



*National Treatment Agency  
for Substance Misuse*

# National Treatment Agency Annual Accounts 2008/2009

Presented to Parliament pursuant to Schedule 15  
of the National Health Service Act 2006

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# ANNUAL REPORT

## NTA Business activities, Board membership and Governance

The accounts for the year ended 31 March 2009 have been prepared in accordance with the direction given by the Secretary of State under Schedule 15 of the National Health Service Act 2006 and in a format as instructed by the Department of Health (DH) with the approval of the Treasury.

### Nature of the NTA business and its Aims, Objectives and Activities

The National Treatment Agency for Substance Misuse (NTA) is a Special Health Authority within the NHS, established by Government on 1 April 2001 to improve the availability, capacity and effectiveness of treatment for drug misuse in England.

The NTA is the delivery agent for the treatment aim in the Government's strategy and is responsible for the delivery of the Department of Health's Public Service Agreement, which requires a 1% per year growth in the number of Problem Drug Users in effective treatment. The NTA Head Office was located at Hercules House in North Lambeth, London but moved to Skipton House, Elephant & Castle, London in mid March 2009. In addition the NTA has regional teams operating from the nine Government Office Regions throughout England.

### Accounting Officer's Responsibilities

As Accounting Officer the Chief Executive has responsibility for maintaining sound systems of internal control which support the achievement of the NTA's policies, aims and objectives, whilst safeguarding public funds and departmental assets for which he is personally responsible. These responsibilities are set out in the HM Treasury document, Managing Public Money.

### Corporate Governance and Risk Management

The NTA is committed to ensuring the highest standard of corporate governance. The NTA Board has the responsibility for defining strategy and ensuring resources are allocated to ensure the delivery of the NTA objectives. The NTA has a Risk Management Policy and Strategy approved by the Board. Key risks are set out in the NTA's strategic and corporate risk register. The risk management process is embedded within the NTA through regular discussion in the Audit and Risk Committee, senior management team meetings and regular management meetings across directorates.

### Membership of the Board, Audit and Risk (A & R) Committee & Human Resources (HR) Committee

#### **Executive and Non-Executive Directors of the NTA Board**

#### **Executive Directors of the NTA**

P Hayes	Chief Executive
A Dale-Perera	Director of Quality
J Hibbs	Director of Communications
S Hodges	Director of Corporate Services
R O'Connor	Director of Delivery

## Non-Executive Directors (NED) of the NTA

D Massey	Chair (also Chair of HR Committee)
A Buck	NED (also A & R Committee)
A Comley	NED (also A & R Committee)
K Davies	NED (also A & R & HR Committees)
G Haynes	NED (also A & R & HR Committees)
P McDermott	NED (also A & R Committee)
K Patel	NED (also HR and Chair of A & R Committee) <i>until 20 October 2008</i>
G Scally	NED
T Williams	NED (also HR Committee) <i>until 9 July 2008</i>

Details of remuneration can be found in the remuneration report below. Details on pension liabilities and statements of the pension scheme can be found in section 1.8 of the accounting policies within the accounts.

## Register of Interests

The NTA maintains a Register of Interests for Executive and Non-Executive Directors. This is maintained by the NTA and updated regularly and is available to the public. Where any decisions are taken which could give rise to a possible or perceived conflict of interest, Executive or Non-Executive Directors will make a declaration of interest. At the Chair's discretion he or she may be asked to withdraw for the duration of any discussion of the item.

Where possible conflicts of interest have or could be perceived to have arisen during the period 1 April 2008 to 31 March 2009, declarations of interest were made at the relevant meeting and were minuted.

Significant interests registered by Executive and Non-Executive Directors which may conflict with their management interests are as follows;

- D Massey** – Labour working peer
- A Buck** – Rotherham Primary Care Trust
- A Comley** – Head of Community Safety and Drugs Strategy – Bristol City Council
- K Davies** – Director of Nottinghamshire County Drugs and Alcohol Action Team, Director of Community Engagement, University of Central Lancashire
- K Patel** – Labour peer, Director for Centre for Ethnicity and Health, University of Central Lancashire, Chair of Prison Drug Treatment Strategy Review Group
- G Scally** – Regional Director of Public Health for the South West

## Risk Management

The NTA's risk management and internal control systems are the responsibility of the Executive Management Team who report key organisational risks to the Audit and Risk Committee and the Board. The key risks are then monitored through the Corporate Strategy, Business Plans and resultant work plans across NTA directorates. As part of the risk assessment, ownership of each key risk is identified by Executive Directors and communicated to the responsible teams.

