

# **BSO BUSINESS PLAN 2018/19**

**Year One of BSO Corporate Plan 2018/21**



# ***Introduction to BSO Annual Business Plan 2018-19***

## **Background**

The Business Services Organisation (BSO) was established on 1 April 2009 to provide a wide range of business and specialist professional services to the wider Health and Social Care (HSC) environment. The functions and duties of the BSO are set out in the Management Statement which is available on our website: [www.hscbusiness.hscni.net](http://www.hscbusiness.hscni.net). Our organisation is an integral part of the HSC. This requires us to be familiar with the priorities which relate directly to the health and well-being of the public and to understand our role in delivering these improvements. The BSO is conscious of the strategic context within which it operates and aims to support Department of Health (DoH) priorities, especially the 'Making Life Better'<sup>1</sup> public health framework, the over-arching Programme for Government and the vision set out in 'Health and Wellbeing 2026: Delivering Together'.<sup>2</sup> We aim to do this through a framework of good governance which takes account of our social and environmental responsibilities. At the same time, we are very aware of the particular challenges presented by the longer-term economic environment to our customers as well as ourselves.

The year 2018 marks the 70<sup>th</sup> anniversary of the NHS and this will rightly be a time of celebration for all that has been achieved. For the HSC, 2018-19 will also be an exceptionally challenging financial year. Budget pressures are expected to intensify significantly and the projected squeeze on public funding in Northern Ireland for the next two financial years is unprecedented. At the time of writing, Northern Ireland has been operating without a devolved administration since January 2017.

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<sup>1</sup> Department of Health, Social Services and Public Safety. *Making Life Better: a whole system strategic framework for public health 2013-2023*. Belfast: DHSSPS (now DoH), 2013.

<sup>2</sup> Northern Ireland Executive. Draft Programme for Government Framework 2016-21. Belfast: NIE, 2016.

## Transformation of HSC

On top of this, the HSC faces two other key challenges. The way in which the system is organised has been widely acknowledged as being outdated and not fit-for-purpose. In addition, populations are ageing, resources are constrained, technology is advancing and patient expectations continue to rise. Transformation can deliver quicker and better quality care. Along with the draft Programme for Government (PfG), the roadmap to a better service is clearly described in the *'Delivering Together'* document and important preparatory work on transformation has taken place during 2017-18. The outcomes in PfG are long-term, visionary and aspirational, and, although PfG is cross-cutting, DoH has lead responsibility for the following outcome: *"We enjoy long, healthy, active lives."*

BSO has played its part in taking forward the transformational changes required in HSC and the Chief Executive of BSO is a member of the **Transformation Implementation Group**, along with the Top Management Team in the DoH, other HSC Chief Executives and key stakeholders. BSO has been assigned to the work-stream relating to Social Care Clauses, highlighting the importance of **procurement** as a strategic tool to support health and social care delivery.

**Technology** will underpin and support transformation processes throughout the HSC. The HSC vision is for a **digital record-in-common** for every citizen in Northern Ireland that facilitates their health and wellbeing throughout their life. The record will be built on a digital platform that streamlines services and patient/client journeys and links information across primary, secondary, community and social care. This will be known as an **Electronic Health and Care Record (EHCR)** and will be taken forward on a programme basis (entitled **Encompass Programme** which is hosted within BSO), with full implementation due by 2026. The BSO will play a major part in helping to shape the procurement and selection of this large scale solution, including the replacement of underpinning regional clinical systems.

On 24 January 2018, the Permanent Secretary and HSC Chief Executive advised of the proposal that when the HSCB closes, responsibility for the majority of its functions will move to the Department, but be effected through a host organisation arrangement with BSO, enabling the associated staff to retain HSC terms and conditions. Any final decisions on future operating models for HSC will be subject to business case approval and will require Ministerial consideration and legislation. In the interim, BSO will continue to work in a partnership approach through the detailed project planning arrangements that will be required.

