

Department of Health, Social Services and Public Safety

Resource Accounts for the year ended 31 March 2006

Laid before the Houses of Parliament
by the Department of Finance and Personnel
in accordance with Paragraph 36 of the Schedule to the
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31 October 2006

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Annual Report for The Year Ended 31 March 2006

Directors' Report

The Department of Health, Social Services and Public Safety (DHSSPS) presents its Annual Report and Accounts for the financial year ended 31 March 2006.

Management

The Department is headed by a Minister supported by senior officials, the most senior of which is the Permanent Secretary. A Departmental Board, comprising the senior official in charge of each executive area, manages the Department. The Permanent Secretary is the Principal Accounting Officer. The Department's Supply-financed Executive Agency (Health Estates Agency) is headed by a Chief Executive who is supported by an Executive Board.

Ministers

Shaun Woodward MP replaced Angela Smith MP, as the Minister responsible for the Department of Health, Social Services and Public Safety in May 2005. He has since been replaced by Paul Goggins MP in May 2006.

Officials

Membership of the Departmental Management Board during the year is outlined below:

Mr D C Gowdy	Permanent Secretary (retired 29 July 2005)
Dr A McCormick	Permanent Secretary (took up post on 1 August 2005)
Mr P Simpson	Deputy Secretary, Strategic Planning and Modernisation Group
Mr D Hill	Deputy Secretary, Resources and Performance Management Group
Mr A Hamilton	Deputy Secretary, Primary, Secondary and Community Care Group
Mr J Cole	Chief Executive, Health Estates Agency
Dr H Campbell	Chief Medical Officer (retired 24 th February 2006)
Dr I Carson	Chief Medical Officer (Acting) (who took up his post on 27 th February 2006)
Mrs D Wilson	Chief Dental Officer
Mr J P Martin	Chief Social Services Inspector
Dr N C Morrow	Chief Pharmaceutical Officer
Mr F Rice	Chief Nursing Officer (Acting) (left Department 24 th October 2005)
Mr M Bradley	(Chief Nursing Officer) (who took up his post on 24 th October 2005)

Mr Gowdy retired on 29 July 2005. He was replaced by Dr A McCormick, who took up his post on 1 August 2005. The Permanent Secretary, as Principal Accounting Officer, is responsible for the overall operation and performance of the Department.

Principal Activities

The Department of Health, Social Services and Public Safety was established by the Departments (NI) Order 1999. The Department has three main business responsibilities:

- **Health and Personal Social Services**, which includes policy and legislation for hospitals, family practitioner services and community health and personal social services;
- **Public Health**, which covers policy, legislation and administrative action to promote and protect the health and well-being of the population; and
- **Public Safety**, which includes responsibility for the policy and legislation for the Fire and Ambulance Services.

The Department's mission is to improve everyone's health and social well-being. It does so by ensuring the provision of appropriate health and social care services, both in clinical settings, such as hospitals and GPs' surgeries, and in the community, through nursing, social work and other professional services. It also supports programmes of health promotion and education to encourage the community to adopt activities, behaviours and attitudes that will lead to better health and well-being.

Departmental Accounting Boundary

These accounts consolidate financial information for those bodies within the Departmental accounting boundary. These are as follows;

- DHSSPS Core Department
- The Northern Ireland Health and Social Services Estates Agency (Health Estates)
- Health and Social Services Boards
- DHSSPS Non-Executive Non-Departmental Public Bodies

Annex A contains a full list of bodies consolidated within the accounts.

Annex B contains a list of all the public sector bodies outside the boundary for which the Department had lead policy responsibility during the year.

Departmental Reporting Cycle

In line with all NI Departments, the DHSSPS reporting cycle commences at the start of the financial year with the production of the Main Estimates. These set out the proposed spend against the Department's Budget as agreed by the Ministerial Team and the Department of Finance and Personnel. Spring Supplementary Estimates are produced in January of the following year and update the Main Estimate as required. Both documents are published.

In Northern Ireland each allocated Budget has an associated outcome as set out in the Public Service Agreement. Progress against all targets in the Public Service Agreement is monitored on a quarterly basis and an annual report published. In addition, more detailed targets, stemming from those outlined in the Public Service Agreement, are set for HSS Boards and Trusts. These targets are published in the document "Priorities for Action" and are monitored on a quarterly basis. An annual progress report is published at the end of each financial year.

Financial Review

Overall total expenditure by the Department on all services amounted to £3,016m (£2,819m in 2004-05) against Estimate cover of £3,055m (£2,844m in 2004-05). The financial results of the Department are set out on pages 40 to 81.

Charitable Donations

There were no charitable donations made during 2005-06.

Post Balance Sheet Events

There are no post balance sheet events having a material effect on the accounts.

Review of the Business and Future Developments

The activities of the DHSSPS during the year 2005-06 and expected developments are shown within the Management Commentary on pages 5 to 27.

Research and Development Activities

Research and Development activity during 2005-06 is summarised on page 50.

Public Interest and Other

Staff

The Department directly employs some 1,050 staff. The Fire Authority employs some 2,200 people and around 60,000 people work in the Health and Personal Social Services. The Department is committed to continuing its support for the development and management of its staff so that they can effectively contribute to the achievement of Departmental and their own personal objectives.

Equal Opportunities / Disabled Persons

The Department follows the NI Civil Service Equal Opportunity Policy which states that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. The policy aims to foster a culture which encourages every member of staff to develop his or her potential and which rewards achievement.

The Department also takes full cognisance of the NI Civil Service Code of Practice on the employment of disabled people. The Department aims to provide access to the full range of recruitment and career opportunities for all people with disabilities, to establish working conditions which encourage the full participation of disabled people and seek to ensure the retention of existing staff who are affected by disability through rehabilitation, training and reassignment.

Employee Involvement

Effective internal communication is a strategic objective of the DHSSPS. The Department recognizes the value of an inclusive approach to internal communications to assist individuals meet their aspirations and strengthen the organisation's performance. The Department is committed to achieving and maintaining effective communications and ensuring that: an open and transparent culture of communication is promoted and encouraged within the Department; internal communication supports the business planning process at all levels; key issues are communicated throughout the Department; staff communicate with others clearly, upwards, downwards and laterally; staff have the necessary knowledge and skills to communicate effectively.

Staff has access to welfare services and to Trade Union membership; the Department uses the established Whitley process of staff consultation. The Whitley Council and Committees provide an agreed forum for discussion which is attended by both employer and trade union representatives. In this way, staff views are represented and information for employees is promulgated.

Payments to Suppliers

The Department pays its non-HPSS trade creditors in accordance with the Confederation of British Industry (CBI) Prompt Payment Code and Government Accounting rules. The Government Accounting rules require that the timing of payment should normally be stated in the contract. Where there is no contractual provision, Departments should pay within 30 days of receipt of the goods or services or within 30 days of the presentation of a valid invoice, whichever is the later. Regular reviews conducted to measure how promptly the Department pays its bills found that approximately 96% were paid on time.

The Late Payment of Commercial Debts (Interest) Act 1998, which came into effect from 1 November 1998, enables suppliers to charge interest on overdue debts. The Department did not make any payments under this legislation in 2005-06.

Pension Liabilities

Past and present employees of the Department and its Agency are covered by the Principal Civil Service Pension Scheme (PCSPS) (NI) Further details of the scheme can be found within the accounting policy note (1.20) to the financial statements and within the Remuneration Report.

Related Party Transactions

The Department is the parent of those bodies listed in Annex A. It sponsors those bodies listed in Annex B. All these bodies are regarded as related parties with which the Department has had material transactions during the year.

In addition the Department has had a small number of transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the Department of Finance and Personnel. None of the Board members, key managerial staff or other related parties has undertaken any material transactions with the Department during the year.

Audit

The accounts and supporting notes relating to the Department's activities for the year ended 31 March 2006 have been audited by the Northern Ireland Audit Office. The report of the Comptroller and Auditor General is included on pages 38 to 39. The notional cost of the audit for the year ended 31 March 2006, which pertained solely to audit services, was £81,000. The Northern Ireland Audit Office did not carry out any non audit work.

Statement on disclosure of audit information

I can confirm that there is no relevant audit information of which the auditors are unaware, and also confirm that I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

Dr A McCormick
Accounting Officer
9th October 2006

DHSSPS Annual Report for The Year Ended 31 March 2006

Management Commentary

Section 1 Strategy and Policy

Key Aims and Objectives

1. The overall aim of the Department is to improve the Health and wellbeing of the people of Northern Ireland. In pursuing this aim, the key objectives of the Department are:

Objective 1

To develop and promote policies and strategies, the efficient, economic and effective implementation of which will lead to good health and well being, a reduction in preventable disease and ill health, and greater social justice.

The main citizen outcomes for this objective are;

- Increase in life expectancy and improvement in health and wellbeing
- Reductions in health inequalities
- Equitable access to life saving interventions
- Improvements in quality, efficiency, effectiveness, value for money and accountability of health and social care provided
- More effective hospital services
- Equitable access to high quality, modernised, acute, primary and community care services on a regional and local basis
- Better life chances for children and support for families

Objective 2

To create a safer environment for the community by providing an effective fire fighting, rescue and fire safety service.

The main outcome arising from this objective is;

- A fast and effective fire fighting and rescue service

2. The Department's Public Service Agreement (PSA) sets out the Department's overall aim, its objectives, key targets, associated actions and budget allocations. These support the ongoing reform and modernisation of health and social services necessary to deliver the Department's objectives.

Departmental Strategy

3. In recent years a series of major policy initiatives have been undertaken by DHSSPS with a view to reforming major elements of the Health and Personal Social Services (HPSS) and tackling the long-term determinants of health and well-being. These include specific proposals and actions for improving access and delivery to acute, primary and community care, together with 'Investing for Health' which addresses the broader public health agenda.

4. A twenty-year regional strategy for health and wellbeing, *A Healthier Future*, was published for consultation in December 2004. *A Healthier Future* constitutes a vision for health and social care over the next twenty years, and also contains a series of commitments for improving health and wellbeing.

The strategy places a strong emphasis on:

- promoting public health, primarily through the *Investing for Health* strategy;
- engagement with people and communities to improve health and wellbeing;
- the development of responsive and integrated services which will aim to treat people in communities rather than in hospital, unless this is necessary;
- new, more effective and efficient ways of working through multi-disciplinary teams, and
- measures to improve the quality of services, including the new regulatory framework.

The consultation period closed in March 2005. Each of the responses was considered in detail and the Department has produced a summary of the key issues arising from the consultation and its response to these.

5. The consultation questions included one on achieving smoke-free public places, including options for a partial ban or a complete ban. Over 70,000 responses were received on the smoking consultation, with 91% being in favour of comprehensive controls. In October 2005 the then Minister announced his decision to introduce legislation to control smoking in all workplaces and enclosed public spaces.
6. Following the Review of Public Administration, decisions about the organisational framework for the delivery of health and social services will clearly influence the implementation of *A Healthier Future*. As plans are made for the introduction of the new structures, the Department is considering how the regional strategy and the Independent Review of Health and Social Care (the Appleby report) can best be factored into future planning for and by the Health and Social Services Authority and the rest of the reconfigured HPSS.
7. In the meantime a number of strategies which contribute to the vision of *A Healthier Future* have already been developed. For example, the Department's primary care strategy, 'Caring for People Beyond Tomorrow', has been drawn up as an integral component of *A Healthier Future* and will contribute to the overall improvement of health and social services across Northern Ireland.

Reform and Efficiency

8. DHSSPS is currently engaged in a major programme of reform in primary community and secondary care. The Department is progressing the most significant reform to hospital services in a generation to transform access to elective and emergency care. In addition the Department is taking forward the implementation of the new configuration of hospital services and other changes set out in *Developing Better Services*, the implementation of the recommendations of the *Community Care Review*, improving quality and governance of services under *Best Practice- Best Care*, promoting the health status of the population under *Investing for Health*, harnessing new technology under the *HPSS Information and Communication Technologies Strategy* and modernising Northern Ireland's Fire and Rescue Service
9. Underlying this agenda is the implementation of a series of long-planned pay and service delivery reforms:
 - The Agenda for Change reforms will support change in the working practices of almost all HPSS staff outside the medical and dental professions;
 - The consultants' contract will provide an opportunity to modernise the way these staff plan and deliver their work; and
 - The new GMS contract is paving the way for far-reaching changes in the way primary care is delivered.
10. Like all other parts of the public sector, the Department is required to achieve cumulative efficiency gains of at least 2.5% per year over the 2005-06/2007-08 planning period, at least half of which will be re-directed to frontline services. These 'resource releasing' efficiencies amounting to £43.3m in 2005-06 were duly removed from baselines and recycled to

service development. In addition the 2005 Budget process identified £35m as “non-resource releasing” efficiencies to be generated from improved productivity and higher quality of service.

11. In 2003, Ministers decided that the HPSS should be restructured within the context of the Review of Public Administration (RPA). Proposals for reform were set out in the second RPA consultation paper in 2005, and revised in light of, inter alia, the Report, with final decisions announced by the Secretary of State on 22 November 2005.
12. The implementation of the Review proposals will see the establishment of a new Health and Social Services Authority and seven Local Commissioning Groups (LCGs). Each LCG will be responsible for the planning and commissioning of health and social services for the population within a specific geographical area. An independent Patient and Client Council will also be established to safeguard the interests of service users. All these changes will be implemented in April 2008.
13. Delivery of health and personal social services will be in the hands of five new Trusts which will replace eighteen of the existing Trusts. The new Trusts will come into operation in April 2007. The Northern Ireland Ambulance Service will continue to provide a regional ambulance service.
14. The RPA will also see a significant reduction in non-departmental bodies, with only the Blood Transfusion Agency, the Social Care Council and the Guardian ad Litem Agency remaining unaffected. Several organisations will be absorbed into the new HSS Authority, and the Fire Authority will, in due course, become the responsibility of local government.

Quality and Safety

15. The Department is committed to put in place a framework to improve quality and ensure safety in the HPSS.
16. Improvements in quality and safety of local services are characterised as follows:
 - improvements in governance arrangements within the HPSS;
 - the setting of standards against which service providers can be measured;
 - new arrangements for the regulation, inspection and review of services;
 - improved performance management and accountability arrangements;
 - linking with national standard setting and patient safety bodies.
17. From 1 April 2005, the HPSS Regulation and Improvement Authority known as The Regulation and Quality Improvement Authority (RQIA), assumed responsibility for monitoring and inspecting the availability and quality of health and social care services in Northern Ireland. The RQIA has a major role to play in encouraging improvement in the quality of services. It is responsible for promoting a culture of continuous improvement and best practice through clinical and social care governance arrangements, monitoring and inspection/review.
18. Regulation is being extended to a larger body of services and care standards are being developed for these services. The new standards will help to ensure a greater consistency in the quality of services provided across Northern Ireland and will help to safeguard people who use the services.
19. HPSS organisations continue to report on compliance with the controls assurance standards which were introduced to assist in managing their businesses, meeting their objectives and protecting users, staff, the public and other stakeholders controls assurance standards on key organisational issues. Overall, they continue to achieve substantive compliance with the core standards of risk management, governance and financial management and, in general, the required levels of compliance have been achieved for the remaining standards.
20. A further two standards, for security management and food hygiene, have been issued for 2006/07 and a final standard, covering research governance, is under development.
21. The establishment of appropriate links with national best practice and standard setting bodies is a key element in the Department's plans for raising the quality of health and social services. These links are necessary to secure access to

independent professional, evidence-based guidance and expertise on the performance of healthcare professionals and on the efficacy, value and safety of health care interventions.

Section 2 – Performance

Overall Performance of the Department

22. In 2005-06 the Health and Personal Social Services delivered substantial improvements to services while at the same time maintaining financial balance. Particularly notable was the reduction to waiting times for inpatient or daycase treatment, which are now at their lowest level for over a decade.
23. Looking ahead to 2006/07, the Department will seek to secure further reductions in treatment waiting times, working toward a maximum waiting time for all inpatient and daycase treatment of six months by March 2007. In addition, the Department will be taking forward a wide-ranging programme of reform and investment to address outpatient waiting times to ensure that, by March 2007, no patient is waiting longer than six months for a first outpatient appointment following referral by their GP. A programme of emergency care reform to eliminate trolley waits by March 2008 is also being progressed. Taken together, these reforms represent the most radical changes to healthcare services in Northern Ireland in a generation and will result in a total transformation of the patient experience.
24. During the last year, levels of hospital productivity continued to rise. Provisional figures for 2005-06 indicate that, over the past 10 years, there has been a 16% reduction in average number of available hospital beds coupled with a 13% increase in the number of ordinary admissions treated annually, a productivity increase of 34%.
25. As to community services, the past ten years have seen very significant increases in activity across all Programmes of Care. More complex cases are being managed in community settings. There are now 17,662 users of Intermediate Care schemes, preventing unnecessary hospital admissions, supporting timely discharge and maximizing independent living. It has been estimated that in the single year 2004-05 (the latest for which validated information is available) the cumulative impact of these schemes was:
 - 3,000 A&E admissions avoided
 - 150,000 hospital bed days saved
 - 223 intensive community care packages reduced following rehabilitation
 - 811 intensive community care packages avoided completely.
26. Despite these additional demands being placed on all aspects of health and personal social services, financial stability was maintained in 2005-06. The HPSS has recognised the need to balance the increasing demands of service users with the need to live within the level of resources voted by Parliament. This can be difficult – for example, as expensive new technologies and drugs become available more people can be treated than would otherwise have been the case. Furthermore the costs associated with delivering services is often controlled outside Northern Ireland, e.g., national negotiations govern drug costs and pay (over 70% of Health and Social Services budgets are consumed by pay related costs). It is all the more important, therefore, that our services are provided efficiently and economically, so that the maximum number of people can benefit from the provision of health and social services.

Specific Performance Achievements in 2005-06

27. Overall the Department's 2005-06 Public Service Agreement contains 17 targets covering the full range of DHSSPS activity. All 17 published targets are on track for achievement and will be met within the overall PSA completion date. Indeed the overarching waiting times target has been revised to include more challenging outcomes. Details of these PSA targets are noted at paragraph 96.

Investing for Health

28. Since its launch in 2002 the Investing for Health (IFH) strategy has played a key role in meeting PSA targets, such as improving overall levels of life expectancy. IFH Partnerships have been established in each of the four HSS Board areas and are charged with developing and implementing local Health Improvement Plans (HIPs) to address the wider determinants of health in their respective areas. A prime objective of the strategy is to reduce inequalities in health between geographic areas, socio-economic and minority groups.
29. During 2005-06, work has continued on the health promotion strategies derived from IFH. These include the Five-Year Tobacco Action Plan, the Teenage Pregnancy and Parenthood Strategy, Home Accident Prevention and the Promoting Mental Health Strategy. In addition, further development of strategies is taking place in the fields of Sexual Health, Physical Activity, and Food and Nutrition. Work has also progressed on:
- the development of a Suicide Prevention Strategy;
 - the development of comprehensive controls on smoking in enclosed public places and workplaces;
 - the publication of Fit Futures: Focus, Activity and Young People, the implementation of which will support the delivery of the PSA target "to stop the rise in obesity in children and young people by 2010"; and
 - the development of the New Strategic Direction for Alcohol and Drugs 2006-2011 to support the delivery of PSA targets for reducing the level of alcohol and drug-related harm.

Hospital Services

30. Emergency Pressures – Trolley Waits

Emergency access problems are a regular occurrence within the HPSS and can result in patients having to wait on trolleys in A&E for long periods before they can be admitted.