Executive directors have responsibility for monitoring and managing risks within their respective directorates. The NTA Strategic and High Risk Register is updated regularly and each year there is a comprehensive refresh of all Directorate Risk registers. The aim is to ensure that risks are identified and appropriate action plans are in place to mitigate any risks identified.

## Equal Opportunities

The NTA is committed to action to ensure equal access to relevant and appropriate drug treatment services for the whole population; the eradication of unlawful discrimination and the promotion of equal opportunities with respect to ethnicity, age, culture, gender, sexuality, mental ability, mental health, geographical location, offending background, physical ability, political beliefs, religion, health or status or any other specific factors which result in discrimination.

## Staff Resources

During 2008-09 the NTA employed an average of 184 full-time equivalent staff. These include permanent, agency and fixed term contract staff. The NTA Head Office is based in London with approximately 100 staff based at premises in the Elephant and Castle. NTA Regional staff are based in 9 locations within government regional offices.

The NTA managerial structure operates through 4 Directorates; Communications; Corporate Services; Delivery and Quality.

## Employee Consultation

The NTA is committed to consulting and advising its staff on relevant issues which may have an impact on them. It does this through consultation with appointed staff representatives and through regular meetings with representatives as well as through newsletters, the NTA Intranet and electronic mail.

## Better Payments Practice Code

The Better payments practice code target is to pay non-National Health Service (NHS) trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been agreed. In 2008-09, 94.0 percent of bills, representing 94.8 percent by value, were paid within the target. For NHS bills, the corresponding figures were 68.8 per cent of bills representing 75.4 per cent by value were paid within the target. The NTA used the NHS Shared Business Services Limited in 2008-09 to process payments on the NTA's behalf.

## Sustainable Development

Work on the NTA's environmental sustainability continued in 2008-09 and was a key consideration in the process of relocation to Skipton House. In the light of the move, the presentation of the Sustainable Development report to the Board and the implementation of the action plan have been postponed to allow for information regarding the new premises to be collected and incorporated into the planning process. The revised report will be presented to the Board in early 2009-10 and the action plan will be implemented later in the year.

## Information Governance

The NTA is in the process of implementing the requirements and recommendations of the Information Governance Assurance Programmes (IGAP). The NTA progress towards full compliance with the requirements of IGAP Regular returns are provided as part of the monitoring process.

There were no serious untoward incidences involving data within the NTA in 2008-09.

## Sickness Absence

The NTA monitors sickness absence levels for its staff on a quarterly basis. This is then reported to the NTA Senior Management Team. In addition the NTA reports on sickness absence levels through the quarterly Balanced Scorecard report provided for the regular accountability meetings of the sponsor department and other key stakeholders. Sickness absence levels within the NTA were an average of 4 days per member of staff in 2008-09.

## International Financial Reporting Standards

Government bodies will adopt International Financial Reporting Standards (IFRS) from the reporting period 2009-10. This means that the NTA's 2008-09 balances and results will need to be re-calculated on an IFRS basis to permit the presentation of IFRS adjusted comparators in the 2009-10 accounts. The NTA has therefore re-calculated the 1 April 2008 balance sheet in IFRS terms to allow re-calculation of 2008-09 figures.

The Treasury has issued the IFRS Financial Reporting Manual, which gives guidance on the implementation of IFRS in the NHS.

The agency has therefore taken the necessary steps to ensure that NTA is adequately prepared for the adoption of IFRS in 2009-10.

## Management Commentary

The delivery of timely, effective treatment has been the core business of the NTA since its creation in 2001. Effective, well-delivered treatment, improves the health and social functioning of individual drug misusers, reduces the risks to public health resulting from the spread of blood-borne viruses e.g. HIV or hepatitis and significantly improves the safety of communities by reducing re-offending amongst drug misusing offenders

The creation of a treatment system fit for purpose to deliver these societal benefits demands that the NTA works in partnership with colleagues on a national, regional and local level. These key stakeholders include:

- the Department of Health (DH), the Home Office (HO), the Department for Children, Schools and Families (DCSF), National Offender Management Service (NOMS), drug treatment service user and carer umbrella groups, royal colleges (e.g. the Royal College of Psychiatrists and the Royal College of General Practitioners), researchers and academics.