On 8 March 2018, a new Stormont budget for Northern Ireland was set by the Secretary for State under which the DoH will receive a 2.6% increase in real terms for the financial year ahead. Given that cost pressures are increasing at an even greater rate, it is estimated that a shortfall of around £160m will remain. Over £100m is available for transforming the HSC. The DoH launched a long-term strategy for the HSC workforce in May 2018<sup>3</sup> and also confirmed details of an initial allocation of £15m in workforce development, from the £100m transformation fund for 2018/19. BSO will play its part in co-operation with colleagues from across the HSC to implement the strategy and make the HSC a rewarding and fulfilling place to work for everyone, with the best possible staffing and expertise levels.

### **Expansion of Shared Services**

BSO was asked by the then DHSSPS to undertake scoping studies for a number of functions which had been identified as having potential to be provided as a regional service and thereby improve efficiency and effectiveness in the HSC. Support from an external provider was also obtained to assist with considering the feasibility and rationale for taking forward the implementation of expanded shared services through BSO. This project concluded in February 2016 and related to three of the areas scoped:

- Shared Data Centres and IT Support
- Provision of Business Intelligence
- Regional Employment Bank and Medical Bank/Agency Medical.

While the expansion of BSO Corporate Services functions to smaller HSC Arms-Length Bodies has already been taken forward, a decision from DoH in relation to the outcome of the feasibility studies is still awaited.

During 2016-17, a ***NI Shared Services Project*** was established to consider the development of shared services across the public sector i.e. HR, Payroll, Finance and IT. The BSO Chief Executive is a member of the Shared Services Programme Board, which is chaired by the Head of Civil Service. Membership includes a number of Permanent Secretaries as well as representatives from the current shared services across the public sector. BSO continues to support this project and a number of key members of staff have been seconded to work within it. In addition, a number of BSO Directors continue to participate in the Public Sector Shared Services Strategic Advisory Group.

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<sup>3</sup> Department of Health. *Delivering for Our People*, A Health and Social Care Workforce Strategy 2026. Belfast: DoH 2018

## **BSO Planning and Performance Monitoring Cycle**

As part of its annual planning cycle, each year the BSO holds a series of Strategic and Business Planning Workshops with BSO Board members and senior staff, with account taken of staff and customer feedback to plan our services for the future. Our new Corporate Plan will cover a three year period from 2018-21 to bring us into line with the planning timescales of all other HSC organisations. The Mission, Corporate Objectives and Values which will assist in delivering to the organisational mission over this time period have also been reviewed. An Annual Business Plan will support the Corporate Plan by setting out the key priorities and targets to be delivered during the incoming financial year. There are 29 Key Priorities/Targets with 53 associated Actions grouped under each of the Corporate Objectives which are described in more detail in this Annual Business Plan 2018-19. The refreshed mission for BSO will be *“to provide high quality business services which support our customers to improve health and well-being”*.

A summary of progress on how well the organisation is delivering on its key actions identified within the annual business plan is provided to the BSO Board on a quarterly basis as well as to DoH Sponsor Branch. A Traffic Light System Rating is used which is a summary of progress to date and an indication of the level of confidence that actions identified in the Business Plan will be delivered by the completion date. A Summary Exception Report to the BSO Board includes a brief commentary against all those actions where the rating is Red or Amber. This outlines the remedial action being taken to ensure achievement by year end and reasons for any extension of timeline or any cancellation of action. This is in addition to monthly reporting on performance through the BSO Corporate Balanced Scorecard.

## **BSO Corporate Objectives 2018-21**

The Plan for 2018-21 is diagrammatically represented on page 6 of this document. The BSO Corporate Objectives for the period 2018-21 will be the focus of everything we do in the first year of our three-year Corporate Plan:

- **Deliver High Quality, Valued Services;**
- **Develop Our Services in Partnership with Our Customers;**
- **Demonstrate Continuous Improvement in Pursuit of Excellence and**
- **Help Our People Excel at What We Do.**

## CORPORATE MISSION, VALUES & OBJECTIVES 2018-21

*"to provide high quality business services which support our customers to improve health and well being"*