In 2005-06, 80,037 (70.5%) patients who attended an A&E department in Northern Ireland and who required admission to a ward were admitted within two hours of the clinician's decision to admit; 33,547 (29.5%) waited more than 2 hours and, of these, 7,107 (6.3%) waited more than 12 hours.

During last year there were 33,547 trolley waits of 2 hours or more, compared with 34,967 in 2004-05 – a decrease of 1,420 (4.1%). Notwithstanding this minor improvement regionally over the last year, the Department recognises the need for substantial further improvement in performance. This improvement will require changes to systems and processes throughout the emergency care pathway from arrival in A&E through to discharge and beyond. The Department is aiming to eliminate trolley waits by March 2008.

31. Waiting Lists and Waiting Times

Reducing hospital waiting times is one of the highest priorities for the Department and the HPSS. The total number of patients waiting for inpatient or daycase treatment at the end of March 2005 was 47,545, with 4,031 of those patients waiting over 12 months for treatment and almost 800 waiting over 18 months. To address this, the first steps in a major programme to reform elective care services in Northern Ireland were announced in July last year, including the introduction of a target to ensure that, by 31 March 2006, no patient was waiting more than 12 months for inpatient or daycase treatment, with shorter waiting times for hip or knee surgery (9 months), cardiac surgery (6 months) and cataract surgery (6 months).

Since July 2005, there has been a significant improvement in the inpatient/daycase waiting time performance and, at the start of June 2006, the Minister announced that with the exception of just three patients, all of the above targets had been achieved.

32. This improvement was achieved through major changes to the way hospitals manage waiting lists (chronological management, pooling of lists, improved theatre utilisation and more effective management of admissions). Robust performance management arrangements have also been put in place and the Department now meets weekly with the Directors of Operations of all Trusts to monitor progress towards the targets. In cases where Trust performance fell short,

patients were offered the opportunity of a transfer to an alternative provider under the Alternative Offer scheme, with the cost of the treatment being met in full by the original provider.

33. The significant improvement seen in inpatient and daycase performance has not, however, been reflected in outpatient waiting times. At the quarter ending March 2006, some 181,000 people were waiting for a first outpatient appointment, with 75,000 of these waiting more than six months.
34. In January 2006 the then Minister announced the next stage in the reform programme, specifically aimed at addressing outpatient waiting times to ensure that, by March 2008, no patient will be waiting more than 13 weeks for their outpatient appointment following referral by their GP. An interim waiting time target of six months by March 2007 was recently announced. The main elements of the outpatient reform include:
 - **Integrated Clinical Assessment and Treatment Services (ICATS)** – a range of services provided by integrated multi-disciplinary teams of health service professionals in a variety of primary and secondary care settings.
 - **Electronic Referrals Management System** – in future, all primary care referrals will be registered on a central referrals management system to be clinically assessed and responded to within 72 hours. The patient will be advised within 5 days of the outcome of their assessment, what the next step will be, an indication of how long they can expect to wait, and a single 0845 number they can ring if they need any further information.
 - **Improved management of outpatient services** – including introduction of partial booking systems to reduce non-attendance and increase efficiency, comprehensive reviews of clinic templates to ensure that reasonable time is allocated to see new referrals, and the appointment of Outpatient Improvement Managers in Trusts to oversee the implementation of these reforms.
35. Work is underway to implement these reforms. All Trusts have appointed outpatient improvement managers to drive through the necessary changes. The four Health and Social Services Boards are in the process of developing ICATS in four core regional specialties – ophthalmology, trauma and orthopaedics, plastic surgery, and urology – by September 2006. Each Board is also working to implement ICATS in other specialties to reflect local demand.
36. Some £5.5m was invested in 2005-06 to reform elective services. A further £12m is being invested recurrently in 2006/07, and a further £18m in 2007/08, bringing the total investment to £35.5m.

Other Hospital Issues

37. Endoscope decontamination

The findings of the external review into the systems and processes used in the cleaning of endoscopes are being implemented and plans are being progressed for an independent audit of Trust compliance.

38. Stroke Services

Significant work has already been done to implement the recommendations of the current strategy established in 2001. This is now being revised to take account of the most recent guidelines issued by the Royal College of Physicians.

39. Renal Services

Progress continued on the implementation of the Review of renal services. There has been a significant increase in haemodialysis capacity with additional stations in place across the four existing renal units: Antrim, Daisy Hill (Newry), Tyrone County and Belfast City hospitals. A fifth unit opened in Altnagelvin Hospital in December 2005, providing dialysis for a further 20 patients. A new 24-station renal unit at the Ulster Hospital is under construction and is expected to be ready later this year. To help address capacity difficulties within the Eastern Board area, an interim 12 haemodialysis stations are being provided at the Ulster is in operation until the 24-station unit is ready.

40. Another recommendation of the report was to create a new unit in the east of the province. Following an options appraisal it was concluded that the units in Belfast City Hospital, Antrim Hospital, and the Ulster Hospital should expand to provide a further 46 stations. The Trusts are currently working on business cases for the proposed expansion.

41. Human Tissue

A framework is being established for regulating the storage and use of human organs and tissue from the living, and the removal, storage and use of tissue and organs from the deceased, for specified health-related purposes and public display. The framework which extends to England, Wales and Northern Ireland, will not take full effect until September 2006.

42. High Cost Specialist Hospital Drugs

There have been many advances in specialist drugs over recent years. New types of products have been developed and new ways have been found to more effectively utilise existing drugs. Such drugs are, however, often very expensive and their introduction has put significant financial strain on the HPSS budget. Some drugs have been the subject of much public and media attention – in particular there have been recent campaigns to improve access to disease modifying therapies for multiple sclerosis and anti-TNF drugs for severe inflammatory arthritis. There are currently waiting lists to start treatment with these drugs. In addition, the use of Herceptin in the treatment of early breast cancer and Velcade as a third line treatment for multiple myeloma became the focus of campaigns from the media, charities and local politicians in 2005-06.

In 2005-06, an allocation of £5m for specialist drugs has significantly improved patients' access to a range of specialist drugs including Herceptin and other cancer drugs, orphan enzymes, HIV drugs and Hepatitis C treatments.

Looking forward, further allocations for specialist drugs of £11m in 2006/07 and an additional £10m in 2007/08 will continue to improve access to a wide range of specialist therapies. In particular, it will help to reduce the waiting times for disease modifying treatments for multiple sclerosis and severe arthritis. Specifically, £6m will be allocated to treat those who were on the waiting list for anti-TNF drugs for arthritis in March 2006, and £2m to eliminate the waiting list for disease modifying treatments for MS and to ensure that new patients do not face long waits.

The additional funding over the next two years also includes £6m for new cancer drugs, including Herceptin and £7m to help meet other specialist drug pressures and introduce new drug therapies.

43. Regional Review of Clinical Pathology Laboratory Services

A report on the review of Clinical Pathology Laboratory Services, which examines the current provision of pathology services and makes recommendations for the future provision of these services, is being considered by the Department. Its recommendations include significant changes in the pattern of laboratory services across Northern Ireland. It is expected that this will be issued for consultation in October 2006.

44. Regional Cancer Services Framework

A Regional Cancer Services Framework was established in 2004 to develop recommendations, including targets and objective setting, to meet the needs of cancer sufferers over the next 5 -10 years, to consider the development of cancer services and set a vision of where we want to be by 2025. The Framework report will supply the basis for a uniformly high standard of care for people of all ages with cancer. The report will pull together various elements of cancer services, including cancer prevention, detection, screening and the primary care/secondary care interface. The report is expected to be complete by October of 2006.

45. Rural Medicine

In December 2005 the then Minister announced that emergency and major elective surgery and A&E for the south west would be consolidated at the Erne site in Enniskillen. In announcing the new service model for hospital services in the south west the Minister recognised the difficulties in providing hospital services to rural communities. He also recognised the inter-dependencies of all acute medical specialties and, in particular, the implications of changes to surgery and A&E services for medical services at Tyrone County Hospital. Consequently the Department is now taking forward an examination of the provision of inpatient medicine services in local and rural hospital settings. The Group undertaking this work is expected to report by February 2007.

46. **Major Trauma Services**

Following a consultation with the HPSS, a public consultation document on major trauma will be issued by September 2006. It will recommend that people suffering major trauma, of which there are about 370 each year in Northern Ireland, should only be admitted to the Regional Trauma Centre at the Royal Group of Hospitals. The report also recommends number of actions to improve staffing, transfer arrangements and benchmarking of activity and outcomes relating to major trauma.

Elderly and Community Care Services

47. The expansion of Direct Payments as an alternative to direct social care provision is an important way of improving choice and independence for the user and, at the same time, maximising resources for user benefit. At December 2004 there were 221 Direct Payments in place; and by December 2005 this had increased to 416. This represents an increase of 88% in the calendar year.
48. The Carers Strategy was published in January 2006 with the aim of bringing practical improvements to the lives of carers. The Department has placed emphasis on increasing the provision of flexible and responsive care services. A Ministerial target was set to expand such services by the equivalent of 20 whole-time care placements in the course of 2005-06.
49. Since April 2004, the Department has been actively promoting the development of intermediate care services to prevent unnecessary hospital admission, promote faster recovery from illness, support timely discharge, maximize independent living and improve the quality of assessment of long-term health and social care needs. In 2004-05 there were 14, 294 users of intermediate care schemes, a number which during 2005-06 rose to 17, 662 - an increase of 3,368 users or 24%.
50. Demographic projections suggest that the number of people aged over 65 years in Northern Ireland is set to increase by 67% by 2042. It is therefore vital that, in tandem with modernization of acute hospital services, there is an expansion of the range of care services that can be delivered in the community. This is in line with the strategic vision described in "A Healthier Future" and the objectives set out in the Department's PSA. The key aim is to support a growing number of people to live independent lives, preferably in their own homes, to do this, the HPSS needs to develop effective alternatives to hospital care, designed to reduce inappropriate admissions and unnecessary lengths of hospital stay. There also needs to be a focus on rehabilitation to avoid unnecessary long-term dependence upon intensive care services, even where those can be delivered at home.
51. The principal objective for community care is the development of a range of services aimed at promoting independent living and reducing reliance on hospital and residential care services. The key performance indicator is the extent to which people requiring community services are supported, as necessary, in their own homes.

The relevant PSA targets require that by March 2008, 85% of people needing community care services have those needs met within three months, and that 45% of people receiving care services do so in their own homes by March 2010 (40% by March 2007). At March 2006 these targets were on tract for achievement...

The Public Service Agreement targets are underpinned by a further target in Priorities for Action, which will require all patients to be discharged from an acute setting within 72 hours of being pronounced medically fit by March 2008.

Primary Care

52. Primary care includes a wide range of services many of which are delivered by the four Family Practitioner Services. In 2005-06:
 - General Dental Services provided by 752 dentists cost approximately £62m with over 1million courses of treatment delivered;
 - General Ophthalmic Services provided by 520 opticians cost approximately £16m with 368,000 eye tests conducted and 216,000 pairs of spectacles supplied;
 - General Medical Services cost approximately £212.8m. This figure includes the global sum for the day-to-day running costs of practices, payments to practices to protect previous income levels, remuneration for achievement of quality standards, commissioning of enhanced services by HSS Boards, re-provision of Out-of-Hours Services, and for GMS infrastructure such as premises, staff and Information Technology.

- General Pharmaceutical Service (including the community drugs bill), cost approximately £381m (before receipts for prescription charges and other adjustments by the CSA in their assessment of gross cost). The 508 local pharmacies dispensed 27.1 million prescriptions items (on average 17 per person) at a cost of £340m. Some £10m was collected in prescription charges and a further £4.1m received from the sale of prepayment certificates.

General Medical Services

53. In primary care considerable change has occurred with the implementation of the General Medical Services contract, which took effect from 1 April 2004. This provides real and measurable improvements in disease management, in the quality of service to patients and cost effectiveness. In October 2005 the Department published the Primary Care Strategic Framework – “Caring For People Beyond Tomorrow”. This sets out the Department’s policy position on the development of primary care services over the next two decades. In addition, the document includes an implementation plan for the initial five years of the strategy highlighting key actions to be taken.

The strategy emphasises the need for greater access to a wider range of services designed around the service user, with greater use of multi-disciplinary teams across organisational and professional boundaries.

54. The implementation plan is being taken forward by the Department, Boards, Trusts and others with a contribution to make. Major strategic changes taken forward in 2005-06 include the development and roll-out of the primary and community care infrastructure programme with the eventual aim of establishing 42 Health and Care Centres across Northern Ireland, and the development and implementation of Integrated Clinical Assessment and Treatment Services, which will enable service users to locally access services which to date have been provided mainly through hospitals.
55. In March 2006 the Department published A Healthier Future: A Strategic Framework for Respiratory Conditions. The framework is the first of its kind in the United Kingdom and presents a ten-year vision to reduce the incidence of respiratory disease in Northern Ireland. The framework aims to enhance person- centred care to prevent and reduce health inequalities. The framework’s approach to service redesign draws on evidence-based practice, and is in keeping with the Department’s intention to provide responsive care to meet the needs of patients and carers in the community, with access to specialist services for improved assessment, diagnosis and treatment. The detailed implementation of the framework will be taken forward by a network of multi-disciplinary respiratory groups.

Pharmaceutical Services

56. Pharmaceutical Services Improvement Programme

The Department has initiated a Pharmaceutical Services Improvement Programme (PSIP) designed to deliver better quality, improved efficiency and value for money in relation to medicines management. The programme comprises eight initiatives:

- Generic Prescribing and Generic Substitution
- Repeat Dispensing
- Procurement and Therapeutic Tendering
- Pharmaceutical Clinical Technology
- Hospital Discharge Arrangements
- Integrated Medicines Management
- Minor Ailments Management in Community Pharmacies
- Extension of Medicines Governance Arrangements to Primary Care

The benefits of PSIP – in terms of governance and cost savings – began to show themselves in the course of 2005-06.

57. **Community Pharmacy**

Since April 2004 the Department and the Pharmaceutical Profession have been in negotiation on the development of a new contract for community pharmacy, incorporating some of the key recommendations of the Pharmacy Strategy launched in February 2004. The Department and the Pharmaceutical Contractors Committee (PCC) have formed a small working group to consider the specifications and standards for the contract in more detail. The Department and PCC have also undertaken to carry out a joint cost enquiry to ascertain the cost of providing pharmaceutical services to the HPSS. The outcome of the enquiry will help inform both the Department and PCC on remuneration of the new contract services. The outcome of the enquiry should be known by August 2006. It is expected that the contract will be implemented on a phased approach from 2006, the aim being that the Repeat Dispensing and Minor Ailments schemes will be the first elements to be introduced.

58. During 2005 Pharmacy and Prescribing Branch has taken policy lead for Complementary and Alternative Medicine (CAM). Work has been ongoing throughout the year to raise the profile of CAM, and to develop options for the Minister which will help shape future policy development in this area.

Nursing and Midwifery

59. Work on the Redesign of Community Nursing Project was completed in June 2006, with a series of recommendations under five headings of practitioner, education, organisational arrangements, environment and support systems. This work will now be taken forward by the Nursing and Midwifery Group and developed within the Department's Primary Care Strategy. A number of measures are being developed to improve quality of care, including the establishment of clinical care standards, establishment of governance standards for nurse prescribing and improved training. The 2005-06 year also saw continued emphasis on the implementation of health promotion strategies, with the formulation of a strategy for Infection Control Nursing. 2006/07 will see the establishment of nursing standards for patients delayed in A& E departments, environmental cleanliness standards for clinical supervision and the establishment of governance standards for independent nurse prescribing.

Primary Dental Care

60. The levels of oral disease remain unacceptably high in the population as a whole and this is especially true in the more deprived sections of society leading to pronounced health inequalities. In addition, it is widely held that the General Dental Services and Community Dental Services, through which primary dental care is delivered, are in need of major reorganisation in order to provide a quality service to patients, address the oral health needs of the population and provide a rewarding career for dental professionals. The Department has developed a 10-year strategy for the delivery of Primary Care Dental Services. Pursuit of this strategy will help ensure that the relevant PSA targets (to increase the percentage of 5-year olds with no tooth decay, and reduce differential between the poorest wards and the NI average) will be met

Child Care

61. **Residential places**

On foot of the Children Matter targets, progress has continued on the provision of residential childcare places, with 8 replacements and 1 additional places provided in 2005-06. With the opening of the remaining two homes, 81 new and 58 replacements will have been provided. Focus will then move to regional and sub-regional residential child care services, providing 49 additional and 131 replacement places, in a continuing programme of replacements for unsuitable and sub-standard facilities over the next 2 years.

62. **Protection of Children and Vulnerable Adults**

The Protection of Children and Vulnerable Adults (NI) Order 2003 (POCVA) became law in February 2003, and all articles (with the exception of Article 46) were commenced with effect from 1 April 2005. The Order strengthens safeguards for children and vulnerable adults by preventing unsuitable people from working with them in paid or voluntary positions. POCVA requires that DHSSPS maintain lists of individuals who are considered unsuitable to work with children and/or vulnerable

adults. With effect from 1 April 2005, organisations were required to refer individuals to DHSSPS for consideration of inclusion on the Disqualification Lists.

63. Children (Leaving Care) Act

The Children (Leaving Care) Act (NI) 2002 came into operation on 1st September 2005. The purpose of the legislation is to improve the life chances of looked after young people as they make the transition to independent living. It builds on the existing statutory provisions in the Children (NI) Order 1995 and provides greater support for young care leavers. The Act requires HSS Trusts to provide a personal adviser and a pathway plan for all eligible young people. In addition joint commissioning arrangements are being developed with DSD/NIHE to cover the accommodation/rental needs of young people leaving care in an effort to secure the best outcomes for young people who remain the responsibility of social services.

Family Policy

64. The Children and Young People's Package was first announced by Secretary of State in the December 2005 Budget. The overall objective of the CYPP is to reduce underachievement and improve the life chances of children and young people by enhancing their educational development and fostering their health, well-being and social inclusion through integrated delivery of the support services necessary to ensure every child has the best start in life. DHSSPS has lead responsibility for four of the six CYPP themes: extended early years provision, looked after children and young adults, child protection and children with special needs and disabilities. In the course of 2006-07, individual CYPP measures will be rolled out – notably the expansion of the existing Sure Start programme.

Learning Disability and Mental Health

65. In October 2002 the Department initiated a wide-ranging independent review of current policy, service provision and legislation relating to mental health and learning disability. The review (Bamford Review), involves a comprehensive evaluation of the Mental Health (NI) Order 1986 and considers how to promote social inclusion of people with a mental health need or a learning disability. The Review is also addressing how to promote positive mental health in society. The Review is expected to take until the Autumn of 2006 to complete, but has already started to submit some of its recommendations to the Department. This will inform policy and service development over the next 10-15 years.

The key challenge is to reform and modernise mental health and learning disability services, and in particular to develop community provision, in order to resettle long-stay hospital patients, prevent inappropriate admissions and re-admissions to hospital, and focus hospital services on assessment and short-term acute treatment.

66. In 2005-06 further progress was made in developing mental health services, in particular in the provision of child and adolescent services, availability of adolescent psychiatric beds, provision of forensic services and services for eating disorders. Progress continued on developing the range of community learning disability services with special emphasis on community support teams, community based treatment services to prevent inappropriate hospital admissions, community placements, and day and respite care provision. The Department is collaborating with the Department of Education to take forward the recommendations of a Task Group on Autism and on the establishment of the Centre for Excellence in Autism. At the same time, diagnostic and support services are being developed for children with Autism and their families.