The NTA's task is to ensure that:

- the local partnerships charged with delivering drug treatment in the 149 local authority areas in England – usually, drug action teams (DATs), or crime and disorder-reduction partnerships (CDRPs) – understand the needs of their population and create a treatment system able to match that need;
- treatment providers deliver high quality, evidence-based treatment that is readily accessible and appropriate to the needs of the service users;
- service users have appropriate access to services that support, consolidate and sustain the benefits of treatment e.g. access to employment, education and housing provided by agencies that are not part of the formal treatment system;
- management information is available about the operation of the drug treatment system to enable partnerships, providers and the NTA to be held accountable by service users, communities and government;

- service users and their carers have an appropriate role in determining their own treatment goals and influence over the shaping of policy; and
- the different treatment needs of young people are understood, and the contribution of mainstream children's and young people's services to meeting their needs is recognised and owned locally, ensuring that an integrated system of support, treatment and associated intervention is available for young people with substance misuse problems or at risk of developing substance misuse problems.

The NTA's work over the next three years needs to be seen in the context of the delivery of the government's new 10 year drug strategy '**Drugs: protecting families and communities**'. The strategy builds on the successes of its predecessor in reducing overall levels of drug use, expanding and improving the treatment system and reducing drug related crime.

In addition to actions to sustain these improvements, the strategy indicates significant shifts in emphasis and prioritisation, made possible, in part, by the achievements of the previous ten years.

Reflecting the conclusions of the Advisory Council on the Misuse of Drugs (ACMDs) "Hidden Harm" report there is recognition that the potential for parental substance misuse to damage the life opportunities of their children may have received insufficient priority in the previous strategy. Reducing the negative impact of parental drug use on families will therefore be a key priority for the new strategy and the treatment system will be crucial to delivering this.

Alongside the emphasis on families there will be a stronger role for communities maximising their potential contribution to influencing and shaping their local environment. The role of carers of those in treatment will need to be at the core of this.

Although the strategy acknowledges the significant improvements that have occurred in the treatment system, it identifies a new set of ambitions for treatment. The treatment system will have to become more focused on the individual, responding to each service user's needs, tailoring packages of care which meet personal needs rather than routine, "one size fits all" provision. Part of this will include greater emphasis on treatment completion and exit, so that all those who are able to leave the treatment system and sustain an independent life are encouraged to do so as swiftly as possible. However, the strategy explicitly recognises that this will not be possible for all and treatment therefore needs to be able to continue to respond appropriately to those who will need to be supported in treatment for longer periods, which for some may be many years.

The strategy recognises that treatment in isolation from effort to address other aspects of individuals' lives is unlikely to deliver sustainable change. Improving the employability of those in treatment and helping them benefit from the dignity, respect, discipline and opportunities that flow from work is one of the key messages of the strategy. As part of this, drug misusers will be encouraged to accept their responsibility as citizens to contribute to society through work, if they are capable of doing so.

The provision of drug treatment in prison is recognised by the strategy as not having improved to the same extent as treatment in the community. The NTA will work with National Offender Management Service (N.O.M.S) colleagues to address this deficit.

The success of the past few years and the aspirations of the current strategy are built on a variety of funding streams and regulatory structures which have evolved to support different initiatives. The strategy commits government and its agencies to examine current funding and accountability, reducing bureaucracy and introducing flexibility whenever possible in order to deliver best value for the tax payer and focus resources on service users and communities.

The drug strategy's aims will be given effect through the government's three year Public Services Agreement for 2008-11. The key target for the NTA is P.S.A. 25 Indicator 1 which requires a 1% per year growth in the numbers of Problem Drug Users in effective treatment. The NTA's performance against the target agreed with government will be reported in the autumn. Provisional reports for 2008-09 suggest that:

- Over 163,000 Problem Drug Users were in effective treatment in the 12 months to February 2009, exceeding the P.S.A. target for 2008/09 by 6,000.
- A total of 209,000 individuals were in contact with the treatment system, 6,000 more than in the previous year.
- The rate of inappropriate early drop out from treatment fell from 21% in February 2008 to 17% in February 2009.
- 95% of individuals accessed treatment within 3 weeks of referral, a 2% increase on 2008 performance.
- 30,000 individuals completed treatment satisfactorily in the 12 months to February 2009 compared to 25,000 in the previous year.

## Financial Performance

The NTA is allocated Revenue and Capital Resource limits annually by the DH. The NTA also receives funding through the Home Office to cover costs associated with the Drug Interventions Programme. In addition, funding has been provided jointly by the Home Office and DH for work on System Change Pilots. Further funding was also provided by the DH for a number of projects managed by the NTA in 2008-09. In 2008-09 the net resource outturn was £11,549,000 against a Revenue Resource limit of £11,699,000 resulting in an underspend of £150,000. Capital expenditure was £415,000 against a resource limit of £552,000. As a consequence, the NTA has achieved its financial duties in relation to the Capital Resource and Revenue Resource limit.