## BSO Corporate Objective 1: *Deliver High Quality, Valued Services to Our Customers*

Key Priorities/Targets	Key Actions
<p>1. Ensure that the mechanism for charging for our services is clear and transparent to customers.</p> <p><i>[carried over from BSO Business Plan 2017-18]</i></p>	<ul style="list-style-type: none"> <li>• <b>By April 2018</b>, have completed realigned costing of Service Level Agreements and issued information to HSC customers <b>(Responsibility: Director of Finance)</b></li> <li>• <b>By April 2018</b>, have issued Service Level Agreements with realigned costings to HSC customers for signature;</li> <li>• Follow up with customers to ensure return of signed SLAs <b>by July 2018</b>.</li> </ul> <p><b>(Responsibility: Director of Customer Care &amp; Performance)</b></p>
<p>2. Deliver a contracting programme on behalf of HSC for 2018-19 within the regulations and minimising successful legal challenges. Wherever possible, in conjunction with HSC stakeholders, seek to achieve levels of product/service standardisation <b>with consideration given to Social Clauses and Sustainability</b>.</p> <p><i>[HSC Strategic Procurement Action Plan issued by DHSSPS – Target 8]</i></p>	<ul style="list-style-type: none"> <li>• Achieve 97.75% first time delivery consistently within Logistics;</li> <li>• Achieve maximum 5 day turnaround on non-catalogue orders consistently;</li> <li>• 98% of all contracts managed by PaLS to be compliant with NI public procurement policy;</li> <li>• 98% of regional or multi-organisations contracts not subject to legal challenge to be renewed on time;</li> <li>• No more than 2% of tenders stood down as a result of a challenge.</li> </ul> <p><b>(on-going to March 2019)</b></p> <p><b>Responsibility: Director of Operations</b></p>

<p><b>3. Implement New Framework Agreement on IT (Technology Partnership Agreement).</b></p> <p><i>[carried over from BSO Business Plans 2016-17 and 2017-18]</i></p>	<ul style="list-style-type: none"> <li>• Award contract by December 2018 (originally March 2017)</li> </ul> <p><b>Responsibility: Directors of Operations and Customer Care &amp; Performance and Chief Legal Adviser</b></p>
<p><b>4. Deliver corporate Benchmarking programme</b></p>	<ul style="list-style-type: none"> <li>• Facilitate rolling corporate benchmarking programme and incorporate new areas of service as appropriate.</li> </ul> <p><b>(Ongoing to March 2019)</b></p> <p><b>Responsibility: Senior Management Team (Director of Customer Care &amp; Performance to co-ordinate)</b></p>

## BSO Corporate Objective 2: *Develop Our Services in Partnership with Our Customers*

Key Priorities/Targets	Key Actions
<p>5. Continue to expand Shared Services.</p> <p><i>[carried over from BSO Business Plans 2016-17 and 2017-18]</i></p>	<ul style="list-style-type: none"> <li>• Implement plans for new Interpreting Service provision to Deaf and Hard of Hearing Community in line with HSCB policies and direction <b>by September 2018 (Responsibility: Director of Finance – Head of Shared Services to co-ordinate);</b></li> </ul> <p><i>[carried over from BSO Business Plan 2017-18]</i></p> <ul style="list-style-type: none"> <li>• <u>Subject to DoH decision</u>, implement delivery plans for the preferred options identified in the Shared Services feasibility studies <b>by March 2019 and beyond (Responsibility: Senior Management Team);</b></li> <li>• Participate in Public Sector Shared Services Strategic Advisory Group, <b>on-going to March 2019 (Responsibility: Chief Executive, Directors of Human Resources &amp; Corporate Services and Customer Care &amp; Performance and Head of Shared Services)</b></li> </ul>