Physical and Sensory Disability

67. A new Regional Acquired Brain Injury Unit for adults was opened in May 2006 at Musgrave Park Hospital in Belfast. The Department has established a working group comprising voluntary, community, user, carer, and statutory representation to consider community provision and make recommendations in respect of future service delivery.

Domestic Violence

68. In October 2005 the Department and the NIO launched *Tackling Violence at Home - A Strategy for Addressing Domestic Violence and Abuse in Northern Ireland*. The strategy sets out the commitment of Government and all the partner agencies to adopting a consistent and long-term approach to the prevention of domestic violence. The strategy addresses domestic violence under three headings; prevention, protection and support. Some significant progress has already been made and a new Regional Steering Group has been established to implement the strategy. Progress to date includes a new Free-phone 24-Hour Helpline service and a series of high profile publicity campaigns.

Northern Ireland Ambulance Service (NIAS)

69. During the 2005-06 year, NIAS opened its Regional Emergency Medical Dispatch Centre (REMDC) at the Trust's Knockbracken HQ and made significant progress towards migrating its four existing control centres to the new site. Complete transfer of existing functions is expected to be completed by mid-2006. NIAS has also introduced an Integrated Command and Control System which will establish a platform for the eventual roll-out of Digital Trunk Radio in 2006 to enhance the Trust's emergency response capability. At the same time, work is nearing completion to establish the regional Patient Care Services (non-emergency) Control Room at Altnagelvin. The migration of the four existing PCS control functions began in 2005 and is again expected to be completed by mid-2006. A new Computer Aided Dispatch system will also be introduced at the PCS control room.
70. The recently opened Training Centre will play a vital role in the Trust's ability to recruit and retain the best men and women into the ambulance service and will make use of modern training aids such as the hi-tech "Sim-man", an interactive training tool which can be used to simulate the trauma and medical emergencies which ambulance crews encounter. NIAS also continued to carry out schools visits to raise awareness among young people of the work of the Ambulance Service and highlight the problems of anti-social behaviour such as hoax calls and attacks on vehicles and staff.

Fire Authority for Northern Ireland

71. The Fire Authority for Northern Ireland continued, through the NI Fire and Rescue Services (NIFRS) to provide an effective firefighting and rescue service to the public. During 2005-06 the Service received 52,302 calls and responded to 32,007 emergency incidents. The introduction of the Management of Unwanted Fire Signals Policy in April 2005 resulted in a 62% reduction in mobilisations to false fire alarms, and expert handling by the Regional Control Centre enabled the NIFRS to "not mobilise" resources to 72% of all hoax calls received.
72. There was a decrease in the number of deaths in accidental dwelling fires 8 to 5 - the lowest ever figure. There was also an 8% reduction in dwelling fires and a 7% reduction in civilian injuries.
73. Following a comprehensive dwelling risk analysis, which will enable the NIFRS to target those most at risk from fires in the home and to provide appropriate advice to reduce the risk of death or injury, new local emergency response standards were developed and after consultation are being implemented from April 2006. The new standards set a response time of 6 minutes for the first appliance in all areas classified as high risk and 9 minutes for the attendance of the second appliance to the incident. As well as efficiencies in the form of more effecting activity, the introduction of the Unwanted Fire Signal policy has produced a cash releasing efficiency saving of £250k, and the staged reduction in the Northern Ireland Allowance has resulted in a saving of over £200k to date.

HPSS Capital Investment

74. Infrastructure Investment

Capital investment in the health and social services infrastructure has increased dramatically in recent years from some £42m in 1996/97, to £174m in 2005-06 and £188m planned for 2006/07. The total investment needed for a comprehensive programme to rationalise and modernise the HPSS estate, such as that envisaged in the 'Developing Better Services' policy framework in 2002, has been estimated at between £4bn and 5bn. The Investment Strategy for NI (ISNI)

published in December 2005 gave an initial commitment to a £2.9 billion capital investment programme over the next 10 years, with the scope for further investment in the event that the programme can be accelerated.

75. **The Immediate Programme**

The current programme comprises expenditure on estate upgrading, health and safety and fire safety improvements, equipment provision, major infrastructure schemes, and a range of service improvements including:

- Increased hospital ward capacity, additional renal capacity and expansion of Magnetic Resonance Imaging which will then be available at all main hospitals;
- A new Acquired Brain Injury service;
- A programme of replacement and additional residential childcare places.

The major strategic hospital capital projects being taken forward include:

- Modernisation of the main hospital block at Altnagelvin Hospital in Derry (£102m) – in addition to a PFI scheme for Laboratories and Pharmacies for £15.2m;
- A new Cancer Centre at the Belfast City Hospital (£57m);
- A new local hospital at Downpatrick (£58m);
- Phase 2 of a redevelopment programme at the Royal Victoria Hospital in Belfast (£103m)
- A £100m Critical Care Block and associated developments, the first stage of a £340m Strategic Development Plan for the Ulster Hospital at Dundonald, outside Belfast, and:
- A new hospital at Enniskillen for the South-west area (£240m) along with a local hospital for Omagh (£95m).

A major rationalisation of primary and community care services in the Belfast area is also underway. When completed this will provide three Health and Care Centres in South and East Belfast Trust (2 of which are now operational) at an estimated cost of £25m. This is funded largely from disposal of existing out-dated facilities. North and West Belfast Trust has also initiated a programme to build four new Health and Care Centres for its area at a total cost of £34m.

The HPSS ICT Programme

76. The HPSS Information and Communications Technology (ICT) Strategy recognises that better use and availability of information is central to modernising care delivery and to improving the day-to-day work and the skills of staff. The ICT Programme, launched in March 2005, includes projects that support service modernisation and is aimed at achieving three strategic goals: electronic care records which will contain historic and current information; electronic care communications to enable fast and secure exchange of information between care professionals and care functions; and electronic information to provide details of best practice and new ways of working enabled by modern technology. Implementing the full Programme will require capital resources in excess of £110 million with on-going annual costs in the region of £15.5 million.

- The Investment Strategy for Northern Ireland 2005-2015, indicates a commitment of £95 million for HPSS ICT development over the next 10 years. The proposed funding will enable considerable progress to be made on ICT across the range of HPSS priorities.

Section 3 – Resources

Research and Development

77. The success of a bid to the Public Sector Research Exploitation Fund will bring in over £1million of new income to support the identification, protection and exploitation of innovation arising from HPSS R&D. A bid to extend the cancer clinical trials

network (currently centred on Belfast City Hospital Trust) to five other cancer centres in Northern Ireland, secured a further £1million of Cancer Research UK funding. This will provide patients throughout Northern Ireland with access to a wide range of clinical trials, helping to drive up the quality of clinical care.

The Northern Ireland Public Access Defibrillation Project completed its fieldwork phase in 2005-06. Preliminary results from this project suggest a significant increase in the numbers of survivors from sudden cardiac arrest. The project is an important exemplar of how research can have an immediate impact on health and wellbeing.

Risks and Uncertainties

78. The Departmental Board is committed to ensuring that comprehensive and effective risk management systems are in place. To that end, it maintains a Corporate risk register, which is disseminated further at Directorate level. Effective risk management comes from the clear and continuous identification of business risks. All identified potential risks are reviewed individually and the level of risk is assessed as to whether they are high, medium or low risk. As part of the regular review and updating process, the Board conducts a bi-annual review of the key risks in the corporate register with the aim of assessing how the systems of internal control have performed during the period, whether the key risks that face the Department are being effectively managed and any changes in the nature and extent of risks since the last assessment. The risks range from failure to secure adequate resources to deliver PSA targets to failure to fully implement agreed strategies and policies. Among the developments being considered in the integration of risk management into the business planning and performance management processes.

Environment

79. A key initiative of Health Estates in 2005-06 was to develop and roll out a strategy on sustainable development to complement regulatory imperatives on the reduction of energy use in buildings and the higher policy aspirations of the climate change programme.

Under the umbrella of the Departmental policy on sustainable development, the Agency has produced a sustainable development action plan. Implementation of the action plan is on target for completion in 2007. To support the plan, guidance on design for minimum waste (PEL (06) 03) has been issued together with the launch of the new 2006 edition of "EnCO2de - making energy work in healthcare" on 28 February 2006. In support of the climate change programme, Health Estates contributed to the Northern Ireland review of climate change initiative during 2005.

Support and advice continues to be provided to the HPSS environment working groups, established to address environmental and sustainability issues. Guidance on the design of new facilities and the upgrade of existing facilities to meet energy efficiency targets has been issued and contributions have been made to the national review of the climate change programme.

Employee and Community Matters

80. Health and Safety

In order to comply with the legal requirements of the Health and Safety at Work (NI) Order 1978 and other relevant legislation, the Department ensures so far as is practicable the health, safety and welfare of its employees. All staff are kept up to date with the latest developments in health and safety standards, and compliance with these standards is assessed through an ongoing audit programme.

81. **Training and Development**

In line with its Learning and Development Strategy and Plan, the Department provided a wide range of development opportunities for staff during 2005-06. A total of 4827 days training were undertaken by staff. This comprised 2911 days external training, 1257 days in-house training and 659 days provided by the Centre for Learning and Development's Business Development Service.

In addition, several scholarship and other Interchange opportunities were taken up by staff and assistance was granted to 42 staff to pursue academic qualifications under the Adult Further Education and External Training schemes.

Opportunities provided in-house included programmes accredited to external standards, for example, the Institute for Leadership and Management programmes; the new standards for National Vocational Qualifications and Microsoft Office ICT programmes.

82. **Equality and Human Rights**

DHSSPS is intent on building on the good progress that has been made in meeting the statutory obligations set out under section 75 of the Northern Ireland Act 1998 and on maintaining and protecting human rights in accordance with the Human Rights Act. To this end, the Department, in collaboration with its associated bodies, has been developing a strategy and action plan to promote equality, human rights and good relations. The work is nearing completion with consultation on the draft strategy and action plan expected to start during the summer.

83. **Diversity**

The Department is actively committed to promoting a culture of diversity in all aspects of its business. The Department launched its Diversity Strategy and action plan in April 2005 and has offered Diversity awareness training to all staff.

84. **Ethnic diversity in the population**

In 2003 DHSSPS and the Equality Commission jointly published *Racial Equality in Health and Social Care: A Good Practice Guide*. This provides practical advice to help HSS Trusts to ensure that their services are culturally competent. The Department and the Commission are planning to produce a second edition by March 2007. The Eastern Health and Social Services Board, working on behalf of the Department, established, on a pilot basis, the HPSS Regional Interpreting Service, which came into operation in 2004. The pilot was evaluated in 2005 and the Department is now considering how best to support the provision or procurement of interpreting services in the future. In the meantime the Department is continuing to fund the service that has been established.

85. **HPSS workforce and planning**

The Department continued its rolling programme of workforce reviews as an aid to maintaining a balance between the supply and demand of appropriately trained staff to meet service needs. The workforce planning cycle comprises a full review every three years, with interim update reviews. These are carried out for each clinical professional group and a number of supporting groups.

The main aims of the full reviews are to establish information on the supply/ demand dynamics relevant to the group in question, thereby informing the Department's decisions on the number of training places to be commissioned, and to develop understanding of the issues impacting on recruitment and retention and career progression of those employed.

The purpose of the update reviews is to revisit the assumptions made in the full review, to identify any new issues impacting on the group and to readjust statistical data in line with any new information available. This process is intended to enable the Department to maintain as current workforce intelligence as possible, thereby enabling any necessary action to be taken at an early stage should there be major changes impacting on supply/demand or other factors affecting the group.

During 2005–06 full reviews were completed for the following staff groups: Nursing and Midwifery, Dental Care Professionals, Pharmacy and Dental. Update reviews were also carried out for Clinical Psychology, Dietetics, Occupational Therapy, Orthoptics, Podiatry and Speech and Language Therapy.

86. **HPSS education and training**

At present around £128m is invested in under/postgraduate and pre/post registration education across health professions. It is unclear at present what further investment will be necessary, as determining the educational and professional competence needs for some initiatives is at an early stage.

The following developments in service were seen in 2005-06:

- The yearly intake of medical students has reached 250 students and will result in the availability of more trained doctors for the local workforce.
- Postgraduate education continues to expand across medical, nursing and allied health profession workforces. During 2005 the first medical trainees (junior doctors) entered Foundation Programmes – a fundamental element of Modernising Medical Careers, changing the way our doctors are trained.
- Furthermore, a Centre for Multi-Professional Development opened at the Beeches Management Centre. The Centre will deliver high quality professional training to the allied health professions.
- Addressing the needs of the proportion of the workforce with low skill and qualification levels, the Department has also established a Widening Participation Centre at the Beeches Management Centre. The Centre will work with Trusts to maximise the development opportunities for entry-level employees in the HPSS.

87. **Agenda for Change**

Agenda for Change introduced a new pay system effective from 1 October 2004 for all HPSS staff with the exception of doctors, dentists and senior executives. In the 2005-06 year £58m was recurrently invested in Agenda for Change. The Department is currently developing measures to assess the benefits of this investment.

The new pay system will ensure fair pay and a clearer basis for career progression. Staff will be paid according to the jobs they are doing and the skills and knowledge they apply to these jobs. The new system also introduced standard arrangements for hours, annual leave and overtime and should assist with better recruitment and retention. By harmonising terms and conditions the risk of equal pay claims has been minimised.

As the indirect result of Agenda for Change patients should receive treatment more quickly as staff develop new roles and work more innovatively this will lead to shorter waiting times for services. The productivity and quality benefits of Agenda for Change would include:

- Redesigning services around patients;
- Designing the right jobs;
- Higher quality care;
- Greater flexibility in the use of staff; and
- Reduced administration.

Over 65% of staff have now been matched to new Agenda for Change grades and around $\frac{1}{3}$ of these have received the new rates of pay.

88. **Consultant Contract**

The new consultant contract was implemented from 1 April 2004. The contract recognises a basic working week of 40 hours arranged around 10 Programmed Activities of normally 4 hours duration each. The contract encourages each consultant to complete a job plan that will allow for a greater focus on service and patient priorities and enhance the accountability

of consultants' time and productivity. In the 2005-06 year £24m was invested in the new contract. The Department is currently developing measures to assess the benefits of this investment.

The productivity and quality benefits in the new contract include:

- Enhanced consultant accountability and flexibility which will allow service developments designed to improve clinical outcomes;
- Compliance with European Working Time Directive;
- Better recruitment and retention; and
- Higher quality care.

Over 63% of Consultants agreed job plans for the new contract for the 2005-06 year.

Section 4 – Finance

Financial Review

Performance in 2005-06

89. The net resource outturn for the year is £3,016m, an under-spend against Estimate of £39.5m (under-spend in 2004-05 was £25.5m). This is after making a provision of £23.5m in respect of costs associated with the RPA.

The financial results of the Department are set out in pages 40 to 81. Explanations of the line totals are outlined below.

The overall financial surplus of £39.5m primarily arises due to two factors:

- The operation of a more constrained ring fencing regime in 2005-06 than in previous financial years leading to substantial unspent balances from HPSS Boards and Trusts; and
- The achievement of higher than anticipated efficiency savings within the pharmaceuticals baseline.

90. The overall financial position of the Department masks a particularly testing year for the HPSS. Significant financial deficits were forecast at the start of the year, resulting in 10 Trusts having to adopt financial contingency plans. In the main this related to ongoing difficulties with the HPSS of managing the implementation of new pay contracts, particularly Agenda for Change and the new Consultant Contract. However in the end 15 of the 19 Trusts achieved an actual breakeven position at the year-end. The deficits in the other 4 were not significant, being less than £100k each and representing less than 0.1% of turnover. There was an overall Trust surplus of £0.5m before provisions.

Key issues during 2005-06

91. During the year, the Department and the HPSS was charged with delivering some £65.8m of resource releasing efficiency savings of which £43.3m were required to meet Departmental efficiency targets set by DFP. These were identified within the following areas:

Initiative	Planned savings (£m)
Pharmaceutical cost savings	13.0
Efficiency Drugs Procurement initiatives	3.6
EPES Counter Fraud- Efficiency	0.5
Miscellaneous	0.5
Road Traffic Act - extended ability of HSS to recover costs	0.5
Reduced HPSS Administrative Costs	1.0
Non-specific cash releasing efficiencies	10.5
Improved Financial Management of Trusts	4.1
FANI - Implementing Bain modernisation	1.9
HPSS Asset Sales (capital)	0.7
FANI - Improved capital procurement	0.8
HPSS - Improved procurement of construction projects	1.5
Improved management of the HPSS Cost of Capital	27.2

All of the planned efficiencies have been achieved as planned. Actual efficiencies on prescription expenditure was some £10m more than anticipated and reflects lower than expected prices for branded and generic drugs and changed prescribing patterns.

92. The net resource outturn incorporates a provision of some £23.5m towards the one-off costs associated with the restructuring of the HPSS under the Review of Public Administration. As work progresses on these reforms it is likely that further resources will need to be set aside in future to meet such costs.
93. During 2005-06 the Department implemented a significant elective care reform programme combined with setting more challenging waiting times targets for the HPSS. This programme was funded from within existing Departmental resources and will benefit from further resources in 2006-07 and 2007-08 (£17.5m rising to £35.6m) provided to the Department within the Northern Ireland Priorities and Budget 2006-08. Self-help – in the form of efficiency savings, will also play a vital role in the modernising of services and raising standards.

94. Cash Flows

Departmental cash flows are driven primarily by the routine funding requirements of the HPSS Boards and Trusts. In keeping with the requirements set out in Government Accounting Northern Ireland, HPSS Boards draw down cash from the Department daily, and provide monthly funding payments to HPSS Trusts in line with specific service and budget agreements. HPSS Trusts are authorised to retain and invest surplus cash and any income generated is used to support frontline services.