## Name of auditor

The accounts have been audited by the National Audit Office (NAO) which is appointed as the NTA's external auditors. The NAO's Comptroller and Auditor General has carried out the statutory audit on NTA accounts in 2008-09 and has reported accordingly to the NTA Board and Audit and Risk Committee throughout the 2008-09 financial year. The NAO remuneration for audit work in 2008-09 does not include any amounts for non audit work.

The NTA Internal Audit is provided by RSM Bentley Jennison.

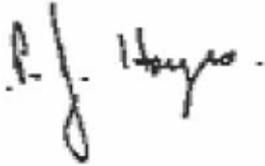
The accounts have been certified by the Comptroller and Auditor General in accordance with the National Health Service Act 2006. The audit certificate is on pages 17 to 18.

## Political and Charitable Donations

The NTA made no political or charitable donations during the year.

## Audit Assurance Statement

The Accounting Officer has taken steps to ensure that he is aware of any relevant audit information and to ensure that the NTA auditors are aware of that information. As far as the Accounting officer is aware, there is no relevant audit information of which the NTA auditors are unaware.

A handwritten signature in black ink, appearing to read "P. Hayes". The signature is written in a cursive style with a long, sweeping underline.

**Paul Hayes**  
Chief Executive  
15 June 2009

# REMUNERATION REPORT 2008-09

## 1. Introduction

This report covers the position of the Senior Managers of the NTA. Senior Managers can be described as those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NTA. This means those who influence the decisions of the NTA as a whole, rather than the decisions of individual directorates or departments.

For the purposes of this Remuneration Report, it covers the position of the Executive and Non-Executive directors.

The disclosures in this remuneration report have been provided with their explicit written consent.

## 2. Membership of the Board, Audit and Risk (A & R) Committee & Human Resources (HR) Committee

### Executive and Non-Executive Directors of the NTA Board

#### Executive Directors of the NTA

P Hayes	(Chief Executive)
A Dale-Perera	(Director of Quality)
J Hibbs	(Director of Communications)
S Hodges	(Director of Corporate Services)
R O'Connor	(Director of Delivery)

#### Non-Executive Directors (NEDs) of the NTA

D Massey	(Chair) (also Chair of HR Committee)
A Buck	(NED) (also A & R Committee)
A Comley	(NED) (also A & R Committee)
K Davies	(NED) (also A & R & HR Committees)
G Haynes	(NED) (also A & R & HR Committees)
P McDermott	(NED) (also A & R Committee)
K Patel (until 20:10:08)	(NED) (also HR Committee & Chair of A & R Committee)
G Scally	(NED)
T Williams (until 09:07:08)	(NED) (also HR Committee)

## 3. Statement of NTA policy on the remuneration of senior managers

Senior Managers in the NTA are paid in accordance with the terms and conditions for Senior Managers' posts as set out in H5C 1998/017 and subsequent amendments.

On 17 June 2008, a letter from the Department of Health (Gateway Reference 9980) confirmed that pay for Very Senior Managers would rise by 2.2% from 1 April 2008. The same award was made for Chairs and other non executive members of Special Health Authorities.

In July 2007 the Department of Health issued a revised pay framework for Very Senior Managers (VSMs) within Strategic and Special Health Authorities, Primary Care Trusts and Ambulance Trusts. The revised arrangements covered Chief Executives, Executive Directors and senior managers with Board level responsibilities who report directly to the Chief Executive. The new arrangements placed Chief Executives on one of three pay ranges with Executive Directors pay paid at a percentage of the Chief Executives range. The revised arrangements prescribe payments relating to recruitment and retention payments, annual uplifts and performance bonus schemes.

The NTA Board and Arms Length Body Performance Oversight Committee (PAPOC) agreed revised pay arrangements for NTA VSMs in 2007-08 and these have been implemented in line with the revised framework. The agreement sets Executive Directors pay at 65% of the mid point of the Chief Executives' pay range and included a Recruitment and Retention supplement placing Executive Directors at 75% of the Chief Executives' mid point. This agreement was implemented in May 2008 (backdated to 01 October 2007).

The VSM framework includes provision for performance bonus. This is based on organisational targets and performance. Organisational targets have been set by the Board for the organisation and these have been agreed with the Department of Health. Performance payments have been agreed which are conditional on these targets being met.

Arrears of pay and Performance Related Pay for this period and retrospective payments backdated to October 2007 have been included in the "Salaries and Allowances" column in the table below.

#### **4. Duration of contracts, notice periods and termination periods for Senior Managers**

Each Executive Senior Manager within the NTA is employed on a 'permanent' contract of employment that commenced prior to 1 April 2007. The contracts provide for the provision of a notice period of three months on either side, with the exception that the period of notice may be waived in the case of gross misconduct. Non-Executive Directors are appointed for a three year period which may be extended to a maximum of 10 years by agreement with the Secretary of State for Health.

