slippage in a number of expenditure areas. This is not envisaged to recur in 2011/12. As the procurement process progresses in 2011/12, an element of the (currently revenue) expenditure will be capitalised. Any delay in the procurement process could impact negatively on the planned revenue expenditure profile for 2011/12.

2.5 ITS Programme

BSO are commissioned by HSCB to undertake expenditure on their behalf in respect of the regional ITS Programme. Staff within BSO ITS manage the projects and the associated expenditure within this area.

BSO plans no surplus or deficit in this area and will continue to assume that funding will transfer to BSO to meet all expenditure and that any efficiency savings, if required, will be managed by the Commissioner, the HSCB.

2.6 Stock Management

The BSO, through PaLS, manages the stock consumed by HSC Trusts and other HSC agencies. The income and expenditure associated with this activity is accounted for as part of the BSO funds. No significant surplus or deficit is anticipated on these transactions, however there can be variances in price activity which may generate a small stock surplus.

The expected value of stock issues (ie, sales to other HSC organisations) in 2011/12 is £37.060m.

2.7 Managed Services - DHSSPS & Other

The BSO is responsible for the disbursement of a number of sources of funds for the DHSSPS, most notably the Nursing Student Bursary Scheme which in 2010/11 amounted to £13.873m and the Healthy Start programme, £3.440m in 2010/11.

Budgetary responsibility needs to be clarified with the relevant division in the DHSSPS and the BSO will provide relevant, timely and accurate information to ensure that these funds can be managed and expenditure contained within budgetary limits.

There are a number of other areas where BSO incurs expenditure and as a result recharges expenditure to other HSC organisations. These include Legal / Court payments and staff seconded to other organisations.

Table 4 - DHSSPS & Other Managed Services

	Income 2010/11 £m	Baseline* 2011/12 £m
Bursaries	13.873	13.873
Healthy Start	3.440	3.750
Clinical Psychologists	1.201	1.200
SUMDE	0.979	0.978
Artscare	0.230	0.230
Engineering Students	0.112	0.121
Housing Officer	0.024	0.024
Subtotal	19.859	20.176
Other – Non DHSSPS	0.329	0.732
Total	20.188	20.908

** Baseline income figures illustrated before 2011/12 Pay & Price uplifts and CSR targets applied.*

3. 2011/12 Planning Assumptions

3.1 The following assumptions relating to 2011/12 have been made for planning purposes.

- **Pay inflation and non pay inflation**
DHSSPS have given initial indications of uplifts. Based on this, we have incorporated an uplift of 1.77% to cover pay awards and incremental drift and an uplift of 1.66% to cover non pay inflation.
- **CSR Savings Target 2011/12**

As in paragraph 2.2 above, BSO has initiated a budget planning process for 2011/12 using a planning assumption of a reduction in its Management Fee income of 3.2% which, when added to the 5% RRL reduction (on recurrently funded items) already confirmed by DHSSPS, generates a total reduction of £1.395m from its overall income stream. The majority, £1.189m, is applied to BSO's Core Services and the remainder against 'Managed Services', £0.206m.

Table 5 summarises the estimated savings target for 2011/12 for Core Services.

Table 5 – Projected 2011/12 CSR savings target

Funding organisation(s)	Baseline Income £m	% Target	Estimated Target £m
Trusts / HSCB / PHA	32.034	3.2%	1.026
Agencies etc	0.510	3.2%	0.016
RRL – Core Services	3.732	5%	0.147
Other Income	0.988	n/a	0.000
Subtotal Core Services	37.264		1.189
Managed Services (DHSSPS) **			
Healthy Start	3.750	5%	0.187
Artscare	0.230	5%	0.012
Other (Engineering Students / Housing Officer)	0.145	5%	0.007
Subtotal Managed Services			0.206
Total Projected CSR Target			1.395

*** Only the items deemed recurrently funded by DHSSPS have had a target applied. The above table excludes items deemed to be non recurrently funded which have had no target applied.*

The BSO plans to deliver the required savings to meet the 2011/12 CSR savings target. Plans are already progressing to meet the target by a combination of internal efficiencies, including planned savings as a result of the Transforming Organisational Performance (“TOP’s”) programme. Where necessary, in conjunction with customers, BSO will identify areas where services can be reshaped to address the ongoing need for cost reduction. Plans will be finalised when the BSO’s 2011/12 target is finally confirmed.

- **Non Core BSO services**
Income will be received to meet all expenditure incurred in respect of Non Core / Managed Services (as described in table 4) and the regional ITS Programme.
- **Funding will be secured for inescapable pressures**
These are detailed in section 4.

4. Inescapable Pressures

- 4.1 The following section highlights the unavoidable pressures impacting on BSO. Funding will either have to be secured to meet these pressures or services provided will be reviewed with funding organisation(s) and / or customers to prioritise the activities we undertake on their behalf.