95. **Outturn V Estimate**

Analysis of Net Resource Outturn

	Outturn Net Total £000	Estimate Net Total £000	Variance £000
Request for Resources A:			
Departmental expenditure in DEL			
Policy development, hospital, community HPSS and FHS (part)	2,983,842	3,003,819	19,977
Family Health Services (demand led) general medical services	101,226	104,207	2,981
Family Health Services (demand led) pharmaceutical services	35,808	39,075	3,267
Family Health Services (demand led) dental services	62,153	65,796	3,643
Family Health Services (demand led) ophthalmic services	15,962	18,033	2,071
Health Estates Agency	5,561	6,053	492
Training, bursaries and further education	41,733	42,760	1,027
Welfare foods	3,332	3,990	658
Grants to voluntary bodies	8,215	8,370	155
Other centrally financed services	9,625	9,804	179
Special Initiatives	1,502	1,502	-
Food Safety Promotion Board	1,882	1,921	39
EU Programme for Peace and Reconciliation	2,714	2,408	(306)
Executive Programme Funds	20,167	23,495	3,328
EU Community Initiatives	679	720	41
Repayment of Loan Interest	5,348	6,806	1,458
Annually Managed Expenditure (AME)			
Hosp, community health and personal social services	15,387	15,000	(387)
Non-budget			
Trust Debt Remuneration	(63,096)	(65,000)	(1,904)
Health and Social Services Trusts	-	-	-
Health service contributions	(400,346)	(401,000)	(654)
Northern Ireland Practice and Education Council	1,288	1,290	2
NI Medical and Dental Training Agency	39,865	39,913	48
NI Social Care Council	2,315	2,271	(44)
Mental Health Commission for NI	508	546	38
NI Regional Medical Physics Agency	156	108	(48)
NI Blood Transfusion Service	210	208	(2)
NI Central Services Agency	27,782	27,797	15
NI Guardian ad Litem Agency	2,481	2,439	(42)
NI Health Promotion Agency	3,861	4,010	149
Regulation and Improvement Authority	3,386	3,010	(376)
Inter Departmental Notional Charges	7,452	7,750	298
Provisions	3,182	5,000	1,818
Total Request for Resources A	2,944,180	2,982,101	37,921

	Outturn Net Total £000	Estimate Net Total £000	Variance £000
Request for Resources B:			
Departmental expenditure in DEL			
Fire services	263	329	66
Executive Programme Funds	-	-	-
Non-budget:			
Fire Authority for Northern Ireland	71,143	72,670	1,527
Total Request for Resources B	71,406	72,999	1,593
Resource Outturn	3,015,586	3,055,100	39,514

Variance against Estimate

Variances exceeding 10% or £500k, whichever is greater

Item	Variance £'000	Explanation
Ophthalmic Services	2,071	Payments for Ophthalmic services were lower than expected in this demand led area. The Estimate has already been reduced by £2m, representing in-year easements.
Welfare Foods	658	This budget fluctuates in line with claims for milk tokens, which fell in 2005-06.
Executive Programme Funds	3,328	This under spend is timing related, due to delays and slippages in EPF ring fenced projects. The underspent resources will, however, be needed to complete the projects in question and will be made available to the Department in 2006/07 through the year end flexibility mechanism.
Repayment of Loan Interest	1,458	The estimate is based on planned capital activity, and due to delays in the commencement of projects, the interest payable is lower than anticipated.
Provisions	1,818	The estimate for the impact of the change in discount rate for provisions from 3.5% to 2.2% was too high.

96. Progress Against PSA Targets

PSA Objective	Progress	RAG assessment
PSA Commitment 1 By 2012 increase life expectancy at birth in Northern Ireland by 3 years for men and 2 years for women.	DHSSPS has adopted a proactive, holistic approach, working not only to treat sickness but also to protect and improve health. Specific targets as set out in the Department's Business Plan 2005-06 and Investing for Health indicate that the overall PSA target will be achieved.	On track for Achievement
PSA Commitment 2 By 2012 halve the gap in life expectancy between those living in the fifth most deprived electoral wards and the Northern Ireland average for men and women.	To achieve this target DHSSPS has promoted and increased participation in screening programmes, especially in those areas where uptake is noticeably low. The Department has also targeted resources more effectively towards people and groups in greatest social need. Specific targets as set out in the Department's Business Plan 2005-06 and Investing for Health indicate that the overall PSA target will be achieved.	On track for Achievement

PSA Objective	Progress	RAG assessment
<p>PSA Commitment 3</p> <p>By 2011, reduce the proportion of adult smokers to 23% or less, with a reduction in prevalence among manual groups to 28% or less.</p>	<p>Draft legislation to introduce comprehensive controls on smoking in enclosed public places and workplaces was issued for public consultation in March 2006. It is expected that these controls will reduce the proportion of adult smokers.</p>	<p>On track for Achievement</p>
<p>PSA Commitment 4</p> <p>A reduction of 40% in the rate of births to teenage mothers under 17 by 2010.</p>	<p>The Department continues to implement the Teenage Pregnancy and Parenthood Strategy. To date this has resulted in a reduction in the rate of teenage births to mothers aged 19 and under from 19.5% in 1998-2000 to 16.5% at December 2005. Internal monitoring indicates that the downward trend is continuing</p>	<p>On track for Achievement</p>
<p>PSA Commitment 5</p> <p>To stop the increase in levels of obesity in children by 2010. [Joint target with DE and DCAL]</p>	<p>The Department continues to implement the Physical Activity and Nutrition Strategies.</p>	<p>On track for Achievement</p>
<p>PSA Commitment 6</p> <p>Improve outcomes from life threatening diseases and incidents:</p> <ul style="list-style-type: none"> • By 2010 reduce the death rate from circulatory diseases by at least 20% in people under 75 • By 2010 increase in five year survival rates for the main cancers including breast, colo-rectal and lung (excluding non melanoma skin cancers) by 5 per cent • By March 2008, increase renal dialysis provision by 30% above the 2004 baseline 	<p>The implementation of the Cardiac Surgery and Cardiology Action Plan continues through investment in staff and equipment. From 2002 – 2004 the death rate from circulatory diseases in persons under 75 has reduced by 10% (from 112 circulatory disease deaths per 100,000 persons under 75 in 2002 to 101 circulatory disease deaths per 100,000 persons under 75 in 2004). This downward trend continues.</p> <p>The Regional Cancer Centre opened in March 2006 and will play a key role in meeting the cancer targets. In addition renal capacity has increased.</p>	<p>On track for Achievement</p>
<p>PSA Commitment 7</p> <p>Increase the proportion of the public who are satisfied or very satisfied with health and social care in Northern Ireland from 78 per cent in April 2004 to 80 per cent in March 2008.</p>	<p>The Health and Personal Social Services Regulation and Improvement Authority regulates a wide range of health and social services delivered by both the statutory and independent sectors. The aim is to ensure that service users know the quality of services to expect, and service providers have a benchmark against which to measure the quality of their services.</p>	<p>Action on track for achievement</p>
<p>PSA Commitment 8</p> <p>Make efficiency gains and service improvements of at least 2.5 per cent per annum from 2004-05 baseline by:</p> <ul style="list-style-type: none"> • making direct cost savings in procurement, overhead expenses etc • Improving service effectiveness and throughput so as to treat more people in primary care, speed the patient journey through hospital, and provide appropriate and prompt community care. 	<p>The first part of this target has been achieved through the implementation of the Department's Reform and Modernisation Agenda.</p> <p>The Minister has recently announced a new more challenging waiting times target for inpatient/ daycase and outpatients. These will speed up patient journey times.</p>	<p>Action on track for achievement</p>

PSA Objective	Progress	RAG assessment
<p>PSA Commitment 9</p> <p>The maximum waiting time for all patients requiring inpatient or day case treatment (other than in exceptional circumstances) will be reduced to 6 months by 2010.</p>	<p>In July 2005, the Minister announced a major programme of reform to the delivery of elective services. The key aim for 05/06 was to ensure a maximum waiting time of 12 months for inpatients and daycases, with shorter waiting times for specific specialties.</p> <p>New more challenging targets have now been set including reducing waiting times for inpatients and daycases to six months by March 2007 and ensuring a maximum wait for outpatients of six months by March 2007.</p> <p>The Department monitors waiting times on a weekly basis to ensure that this target is achieved.</p>	<p>Action achieved</p>
<p>PSA Commitment 10</p> <p>Improve the quality and capacity of service for patients by:</p> <ul style="list-style-type: none"> Reducing average length of stay by 10% by March 2008 [See PfA 6.9] 	<p>The Department will meet this target by implementing the Regional Waiting list programme. This includes meeting the target - 75% of patients waiting in Accident and Emergency to be admitted within 2 hours of a clinician's decision to admit and other than in exceptional circumstances, no-one to be waiting more than 12 hours.</p>	<p>Action on track for achievement</p>
<p>PSA Commitment 11</p> <p>By March 2010, improve health outcomes for people with long-term conditions by offering a personalised care plan for people most at risk.</p>	<p>The Department continues to develop community based options and availability to support the maximum number of people in community settings which maintain and enhance independence. Specific targets have been set in the HSS Priorities for Action document to ensure that at least 85% of all people assessed as requiring care in the community should wait no more than three months for the main components of that care to be put in place and that 95% of all people assessed as medically fit for discharge from hospital, but who require community support to facilitate their discharge, should wait no longer than 7 weeks for that support to be provided</p>	<p>Action on track for achievement</p>
<p>PSA Commitment 12</p> <p>By March 2008, all patients who request a clinical appointment through their general practice for other than emergencies, to be able to see an appropriate primary care professional within 2 working days.</p>	<p>The Department continues to apply the standard "Directed Enhanced Service - Access to Primary Care Services" and promote safe, cost effective prescribing through local medicines and prescribing action. Internal milestone targets show that the overall target is on track for achievement</p>	<p>Action on track for achievement</p>
<p>PSA Commitment 13</p> <p>By March 2007, improve the quality of life and independence of people in need so that 40 per cent of all people who receive care managed community services and at least 88 per cent of all people aged 75 or over are supported, as necessary, in their own homes.</p>	<p>To achieve this target the Department has directed all HSS Boards to introduce a system of integrated personalised care plans for people most at risk by March 2010. In addition all Boards and Trusts should continue to implement their programmes for long stay patients by providing for at least another 10 patients to be resettled from psychiatric hospitals.</p> <p>From April 2005, LHSCGs have introduced chronic disease management and intermediate care schemes in all HSS Board areas.</p>	<p>Action on track for achievement</p>

PSA Objective	Progress	RAG assessment
<p>PSA Commitment 14</p> <p>Ensure appropriate provision for children in need, in particular:</p> <ul style="list-style-type: none"> • Increase the rate of children adopted to 7 per cent of the Looked After population in each HSS Trust by March 2006, an increase of 3% from 2002 baseline. • By March 2008 increase the number of foster carers in NI from 1178 in 2002 to 1500 	<p>From April 2005, HSS Boards have implemented procedures so that all Looked After Children have a plan to secure permanence by the time of their first 3 month statutory Looked After Children (LAC) Review. Specific targets relating to increased numbers of foster carers as set out in the Department's Business Plan 2005-06 are also on track for achievement.</p>	Action on track for Achievement
<p>PSA Commitment 15</p> <p>By 2010 increase the percentage of 5 year old children with no decay experience to 50 per cent and reduce the difference in decay levels between the 20 per cent most deprived wards and the Northern Ireland average by 20 per cent</p>	<p>The Department has directed Boards and Trusts to ensure that an evidence-based dental decay programme has been fully implemented in each Board area.</p>	Action on track for Achievement
<p>PSA Commitment 16</p> <p>By March 2007 achieve 97 per cent compliance with national fire service standards requiring an attendance time of 10 minutes.</p>	<p>The Department is on track to meet this target by ensuring that the Fire Service has sufficient staff and equipment to meet national standards.</p>	Action on track for Achievement
<p>PSA Commitment 17</p> <p>By 2010 reduce the number of accidental fire-related deaths in the home by 20% and the number of deliberate fires by 10%</p>	<p>The Department will maintain and build on fire safety and awareness initiatives in schools and with the general public with the aim of reducing the overall number of accidental fires and deaths and the injuries resulting from them. Latest research shows that 98% of households in Northern Ireland have working smoke alarms.</p>	Action on track for Achievement

Financing Implications

Health is at the top of NI government priorities. A recent study identified an investment requirement of around £4bn and this demand is reflected in the substantial existing expenditure allocation of £2.9bn over the life of the Investment Strategy NI (ISNI). The programme of investment comprises expenditure on key infrastructure schemes, a range of service improvements, estate upgrading, health and safety and fire safety improvements and equipment provision.

The Department's is a party to the Deed of Safeguard for the following PFI/PPP agreements signed during the year; Altnagelvin Laboratories and Pharmacy (April 2005) and The Royal Group of Hospitals Managed Equipment Service (December 2005). Under the terms of the Deed of Safeguard the Department will in the event of Trust insolvency or inability to meet its obligations, excluding succession by another body, be obliged to fulfil the Trust's obligations under the agreement.

Dr Andrew McCormick Accounting Officer
9th October 2006

DHSSPS Annual Report for The Year Ended 31 March 2006

Remuneration Report

1. Remuneration Policy

The remuneration of Senior Civil Service (SCS) Pay Strategy is developed annually and is based on the recommendations contained in the report of the Senior Salaries Review Body (SSRB) and guidance on the SCS pay promulgated by Cabinet Office. It was agreed at Ministerial level that the application of the recommendations in the SSRB report should be implemented for the 2005 NICS SCS pay award (i.e. the pay award effective from 1 April 2005). Members of the SCS at Grade 5 and Grade 3 level in the Department are remunerated in line with the NICS SCS Pay Strategy.

The remuneration of senior civil servants is entirely performance based.

Permanent Secretaries' pay awards are determined by the Northern Ireland Civil Service (NICS) Permanent Secretary Remuneration Committee. The pay strategy for NICS Permanent Secretaries is also based on the recommendations of the SSRB report.

2. Membership of Permanent Secretaries Remuneration Committee

Mr John B McGuckian

Ms Ann Shaw

Sir Joe Pilling (until December 2005)

Mr Jonathan Philips (from December 2005)

Mr Nigel Hamilton

The Permanent Secretaries Group (PSG) constitutes the Remuneration Committee for SCS staff other than the Permanent Secretaries.

3. Performance Management

The Performance Management System for the Senior Civil Service provides a means to improve management of individual performance and a better link between organisational success, individual contribution and reward. It links objective setting to business objectives; provides a delivery-focused set of Senior Civil Service Leadership Competences; encourages the development of skills and knowledge; focuses on personal development through the mid-year development review; and rewards results through the performance review and pay awards.

4. Policy on Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners for Northern Ireland's Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Fixed -term contracts may be used if a specific business reason has been identified (e.g. in carrying out a project of known duration), subject to any legal considerations regarding their use.

Policy relating to notice periods and termination payments is contained in the Northern Ireland Civil Service (NICS) Staff Handbook.

5. Service Contracts for Senior Management team

All the substantive members of the Senior Management Team (still in post) are employed on permanent contracts. The periods of notice are as follows:

Name	Period of Notice
Dr A McCormick	3 months
Mr D Hill	1 month
Mr P Simpson	1 month
Mr A Hamilton	3 months
Mr J P Martin	3 months
Mr J Cole	3 months
Dr N C Morrow	1 month
Mrs D Wilson	3 months
Mr M Bradley	3 months

6. Remuneration Table

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Department were as follows

Name	Salary, including performance pay 2005-06 £000	Salary, including performance pay 2004-05 £000	Real increase in pension and related lump sum at age 60 2005-06 £000	Total accrued pension at age 60 at 31/3/06 and related lump sum £000	CETV at 31/3/05 £000	CETV at 31/3/06 £000	Real increase in CETV after adjustment for inflation and changes in market investment factors £000	Employer contribution to partnership pension account including risk benefit cover - to nearest £100
Mr D C Gowdy Permanent Secretary (former)	130-135	125-130	0-2.5 plus 5-7.5 lump sum	55-60 plus 165-170 lump sum	934	974	40	nil
Dr Andrew McCormick Permanent Secretary (present)	100-105	n/a	0-2.5 plus 0-2.5 lump sum	30-35 plus 80-85 lump sum	454	478	5	nil
Mr D Hill Deputy Secretary Planning and Resources Group	110-115	105-110	0-2.5 plus 0-2.5 lump sum	45-50 plus 135-140 lump sum	797	849	7	nil

Name	Salary, including performance pay 2005-06 £000	Salary, including performance pay 2004-05 £000	Real increase in pension and related lump sum at age 60 2005-06 £000	Total accrued pension at age 60 at 31/3/06 and related lump sum £000	CETV at 31/3/05 £000	CETV at 31/3/06 £000	Real increase in CETV after adjustment for inflation and changes in market investment factors £000	Employer contribution to partnership pension account including risk benefit cover - to nearest £100
Mr P Simpson Deputy Secretary Strategic Planning and Modernisation Group	105-110	95-100	2.5-5 plus 7.5-10.0 lump sum	40-45 plus 130-135 lump sum	689	773	50	nil
Mr A Hamilton Deputy Secretary Primary, Secondary and Community Care Group	85-90	80-85	0-2.5 plus 5.0-7.5 lump sum	20-25 plus 70-75 lump sum	321	367	28	nil
Mr J S Cole Chief Executive Health Estates Agency	85-90	75-80	0-2.5 plus 5.0-7.5 lump sum	30-35 plus 90-95 lump sum	484	553	37	Nil
Dr H Campbell Chief Medical Officer (former)	115-120	110-115	7.5-10.0 plus 25.0- 30.0 lump sum	45-50 plus 145-150 lump sum	707	786	53	Nil
Mr Francis Rice Acting Chief Nursing Officer	50-55	50-55	2.5-5.0 plus 7.5- 10.0 lump sum	10-15 plus 40-45 lump sum	125	172	40	Nil
Mr Martin Bradley Chief Nursing Officer	75-80	n/a	0-2.5 plus n/a	0-5.0 plus n/a	n/a	8	8	Nil
Mrs D Wilson Chief Dental Officer	60-65	60-65	2.5-5.0 plus 7.5-10 lump sum	20-25 plus 65-70 lump sum	352	415	49	Nil
Mr J P Martin Chief Social Services Inspector	70-75	65-70	0-2.5 plus 2.5-5.0 lump sum	25-30 plus 85-90 lump sum	448	500	22	Nil
Dr N C Morrow Chief Pharmaceutical Officer	80-85	75-80	0-2.5 plus 2.5-5.0 lump sum	25-30 plus 85-90 lump sum	458	498	24	Nil

The table above shows the **annual** salary band rather than the amount earned.

Mr D C Gowdy retired on 31st July 2005. He was replaced by Dr Andrew McCormick, who took up his post on 1st August 2005.

Mr Francis Rice left the Department on 24th October 2005. Mr Martin Bradley was appointed Chief Nursing Officer on 24th October 2005.

Dr. H Campbell retired on 24th February 2006. Dr. Ian Carson was appointed Acting Chief Medical Officer on 27th February 2006 and retired on 30th April 2006. He received no additional monies for acting up.

Salary and pension details in respect of Mr J S Cole are also disclosed in Health Estates Agency accounts.

7. Non Cash Benefits

There were no non-cash benefits (benefits in kind) paid in the 2005-2006 year. (none in 2004-05).

8. Remuneration Package

There are no elements of the remuneration package that are not cash.

9. Compensation payable to former senior managers

There was no compensation payable to former senior managers

10. Amounts paid to third Parties

There are no amounts payable to third parties for services of a senior manager.
(Paras 6 - 10 are subject to audit)

11. Minister's Salaries

Following the suspension of devolution, functions were transferred from devolved ministers to a Northern Ireland Office (NIO) ministerial team. Each member of the ministerial team oversees a number of Northern Ireland departments.

From 17 June 2003 to 6 May 2005 the DHSSPS was under the direction and control of Ms Angela Smith, who was replaced on 9 May 2005 by the former minister Mr Shaun Woodward. Mr Shaun Woodward was replaced by the current minister Mr Paul Goggins on 5th May 2006.

Salaries and allowances in respect of the ministers were paid by the Northern Ireland Office or the Cabinet Office rather than the Northern Ireland Assembly. These costs have not been included as notional costs in the Operating Costs Statement in the same way as Devolved Minister's salaries. Details of Ms Smith's and Mr Woodward's salary and allowances will be provided in the 2005-06 Northern Ireland Office Resource Accounts

12. Ministerial Pensions

Pension benefits for Westminster Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is statute based (made under Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament are also entitled to an MP's pension under the PCPF. The arrangements for Ministers provide benefits on an 'average salary' basis with either a 1/50th or 1/40th accrual rate, taking account of all service as a Minister. (The accrual rate has been 1/40th since 15 July 2002 but Ministers, in common with all other members of the PCPF, can opt to increase their accrual rate from 5 July 2001, or retain the former 1/50th accrual rate and the lower rate of employee contribution.)

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office on or after age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate. Those members who have opted for the 1/40th accrual rate are required to pay an increased contribution. The rate was increased from 9% to 10% from 1 April 2004. There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 24% of the ministerial salary.