<p><b>6.</b> Ensure Shared Service Logistics model, systems and structures identified in the Outline Business Case are established and embedded in accordance with Ministerial approval and implementation plans.  <i>[HSC Strategic Procurement Action Plan issued by DHSSPS – Action 24].</i></p>	<ul style="list-style-type: none"> <li>• Complete drafting of costs proposals to engage remaining Trusts in implementation of integrated supply chain model <b>by March 2019.</b></li> </ul> <p><i>[carried over from BSO Business Plan 2017-18]</i></p> <p><b>Responsibility: Director of Operations</b></p>
<p><b>7.</b> Transition Social Care Procurement Service to a Business as Usual position.  <i>[HSC Strategic Procurement Action Plan issued by DHSSPS – Action 2].</i></p>	<ul style="list-style-type: none"> <li>• Work with Social Care Procurement Project Board to define Business as Usual position and transition <b>by March 2019.</b></li> </ul> <p><b>Responsibility: Director of Operations</b></p>
<p><b>8.</b> Implement new services to NI Fire and Rescue Service (NIFRS).  <i>[carried over from BSO Business Plans 2016-17 and 2017-18]</i></p>	<ul style="list-style-type: none"> <li>• Continue to scope potential for provision of Legal Services to NIFRS <b>by December 2018.</b></li> <li>• Engage NIFRS on procurement service and agree a timescale for implementation <b>by March 2019;</b></li> </ul> <p><b>Responsibility: Director of Operations and Chief Legal Adviser</b></p>
<p><b>9.</b> Work with Department of Health (DoH) to implement future service delivery arrangements for Pharmacy procurement following DoH review.  <i>[HSC Strategic Procurement Action Plan issued by DHSSPS – Actions 20 and 21].</i></p> <p><i>[carried over from BSO Business Plan 2017-18: DoH review delayed and action moved to Strategic Procurement Action Plan 2018-21]</i></p>	<ul style="list-style-type: none"> <li>• Agree recommendations of DoH Pharmaceutical Procurement Review and implement changes where necessary <b>(by March 2019).</b></li> </ul> <p><b>Responsibility: Director of Operations</b></p>

<p><b>10.</b> Plan for new HSC Regional Clinical Systems.</p> <p><i>[carried over from BSO Business Plan 2017-18]</i></p>	<p>Support the Senior Responsible Officer (SRO) to complete an Outline Business Case (OBC) for replacement of:</p> <ul style="list-style-type: none"> <li>• the regional Pathology system <b>by December 2018</b> (with the aim of completed procurement by <b>December 2019</b>)</li> <li>• the existing regional NIPACS imaging system <b>by March 2019</b> (aimed at implementation in RVH <b>by 2021</b>)</li> </ul> <p><b>Responsibility: Director of Customer Care &amp; Performance</b></p>
<p><b>11.</b> The purpose of the <i>Encompass</i> Programme is to deliver a digital health and care record for every citizen in Northern Ireland that will support health and well-being throughout life by 2026. The embedding of an ethos of collective responsibility throughout the HSC will be key to the delivery of the Programme.</p> <p><i>Encompass</i> will be in the early stages of implementation in 2018-19 and aim to have put in place and provided support for appropriate governance mechanisms, structure and plans to ensure successful procurement and delivery.</p>	<ul style="list-style-type: none"> <li>• All necessary approvals obtained for the programme's business case;</li> <li>• Establishment and provision of support for programme work-streams and executive oversight group;</li> <li>• appointment of main <i>Encompass</i> solution supplier</li> </ul> <p><b>(all by March 2019)</b></p> <p><b>Responsibility: Director of <i>Encompass</i> Programme</b></p>
<p><b>12.</b> Work in partnership approach to begin scoping detailed project arrangements required in BSO following proposed closure of HSCB.</p>	<ul style="list-style-type: none"> <li>• Carry out initial scoping work in conjunction with key stakeholders regarding the proposed hosting arrangement of HSCB staff by BSO <b>(to March 2019 and beyond)</b></li> </ul> <p><b>Responsibility: Chief Executive and Senior Management Team</b></p>

<p>13. Support the delivery of world class health and social care through the implementation of <i>Delivering for Our People</i>, the HSC Workforce Strategy 2026, launched in May 2018</p>	<ul style="list-style-type: none"><li>• Work in partnership with DoH, other HSC employers and trade unions to deliver co-produced action plans within the Strategy (<b>ongoing to March 2019 and beyond</b>)</li></ul> <p><b>Responsibility: Director of Human Resources and Corporate Services</b></p>
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## **BSO Corporate Objective 3: *Demonstrate Continuous Improvement in Pursuit of Excellence***