#### **5. Remuneration of senior managers during 2008-9**

The remuneration relating to all senior managers in post during 2008-9 is detailed in the tables below, which identify the salary, other payments, allowances and pension benefits applicable to both Executives and Non-Executives and are subject to audit.

#### **6. Director of Communications**

The holder of this post during 2008-09 was seconded for the entire year from the Department of Health and is not included in the Salaries and Allowances or Pension Benefit tables.

## Salaries & Allowances

Name and title	2008-09	Benefits in kind (rounded to the nearest £100)	2007-08	Benefits in kind (rounded to the nearest £100)
	Salaries & Allowances (bands of £5,000)		Salaries & Allowances (bands of £5,000)	
P Hayes Chief Executive	130–135	0	125–130	0
A Dale-Perera Director of Quality	100–105	0	85–90	0
S Hodges Director of Corporate Services	100–105	0	85–90	0
R O'Connor Director of Delivery	100–105	0	85–90	0
D Massey Board Chair	20–25	0	20–25	0
A Comley Non-Executive Director	5–10	0	5–10	0
K Davies Non-Executive Director	5–10	0	5–10	0
G Haynes Non-Executive Director	5–10	0	5–10	0
P McDermott Non-Executive Director	5–10	0	5–10	0
K Patel (to 20:10:08) Non-Executive Director	5–10	0	10–15	0
T Williams (to 09:07:08) Non-Executive Director	0–5	0	5–10	0

## Pension Benefits

Name and title	Real	Real	Total	Lump sum	Cash	Cash	Real	Employer's
	increase	increase	accrued	at age 60				
	in pension	in pension	pension at	pension at	Equivalent	Equivalent	increase	contribution
	at age 60	at age 60	age 60 at	31 March	Transfer	Transfer	in Cash	to stake
	(bands of	(bands of	31 March	31 March	Value at	Value at	Equivalent	holder
	£2,500)	£2,500)	2009	2009	31 March	31 March	Transfer	pension
	£000	£000	£5,000)	£5,000)	2009	2008	Value	£000
			£000	£000	£000	£000	£000	
Paul Hayes Chief Executive	0-2.5	5.0-7.5	45-50	135-140	1,099	753	327	0
Annette Dale-Perera Director of Quality	2.5-5	7.5-10	5-10	25-30	165	88	75	0
Stephen Hodges Director of Corporate Services	7.5-10	27.5-30	35-40	110-115	980	432	538	0
Rosanna O'Connor Director of Delivery	2.5-5	7.5-10	5-10	20-25	191	87	103	0

### Notes:

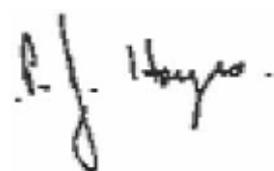
All Executive Directors are members of the NHS Pension Scheme. Non-Executive Directors do not receive pensionable remuneration and are not members of the NHS Pension Scheme. No compensation was payable to former senior managers and no amounts were payable to third parties for the services of senior managers.

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital 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 the 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 their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangements which the individual has transferred to the NHS pension scheme. 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 their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## Real Increase in CETV

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



**Paul Hayes**  
Chief Executive  
15 June 2009

# ANNUAL ACCOUNTS

## STATEMENT OF CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the National Health Service Act 2006 the Secretary of State with the approval of Treasury has directed the National Treatment Agency for Substance Misuse to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Treatment Agency and of its net resource outturn, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the 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 Secretary of State, 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 financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of the Department of Health has designated the Chief Executive as Accounting Officer of the National Treatment Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Treatment Agency's assets, are set out in Managing Public Money published by the Treasury.

# STATEMENT ON INTERNAL CONTROL 2008/09

## NATIONAL TREATMENT AGENCY

### 1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NTA's policies, aims and objectives, whilst safeguarding public funds and departmental assets for which I am personally responsible, as set out in Managing Public Money.

There is a comprehensive reporting and accountability system in place both with the sponsor branch at the Department of Health, the Home Office and other key Government Departments as well as extensive Ministerial engagement to manage key risks. Checks and balances are provided by Internal and External Audit and are overseen by the Board's Audit & Risk Committee.