13. Salary

'Salary' includes gross salary, performance pay or bonuses, any allowance, such as London Weighting Allowances, to the extent that it is subject to UK taxation. This report is based on payments made by the Department and thus recorded in these accounts.

14. Pension

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statute based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensions-ni.gov.uk

15. Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of total membership of the pension scheme, not just service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the PCSPS (NI) has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of purchasing additional years of pension service in the scheme at his or her own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

16. Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Dr Andrew McCormick
Accounting Officer
9th October 2006

Statement of Principal Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (NI) 200, the Department of Finance and Personnel has directed the Department of Health, Social Services and Public Safety to prepare, for each financial year, Resource Accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year.

The Resource Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Principal Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular, to:

- observe the Accounts Direction issued by the Department of Finance and Personnel, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going-concern basis.

The Department of Finance and Personnel has appointed the permanent Head of the Department as the Principal Accounting Officer of the Department.

In addition, the Department of Finance and Personnel has appointed an additional Accounting Officer to be accountable for that part of the Department's accounts relating to a specific area and its associated assets, liabilities and cash flows. This appointment does not detract from the Head of the Department's overall responsibility as Principal Accounting Officer for the Department's accounts.

The allocation of Accounting Officer responsibilities in the Department is as follows:

Core Department	Dr A McCormick, Permanent Secretary
Health Estates Agency	Mr J C Cole, Chief Executive

The responsibilities of an Accounting Officer, including the responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in Government Accounting Northern Ireland.

Under the terms of the Accounting Officers' Memorandum, the relationship between the Department's principal and additional Accounting Officers, together with their respective responsibilities, is set out in writing.

Statement on Internal Control

Scope of responsibility

This statement is given in respect of the Departmental Resource Account for 2005-06. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department's policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland. I am also required to combine these duties with my duty to serve the Minister in charge of my Department and I have particular responsibility to see that appropriate advice is tendered to the Minister on all matters of financial propriety and regularity and more broadly as to all considerations of prudent and economical administration, efficiency and effectiveness.

In providing advice to Minister the consequences of the achievement or non-achievement of particular policies, and objectives are explored as part of the planning and decision making process. This process includes highlighting specific business implications or risks and, where appropriate, the measures that could be employed to manage these risks or implications.

As principal Accounting Officer for the Department I also have responsibility for the Department's Executive Agency, Health Estates and all Health and Personal Social Services (HPSS) bodies. I am also Accounting Officer for the Non Departmental Public Bodies, namely the NI Practice and Education Council for Nursing and Midwifery, the Mental Health Commission for NI, the NI Social Care Council, the NI Health and Personal Social Services Regulation and Improvement Authority and the Fire Authority for NI.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for the year ending 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with the Department of Finance and Personnel guidance.

Capacity to handle risk

During 2005-06 risk management arrangements continued to be operated across the Department, its Non-Departmental Public Bodies (NDPBs) and Health Estates Agency (HEA). The risk management strategy, based on the Australia / New Zealand standard provides guidance on the risk assessment process. This involves the identification, assessment, recording and review of risks in a consistent manner across all business areas.

Within the Department, leadership to the system of internal control is shown by risk owners, both at Departmental board and Directorate level. Directors ensure that staff are appropriately trained to fulfil Directorate and Departmental objectives. Advice and support is available from Planning and Performance Management Directorate and from the Head of Internal Audit to staff on the technical aspects of risk management.

The risk and control framework

As from March 2003, the Department has had in place a Corporate Risk Register (CRR) and a Departmental Risk Management Strategy. The CRR specifies the key risks for the Department as a whole, including the identification of risks to the provision of health and personal social services and the provision of fire and rescue cover to the local population. It is reviewed twice a year by the Departmental Board, with individual risks considered on an exception basis where necessary. The in-year and end-year reports on internal control demonstrate the steps being taken to manage risks in significant areas of responsibility and monitor progress reports on key initiatives and projects.

In addition risk registers are maintained by individual Directorates and Professional Groups and by NDPBs and the HEA.

As part of an ongoing process, during 2005-06, reviews of risk registers across all business areas have been conducted in line with Departmental guidance. It is intended to work closely with directorates on the continuing embedding of risk management, to build on work already done and, where possible, to simplify and streamline the processes in order to effect improvement in risk management.

Control in HPSS

During the year the Department has continued to expand the range of controls assurance standards in place across the HPSS. These standards cover key areas of organisational risk in the HPSS and provide a vehicle for Accountable Officers to demonstrate that they are managing themselves so as to meet their objectives and to protect users, staff, the public and other stakeholders against risk of all kinds.

For 2005-06, HPSS bodies were required to report compliance against nineteen standards. Five new standards were introduced during 2005-06. Once again 'substantive' compliance with the core standards of risk management, governance and financial management underpins the individual Statements of Internal Control. Whilst overall, the HPSS performed well against the 2005-06 standards, there are areas of concern which are being pursued with individual organisations. The Department will continue to monitor progress on how these issues are being addressed.

The Department has developed and introduced to the HPSS two further standards for 2006/07 – Security Management and Food Hygiene. The development of the final standard - Research Governance - which was due to be issued in 2006/07 has been delayed.

Refresher/awareness training has also been provided on applying the concepts of the Australia / New Zealand model. Furthermore, the Department has issued guidance to HPSS management boards on building a Governance and Assurance Framework, which demonstrates the links between organisations' principal objectives, the risks to achieving them and the controls in place to manage the risks. Once embedded in business planning procedures, such a Framework will provide structured evidence in support of Statements of Internal Control. In recognition of the evolving demands on a HPSS management board, the Department has commissioned further training for non-executive directors, particularly on their clinical and social care governance responsibilities, which will help strengthen current corporate governance arrangements.

The HPSS Regulation and Quality Improvement Authority came into operation on a phased basis from 1 April 2005. It has responsibility for monitoring and inspecting the availability and quality of health and social care services and encouraging improvements in the quality of those services. This is particularly important given the statutory duty of quality placed on HSS Boards and Trusts from April 2003. To support the Authority in its role, the Department is introducing a series of minimum care standards for regulated services and has developed a set of high level Quality Standards against which organisations will be assessed on quality improvement from 2006/07.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. The Department has an Audit Committee which is a sub committee of the Departmental Board. It has an independent chairman and meets three times per year to review the effectiveness of the internal audit service and the Department's control systems. The terms of reference of the Audit Committee are currently under review and its remit will be broadened in the incoming year to comply with Treasury best practice guidance and in particular will cover the Department's risk management processes. The Board and the Audit Committee have advised me on the implications of the result of my review of the effectiveness of the system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Departmental Board has a key role in the effective corporate governance of the Department's business and monitors closely the progress in the achievement of key objectives and targets, for example those set out in the Corporate and Business Plan and the Public Service Agreement. The Board at its twice-monthly Board meetings also considers issues such as key policy proposals, budget allocations and critical issues which may have arisen.

The Department has an internal audit function, which operates to defined standards and whose work is informed by an analysis of the risks to which the body is exposed, and annual audit plans are based on this analysis. Its remit not only includes an assessment of internal financial controls but also the wider internal control environment which applies to the achievement of Departmental objectives. It submits regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control, together with recommendations for improvement.

From a comprehensive assessment of all of the Departmental systems since 2001, the Head of Internal Audit currently attributes an assessment of substantial assurance to 45 of those systems. Limited or no assurance has been attributed to 17 systems. Overall, based on the audit work carried out, the Head of Internal Audit has assessed the overall system of internal control as providing limited assurance. A robust monitoring process ensures that the Departmental Audit Committee biannually reviews progress on outstanding internal audit recommendations, which are recorded in a database of recommendations. During 2005-06 good progress was made in the effective implementation of 146 recommendations as monitored through the database. There are 190 recommendations not yet implemented in the current version of the database, with plans in place to implement some 147 (77%) of the significant outstanding recommendations within a 6-month timeframe.

Significant internal control problems

In 2005-06 Internal Audit reviewed a number of systems, and their findings included some significant control issues reported in respect of non compliance with the payments system, EU grant expenditure, Regional / Hospital information and DIS contract management. Internal Audit is continuing to keep the area of grant expenditure under close review and is actively involved in assisting management to address the on-going problems, in particular by providing training for the Department's staff.

Central Services Agency (CSA)

The Department recognises that there have been significant internal control problems in the Central Services Agency, most recently manifesting themselves in the disclaiming of the 2004-05 accounts. Regular meetings have taken place and correspondence issued throughout 2005-06 with the Central Services Agency to ensure that procedures have been put in place to prevent a further disclaiming of the 2005-06 accounts. I have been assured by the Central Services Agency that they are taking all the steps possible to prevent such a reoccurrence.

Health Service Charges

The Department recognises the sustained efforts being made to further reduce the levels incorrect claims for exemption from charges, most significantly the signing of the contract in respect of Electronic Prescribing Eligibility System (EPES). The Department will continue to further monitor progress through the provision of updates and regular meetings with the Counter Fraud Unit within the Central Services Agency (CSA).

Dr A McCormick
Accounting Officer
9th October 2006

The Certificate and Report of the Comptroller And Auditor General to the House of Commons and The Northern Ireland Assembly

I certify that I have audited the financial statements of the Department of Health, Social Services and Public Safety for the year ended 31st March 2006 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Annual Report and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 34 to 37 reflects the Department's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statement on internal

control cover all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the unaudited part of the Remuneration Report, the Management Commentary, Annex A, Bodies Within the Departmental Boundary and Annex B, Bodies Outside the Boundary. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Department's affairs as at 31 March 2006 and the net cash requirement, net resource outturn, resources applied to objectives, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

JM Dowdall CB
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

11th October 2006

Statement of Parliamentary Supply

Summary of Resource Outturn 2005-06

Request for Resources	Note	2005-06							2004-05
		Estimate			Outturn				Outturn
		Gross Expenditure £000	Accruing Resources £000	Net Total £000	Gross Expenditure £000	Accruing Resources £000	Net Total £000	Net Total outturn compared with Estimate: saving/ (excess) £000	Restated Net Total £000
A. Ensuring the delivery of effective, high quality health and social care and developing and promoting policies and strategies, the efficient, economic and effective implementation of which will lead to good health and well-being, a reduction in preventable disease and ill health, and greater social justice	2	3,486,768	504,667	2,982,101	3,446,289	502,109	2,944,180	37,921	2,751,451
B. Creating a safer environment for the community by providing an effective fire fighting, rescue and fire safety service	2	72,999	-	72,999	71,406	-	71,406	1,593	67,876
Total resources	3	3,559,767	504,667	3,055,100	3,517,695	502,109	3,015,586	39,514	2,819,327
Non-operating cost Accruing Resources				33,600			31,572	2,028	26,013

The prior year figures have been restated to analyse the resource outturn over the 2 Request for Resources. Prior to 2005-06, the format of the Estimate included 3 Request for Resources, A, B and C. The subheads that were included in Request for Resources A and B in 2004-05 have now been combined into Request for Resources A and Request for Resources C in 2004-05 has become Request for Resources B.

Net cash requirement 2005-06

	Note	2005-06			2004-05
		Estimate £000	Outturn £000	Net Total outturn compared with Estimate: saving/ (excess) £000	Outturn £000
Net cash requirement	4	3,074,492	2,946,333	128,159	2,791,402

Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Note	Forecast 2005-06 £000		Outturn 2005-06 £000	
		Income	Receipts	Income	Receipts
Total	5	2,342	2,342	5,739	8072

Explanations of variances between Estimate and Outturn are given in note 2 and in the Management Commentary

The notes on pages 47 to 81 form part of these accounts

Operating Cost Statement

for The Year Ended 31 March 2006

	Note	2005-06						2004-05	
		Core Department			Consolidated			Core Department	Consolidated
		Staff Costs £000	Other Costs £000	Income £000	Staff Costs £000	Other Costs £000	Income £000	Restated £000	Restated £000
Administration Costs:									
Staff costs	9	30,461			35,394			28,899	33,582
Other administration costs	10		16,112			17,567		13,056	14,410
Operating income	12			(3,791)			(3,800)	(1,970)	(1,979)
Programme Costs:									
Request for Resources A									
Staff costs	9	-			35,865			-	31,615
Programme costs	11		301,044			3,359,006		261,459	3,131,679
Income	12			(464,561)			(505,412)	(438,551)	(478,784)
Request for Resources B									
Staff costs	9	-			-			-	-
Programme costs	11		71,227			71,227		67,694	67,694
Income	12			-			-	-	-
Totals		30,461	388,383	(468,352)	71,259	3,447,800	(509,212)	(69,413)	2,798,217
Net Operating (Income) / Cost	3, 13			(49,508)			3,009,847	(69,413)	2,798,217

Note: The 2004-05 figures for both the Core Department and the Consolidated position have been restated to include the cost of capital in 2004-05 of £45,083k within programme costs (previously this cost was classified as an administration cost).

The notes on pages 47 to 81 form part of these accounts.

Statement of Recognised Gains and Losses

for the year ended 31 March 2006

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Net gain on revaluation of tangible fixed assets	3,689	4,247	30,142	33,637
Net loss on revaluation of investments	(3,216)	(3,216)	(12,121)	(12,121)
Recognised gains and losses for the financial year	473	1,031	18,021	21,516

The notes on pages 47 to 81 form part of these accounts

Balance Sheet as at 31 March 2006

	Note	2006 £000				2005 £000	
		Core Department		Consolidated		Core Department	Consolidated
		£000	£000	£000	£000	£000	£000
Fixed assets:							
Tangible assets	14		72,387		102,031	75,408	102,566
Intangible assets	15		1,324		2,374	751	1,400
Investments	16		885,023		885,023	857,993	857,993
Debtors falling due after more than one year	18		246		246	138	138
Current assets:							
Stocks	17		-	8		-	11
Debtors	18		54,457		59,161	63,621	68,908
Cash at bank and in hand	19		16,767		18,029	4,783	8,568
			71,224		77,198	68,404	77,487
Creditors (amounts falling due within one year)	20	(260,456)		(216,730)		(255,228)	(209,115)
Net current assets			(189,232)		(139,532)	(186,824)	(131,628)
Total assets less current liabilities			769,748		850,142	747,466	830,469
Creditors (amounts falling due after more than one year)	20		-		(16)	-	(145)
Provisions for liabilities and charges	21		(77,491)		(135,407)	(43,931)	(107,288)
			692,257		714,719	703,535	723,036
Taxpayers' equity:							
General fund	22		655,698		668,616	662,902	673,417
Revaluation reserve	23		36,559		46,103	40,633	49,619
			692,257		714,719	703,535	723,036

The notes on pages 47 to 81 form part of these accounts.

Dr A McCormick
Accounting Officer
9th October 2006

Consolidated Cash Flow Statement

for year ended 31 March 2006

	Note	2005-06 £000	2004-05 £000
Net cash outflow from operating activities	24a	(2,894,772)	(2,724,583)
Capital expenditure and financial investment	24b, 24c	(27,949)	(54,499)
Payments of amounts due to the Consolidated Fund		(17,630)	(22,860)
Financing	24d	2,949,812	2,812,064
Increase in cash in the period	24e	9,461	10,122

The notes on pages 47 to 81 form part of these accounts

Consolidated Statement of Operating Costs by Departmental Aim and Objectives

for the year ended 31 March 2006

Aim	2005-06			2004-05		
	Gross £000	Income £000	Net £000	Gross £000 Restated	Income £000 Restated	Net £000 Restated
Objective 1						
Ensuring the delivery of effective, high quality health and social care and developing and promoting policies and strategies, the efficient, economic and effective implementation of which will lead to good health and well-being, a reduction in preventable disease and ill health, and greater social justice.	3,447,653	(509,212)	2,938,441	3,211,104	(480,763)	2,730,341
Objective 2						
Creating a safer environment for the community by providing an effective fire fighting, rescue and fire safety service.	71,406	-	71,406	67,876	-	67,876
Net operating costs	<u>3,519,059</u>	<u>(509,212)</u>	<u>3,009,847</u>	<u>3,278,980</u>	<u>(480,763)</u>	<u>2,798,217</u>

The prior year figures have been restated to analyse the resource outturn over the 2 Request for Resources. Prior to 2005-06, the format of the Estimate included 3 Request for Resources, A, B and C. The subheads that were included in Request for Resources A and B in 2004-05 have now been combined into Request for Resources A and Request for Resources C in 2004-05 has become Request for Resources B.

The notes on pages 47 to 81 form part of these accounts

Notes to the Departmental Resource Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2005-06 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The accounting policies contained in FReM follow UK Generally Accepted Accounting Practice (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under UK GAAP, the FReM also requires the Department to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The consolidated Statement of Operating Cost by Departmental Aim and Objectives and supporting notes analyse the Department's income and expenditure by the objectives agreed by ministers.

Where FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Health and Social Services Boards

The accounts of the HSS Boards have been prepared in accordance with the accounting standards and policies directed by the Department of Health, Social Services and Public Safety (the Department) as being relevant to Health and Social Services (HSS) bodies in Northern Ireland.

The accounting policies adopted follow UK Generally Accepted Accounting Practice (UK GAAP) to the extent that it is meaningful to HSS bodies in Northern Ireland, and, where possible, are selected in accordance with the principles set out in Financial Reporting Standard 18 "Accounting Policies" as the most appropriate for giving a true and fair view in this context.

The principal variation between UK GAAP and the accounting policies directed by the Department relates to the treatment of impairment losses on revalued fixed assets. Financial Reporting Standard 15 requires impairment losses on revalued fixed assets to be recognised in the Statement of Total Recognised Gains and Losses until the carrying value of the asset falls below depreciated historic cost at which stage any further impairments below depreciated historical cost are recognised in the income and expenditure account. However, where an impairment arises due to consumption of economic benefits, FRS 15 requires the loss to be recognised in the income and expenditure account in its entirety. The Department follows FRS 15 for economic impairments, but losses or downward revaluations arising from a general fall in prices are charged to the revaluation reserve which can lead to a temporary negative revaluation reserve in respect of certain assets.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets, and stocks where material, at their value to the business by reference to their current costs.

1.2 Basis of Consolidation

These accounts comprise a consolidation of the core Department, its Supply-financed Executive Agency, its Non-Executive Non-Departmental Public Bodies and its Health and Social Services Boards and those entities which fall within the Departmental boundary as defined in the Northern Ireland Resource Accounting Manual. Transactions between entities included in the consolidation are eliminated.

A list of the entities within the Departmental boundary is given at Annex A.

1.3 Tangible Fixed Assets

Tangible fixed assets comprise land and buildings, dwellings, plant and machinery. Transport Equipment, Information Technology and Furniture and Fittings. Details of movements in fixed assets are set out in Note 14. The Department is not aware of any material difference between the market and book value of its fixed assets at 31 March 2006.

Tangible fixed assets are valued at the lower of replacement cost and recoverable amount. Recoverable amount is defined as the higher of net realizable value and value in use. Replacement cost for operational land and buildings is existing use value. Valuations are carried out by the District Valuer at five yearly intervals. Other tangible assets have been stated at current cost using appropriate indices.

A formal revaluation of the Retained Estate and the HPSS Estate was carried out by the Valuation and Lands Agency of Upper Queens Street, Belfast as at 31 March 2005. The revaluation is accounted for in the 2004-05 accounts. The valuations were carried out in accordance with the Royal Institute of Chartered Surveyors Statements of Asset Valuations Practice insofar as these are consistent with the specific needs of the HPSS.

