



Business Services Organisation

Providing Support to Health and Social Care

CORPORATE PLAN **2010 - 2013**

Including Service Delivery Plan
2011/12

INTRODUCTION

The 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 (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 Business Services Organisation, as an Arms Length Body, is required to take its lead from these key goals and ensure the organisations strategy and plans are consistent with the stated goals.

The Department utilises the BSO plans as a basis for accountability reviews and check progress periodically throughout the year. The BSO also use the plans internally to guide action and update internal 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 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 & consolidation of a number of services

Phase 2 – transformation & 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 & Social Care system by further modernising services and seeking to grow & 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 & 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 Department for consideration.

Strategically, the BSO will widen its service portfolio in 2011/12. In January 2011 the DHSS&PS 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 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, has decided that the proposals should be implemented.

There will be a regional project management group established by the Department 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.

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 NDEC 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 a 1% increase on 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 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 4.1%, 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	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	K E Y A C T I O N S	
	To anticipate and influence legislation and comply with standards.	Representation to appropriately influence	Deliver to Good Practice Standards			
	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		
	In line with DHSSPS Policy, deliver cost effective shared services which are funded by customers and deliver benefits.	Lead BSTP	Design and Deliver Shared Services			
	To achieve, through sound planning and SLAs, an agreed balance between cost, quality and satisfaction to meet customer demands and ensure financial stability.	Deliver to Challenging and Meaningful SLAs	Increasing Customer Satisfaction	Grow the BSO		Financial Success
	To have an appropriately skilled, healthy, productive and engaged workforce.	Develop Strategic Workforce Planning	Maintain a Healthy Workplace	Focus on Performance		

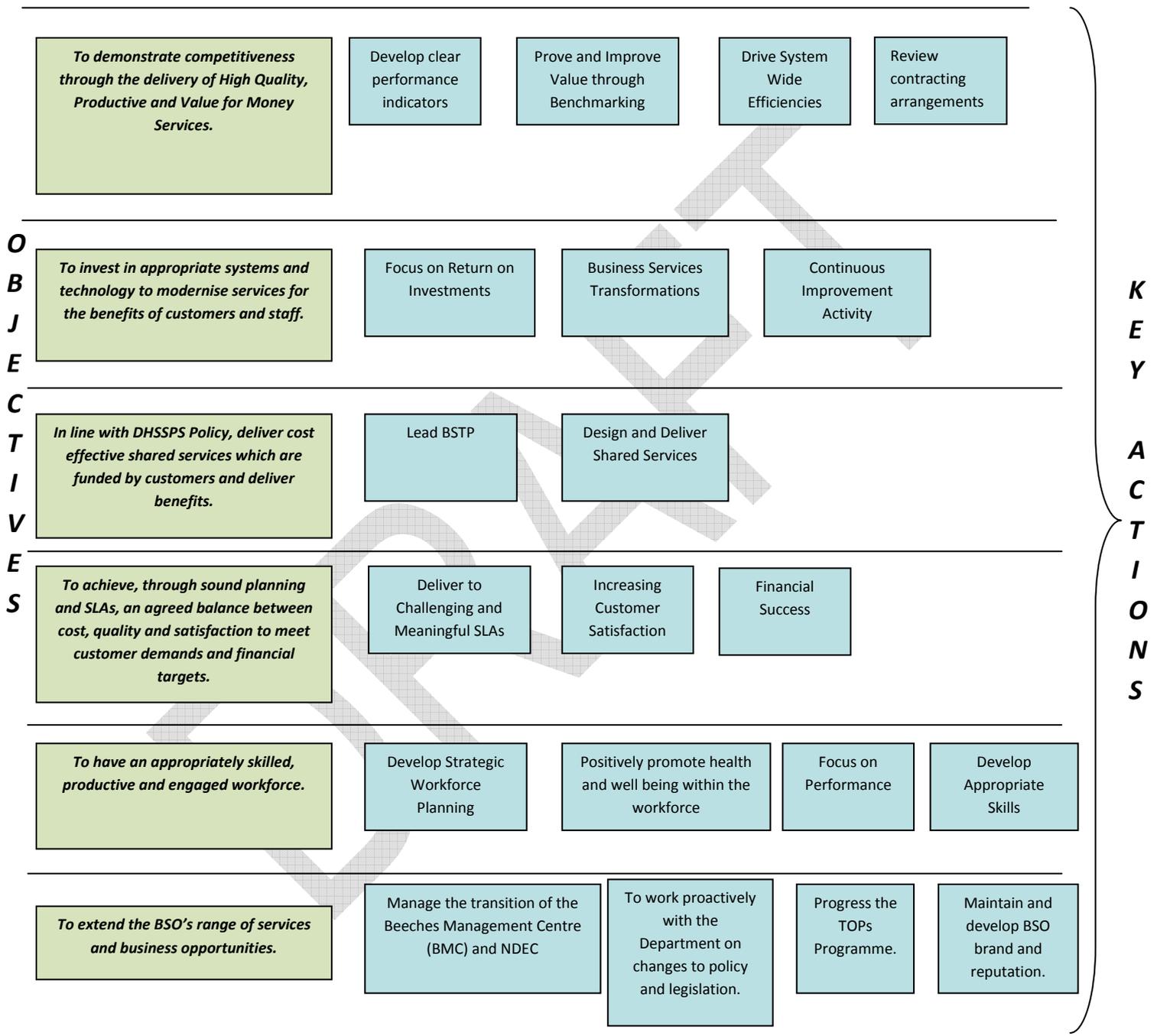
WE VALUE...