Key Priorities / Targets	Key Actions
<p><b>14.</b> Influence strategic direction through business intelligence.</p> <p><i>[on-going issue carried over from BSO Business Plan 2017-18]</i></p>	<ul style="list-style-type: none"> <li>• Find ways to better harvest the information held across our services and identify how this information can be used to support continuous improvement and quality agendas of BSO and our customers (e.g. using Big Data);</li> <li>• Identify how Shared Services Centre information can be used to support continuous improvement and quality agendas of BSO and our customers ;</li> <li>• Present the correct data to produce intelligence and insight to better inform evidence-based strategic decisions across the region;</li> <li>• Consider the need for further BSTP extracts to be included in the Regional Data Warehouse.</li> </ul> <p><b>On-going to March 2019 and beyond</b></p> <p><b>Responsibility: Senior Management Team (Directors of Customer Care &amp; Performance and Head of Shared Services to co-ordinate)</b></p>

<p><b>15.</b> Deliver productivity and cash releasing efficiencies as set out in 2018/19 savings plans <b>by March 2019.</b></p>	<ul style="list-style-type: none"> <li>• Achieve the financial breakeven target of 0.25% or £20k (whichever is the greater) of revenue allocation <b>by March 2019.</b></li> </ul> <p><b>Responsibility: Senior Management Team (Director of Finance to co-ordinate)</b></p>
<p><b>16.</b> Provide Consistent and Reliable Clinical Negligence Settlement Forecasts.</p>	<ul style="list-style-type: none"> <li>• In conjunction with DoH, HSCB and HSC Trusts, provide consistent and reliable clinical negligence settlement forecasts throughout the year <b>monthly to March 2019.</b></li> </ul> <p><b>Responsibility: Director of Finance/Chief Legal Adviser</b></p>
<p><b>17.</b> Achieve the prompt payment targets for undisputed invoices for BSO throughout 2018/19.</p>	<ul style="list-style-type: none"> <li>• The minimum standard of paying 95% of undisputed invoices within 30 days throughout 2018/19;</li> <li>• The 10-day target of 75% for undisputed invoices</li> </ul> <p><b>(by March 2019)</b></p> <p><b>Responsibility: Director of Finance (Head of Shared Services to co-ordinate)</b></p>

<p><b>18.</b> During 2018/19 review and test emergency preparedness and business continuity arrangements.</p>	<ul style="list-style-type: none"> <li>• Business Continuity Plans to incorporate EU Exit Plans where appropriate <b>by April 2018</b> <b>(Responsibility: Director of HR and Corporate Services);</b></li> <li>• BSO Letter of Assurance re EU Exit provided to DoH <b>by July 2018</b> <b>(Responsibility: Chief Executive – Director of Operations to co-ordinate);</b></li> <li>• Participate with PHA/HSCB in the annual review and validation of the Joint Emergency Response Plan;</li> <li>• Carry out annual desktop exercise in Legal, ITS and PaLS, along with corporate BSO exercise <b>(by March 2019)</b></li> </ul> <p><b>Responsibility: Director of Human Resources &amp; Corporate Services</b></p>
<p><b>19.</b> Commission a study of key HSC Leadership Centre programmes to demonstrate the link between leadership development and better outcomes for patients, clients and service users.</p>	<ul style="list-style-type: none"> <li>• Academically validated study produced and formation of increased leadership development alliances <b>by March 2019</b></li> </ul> <p><b>Responsibility: Chief Executive (Head of HSC Leadership Centre to co-ordinate)</b></p>
<p><b>20.</b> Review process for registering all patients entitled to Health and Social Care and implement service improvements with a view to improving systems and timescales.</p>	<ul style="list-style-type: none"> <li>• Review of patient registration processes and redesign to support entitlement processes <b>by September 2018;</b></li> <li>• 95% of patient registrations carried out within 21 days <b>by March 2019.</b></li> </ul> <p><b>Responsibility: Director of Operations</b></p>

<p><b>21.</b> Develop BSO Official Statistics publications as primary source for Family Practitioner activity.</p>	<ul style="list-style-type: none"> <li>• Develop Official Statistics Publication timetable and guidance <b>by June 2018</b>;</li> <li>• Re-instate the formal release of BSO Statistics publications <b>by March 2019</b>.</li> </ul> <p><b>Responsibility: Director of Operations</b></p>
<p><b>22.</b> Implement an improvement plan in relation to Payroll Shared Services.</p>	<ul style="list-style-type: none"> <li>• Complete improvement plan <b>by March 2019</b>.</li> </ul> <p><b>Responsibility: Director of Finance (Head of Shared Services to co-ordinate)</b></p>
<p><b>23.</b> Continue to work towards continuous improvement of cyber-security arrangements and expanding out-of-hours support arrangements for ITS.</p>	<ul style="list-style-type: none"> <li>• Scoping review against ISO27001 compliance to be carried out <b>by September 2018</b>;</li> <li>• Recruitment of Cyber Security Programme and Project Management staff <b>by September 2018</b>;</li> <li>• Put in place 24/7 support arrangements for BSO Tier 1 (clinical/business critical) Services, subject to business case approval <b>by March 2019</b></li> </ul> <p><b>Responsibility: Director of Customer Care &amp; Performance</b></p>