### 2. 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 organisation's 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 NTA for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### 3. Capacity to handle risk

Risk identification and management is reviewed and monitored by the Board's Committee for Audit and Risk. The formal risk processes were implemented within the agency in 2003-04 and have been reviewed and updated as necessary. The process identifies and registers key risks to the organisation through to the Audit and Risk Committee jointly with Executive Directors. These key risks are then embedded within and monitored through the Corporate Strategy, Business Plans and resultant work plans across the organisation. As part of the risk assessment, ownership of each key risk is identified by the Executive Directors.

Key risks are monitored collectively by the Executive Management Team, with senior managers providing formal reports and presentations on a quarterly basis. Risk reporting to the Board and key stakeholders is embedded within highlight and status reports including a quarterly Balanced Scorecard report provided at regular accountability meetings. This is also submitted regularly where necessary to Ministers or officials and to the Audit and Risk Committee and at Board meetings.

The Agency's Strategic and High Risk Register is updated regularly and each year there is a comprehensive refresh of all Directorate Risk Registers. Training for staff in the use of the risk management software was undertaken in 2008-09 and risk workshops held for the purpose of identifying and assessing risks. Further training will take place in 2009-10.

### 4. The risk and control framework

The Audit and Risk Committee has been engaged in developing, and overseeing the risk management and assurance framework within the Agency. A nominated Director has responsibility for overseeing these processes. Action plans to address gaps in controls and assurance are identified by the various operational and audit functions within the agency and are monitored by the Committee.

A Risk Management Policy and Strategy is in place. However, this is under review and will be updated in mid 2009. The present policy sets out the Agency's approach to risk management and monitoring including objectives. Roles and responsibilities across the organisation are identified; requirements for action planning and the review processes are clearly outlined.

The NTA Internal Auditors undertook a thematic review of Risk Maturity in late 2008. The review identified that the NTA has implemented systems to record and manage its exposure to risk and made improvements to its internal control systems during the past 12 months. A Risk Management software tool is being used across the organisation and includes both strategic and corporate risks as well as directorate risks. Internal audit's assessment of the NTA's current risk maturity status is that on a spectrum of naïve, aware, defined, managed and enabled, the NTA has a clear, defined risk management approach and is very nearly risk managed. A number of recommendations were made, including one substantial; these have been accepted by management. Further work will be undertaken in 2009/10 to implement these recommendations.

The NTA has primary stakeholders at both regional level and at national level. Regionally, they include drug action team commissioners, managers of drug treatment services, carers and families of drug misusers, local government partners including government office for the regions, directors of public health, primary care trusts, criminal justice agencies (including the police, probation and prison services), strategic health authorities and primary care trusts.

At a national level, NTA stakeholders include the Department of Health, Home Office, Ministry of Justice, Department for Children Schools and Families, Healthcare Commission, National Offenders Management Service, drug treatment service user and carer umbrella groups, royal colleges (e.g. the Royal College of Psychiatrists and the Royal College of General Practitioners), researchers and academics.

The NTA Risk Management Policy and Strategy requires communication to be carried out with internal and external stakeholders on the risk management process. At a national level, the regular dual accountability meetings with ministers and senior staff from the Department of Health, Home Office and other appropriate Government Departments provide a critical examination of the NTA approach to risk management.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer contributions and payments into the Scheme are in accordance with Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

The NTA has in place a range of systems which ensure that information maintained by the NTA is secure. The NTA is in the process of implementing the requirements and recommendations of the Information Governance Assurance Programmes (IGAP), and is progressing towards full compliance with the requirements of IGAP. Regular returns are provided as part of the monitoring process. As part of the overall compliance the NTA will develop an updated and more comprehensive Information Risk Policy in early 2009-10. Although a number of policies are in place covering information governance and security the NTA is currently working towards a wider security policy for the organisation, and this will be available in autumn 2009. Internal Audit will be undertaking a review of Information Governance arrangements within the NTA as part of the 2009-10 audit plan.

## **5. 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 organisation 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 head of internal audit provides me with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Executive Managers within the organisation who have responsibility for the development and maintenance of the internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by comments made by the external auditors in their management letter and other reports. A system is in place to address any weaknesses and ensure continuous improvement.

The Audit and Risk Committee meets regularly and reports to the Board on all aspects of financial control, risk management, internal and external audit and financial reporting. The Internal Audit report on Risk Maturity identified that the role of the Audit and Risk Committee is strong and senior managers demonstrate a clear focus on risk management.

Executive Directors have responsibility for monitoring and managing risk within their respective directorates. They are responsible for ensuring that risks are identified and appropriate action plans are in place to mitigate such risks.

Internal Audit ensures the effective operation of internal audit review and reporting. The NTA Internal Auditors, RSM Bentley Jennison undertook seven assurance based reviews in 2008-09. All seven assurance based reviews received a positive assurance opinion, with six receiving a substantial assurance.