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”



**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 services areas to benchmarking clubs.

- 6) By March 2012, **Information Technology Services** will have demonstrated delivery of high quality IT services through accreditation to 'Tickit Plus'. 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 on 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 systems 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, **Human Resources & Corporate Services** will have ensured effective implementation of Meta Compliance to ensure that receipt of relevant corporate policies by staff is recorded.
- 12) By June 2011, **Human Resources & Corporate Services** will have implemented the Multi-Functional Devices Project following agreement by the Senior Management Team.
- 13) By July 2011, **Equality** will have implemented a time recording system.
- 14) By October 2011, **Human Resources & Corporate Services** will have developed intranet facilities for reporting of Health and Safety and Adverse Incidents etc.

- 15) By December 2011, **ORECNI** will have implemented improvements to the Research & Ethics Database and Research Ethics Committees workflow.
- 16) By December 2011, **Internal Audit** will have researched and evaluated the introduction of Computer Aided Audit Techniques (CAATS).
- 17) By December 2011, **Pals** will have completed roll-out of EMM (Electronic Materials Management) to 387 wards.
- 18) By January 2012 **Pals** will have rolled out UNITAS which will see electronic non-stock transactions at 50% of total non-stock transactions.
- 19) By Jan 2012, **Information Technology Services** will have procured the Integrated Electronic Care Record system.
- 20) 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.
- 21) By March 2012, **Information Technology Services** will have rolled out to BSO, HSCB, PHA and PCC Windows 7 and Office 2010.
- 22) By March 2012, **Legal Services** will have delivered 20 training sessions to customers on relevant legal issues.
- 23) 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.
- 24) By March 2012 **Pensions** will also have electronically streamlined the GP certificate submission process removing the manual 55B forms
- 25) 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.
- 26) By June 2011, **Counter Fraud & Probity Services** will have implemented an INFRA-based Case Management system for fraud investigations.

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** to have successfully procured and awarded a contract for replacement HR, Finance, Payroll, Travel & Subsistence, Procurement & Logistics business systems

28) By Nov 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 NDEC
- ❖ 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 NDEC 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 NDEC.
- 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.