The capitalisation threshold for any single asset is £5,000. In addition grouped assets which collectively exceed the £5,000 threshold are also capitalised. Grouped assets are defined as those which are:

- (i) Functionally interdependent;
- (ii) Acquired and expected to be disposed of in the same financial year;
- (iii) Under single management control; and
- (iv) Have individual values of at least £1,000.

Title

Title to freehold land and buildings shown in the accounts is held as follows:

- (i) Title to property on the Departmental estate is held by the DHSSPS; and
- (ii) Title to property held by the Department of Finance and Personnel is in the name of the Secretary of State.

1.4 Depreciation

Depreciation is charged on all tangible fixed assets except for freehold land, surplus properties and assets in the course of construction.

Depreciation is charged at rates calculated to write off the cost or valuation, less estimated residual value, of freehold buildings and other tangible fixed assets by equal instalments over their estimated useful lives, or lease period if shorter.

Asset lives are normally in the following ranges:-

Asset Type	Asset Life
Freehold buildings: Core Department	25 to 60 years
HSS Boards	15 to 80 years
Leasehold property	Remaining period of lease
Computer equipment	3 to 10 years

Other equipment:	Core Department	3 to 15 years
	Health Estates	3 to 25 years
	HSS Boards	5 to 15 years

The majority of furniture and fittings are rented from the Department of Finance and Personnel and have not been capitalised. Instead this forms part of the notional accommodation costs included in the Operating Cost Statement.

Most of the buildings used by the core Department and Health Estates are part of the government estate. As rents are not paid for these properties, notional accommodation costs are based on a capital charge for the properties. These costs have been charged to the Operating Cost Statement.

1.5 Profit/Loss on sale of Fixed Assets

The profit from sale of land which is a non depreciating asset is recognized within Income. The loss from sale of land or loss from the sale of any depreciating assets is show as an increased expense. The profit from sale of any depreciating assets is shown as a reduction in the expense within the I and E account.

1.6 Intangible Assets

Purchased computer software licences which exceed the capitalisation threshold and have a useful life of greater than one year are included as intangible fixed assets. However if licences are purchased as part of the computer package, they are included as tangible fixed assets. Software licences are amortised over the shorter of the term of the licence and the useful economic life, and are stated at cost less amortisation.

1.7 Stockpile Goods

The Department has acquired equipment and stock for use in the event of a national emergency.

These stocks consist mainly of drugs and protective clothing and are regarded as the minimum levels necessary to provide an emergency response. In accordance with FReM, these minimum levels are treated as fixed assets and included in Note 14. The goods are recorded at their cost price and as items with a shelf life which will be replaced on an on-going basis it is considered that depreciation is not applicable. The Department also considers that due to the unique nature of stockpile goods it is inappropriate to apply a capitalisation threshold. The Health Protection and Emergency Planning Branch of the Department is responsible for these items.

1.8 Investments

At the formation of HSS Trusts, the capital requirements of each was funded by Originating Capital Debt (OCD) equal to the value of their net relevant assets. This OCD was normally divided equally between Public Dividend Capital (PDC) and Interest Bearing Debt (IBD). The IBD element is repayable within 25 years and interest is charged on the diminishing balance. PDC has no fixed repayment terms but dividends are payable in March each year. Any post OCD financing consists solely of PDC.

The Public Dividend Capital of the HSS Trusts is held in the name of the Secretary of State. These bodies are managed independently from the Department and their accounts are not consolidated with those of the Department.

The Department's investment in these bodies is shown in the Balance Sheet at historical cost.

1.9 Stocks and Work in Progress

Within the core Department and its Supply-financed Executive Agency, stocks consist only of consumable items and are therefore expensed in the year of purchase.

In the accounts of HSS Boards stocks are included exclusive of VAT. In calculating the cost, HSS Boards generally use the average cost or latest purchase price.

For HSS Boards, partially completed contracts for patient services are not accounted for as work in progress.

1.10 Research and Development

The Department does not carry out any research and development activities but provides funding for research and development, in the form of grants, to a number of bodies.

1.11 Operating Income

Operating income is income which relates directly to the operating activities of the Department. It comprises, principally, fees and charges, or as part of managing it's affairs (rents, interest and dividends receivable), but it also includes other income such as that from investments. It includes both income on a full cost basis appropriated-in-aid of the Estimate and income payable to the Consolidated Fund authorised by the Department of Finance and Personnel, which in accordance with FReM is treated as operating income. It excludes accruing resources and Consolidated Fund Extra Receipts treated as capital. Receipts under the EU Peace and Reconciliation Programme or other EU initiatives are also treated as operating income. Operating income is stated net of VAT.

1.12 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs as set out in Government Accounting Northern Ireland issued by the Department of Finance and Personnel.

Administration costs reflect the costs of running the Department and associated operating income. Income is analysed in the notes between that which is allowed to be offset against gross administrative costs in determining the outturn against the administrative cost limit, and that operating income which is not.

Programme costs reflect non-administration costs including payments of capital and current grants and other disbursements by the Department. The Department's main area of programme expenditure is health and social services.

Health and social services programme expenditure includes running costs of the HSS Boards, which are consolidated within the Departmental boundary, and other non-administration costs.

1.13 Capital Charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs.

The charge is calculated at the real rate set by HM Treasury, currently 3.5% on the average carrying amount of all assets less liabilities, except for donated assets where the charge is nil. For the purpose of the cost of capital calculation, assets that represent investment in HSS Trusts are removed from the Department's balance sheet and replaced with the relevant net assets of the Trusts.

During the year the Department benefited from the additional budget cover which was made available through the Strategic Investment Programme (part of the Reinvestment and Reform Initiative). The interest which would have been charged had the additional budget cover been made available by loan rather than through supply has been added to the above cost of capital charge.

1.14 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Department it is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

1.15 Grants Payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs.

1.16 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the Treasury Discount Rate. This has been revised on 1 April 2005 from 3.5% to 2.2% and has resulted in an increase in the value of provisions.

1.17 Value Added Tax

Most of the activities of the Department are outside the scope of VAT and in general output tax does not apply. Input VAT on purchases is generally recoverable.

1.18 Private Finance Initiatives (PFI)

The Department did not enter into any PFI transactions during the year.

1.19 Provision of Services

The Department provides medical services to prisons for the Northern Ireland Office (NIO). The direct cash costs incurred are recovered in full from the NIO. The expenditure in relation to these services is reported as administration costs in the Operating Cost Statement with the related accruing resources treated as operating income.

1.20 Pension Costs

Past and present employees of the Department and its Agency are covered by the Principal Civil Service Pension Scheme (PCSPS) (NI). The defined benefit schemes are unfunded and are non-contributory except in respect of dependant's benefits. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCPCS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCPCS. In respect of the defined contribution schemes, the Department recognizes the contributions payable during the year.

HSS Boards participate in the HPSS Superannuation Scheme, which is administered by the Department. Under this defined benefit scheme both the HSS Boards and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the Department.

1.21 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with FRS12, the Department is required to disclose for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of

economic benefit is remote but which have been reported to Parliament in accordance with the requirements of Government Accounting Northern Ireland. The Department had no such liabilities at 31 March 2006.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed under FRS 12 are stated at the amounts reported to Parliament.

1.22 Change to Estimation Technique

The only change in estimation relates to the change in discount rate. See 1.16

1.23 Transfer of Functions From Other Departments

There have been no transfers of functions from other Departments in 2005-06.

2. Analysis of net resource outturn by section

	2005-06								2004-05
	Outturn						Estimate		Restated
	Admin £000	Other Current £000	Grants £000	Gross Resource Expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Net Total outturn compared with Estimate £000	Prior-year outturn £000
Request for Resources A:									
Departmental Expenditure in DEL:									
1. Policy development, hospital, community health and personal social services and family health services (part)	30,756	2,961,070	7	2,991,833	(7,991)	2,983,842	3,003,819	19,977	2,772,385
2. Family Health Services (demand led) general medical services	395	100,831	-	101,226	-	101,226	104,207	2,981	103,486
3. Family Health Services (demand led) pharmaceutical services	185	48,623	-	48,808	(13,000)	35,808	39,075	3,267	33,723
4. Family Health Services (demand led) dental services	94	79,554	-	79,648	(17,495)	62,153	65,796	3,643	57,790
5. Family Health Services (demand led) ophthalmic services	94	15,868	-	15,962	-	15,962	18,033	2,071	14,401
6. Health Estates Agency	5,663	-	-	5,663	(102)	5,561	6,053	492	6,997
7. Training, bursaries and further education	1,829	37,452	2,503	41,784	(51)	41,733	42,760	1,027	36,866
8. Welfare Foods	261	3,072	-	3,333	(1)	3,332	3,990	658	4,002

	2005-06								2004-05
	Outturn						Estimate		Restated
	Admin £000	Other Current £000	Grants £000	Gross Resource Expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Net Total outturn compared with Estimate £000	Prior-year outturn £000
9. Grants to voluntary bodies	247	-	7,969	8,216	(1)	8,215	8,370	155	7,620
10. Other centrally financed services	3,064	6,586	-	9,650	(25)	9,625	9,804	179	8,586
11. Special Initiatives	-	-	1,502	1,502	-	1,502	1,502	-	672
12. Food Safety Promotion Board	32	-	1,850	1,882	-	1,882	1,921	39	1,955
13. EU programme for peace and reconciliation	-	-	2,715	2,715	(1)	2,714	2,408	(306)	2,449
14. Executive Programme Funds	-	15,960	4,207	20,167	-	20,167	23,495	3,328	27,431
15. EU Community Initiatives	5	-	674	679	-	679	720	41	1,719
16. Repayment of Loan Interest	-	5,348	-	5,348	-	5,348	6,806	1,458	3,072
Annually Managed Expenditure (AME):									
17. Hosp, community health and personal social services	-	15,387	-	15,387	-	15,387	15,000	(387)	8,107
Non Budget:									
18. Trust Debt Remuneration	-	-	-	-	(63,096)	(63,096)	(65,000)	(1,904)	(40,250)
19. Health and Social Services Trusts	-	-	-	-	-	-	-	-	-
20. Health Service Contributions	-	-	-	-	(400,346)	(400,346)	(401,000)	(654)	(380,000)
21. Northern Ireland Practice and Education Council	-	-	1,288	1,288	-	1,288	1,290	2	1,108
22. NI Medical and Dental Training Agency	-	-	39,865	39,865	-	39,865	39,913	48	37,888
23. NI Social Care Council	-	-	2,315	2,315	-	2,315	2,271	(44)	2,196
24. Mental Health Commission for NI	-	-	508	508	-	508	546	38	498
25. NI Regional Medical Physics Agency	-	-	156	156	-	156	108	(48)	41
26. NI Blood Transfusion Service	-	-	210	210	-	210	208	(2)	390

	2005-06								2004-05
	Outturn						Estimate		Restated
	Admin £000	Other Current £000	Grants £000	Gross Resource Expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Net Total outturn compared with Estimate £000	Prior-year outturn £000
27. NI Central Services Agency	-	-	27,782	27,782	-	27,782	27,797	15	28,804
28. NI Guardian ad Litem Agency	-	-	2,481	2,481	-	2,481	2,439	(42)	2,343
29. NI Health Promotion Agency	-	-	3,861	3,861	-	3,861	4,010	149	1,618
30. Regulation and Improvement Authority	-	-	3,386	3,386	-	3,386	3,010	(376)	-
31. Inter Departmental Notional Charges	7,452	-	-	7,452	-	7,452	7,750	298	5,554
Provisions	-	3,182	-	3,182	-	3,182	5,000	1,818	-
Total	50,077	3,292,933	103,279	3,446,289	(502,109)	2,944,180	2,982,101	37,921	2,751,451
Request for Resources B:									
1. Fire Services	179	84	-	263	-	263	329	66	716
2. Executive Programme Funds	-	-	-	-	-	-	-	-	-
Non budget:									
3. Fire Authority for Northern Ireland	-	-	71,143	71,143	-	71,143	72,670	1,527	67,160
Total	179	84	71,143	71,406	-	71,406	72,999	1,593	67,876
Resource Outturn	50,256	3,293,017	174,422	3,517,695	(502,109)	3,015,586	3,055,100	39,514	2,819,327

The prior year figures have been restated to analyse the resource outturn over the 2 Request for Resources. Prior to 2005-06, the format of the Estimate included 3 Request for Resources, A, B and C.

The subheads that were included in Request for Resources A and B in 2004-05 have now been combined into Request for Resources A, and Request for Resources C in 2004-05 has become Request for Resources B.

Prior to 2005-06, Request for Resources A contained 3 subheads, 2 of these subheads remain as separate subheads in the current Request for Resources A.

The remaining subhead "Policy development" has been combined with the first subhead which appeared in the pre 2005-06 format of the Estimate.

This subhead is now called "Policy development, hospital, community health and personal social services and family health services (part)".

Explanation of variation between Estimate and Outturn (note 2)

Item	Variance £'000	Explanation
Ophthalmic Services	2,071	Payments for Ophthalmic services were lower than expected in this demand led area. The Estimate has already been reduced by £2m representing in year easements.
Welfare Foods	658	This budget fluctuates according to claims for milk tokens which have fallen in 2005-06.
Executive Programme Funds	3,328	This under spend is timing related, due to delays and slippages in EPF ring fenced projects. However this budget will be made available to the Department in 2006/07 through the year end flexibility mechanism.
Repayment of Loan Interest	1,458	The Estimate is based on planned capital activity, and due to delays in the commencement of projects, the interest payable is lower than anticipated.
Provisions	1,818	The Estimate for the impact of the change in discount rate for provisions from 3.5% to 2.2% was too high.

3. Reconciliation of outturn to net operating cost and against Administration Budget

3(a) Reconciliation of net resource outturn to net operating cost

	Note	2005-06			2004-05
		Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net resource outturn	2	3,015,586	3,055,100	39,514	2,819,327
Non-supply income (CFERs)	5	(8,011)	(2,342)	5,669	(21,110)
EU Debtors written off		2,272	-	(2,272)	-
Net operating cost		3,009,847	3,052,758	42,911	2,798,217

3(b) Outturn against final Administration Budget

	2005-06		2004-05
	Budget £000	Outturn £000	Outturn £000
Gross Administration Budget	43,756	42,804	40,171
Income allowable against the Administration Budget	(1,366)	(629)	(1,337)
Net outturn against final Administration Budget	42,390	42,175	38,834

4. Reconciliation of resources to cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/(excess) £000
Resource Outturn	2	3,055,100	3,015,586	39,514
Capital				
Acquisition of fixed assets	14,15	15,773	12,140	3,633
Investments impairments	16	-	(3,216)	3,216
Investments additions	16	88,000	49,612	38,388
Non-operating Accruing Resources				
Proceeds of fixed asset disposals		(13,600)	(12,206)	(1,394)
Investment Repayments	16	(20,000)	(19,366)	(634)
Accruals adjustments				
Non-cash items	10,11,12	(75,976)	(102,389)	26,413
Changes in working capital other than cash	4.1	9,195	(7,797)	16,992
Changes in creditors falling due after more than one year	20	-	129	(129)
Use of provision	21	16,000	13,840	2,160
Net cash requirement		3,074,492	2,946,333	128,159

Explanation of variation between Estimate and Outturn (net cash requirement):

Item	Variance £'000	Explanation
Acquisition of fixed assets	3,633	General capital expenditure was lower than anticipated.
Investment impairments	3,216	Estimate cover for impairments of £2m included within Net total Resources. Increased impairments due to negative indexation of £1m on IT assets.
Investment additions	38,388	The level of PDC cover required was over estimated.
Proceeds of fixed asset disposals	(1,394)	Fixed asset proceeds were slightly lower than expected
Non-cash items	26,413	Movements in provisions were higher than estimated due to a provision of £23.5m for Review of Public Administration.
Changes in working capital other than cash	16,992	This item is subject to fluctuation depending on the movement of debtors and creditors.
Use of provision	2,160	A lower number of claims were settled during the year than had been anticipated.

4.1 Changes in Working Capital other than Cash

	Note	2005-06 £000	2004-05 £000
Decrease / (increase) in Stock	17	3	(3)
Decrease in Debtors	18	9,639	14,372
Increase in Creditors	20	7,615	14,437
Movement in CFERs included in Trade Debtors	18	(2,332)	(497)
Movement in amounts due from the Consolidated Fund in respect of supply	18	(2,494)	(22,745)
Movement in HPSS Superannuation Scheme Creditor/Debtor	18,20	(10,026)	11,365
Movement in Inter-departmental Balance with DSD	18	(19)	5
Movement in Creditor for amounts issued from the Consolidated Fund for supply but not spent at year end	20	(6,480)	-
Movement in Creditor for Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:			
Received	20	9,559	1,253
Receivable	20	2,332	497
Total changes in Working Capital other than cash		7,797	18,684

5. Analysis of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Note	Forecast 2005-06		Outturn 2005-06	
		Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts – excess Accruing Resources		2,342	2,342	5,467	5,467
Other operating income and receipts not classified as Accruing Resources		-	-	2,544	2,605
EU Debtors written off		-	-	(2,272)	-
Total income payable to the Consolidated Fund	22	2,342	2,342	5,739	8,072

6. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2005-06 £000	2004-05 £000
Operating income	12	509,212	480,763
Income netted off in gross sub head grossed up in OCS		(1,364)	-
Gross income		507,848	480,763
Income authorised as accruing resources		(502,109)	(459,653)
Operating income payable to the Consolidated Fund	5	5,739	21,110

7. Non-operating income – Excess Accruing Resources

During the year the Department did not have excess accruing resources arising in non-operating income (2004-05: nil).

8. Non-operating income not classified as Accruing Resources

During the year the Department did not have non-operating income not classified as accruing resources (2004-05: nil).

9. Staff numbers and related costs

Staff costs comprise:

	2005-06					2004-05
	Total £000	Permanently employed staff £000	Others £000	Ministers £000	Special advisers £000	Total £000
Wages and salaries	60,207	55,565	4,642	-	-	55,629
Social security costs	4,387	4,279	108	-	-	4,286
Other pension costs	6,665	6,546	119	-	-	5,282
Sub Total	71,259	66,390	4,869	-	-	65,197
Less recoveries in respect of outward secondments	(1,085)	(1,085)	-	-	-	(1,235)
Total net costs*	70,174	65,305	4,869	-	-	63,962
Of which:						
Core Department	29,376	27,604	1,772	-	-	27,664

*Of the total, £nil has been charged to capital (2004-05: £nil)

Staff Costs by Objective	2005-06 £000	2004-05 £000
Administration	35,394	33,582
Programme – Objective 1	35,865	31,615
Programme – Objective 2	-	-
Staff engaged on Capital Projects	-	-
Total	71,259	65,197

Total staff costs include an amount of £35.9m (2005: £31.6m) in respect of staff employed by HSS Boards. Salary and pension entitlement details in respect of senior management and members of HSS Boards are shown in the individual accounts of the Boards. Pension contributions of £1,837k (2005:£1,743k) were paid to the HPSS Superannuation Scheme in respect of Boards' staff.

The Principal Civil Service Pension Scheme (NI) (PCSPS(NI)) is an unfunded defined benefit scheme which produces its own resource accounts, but the DHSSPS is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2005-06, employers' contributions of £4.7m were payable to the PCSPS(NI) (2004-05 £3.4m) at one of four rates in the range 16.5 to 23.5 per cent of pensionable pay, based on salary bands (the rates in 2004-05 were between 12 to 18 per cent). These rates have increased from 1 April 2005 as a result of the latest actuarial valuation. The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 3.0 to 12.5 per cent (2004-05: 3.0 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay.