The follow up report identified that reasonable progress had been made on dealing with recommendations made in previous reports.

The core financial system reviews focused on the following systems:

- Financial Management and Budgetary Controls
- Income and Debtors
- Payroll

Further audits focused on:

- Training and Development
- Standards and Inspection Assurance
- Travel and Subsistence/ Procurement Cards
- Regional Audits: London, West Midlands and South West
- Risk Maturity – Assurance Framework
- Data Validation
- Follow up of Recommendations

In addition, Internal Audit has provided their Audit Annual Report which comments on the NTA's overall performance over 2008-09 and the Internal Audit Assurance Statement.

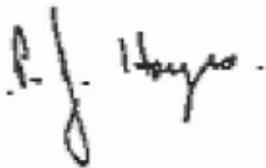
The Head of Internal Audit opinion provided through the Internal Audit Annual Report for the year ending 31 March 2009 is as follows:

*"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of the National Treatment Agency.*

*For the 12 months ending 31 March 2009, based on the work we have undertaken, our opinion regarding the adequacy and effectiveness of National Treatment Agency's arrangements for governance, risk management and control is as follows;*

- *Governance – GREEN*
- *Risk Management – AMBER*
- *Control – GREEN*

The Head of Internal Audit opinion is that NTA has made improvements to its internal control system during the past 12 months. The agency is progressively developing a sound control structure to mitigate its risks, however, further strengthening is required to further improve Risk Management systems. As Accounting Officer, I welcome the acknowledgement of improvements that have been made. In 2009-10 the Executive Management Team will continue to build on these improvements and focus on the improvements required on Risk Management.

A handwritten signature in black ink, appearing to read 'P. J. Hayes'.

**Paul Hayes**  
Chief Executive  
15 June 2009

# NATIONAL TREATMENT AGENCY FOR SUBSTANCE MISUSE

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the National Treatment Agency for the year ended 31 March 2009 under the National Health Service Act 2006. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Agency Chief Executive and auditor**

The Agency and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the National Health Service Act 2006 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited 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 the National Health Service Act 2006 and Secretary of State directions made thereunder. I report to you whether, in my opinion, the information, which comprises the management commentary included in the Annual Report is consistent with the financial statements. 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.

In addition, I report to you if the National Treatment Agency 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 HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the National Treatment Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the National Treatment Agency'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 the management commentary. 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 opinions**

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 Chief Executive and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the National Treatment Agency'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.

## **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the National Health Service Act 2006 and directions made thereunder by the Secretary of State, of the state of National Treatment Agency's affairs as at 31 March 2009 and of its net resource outturn, recognised gains and losses and cash flow 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 the National Health Service Act 2006 and Secretary of State directions made thereunder; and
- information, which comprises the management commentary included within the Annual Report, is consistent with the financial statements.

## **Opinion on Regularity**

In my opinion, 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.

## **Report**

I have no observations to make on these financial statements.

**Amyas C E Morse**  
**Comptroller and Auditor General**

**National Audit Office**  
**151 Buckingham Palace Road**  
**Victoria**  
**London SW1W 9SS**

19 June 2009

## Operating Cost Statement for the year ended 31 March 2009

	Notes	2008-09 £000	2007-08 £000
Programme costs	2.3	18,698	14,517
Operating income	2.2	<u>7,149</u>	<u>3,189</u>
<b>Net operating cost</b>		<u><b>11,549</b></u>	<u><b>11,328</b></u>

## Statement of Recognised Gains and Losses for the year ended 31 March 2009

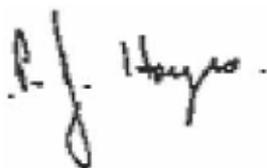
		2008-09 £000	2007-08 £000
Unrealised surplus on the revaluation of fixed assets	3.8	<u>0</u>	<u>4</u>
<b>Recognised gain/(loss) for the year</b>		<u><b>0</b></u>	<u><b>4</b></u>