Resourcing the Plan 2011 -12

1. Introduction

1.1 The Northern Ireland Executive Draft Budget 2011-15 was announced by the Minister of Finance and Personnel on 15 December 2010. The Executives Draft Budget provided proposed Departmental Current Expenditure and Capital Investment allocations for the four year budget period 2011-12 to 2014-15. Details of the Draft Budget and the potential funding gaps are contained in Table 1.

1.2 Clearly the Budget for the next 4 years is taking place in probably the most difficult 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 years 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: Draft Budget Allocation 2011-15

	2010-11	2011-12	2012-13	2013-14	2014-15
Current Expenditure					
Proposed Allocation	4,303	4,348.1	4,427.7	4,543.2	4,629.2
Year on Year % uplift		1.0%	1.8%	2.6%	1.9%
Assessed Need		4,694	4,913	5,172	5,457
Funding Gap		346	486	629	828
% Shortfall		7.4%	9.9%	12.2%	15.2%

- The assessed needs includes anticipated funding pressures – pay related (incremental progression, pay award, national insurance), growth (demographics, residual demand, pharmacy prescribing) and other (non pay inflation, revenue consequences of capital schemes etc).

- Year 1 is the most challenging – the above table assumes Trusts will be in recurrent break-even. The 2010-11 assessed position is a recurrent overspend of over £70m.

1.3 The final budget allocation was agreed following a debate at the NI Assembly on 9th March. Annual increases have been secured in respect of the revenue and capital budgets with the exception of a decrease in the capital allocation in 2011/12. Table 1a illustrates.

Table 1a: Final Budget Allocation 2011-15

	2011-12	2012-13	2013-14	2014-15
Final Revenue Allocation	4,383.1	4,447.6	4,569.2	4,659.2
Draft Revenue Allocation	4,348.1	4,427.7	4,543.2	4,629.2
Increase / (Decrease)	35.0	19.9	26.0	30.0
Final Capital Allocation	200.5	279.8	187.5	183.0
Draft Capital Allocation	214.8	278.8	184.9	163.3
Increase / (Decrease)	(14.3)	1.0	2.6	19.7

1.4 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 on revenue increases. Full details are not available at this time and will depend on the decisions of the Executive on the approved budget allocation and 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 in 2010-11 is estimated at £102.5m as set out in table 2 below. A significant amount of funding was returned to customers and

DHSSPS in 2010/11, representing slippage both in populating new post RPA structures and on planned expenditure.

Table 2: Projected Income 2010-11 & Baseline Position 2011-12

		Projected 2010-11	Baseline* 2011-12
1	Core Services (Management Fees, DHSSPS RRL and other income sources)	34.822	36.832
2	Business Services Transformation Project	1.150	1.605
3	ITS Programme Expenditure	9.620	10.000
4	Stock Issues – PaLS	36.304	37.000
5	Managed Services	20.621	19.564
Total		102.517	105.001

**Baseline calculated before savings deduction and pay&price uplift*

2.2 As outlined in section 1, the position in relation to the level of savings required in 2011-12 is not yet clear. 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 been modelling and planning on the basis of a number of scenarios ranging up to a maximum reduction of 5% overall.

2.3 Core Services

The BSO has conducted a series of meeting with each of the HSC Trusts, HSC Agencies and the HSCB Board with the aim of agreeing Service Level Agreements (SLA) for the services to be provided in 2011-12. These discussions are ongoing. A key issue for the BSO in 2011-12 and future years is reaching agreement with the HSC Board on the recurrent level of RPA saving in 2010-11 and recurrently. The DHSSPS have now confirmed

their agreement with BSO on this matter and this is being taken forward with HSCB.

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 and equates to a projected total of £3.037m in 2010-11. Details of the baseline Management Fees and RRL Core expenditure in 2011-12 (before any savings are deducted) are set out in Table 3.