Eight persons (2004-05: four persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £11,817 (2004-05: £ 5,784).

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as in agencies and other bodies included within the consolidated Departmental Resource Account:

Objective	2005-06 Number					2004-05 Number
	Total	Permanent staff	Others	Ministers	Special advisers	Total
1	1,976	1,848	128	-	-	1,944
2	9	9	-	-	-	11
Total	1,985	1,857	128	-	-	1,955
Of which :						
Core Department	845	784	61	-	-	855

The total average number of whole-time equivalent persons employed during the year includes 1,011 (2005: 966) in respect of staff employed by HSS Boards.

10. Other Administration Costs

	Note	2005-06		2004-05	
		Core Department £000	Consolidated £000	Core Department Restated £000	Consolidated Restated £000
Rentals under operating leases		38	38	52	52
Accommodation costs		232	305	37	176
Contracted Services		887	887	624	624
Postage and Telephone		327	373	358	395
Printing and Stationery		689	795	762	864
Advertising and Publicity		580	580	479	479
Professional fees		1954	2,103	1,164	1,192
Sundry equipment		730	768	1,287	1,296
Training		508	559	411	462
Travel and Subsistence		515	713	568	771
Other Expenditure		489	514	533	565
Non-cash items					
Depreciation		1598	1,621	1,206	1,230
Amortisation		178	187	135	138
Profit on disposal of depreciable fixed assets		(5)	(5)	-	-
Loss on disposal of fixed assets		71	76	33	78
Auditors' remuneration		81	89	81	89
Provision provided for in year	21	16	20	31	31
Accommodation costs		5,437	6,096	3,834	4,449
Permanent diminution in value		577	580	503	503
Other indirect charges and services		1,210	1,268	958	1,016
Total non-cash items		9,163	9,932	6,781	7,534
Total		16,112	17,567	13,056	14,410

The 2004-05 figures have been adjusted to exclude the cost of capital in 2004-05 of £45,083k which has been reclassified as a programme cost.

11. Programme Costs

	Note	2005-06		2004-05	
		Core Department £000	Consolidated £000	Core Department Restated £000	Consolidated Restated £000
Request for Resources A					
Grants and disbursements	11.1	208,357	208,159	206,112	213,415
Capital grants and disbursements	11.2	1,086	1,086	149	149
Purchase of Healthcare Services	11.3	(4,159)	2,350,780	1,143	2,184,250
Board administration and commissioning costs		-	14,641	-	15,456
Family Health Services	11.4	744	685,002	373	655,968
Non-cash items					
Depreciation		-	1,856	-	1,807
Amortisation		-	155	-	60
Loss on disposal of fixed assets		-	2	-	73
Cost of Capital Charges		53,963	54,771	45,083	46,148
Auditors' remuneration		-	117	-	111
Provision provided in year	21	39,737	36,581	7,407	10,745
Unwinding of discount on provisions	21	1,316	5,358	1,192	3,491
Permanent diminution in value		-	498	-	6
Total non-cash items		95,016	99,338	53,682	62,441
Total for request for resources A		301,044	3,359,006	261,459	3,131,679
Request for Resources B					
NI Fire Authority	11.5	71,227	71,227	67,694	67,694
Total for request for resources B		71,227	71,227	67,694	67,694
Total		372,271	3,430,233	329,153	3,199,373

The 2004-05 figures have been adjusted to include the cost of capital in 2004-05 of £45,083k; this was previously classified as an administration cost.

In the Consolidated position, the total of non-cash items included in the Reconciliation of operating cost to operating cash flows at note 24(a) and in the Reconciliation of Resources Cash Requirement at note 4 comprises:

	2005-06 £000	2004-05 £000
Total non-cash items at note 24(a) - as above	99,338	62,441
Less interest paid to Consolidated Fund for RRI loans	(5,496)	(2,083)
Total non cash items at note 4	93,842	60,358

11.0 Requests for Resources A

11.1 Grants and Disbursements

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Research grants for other bodies	1,226	1,226	1,002	1,002
Grants to voluntary bodies	5,247	5,247	5,224	5,224
Special initiatives (revenue)	3,320	3,320	3,018	3,018
Food Safety Promotion Board	1,849	1,849	1,824	1,824
EU Peace and Reconciliation Programme	2,533	2,533	3,126	3,126
Matching funding for EU Peace and Reconciliation Programme	844	844	1,044	1,044
Registration and Inspection Unit	-	-	-	281
Health and Social Services Councils	-	293	-	288
EPF Revenue Payments	4,687	4,687	9,412	9,412
Other Services	1	3,540	9	7,744
Regional Services	-	(4,030)	-	(1,001)
Training, bursaries and further education	96,491	96,491	91,549	91,549
Welfare Foods	3,072	3,072	4,003	4,003
Other centrally financed services	89,087	89,087	85,901	85,901
Total	208,357	208,159	206,112	213,415

11.2 Capital Grants and Disbursements

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
EPF Capital Payments	-	-	134	134
Capital grants to voluntary bodies	355	355	-	-
Special initiatives (capital)	731	731	15	15
Total	1,086	1,086	149	149

11.3 Purchase of Healthcare Services

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
HSS/NHS Trusts and Special Agencies	(6,453)	2,319,568	-	2,154,136
Other providers of Healthcare and Personal Social Services	-	22,674	-	22,080
Clinical Negligence (costs not provided for)	2,294	3,060	1,143	2,109
Other Expenditure	-	5,478	-	5,925
Total	(4,159)	2,350,780	1,143	2,184,250

11.4 Family Health Services

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
General Medical Services	-	201,641	-	178,622
Pharmaceutical Services	744	387,964	373	387,745
General Dental Services	-	79,529	-	75,200
General Ophthalmic Services	-	15,868	-	14,401
Total	744	685,002	373	655,968

Request for Resources B**11.5 Expenditure related to NI Fire Authority**

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Grants to NI Fire Authority	71,143	71,143	67,160	67,160
Other	84	84	534	534
Total	71,227	71,227	67,694	67,694

Note 1: Notes 11.1 to 11.5 exclude the cost of provisions; these are included at note 21.

12. Income

An analysis of income recorded in the Core Department Operating Cost Statement is as follows:

	2005-06			2004-05
	Request for Resource A £000	Request for Resource B £000	Total £000	Total £000
Administration Income:				
Fees and charges to external customers	635	-	635	438
Fees and charges to other Departments	1,085	-	1,085	1,235
Central administration and miscellaneous services	707	-	707	284
Profit on disposal of fixed assets	1,364	-	1,364	13
Total administration income	3,791	-	3,791	1,970
Programme Income:				
Miscellaneous grants and disbursements	(435)	-	(435)	3,739
Dividends on PDC and interest on IBD	63,096	-	63,096	53,763
Health and Social Services grants and disbursements	401,900	-	401,900	381,049
Family Health Services receipts	-	-	-	-
Total programme income	464,561	-	464,561	438,551
Total	468,352	-	468,352	440,521

An analysis of income recorded in the Consolidated Operating Cost Statement is as follows:

	2005-06			2004-05
	Request for Resource A £000	Request for Resource B £000	Total £000	Total £000
Administration Income:				
Fees and charges to external customers	635	-	635	438
Fees and charges to other Departments	1,094	-	1,094	1,244
Central administration and miscellaneous services	707	-	707	284
Profit on disposal of non-depreciable fixed assets	1,364	-	1,364	13
Total administration income	3,800	-	3,800	1,979
Programme Income:				
Miscellaneous grants and disbursements	(435)	-	(435)	3,739
Dividends on PDC and interest on IBD	63,096	-	63,096	53,763
Health and Social Services grants and disbursements	409,540	-	409,540	391,731
Family Health Services receipts	33,211	-	33,211	29,551
Total programme income	505,412	-	505,412	478,784
Total	509,212	-	509,212	480,763

12.1 Fees and charges information

The following information is required for fees and charges purposes, not for SSAP 25 purposes

	2005-06			2004-05		
	Income £000	Full cost £000	Surplus/ (deficit) £000	Income £000	Full cost £000	Surplus/ (deficit) £000
Seconded officer recovery	1,085	1,085	-	1,235	1,235	-
Other	644	553	91	447	363	84
Total	1,729	1,638	91	1,682	1,598	84

13. Analysis of net operating cost by spending body

	2005-06		2004-05
	Estimate £000	Outturn £000	Outturn £000
Spending body:			
Core Department	(53,875)	(49,508)	(69,413)
Health Estates Agency	6,578	6,379	6,028
Health Boards	3,100,055	3,052,976	2,861,602
Net Operating Cost	3,052,758	3,009,847	2,798,217

14. Tangible fixed assets

	Land and Buildings £000	Dwellings £000	Transport Equipment £000	Plant and Machinery £000	Information Technology £000	Furniture and Fittings £000	Assets under Construction £000	Total £000
Cost or valuation								
At 1 April 2005	85,296	590	58	5,207	15,377	-	2,636	109,164
Restatement	(1,708)	-	-	(282)	148	1,842	-	-
Opening balances - restated	83,588	590	58	4,925	15,525	1,842	2,636	109,164
Additions	40	-	26	2,945	5,101	234	2,504	10,850
Disposals	(10,827)	-	-	(49)	(1,253)	10	-	(12,119)
Transfers	(97)	-	-	-	(171)	-	-	(268)
Impairments	-	-	-	(250)	(1,035)	-	-	(1,285)
Indexation	2,686	11	1	2	(308)	34	-	2,426
Revaluations	1,528	-	-	-	-	-	-	1,528
At 31 March 2006	76,918	601	85	7,573	17,859	2,120	5,140	110,296
Depreciation								
At 1 April 2005	20	-	15	324	6,239	-	-	6,598
Restatement	(20)	-	-	(175)	97	98	-	-
Opening balances - restated	-	-	15	149	6,336	98	-	6,598
Charged in year	992	-	9	30	2,387	59	-	3,477
Disposals	(7)	-	-	(46)	(1,161)	10	-	(1,204)
Transfers	-	-	-	-	(106)	-	-	(106)
Impairments	-	-	-	-	(207)	-	-	(207)
Indexation	-	-	-	2	(297)	2	-	(293)
Revaluations	-	-	-	-	-	-	-	-
At 31 March 2006	985	-	24	135	6,952	169	-	8,265
Net book value at 31 March 2006	75,933	601	61	7,438	10,907	1,951	5,140	102,031
Net book value at 31 March 2005	85,276	590	43	4,883	9,138	-	2,636	102,566

The opening 'cost or valuation' and opening 'depreciation' amounts have been restated as additional asset categories have been added in 2005-06 to comply with the Financial Reporting Manual (FRM).

	Land and Buildings £000	Dwellings £000	Transport Equipment £000	Plant and Machinery £000	Information Technology £000	Furniture and Fittings £000	Assets under Construction £000	Total £000
Asset financing:								
Owned	75,933	601	61	7,438	10,907	1,951	5,140	102,031
Finance Leased	-	-	-	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-	-	-	-
PFI residual interests	-	-	-	-	-	-	-	-
Net book value at 31 March 2006	75,933	601	61	7,438	10,907	1,951	5,140	102,031

Analysis of tangible fixed assets at 31 March 2006

	Land and Buildings £000	Dwellings £000	Transport Equipment £000	Plant and Machinery £000	Information Technology £000	Furniture and Fittings £000	Assets under Construction £000	Total £000
The net book value of tangible fixed assets comprises:								
Core Department	56,006	601	35	7,408	3,197	-	5,140	72,387
Health Estates Agency	-	-	-	26	25	-	-	51
Health Boards	19,927	-	26	4	7,685	1,951	-	29,593
	75,933	601	61	7,438	10,907	1,951	5,140	102,031

Analysis of tangible fixed assets at 31 March 2005

	Land and Buildings £000	Dwellings £000	Transport Equipment £000	Plant and Machinery £000	Information Technology £000	Furniture and Fittings £000	Assets under Construction £000	Total £000
The net book value of tangible fixed assets comprises:								
Core Department	63,699	590	43	4,743	3,697	-	2,636	75,408
Health Estates Agency	-	-	-	33	23	-	-	56
Health Boards	21,577	-	-	107	5,418	-	-	27,102
	85,276	590	43	4,883	9,138	-	2,636	102,566

Note 1

Land and Buildings were valued at 31 March 2005 by the Valuation and Lands Agency and are due to be revalued at 31 March 2010. Other tangible assets were revalued using appropriate indices.

Note 2

During the year the Department received additional supply monies of £41,024k which was made available through the Strategic Investment Programme (part of the Reinvestment and Reform Initiative). This cover was used to support infrastructure additions in Health and Social Services Trusts.

15. Intangible fixed assets

Intangible fixed assets comprise purchased software licences.

	2005-06 £000	2004-05 £000
Cost or valuation		
At 1 April	1,703	1008
Additions	1,290	575
Disposals (-)	-	(7)
Transfers	40	127
At 31 March	3,033	1,703
Amortisation		
At 1 April	303	99
Charge for year	342	198
Disposals (-)	-	(3)
Transfers	14	9
At 31 March	659	303
Net book value at 31 March	2,374	1,400
Analysis of intangible fixed assets		
The net book value of intangible fixed assets comprises:		
Core Department	1,324	751
Health Estates Agency	66	56
Health Boards	984	593
	2,374	1,400

16. Investments

	Public Dividend Capital £000	Interest Bearing Debt £000	Total £000
Balance at 1 April 2005	628,265	229,728	857,993
Additions	49,612	-	49,612
Repayments (-)	(4,300)	(15,066)	(19,366)
Impairments	(3,216)	-	(3,216)
Balance at 31 March 2006	670,361	214,662	885,023

Analysis of Investments at 31 March

	2005-06 £000	2004-05 £000
Core Department	885,023	857,993
Health Estates Agency	-	-
Health Boards	-	-
Total	885,023	857,993

The above investments represent the Department's investment in the 19 Health and Social Services Trusts. The total net assets and results of the Trusts are summarised below:

	2005-06 £000	2004-05 £000
Net assets at 31 March	1,599,820	1,517,540
Turnover	2,597,545	2,416,531
(Deficit)/Surplus for the year	(4,518)	582

A full list of the Health and Social Services Trusts is provided at Annex A

17. Stocks and work in progress

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Stocks	-	8	-	11

18. Debtors

18(a) Analysis by type

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Amounts falling due within one year:				
Trade debtors	-	3,638	-	2,247
Deposits and advances	6	6	160	160
Other debtors	7,203	8,095	19,713	22,597
Prepayments and accrued income	47,248	47,422	36,316	36,472
HPSS Superannuation Scheme Debtor	-	-	4,919	4,919
DSD Debtor	-	-	19	19
Amounts due from the Consolidated Fund in respect of supply	-	-	2,494	2,494
	54,457	59,161	63,621	68,908

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Amounts falling due after more than one year:				
Other debtors	47	47	62	62
Prepayments and accrued income	199	199	76	76
	246	246	138	138

Included within other debtors is £103k (2004-05: £2,435k) in respect of EU funds that will be due to the Consolidated Fund once the debts are collected.

EU grant income is recognised by the Department in the Operating Cost Statement but as it is CFER income, it is not reflected in the Statement of Parliamentary Supply with EU receipts remitted to the Consolidated Fund. The Department has reviewed the level of debtors in respect of EU grant income receivable for the period 1994 to 1999. This has resulted in a reduction in debtors of £2,272k, which is reflected in the 2005-06 debtor balance.

18(b) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2005-06 £000	2004-05 £000	2005-06 £000	2004-05 £000
Balances with other central government bodies	3,423	10,953	46	61
Balances with local authorities	3	2	-	-
Balances with NHS/HSS Trusts	51,146	49,199	2	-
Balances with public corporations and trading funds	9	3	-	-
Subtotal: Intra-government balances	54,581	60,157	48	61
Balances with bodies external to government	4,580	8,751	198	77
Total debtors at 31 March	59,161	68,908	246	138

19. Cash at bank and in hand

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Balance at 1 April	4,783	8,568	(2,320)	(1,554)
Net change in cash balances	11,984	9,461	7,103	10,122
Balance at 31 March	16,767	18,029	4,783	8,568
The following balances at 31 March were held at:				
Commercial banks and cash in hand	16,767	18,029	4,783	8,568
Balance at 31 March	16,767	18,029	4,783	8,568

The Department of Health, Social Services and Public Safety (DHSSPS) was established on 2 December 1999 in response to devolution. A number of functions of the former Department of Health and Social Services (DHSS) transferred to DHSSPS and the Department for Social Development (DSD). To facilitate the successful establishment of the new Department some elements of the former structures were retained including the banking arrangements.

The public funding and other receipts of DHSSPS during 2001/02 were lodged to a bank account shared with DSD. The bank account was held in the name of the DHSSPS and referred to as the DHSS Number One Account. In the Departmental Resource Account for 2001/02 DHSSPS accounted for the total bank balance with the amount relating to DSD accounted for as an inter-departmental debtor.

This bank account was renamed DSD Number One Account in March 2002 and therefore the balance in this bank account as at 31 March 2005 has been accounted for by DSD. The balance relating to DHSSPS has been accounted for as an inter-departmental debtor.

In 2005-06 a control mechanism was put into operation in order to eliminate this amount, and therefore the balance as at 31 March 2006 between DHSSPS and DSD was nil.

During 2002/03 DHSSPS established its own bank account called the 'DHSSPS Principal Account' and from August 2002 DHSSPS receipts were lodged to this new account.

20. Creditors

20(a) Analysis by type

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Amounts falling due within one year:				
Other taxation and social security	-	368	-	174
Trade creditors	171,038	48,223	162,969	69,132
Other creditors	14,569	131,355	5,441	99,408
Accruals and deferred income	12,557	13,445	20,819	20,905
Clinical Negligence	44,161	5,208	47,564	1,061
HPSS Superannuation Scheme Creditor	5,107	5,107	-	-
Amounts issued from the Consolidated Fund for supply but not spent at year end				
	6,480	6,480	-	-
Consolidated Fund extra receipts due to be paid to the Consolidated Fund				
Received	6,441	6,441	16,000	16,000
Receivable	103	103	2,435	2,435
	260,456	216,730	255,228	209,115
Amounts falling due after more than one year:				
Other creditors	-	16	-	145
	-	16	-	145

20(b) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2005-06 £000	2004-05 £000	2005-06 £000	2004-05 £000
Balances with other central government bodies	36,743	79,995	-	-
Balances with local authorities	-	15	-	-
Balances with NHS Trusts	53,675	76,277	16	145
Balances with public corporations and trading funds	6	3	-	-
Subtotal: intra-government balances	90,424	156,290	16	145
Balances with bodies external to government	126,306	52,825	-	-
Total creditors at 31 March	216,730	209,115	16	145

21. Provisions for liabilities and charges

	Early departure costs £000	Clinical Negligence £000	Review of Public Administration £000	Other £000	Total £000
Core Department					
Balance at 1 April 2005	55	42,846	-	1,030	43,931
Change in discount rate	-	459	-	-	459
Provided in the year	21	21,991	23,504	416	45,932
Provisions not required written back	(4)	(6,007)	-	(168)	(6,179)
Provisions utilised in the year	(37)	(7,459)	-	(13)	(7,509)
Unwinding of discount	-	857	-	-	857
Balance at 31 March 2006	35	52,687	23,504	1,265	77,491
Consolidated					
Balance at 1 April 2005	12,959	88,473	-	5,856	107,288
Change in discount rate	1,522	1,135	-	525	3,182
Provided in the year	191	24,859	23,504	891	49,445
Provisions not required written back	252	(12,790)	-	(306)	(12,844)
Provisions utilised in the year	(1,142)	(11,476)	-	(1,222)	(13,840)
Unwinding of discount	299	1,802	-	75	2,176
Balance at 31 March 2006	14,081	92,003	23,504	5,819	135,407

Early departure costs

The Department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2 per cent in real terms.