Table 6 summarises where BSO anticipates these pressures in 2011/12. These are mainly attributable to activity increases / demands or where BSO will incur costs, in excess of funding, which cannot be operationally controlled.

Table 6 – Inescapable pressures 2011/12

Inescapable Pressures	Estimated 2011/12 £m
DLS – Additional staffing requirements plus non pay costs (e.g. Court fees) resultant from unfunded increases in activity in 2010/11 and further estimated increases in 2011/12	0.333
DLS – Additional staffing requirements resultant from the resumption of the Hyponatremia Public Inquiry currently scheduled to commence November 2011	0.129
DLS – Additional staffing requirements resultant from DHSSPS direction that all GP lease arrangements are to be reviewed and formalised	0.053
PENSIONS BRANCH – Underfunding in respect of Government Actuary Fees. Based on projected 2010/11 costs.	0.065
CORPORATE SERVICES – Underfunding in respect of CLA Copyright Licence for HSC	0.050
INTERNAL AUDIT – Requirement to audit services transferred from DHSSPS (Pensions Branch and legacy DIS).	0.021
PaLS – Pharmaceutical Efficiency. Project funded non recurrently to 31/3/11. Funding required to continue programme of work.	0.083
PaLS – Increase in Warehouse Ground Rent	0.030
FPS – Increase in cost of Prescription Forms (stationery costs) resultant from increased prescription activity	0.036
BSO – Price increases in excess of inflationary uplift (e.g. HLP, fuel costs etc)	0.056
Total	0.856

5. Budgeted Income & Expenditure 2011/12

5.1 The following section summarises the budgeted income and expenditure position for 2011/12.

Table 7 – Budgeted Income & Expenditure 2011/12

	Core Services	BSTP	PaLS Trading	ITS Prog	Managed Services Primarily DHSSPS (see Table 4 above)	Total
	£m	£m	£m	£m	£m	£m
Income;						
Baseline Income	37.264	1.605	37.060	11.000	20.908	107.837
CSR 2011/12	(1.189)				(0.206)	(1.395)
P&P uplift	0.627					0.627
Inesc. pressures	0.856					0.856
Total Income	37.558	1.605	37.060	11.000	20.702	107.925
Expenditure;						
Pay baseline	28.005					
Non pay baseline	9.306					
Total baseline	37.311	1.605	37.000	11.000	20.908	107.824
CSR 2011/12	(1.189)				(0.206)	(1.395)
P&P uplift	0.627					0.627
Inesc. Pressures	0.856					0.856
Total Expenditure	37.605	1.605	37.000	11.000	20.702	107.912
Net Surplus / (Deficit)	(0.047)	-	0.060	-	-	0.013

6. Conclusion

- 6.1 The budgeted projected position for 2011/12 is breakeven. This is dependent on the assumptions detailed above and in particular the level of savings required for CSR, which has yet to be finalised.

The BSO has already implemented a number of measures to address the financial challenge in 2011/12 and will consider further extension of these and implementation of other methods once it is in a position to calculate its final budget for 2011/12. These include:

- Recruitment / vacancy controls;
- Scrutiny processes for all non pay expenditure;
- Extension of the TOPS efficiency programme; and
- Reshape of services to assist cost reduction.

The BSO will continue to work closely with its HSC customers to manage its costs and attempt to secure additional income for the services it provides.

Appendices

1. BSO Statutory Duties
2. Organisational Structure

1. BSO FUNCTIONS, DUTIES ETC - EXTRACT FROM BSO MANAGEMENT STATEMENT

BSO founding legislation, functions, duties etc

- 1.2.1 The BSO is established under Section 14(1) of the Health and Social Care (Reform) Act (Northern Ireland) 2009 (hereafter referred to as the Act). The BSO does not carry out its functions on behalf of the Crown.
- 1.2.2 The BSO is established for the purposes specified in Section 15(1) of the Act. The BSO's general powers etc are listed in Schedule 3 of the Act.

1.3 Classification

- 1.3.1 For policy/administrative purposes the BSO is classified as a Health and Social Care body (akin to an executive non-departmental public body) and for national accounts purposes is classified to the central government sector.

2. AIMS, OBJECTIVES AND TARGETS

2.1 Overall aims

- 2.1.1 The approved overall aim for the BSO is to:

Provide, or secure the provision of, a range of support services for other health and social care bodies as directed by the Department. These can include HR, Finance, procurement and logistics services, legal advice, registration of the public for eligibility for health services, payments of family health practitioners, operation of a Pensions service to eligible HSC employees, a range of information technology services, internal audit, and fraud prevention, investigation and probity checking.

2.2 Objectives and key targets

- 2.2.1 The Department determines the BSO's performance framework in light of the Programme for Government, the Department's wider strategic aims, and current PSA objectives and targets. The key targets, standards and actions to be delivered by the BSO are set out in its Service Delivery Plan, a sub-set of its three-year Corporate Plan.

2. Organisational Chart

Business Services
Organisation