Table 3 –Funding for Core BSO Services

Source	Projected 2010-11£m	Baseline* 2011-12£m
Trusts	14.069	14.641
Board / PHA	15.892	16.881
Agencies	0.573	0.573
Other income	1.251	0.988
RRL – Core DHSSPS	3.037	3.749
Subtotal DHSSPS	34.822	36.832

**Baseline calculated before savings deduction and pay&price uplift*

The main areas of other income are within ITS (income from staff being recharged to the regional ITS Programme) and HRCS (County Hall canteen).

2.4 Business Services Transformation Programme (BSTP)

The 2011/12 revenue funding indicated by DHSSPS is at the same level as 2010/11, £1.605m. A significant amount of this funding was returned to DHSSPS in 2010/11, due to slippage in a number of expenditure areas. This is not envisaged in 2011/12. As the procurement process progresses in 2011/12, part of the (currently revenue) expenditure will be capitalised. Any delay in the procurement process could impact negatively on the planned revenue expenditure 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, 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. There is no surplus and deficit anticipated on these transactions, however there can be variances in price activity which can generate a small stock surplus.

The expected value of stock issues (sales) in 2011-12 is £37m.

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 is projected to amount to £13.865m and the Healthy Start programme, projected to be £3.400m in 2010-11.

While the BSO arranges for the disbursement of these funds, it carries no management or budgetary responsibility. 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 recharges expenditure to HSC organisations. These include Legal / Court payments and staff seconded to other organisations.

Table 4 - DHSSPS & Other Managed Services

	Projected 2010-11£m	Baseline 2011-12£m
Bursaries	13.865	12.500
Healthy Start	3.400	3.750
Clinical Psychologists	1.200	1.152
SUMDE	0.978	0.978
Artscare	0.230	0.230
Engineering Students	0.112	0.121
Housing Officer	0.027	0.024
Subtotal DHSSPS	19.812	18.755
Other – Non DHSSPS	0.809	0.809
Total	20.621	19.564

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 Target 2011/12**

Information already shared by DHSSPS and HSCB indicates that there may be differential savings targets applied to the organisations we receive funding from. Where we have been advised a 4 year target we have profiled this evenly to year 1.

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

Table 5 – Projected 2011/12 CSR savings target

Funding organisation(s)	Baseline Income £m	% Target	Estimated Target £m
Trusts / HSCB / PHA	31.522	2.0%	0.631
Agencies etc	0.573	2.5%	0.014
RRL – Core Services	3.749	2.5%	0.094
Other Income	0.988	n/a	0.000
Total	36.832		0.739

- **CSR savings 2011/12**

The BSO will achieve the required savings to meet the 2011/12 target. Plans are already progressing to meet the target by a combination of internal efficiencies, including planned savings as a result of the TOPS 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 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 £m	BSTP £m	PaLS Trading £m	ITS Prog £m	Mged Services £m	Total £m
Income;						
Baseline Income	36.832	1.605	37.000	10.000	19.564	105.001
CSR 2011/12	(0.739)					(0.739)
P&P uplift	0.642					0.642
Inesc. pressures	0.856					0.856
Total Income	37.591	1.605	37.000	10.000	19.564	105.760
Expenditure;						
Pay baseline	27.901					
Non pay baseline	8.931					
Total baseline	36.832	1.605	37.000	10.000	19.564	105.001
CSR 2011/12	(0.739)					(0.739)
P&P uplift	0.642					0.642
Inesc. Pressures	0.856					0.856
Total Expenditure	74.423	1.605	37.000	10.000	19.564	105.760
Net Surplus / (Deficit)	-	-	-	-	-	-

6. Conclusion

- 6.1 The budgeted projected position is at 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 will have in place options to address the impact of any changes to the planning assumptions. These will include;

- Recruitment controls.
- Scrutiny processes for all non pay expenditure.
- Extending the TOPS programme.

The BSO will continue to work closely with it's customers (HSCB, Trusts etc) to manage it's costs and attempt to secure additional income for the services it provides.

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