<p><b>24.</b> Streamline HSC pre-employment checks, through the use of innovative technology.</p>	<ul style="list-style-type: none"><li>• Lead the Performance Improvement Workstream within the Strategic Resourcing Innovation Forum (SRIF) to implement new pre-employment process <b>by March 2019.</b></li><li>• <b>Responsibility: Director of Finance (Head of Shared Services to co-ordinate)</b></li></ul>
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## BSO Corporate Objective 4: *Help Our People Excel at What We Do*

Key Priorities / Targets	Key Actions
<p><b>25. By 30 June 2018, 90%</b> of staff to have had an annual appraisal of their performance in 2017/18 and an agreed personal development plan for 2018/19.</p>	<ul style="list-style-type: none"> <li>• Monitor through BSO Corporate Scorecard and HR reporting</li> </ul> <p><b>(by June 2018)</b></p> <p><b>Responsibility: Senior Management Team (Director of Human Resources &amp; Corporate Services to co-ordinate)</b></p>
<p>26. Achieve corporate re-accreditation in Investors for People (Generation 6)</p>	<ul style="list-style-type: none"> <li>• Agree and implement a process to achieve Investors in People (Generation 6) corporate re-accreditation <b>by November 2018.</b></li> </ul> <p><b>Responsibility: Senior Management Team (Directors of Human Resources &amp; Corporate Services and Finance to co-ordinate)</b></p>
<p><b>27.</b> Achieve the corporate attendance management targets as set by DoH (to be confirmed).</p>	<ul style="list-style-type: none"> <li>• DoH<sup>4</sup>absence target (4.27%) achieved <b>by March 2019.</b></li> </ul> <p><b>Responsibility: Senior Management Team (Director of Human Resources &amp; Corporate Services to co-ordinate)</b></p>

<sup>4</sup> Target calculated in accordance with DoH guidance received on 1 August 2018.

<p><b>28.</b> Support the draft Programme for Government Healthier Workplaces initiative.</p>	<p>Health and Wellbeing initiatives planned for 2018-19 include :</p> <ul style="list-style-type: none"> <li>• Review and evaluation of use of SOMA App (<i>Success Not Stress</i> Initiative) <b>by June 2018;</b></li> <li>• Health Fairs and participation in regional initiatives</li> </ul> <p><b>(on-going to March 2019)</b></p> <p><b>Responsibility: Director of Human Resources &amp; Corporate Services</b></p>
<p><b>29.</b> Implement the 'run, grow, transform' organisational structure of ITS as agreed by BSO Senior Management Team.</p>	<ul style="list-style-type: none"> <li>• Phase One of ITS Restructuring as agreed implemented, subject to appropriate DoH approval, <b>by December 2018.</b></li> </ul> <p><b>Responsibility: Director of Customer Care &amp; Performance</b></p>

## **RESOURCING THE PLAN 2018/19**

### **1. Introduction**

- 1.1 This section of the plan sets out the anticipated financial context for 2018/19 and describes the expected income and expenditure position for the year.

### **2. Income**

- 2.1 BSO earns its income from provision of services to a range of HSC organisations including the HSC Board, HSC Trusts and other HSC Agencies and Bodies. It also administers funds on behalf of other organisations such as DoH and the HSC Board.
- 2.2 A BSO Service Offering, which contains information on all of the services we deliver to clients, is compiled and issued to customers on an annual basis. This document, importantly, outlines the efficiencies that each service area offers to its client base. BSO undertakes a series of bi-lateral meetings with clients to discuss services provided and any cash and non-cash efficiencies for the new financial year. These efficiencies are incorporated into the final 2018/19 Service Offering which drives the preparation of the Service Level Agreements (SLAs) for 2018/19.
- 2.3 In preparing the current 2018/19 budgeted income and expenditure position for this document, the outworkings of the 2018/19 draft Service Offering and information on 2018/19 funding allocations from DoH are now confirmed and reflected in the overarching figures provided.