Review of Public Administration

Provision has been made for identifiable one-off investments needed to underpin the establishment of the new HPSS structures being created following the Review of Public Administration (RPA). The expenditure in question relates largely to early retirement / redundancy costs for senior managers to include Chief Executives, Directors, Assistant Directors and associated administrative support. The provision made at present amounts to £23.5m. Further costs will be identified as the RPA restructuring proceeds.

Other -Legal

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that the claim is likely to be successful and the amount of the claim can be reliably estimated.

Other – Food Safety Promotions Board

Also included within Other is a provision for arrears of Accrued Superannuation Liability Contribution (ASLC) in respect of the Food Promotions Safety Board and GP Locums.

Other - Hepatitis C Compensation Scheme

Provision has been made for initial lump sum payments due to all identified claimants under this scheme and second stage payment claims that have been made. A further amount in relation to uncertain potential liabilities under this scheme has been included in Note 31 as a contingent liability. Further details of the scheme are outlined in Note 31.

22. General Fund

The General Fund represents the total assets less liabilities of each of the entities within the accounting boundary, to the extent that the total is not represented by other reserves and financing items.

	Note	2005-06		2004-05	
		Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Balance at 1 April		662,902	673,417	639,401	647,322
Net Parliamentary Funding					
Drawdown for current year		(112,932)	2,947,317	(81,098)	2,786,827
Drawdown for prior year		2,495	2,495	25,239	25,239
Settlement of prior year debtor		(2,494)	(2,494)	(25,239)	(25,239)
Year end adjustment					
Supply (Creditor)/ debtor – current year	20,18	(6,480)	(6,480)	2,494	2,494
Net Transfer from Operating Activities					
Net Operating Income/ (Cost)		49,508	(3,009,847)	69,413	(2,798,217)
CFERS repayable to Consolidated Fund	5	(5,739)	(5,739)	(21,110)	(21,110)
Non-Cash Charges					
Cost of Capital	11	53,963	54,771	45,083	46,148
Notional costs - Auditors' remuneration		81	206	81	203
Notional costs - other		6,647	7,364	4,792	5,464
Transfer from Revaluation Reserve	23	7,763	7,763	3,856	3,858
Fixed Assets		(16)	(157)	(10)	428
Balance at 31 March		655,698	668,616	662,902	673,417

Under the Reinvestment and Reform Initiative loans were made available to the Northern Ireland Block. These loans were paid to Departments as increased supply via the NI Consolidated Fund. In order to make interest repayments on these loans the NI Consolidated Fund must annually retain an amount of supply that would otherwise be issued to Departments. For 2005-06 a further £5,495,896 was due to the Department but was not actually issued in order to pay for the interest on loans applicable to this Department. This interest charge has been included in the net cash requirement of the Department.

23. Revaluation Reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Balance at 1 April	40,633	49,619	14,347	19,840
Arising on revaluation during the year (net)	3,689	4,247	30,142	33,637
Transferred to general fund in respect of realised element of revaluation reserve (-)	(7,763)	(7,763)	(3,856)	(3,858)
Balance at 31 March	36,559	46,103	40,633	49,619

24 Notes to the Consolidated Cash Flow Statement

24(a) Reconciliation of operating cost to operating cash flows

	Note	2005-06 £000	2004-05 £000
Net operating cost	13	(3,009,847)	(2,798,217)
Adjustments for non-cash transactions	10,11,12	107,885	69,964
Decrease/(increase) in Stock	17	3	(3)
Decrease in Debtors	18	9,639	14,372
<i>less movements in debtors relating to items not passing through the OCS</i>		(3,932)	(22,745)
Increase in Creditors	20	7,486	14,284
<i>less movements in creditors relating to items not passing through the OCS</i>	20	4,618	1,750
Use of provisions	21	(13,840)	(16,109)
Impairment of investments	16	3,216	12,121
Net cash outflow from operating activities		(2,894,772)	(2,724,583)

24(b) Analysis of capital expenditure and financial investment

	Note	2005-06 £000	2004-05 £000
Tangible fixed asset additions (-)	14	(10,057)	(7,755)
Intangible fixed asset additions (-)	15	(1,290)	(575)
Proceeds of disposal of fixed assets		13,644	9,715
Loans to other bodies (-)	16	(49,612)	(72,182)
Repayment of loans from other bodies	16	19,366	16,298
Net cash outflow from investing activities		(27,949)	(54,499)

24(c) Analysis of capital expenditure and financial investment by Request for Resources

	Capital expenditure £000	Public Dividend Capital £000	Accruing Resources £000	Net total £000
Request for resources A	12,140	49,612	(31,572)	30,180
Request for resources B	-	-	-	-
Net movement in debtors/creditors	(793)	-	(1,438)	(2,231)
Total 2005-06	11,347	49,612	(33,010)	27,949
Total 2004-05	8,330	72,182	(26,013)	54,499

24(d) Analysis of financing

	Note	2005-06 £000	2004-05 £000
From the Consolidated Fund (Supply) – current year	22	2,947,317	2,786,827
From the Consolidated Fund (Supply) – prior year	22	2,495	25,237
Net financing		2,949,812	2,812,064

24(e) Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	Note	2005-06 £000	2004-05 £000
Net cash requirement		(2,946,333)	(2,791,402)
From the Consolidated Fund (Supply) – current year	24(d)	2,947,317	2,786,827
From the Consolidated Fund Supply – prior year	24(d)	2,495	25,237
Amounts due to the Consolidated Fund - received in prior year and paid over in current year		(16,000)	(17,253)
Amounts due to the Consolidated Fund – received and not paid		6,441	16,000
Amounts received and paid on behalf of other Departments		-	(11,370)
Amounts received by other Departments and paid on behalf of DHSSPS		10,045	-
Interest on RRI loans paid by the Consolidated Fund on behalf of Department	11	5,496	2,083
Increase/(decrease) in cash		9,461	10,122

The amount of £5,495,896 of grant due to the Department has not actually been issued to the Department. Instead this amount has been used by the NI Consolidated Fund to pay for interest on loans made under the Reinvestment and Reform Initiative.

These loans were used to increase the supply monies available to the Department for investment in this year and in prior years.

25. Notes to the Consolidated Statement of Operating Costs by Departmental Aim and Objectives

Programme grants and other current expenditures have been allocated as follows:

	2005-06 £000	2004-05 £000
Objective 1	3,359,006	3,131,679
Objective 2	71,227	67,694
Total	3,430,233	3,199,373

The 2004-05 figures have been adjusted to include the cost of capital in 2004-05 of £45,083k; this was previously classified as an administration cost.

Capital Employed by Departmental Aim and Objectives at 31 March 2006

	2005-06 £000	2004-05 £000
Objective 1	714,719	723,036
Objective 2	-	-
Total	714,719	723,036

26. Capital commitments

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Contracted capital commitments at 31 March for which no provision has been made	-	-	-	-

27. Commitments under leases

27.1 Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2005-06		2004-05	
	Core Department £000	Consolidated £000	Core Department £000	Consolidated £000
Obligations under operating leases comprise:				
Land and buildings:				
Expiry within 1 year	3	3	92	92
Expiry after 1 year but not more than 5 years	-	-	-	-
Expiry thereafter	-	-	-	-
	3	3	92	92
Other:				
Expiry within one year	29	29	50	50
Expiry after 1 year but not more than 5 years	142	144	186	188
Expiry thereafter	-	-	-	-
	171	173	236	238

27.2 The Department has no finance leases

28. Commitments under PFI contracts

The Department has no commitments under PFI contracts

29. Other financial commitments

The Department has no other financial commitments

30. Financial Instruments

The Department holds no financial instruments.

31. Contingent liabilities disclosed under FRS 12

Clinical Negligence Claims

The Department has contingent liabilities of £18,219k representing Trust and Board clinical negligence incidents. Other clinical negligence claims could arise in the future due to incidents which have already occurred. The expenditure which may arise from these claims cannot be determined as yet.

In addition to the above contingent liability, the provision for clinical negligence is given in note 21.

Outstanding Grant Letters of Offer

The Department administers grant funding of a number of local development and community bodies. Letters of Offer have been issued to these bodies and are conditional upon them fulfilling certain conditions. As at 31 March 2006 offers totalling £16,635k had been made representing the maximum outstanding potential liability in this area.

Hepatitis C

In January 2004 the Minister announced details of the Hepatitis C payment scheme to provide financial assistance (ex-gratia payments) on compassionate grounds to those persons whose Hepatitis C infection was found to be attributable to HPSS treatment with blood or blood products before September 1991.

The Department has included a provision of £634k in note 21, representing the remaining amount of the initial lump sum payable to all identified eligible recipients and also sums payable to recipients who have developed more advanced stages of the illness and have made a second claim.

Further payments may also be due to those individuals developing more advanced stages of the illness who have not yet made a second claim. Payments due are dependent on the severity of each individual case. An estimate of the financial effect of these additional payments to the Department at 31 March 2006 is £1,000k.

Agenda for Change Travel Expenses

The Department has a contingent liability of £2.7m representing the cost of providing the full package of mileage allowances for domiciliary care workers as a result of Agenda for Change. Discussions are currently ongoing with staff representatives and an offer is under consideration.

Review of Public Administration

It is expected, but yet unquantified, that further early retirement / redundancy costs will be incurred, over the later stages of the RPA implementation process, in the area of shared services focussing on administration and clerical staff as well as further middle management restructuring.

In addition to the above contingent liability, a provision for RPA has been included in note 21.

32. Contingent liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability purposes

There are no other contingent liabilities in addition to those required to be disclosed under FRS12.

33. Losses and special payments

33(a) Losses Statement

Each year significant amounts of waivers and remissions of National Insurance contributions are written-off. Most are reported in the NIF account, but a small proportion is attributed to the health programme and reported in the Resource Account. The figure for 2005-06 was £1,609k (2004-05: £1,269k).

	2005-06 No. of cases	2005-06 £000	2004-05 £000
Total	2,485	1,663	1,308
Cash losses	52	4	32
Claims abandoned	32	1	1
Administrative write-offs	2,294	1,609	1,269
Fruitless payments	23	27	2
Store Losses	84	22	4

33(b) Special Payments

	2005-06 No. of cases	2005-06 £000	2004-05 £000
Total	117	5,209	6,579
Details of cases over £250,000			
Southern Health and Social Services Board			
Medical Negligence Case			
Complications following an appendectomy		579	-

33(c) Other notes

The Central Services Agency, on behalf of the Health and Social Services Boards, handles payments to contractors providing Family Practitioners Services. The total potential Northern Ireland loss due to patients incorrectly claiming exemption from charges for 2005-06 has been estimated to fall within the range £8.0m to £10.2m (2004-05: £8.2m to £10.3m).

34. Related-party transactions

The Department of Health, Social Services and Public Safety is the parent of Health Estates Executive Agency and the Health and Social Service bodies, listed at annex A and sponsors those bodies listed at Annex B. These bodies are regarded as related parties with which the Department has had various material transactions during the year.

In addition, the Department has had a small number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Department of Finance and Personnel.

None of the board members, key manager or other related parties has undertaken any material transactions with the Department during the year.

35. Third-party assets

The Department has no third party assets.

36. Entities within the Departmental boundary

The entities within the boundary during 2005-06 are listed at Annex A.

Annex A

Entities within the Departmental Boundary

The accounts of the following bodies have been consolidated in the group accounts of the Department:

Non-agency parts of the Department

- **Primary, Secondary and Community Care Group**

This Group deals with the operational issues relating to the commissioning and delivery of services in the Health and Personal Social Services. It maintains a close relationship with the various bodies making up the HPSS and works with them to ensure that they operate within the policy framework set by Ministers.

- **Resources and Performance Management Group**

This Group negotiates and has management of financial resources for the HPSS, Departmental staffing policy and resources and internal audit arrangements for the Department. It also deals with the collection and provision of information and analysis on HPSS matters and is responsible for monitoring and management of the performance of the HPSS.

- **Strategic Planning and Modernisation Group**

This Group has responsibility for strategic management and planning issues for the HPSS. It is responsible for the reform of HPSS organisational structures and the HPSS Service Improvement Programme. It manages the capital development programme and provides strategic direction on HR. It also has responsibility for IT services for the HPSS and the Department, public safety (including ambulance and fire services), consultation on the regional strategy for health and social well-being, and overall co-ordination of New TSN, equality and Human Rights.

- **Public Health, Medical and Allied Group**

The Public Health, Medical and Allied Group, led by the Chief Medical Officer, provides advice and specific medical services for the Department, the wider NICS, and the Prison Service. This Group is also responsible for the public health business area, comprising the Investing for Health initiative; health protection; health promotion; and strategies on smoking, drugs and alcohol.

- **Social Services Inspectorate (including Child Care Directorate)**

The Social Services Inspectorate, under the leadership of the Chief Inspector, provides advice and support to Ministers, the Department, other Government Departments and agencies in the field of Social Care. An Annual Inspection Programme across a range of services and providers is carried out for the Department and the Northern Ireland Office. The Inspectorate also carries responsibility for policy on social work and social care training and education including the disbursement of postgraduate social work bursaries and other training support funding linked to the PSS Training Strategy. Child Care Directorate has responsibility for the development and review of policy and legislation relating to specific aspects of the health and social care of children in Northern Ireland.

- **Nursing and Midwifery Advisory Group**

The Nursing and Midwifery Advisory Group, led by the Chief Nursing Officer, is responsible for advising the Department, the wider NICS and the Prison Service on all aspects of policy which affect nursing, midwifery and health visiting, education and services.

- **Dental Services Group**

Dental Services Group, led by the Chief Dental Officer, provides advice on oral health to the Department, the wider NICS and other bodies and agencies. Monitoring of dental treatment provided by general dental practitioners is carried out by the Referral Dental Service. It also delivers direct dental services to the Prisons and Young Offenders Centre.

- **Pharmaceutical Advice and Services Group**

The Pharmaceutical Advice and Services Group, led by the Chief Pharmaceutical Officer, is responsible for the provision of

specialist advice in respect of medicines and pharmaceutical services. It also has responsibility for medicines legislation, including inspection and enforcement under that legislation pertaining to both human and veterinary medicines.

Executive Agencies

- **The Northern Ireland Health and Social Services Estates Agency**

Health Estates, established as an Agency in October 1995, determines policy on estate issues in relation to the delivery of health and social care. The Agency's task is to provide professional and technical advice, guidance and support on estate matters, at both strategic and operational levels, to the various bodies charged with responsibility for the Health and Social Services (HSS) estate. It also provides a range of executive consultancy services, principally in the disciplines of architecture, mechanical and electrical engineering, quantity surveying and site inspection and manages the contract for the treatment and disposal of clinical waste for the whole of Ireland.

Health and Social Services Bodies

- Northern Health and Social Services Board
- Eastern Health and Social Services Board
- Southern Health and Social Services Board
- Western Health and Social Services Board
- Northern Health and Social Services Council
- Eastern Health and Social Services Council
- Southern Health and Social Services Council
- Western Health and Social Services Council

The four **Health and Social Services (HSS) Boards**, as agents of the Department, commission health and personal social services for their resident populations from a range of providers, including HSS Trusts, and voluntary and private sector bodies.

There are four **Health and Social Services Councils**. These are statutory bodies funded by the Department and independent of the Health and Social Services Boards. They represent the interests of the public and users of health and social services.

Non-Executive Non-Departmental Public Bodies

- Distinction and Meritorious Service Awards Committee
- Poisons Board
- Mental Health Review Tribunal for Northern Ireland
- Registered Homes Tribunal
- Tribunal Under Schedule 11 to the HPSS (NI) Order 1972

Annex B

Entities Outside The Departmental Boundary

The Minister also had some degree of responsibility for the following bodies during the year:

Health and Social Services Trusts

- Altnagelvin Hospitals HSS Trust
- Armagh and Dungannon HSS Trust
- Belfast City Hospital
- Causeway HSS Trust
- Craigavon and Banbridge Community HSS Trust
- Craigavon Area Hospital Group HSS Trust
- Down Lisburn HSS Trust
- Foyle HSS Trust
- Green Park HSS Trust
- Homefirst Community HSS Trust
- Mater Infirmorum Hospital HSS Trust
- Newry and Mourne HSS Trust
- North and West Belfast HSS Trust
- Northern Ireland Ambulance Service HSS Trust
- Royal Group of Hospitals and Dental Hospital HSS Trust
- South and East Belfast HSS Trust
- Sperrin Lakeland HSS Trust
- Ulster Community and Hospitals HSS Trust
- United Hospitals HSS Trust

The **Health and Social Services Trusts** are the main providers of health and personal social services and work within the commissioning arrangements agreed with HSS Boards. They have responsibility for the management of staff and services of hospitals and other health and personal social services establishments. Although managerially independent, Trusts are accountable to the Minister. There are 19 Trusts in Northern Ireland. Some of the Trusts provide hospital services only, some, uniquely in the UK, community and personal social services only, and some, both services. One Trust, the NI Ambulance Service Trust, provides ambulance services for the whole of Northern Ireland.

Health and Personal Social Services Agencies and Special Agencies

- **Northern Ireland Blood Transfusion Service** (Special Agency) - supplies blood and blood products and related clinical services to all hospitals and clinical units.
- **Northern Ireland Central Services Agency** (Special Agency) - supports the wider HPSS in the areas of Corporate Human Resource and Finance Services, Family Practitioner Services, Legal Services, Regional Supplies, Research and Development, Fraud Investigation and the Northern Ireland Centre for Healthcare and Co-operation (NICARE).
- **Northern Ireland Guardian ad Litem Agency** (Special Agency) - establishes and maintains a panel of guardians who are appointed by the courts to safeguard the interests of children in proceedings specified under the Children (NI) Order 1995 and the Adoption (NI) Order 1987.
- **Northern Ireland Health Promotion Agency** - advises the Department on matters related to health promotion and takes the lead in regional health promotion campaigns
- **Northern Ireland Medical and Dental Training Agency** - oversees the postgraduate education and training of doctors and dentists. It is also responsible for the development and delivery of vocational training and continuing medical education for General Practitioners and General Dental Practitioners.
- **Northern Ireland Regional Medical Physics Agency** - provides scientific, technical and clinical support in the application of physics and engineering to the health care provided by the HPSS bodies.

Executive Non-Departmental Public Bodies

- **Mental Health Commission for Northern Ireland** - an independent body drawn from the legal, medical, nursing, social work and psychology professions, together with lay people is charged with the duty of keeping under review the care and treatment of persons suffering from mental disorder.
- **Northern Ireland Regulation, Quality and Improvement Authority** - is a new independent organisation which commenced operation on a phased basis from April 2005. HPSSRIA has two main functions: inspection of the services provided by the HPSS in Northern Ireland and regulation of specified health and social care services provided by the HPSS and independent sector.
- **Northern Ireland Social Care Council** - is responsible for developing, promoting and regulating social work and social care education and training. It is also responsible for regulating the social care workforce.
- **Northern Ireland Practice and Education Council for Nursing and Midwifery** - seeks to support the best performance of nurses and midwives in all contexts, through developing their practice and enhancing their education.
- **Northern Ireland Fire Authority** - is responsible for providing regional fire services that meet the national standards of fire cover and for implementing the Department's fire safety policy.