- 2.4 Based on a number of assumptions, the expected income from HSC SLAs is £51.9m. This includes a level of assumed pay and price uplift for 2018/19 and anticipated income in 2018/19 in the region of £12.6m relating to the provision of Shared Services, along with associated system maintenance costs, to HSC organisations.
- 2.5 The BSO also receives funding from DoH in respect of the core services it delivers to both the DoH and other HSC Organisations, for example the HSC pensions service and the Clinical Education Centre (CEC). On 30<sup>th</sup> March 2018, we received our formal allocation letter from the DoH, which incorporates a 2% (£57k) reduction in our non-ring fenced revenue resource limit (RRL) funding. This will be delivered by a cessation of the engineering student programme (£59k) and a reduction in general administration costs of £15k.
- 2.6 In addition to the funding sources described above, there are a number of other areas from which BSO derives income. These include services such as HSC Leadership Centre consultancy and training, miscellaneous Legal recharges and staff recharges which attract an additional £2.6m annually.
- 2.7 The BSO, through its Procurement and Logistics Service (PaLS), manages stock issues for the HSC Organisations. This fluctuates with demand and turnover is estimated at c£47m, based on 2017/18 expected full year activity. There is no surplus or deficit anticipated in these transactions.
- 2.8 The regional ITS Programme revenue and capital expenditure, commissioned by the HSC Board, is also administered through the BSO. The revenue expenditure, which is recharged in full to the HSC Board, is expected to be in the region of £13m in 2018/19. Any capital expenditure is funded by way of Capital Resource Limit (CRL) funding from DoH and this varies depending on Departmental priorities. Funding for 2017/18 was around £8m.

2.9 In addition, the BSO administers expenditure on (Non-Core) Services on behalf of the DoH such as Nursing Bursaries and Healthy Start programme expenditure. This expenditure is funded by way of RRL funding and is in the region of £15.1m per annum. BSO also administers expenditure for other organisations of £6m, which is also recharged in full.

### **3. Expenditure**

3.1 This section deals with the projected expenditure in 2018/19. Assumptions around overall cash releasing efficiencies and an estimated inflationary uplift have been incorporated into the overall expenditure budgets.

3.2 Detailed budgets have been agreed with BSO Directorates and final budgets were approved by the BSO Board in May 2018.

3.3 It is assumed that the non-core expenditure related to the regional ITS Programme, PaLS Trading and those services administered on behalf of DoH and others will be fully funded.

### **4. Income and Expenditure Position**

4.1 Based on the current income assumptions and the anticipated expenditure budgets, the combined income and expenditure position for 2018/19 is shown in Table 1, overleaf.

4.2 It should be noted that these figures do not reflect any extension of the services of BSO, as these will be negotiated separately with customers and built into the SLAs.

**TABLE 1 – BSO Budgeted Income and Expenditure Position 2018/19**

	<b>Core Services</b>	<b>Non Core Services</b>	<b>BSO Total</b>
	£'000	£'000	£'000
<b>Income Sources:</b>			
Management fees / SLAs	51,854		51,854
RRL- core services	7,724		7,724
RRL - non core services		17,784	17,784
Other Income	2,571	4,718	7,289
ITS programme		12,800	12,800
PaLs Trading		47,000	47,000
<b>Total Income</b>	<b>62,149</b>	<b>82,302</b>	<b>144,451</b>
<b>Expenditure:</b>			
Pay and non-pay budgets	62,149		62,149
Administered expenditure		82,302	82,302
<b>Total Expenditure</b>	<b>62,149</b>	<b>82,302</b>	<b>144,451</b>
<b>Surplus / (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **5. Conclusion**

- 5.1 The resultant position is an anticipated breakeven position for 2018/19 based on assumptions made regarding the levels of income, expenditure and ability to deliver the assumed efficiencies in the year ahead.