*The notes on pages 22 to 35 form part of these accounts*

## Balance Sheet as at 31 March 2009

	Notes	31 March 2009 £000	31 March 2008 £000
<b>Fixed assets:</b>			
Intangible assets	3.1	83	26
Tangible assets	3.2	<u>703</u>	<u>707</u>
		<u>786</u>	<u>733</u>
<b>Current assets</b>			
Debtors	3.4	1,452	560
Cash at bank and in hand	4.2	<u>1,777</u>	<u>1,030</u>
		<u>3,229</u>	<u>1,590</u>
<b>Creditors: amounts falling due within one year</b>	3.5	<b>(3,733)</b>	(2,490)
<b>Net current assets/(liabilities)</b>		<u><b>(504)</b></u>	<u>(900)</u>
<b>Total assets less current liabilities</b>		<u><b>282</b></u>	<u>(167)</u>
<b>Provisions for liabilities and charges</b>	3.7	<u><b>0</b></u>	<u>0</u>
<b>Total</b>		<u><u><b>282</b></u></u>	<u><u>(167)</u></u>
<b>Taxpayers' equity</b>			
General Fund	3.9	282	(178)
Revaluation reserve	3.8	<u>(0)</u>	<u>11</u>
<b>Total</b>		<u><u><b>282</b></u></u>	<u><u>(167)</u></u>

*The notes on pages 22 to 35 form part of these accounts*



**Paul Hayes**  
Chief Executive and Accounting Officer  
15 June 2009

## Cash Flow Statement for the year ended 31 March 2009

	Notes	2008-09 £000	2007-08 £000
<b>Net operating costs</b>		<b>(11,549)</b>	<b>(11,328)</b>
Adjust for non-cash transactions	2.3	383	131
Adjust for movements in working capital other than cash	4.1	210	929
(Increase)/decrease in provisions	3.7	0	(80)
<b>Net cash (outflow) from operating activities</b>		<b><u>(10,956)</u></b>	<b><u>(10,348)</u></b>
<b>Capital expenditure and financial investment</b>			
(Payments) to acquire fixed assets		(273)	(560)
Receipts from the sale of fixed assets		0	4
<b>Net cash inflow/(outflow) from investing activities</b>		<b><u>(273)</u></b>	<b><u>(556)</u></b>
<b>Net cash (outflow) from all activities</b>		<b><u>(11,229)</u></b>	<b><u>(10,904)</u></b>
<b>Analysis of Financing:</b>			
From Department of Health (Parliamentary Funding)		11,976	11,933
<b>Increase/(decrease) in cash</b>	4.2	<b><u>747</u></b>	<b><u>1,029</u></b>

*The notes on pages 22 to 35 form part of these accounts*

## Notes to the Accounts

### 1 Accounting Policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual issued by HM Treasury. The particular accounting policies adopted by the Authority are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting Conventions

This account is prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the business by reference to current costs. This is in accordance with directions issued by the Secretary of State for Health and approved by Treasury. Special Health Authorities are not required to provide a reconciliation between current cost and historical cost surplus and deficits.

#### 1.2 Income

The main source of funding for the National Treatment Agency (NTA) is Parliamentary Funding allocations from the Department of Health within an approved cash limit, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which the cash is received.

Income is accounted for applying the accruals convention. Operating income is income which relates directly to the operating activities of the authority. It principally comprises money from the Home Office in connection with the Drug Intervention Programme (DIP). It includes both income appropriated-in-aid of the Vote and income to the Consolidated Fund which HM Treasury has agreed should be treated as operating income. Where income is received, outside of Grant in Aid, for a specific activity which is to be delivered in the following financial year, that income is deferred.

#### 1.3 Taxation

The NTA is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

#### 1.4 Capital charges

The treatment of fixed assets in the accounts is in accordance with the principal capital charges objective to ensure that such charges are fully reflected in the cost of capital. The interest rate applied to capital charges in the financial year 2008/09 was 3.5% (2007/08: 3.5%) on all assets less liabilities, except for cash balances with the Office of the Paymaster General (OPG), where the charge is nil.

#### 1.5 Fixed Assets

##### (a) Capitalisation

All assets falling into the following categories are capitalised:

- (i) Intangible assets where they are capable of being used for more than one year and have a cost, individually or as a group equal to or greater than £5,000.
- (ii) Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred.
- (iii) Tangible assets which are capable of being used for more than one year and they:
  - individually have a cost equal to or greater than £5,000; or



## 1.8 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and a FRS17 accounting valuation every year. An outline of these follows:

### *a) Full actuarial (funding) valuation*

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

### *b) FRS17 Accounting valuation*

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2009, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2009 with summary global member and accounting data.

The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

### **Scheme Provisions as at 31 March 2009**

The scheme is a 'final salary' scheme.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made. From 1 April 2008 a voluntary additional pension facility becomes available,

under which members may purchase up to £5,000 per annum of additional pension at a cost determined by the actuary from time-to-time.

Early payment of a pension is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement, is payable.

#### **Existing members at 1 April 2008**

Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. From 1 April 2008 there is the opportunity of giving up some of the pension to increase the retirement lump sum. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse or eligible unmarried partner.

#### **New entrants from 1 April 2008**

Annual pensions for new entrants from 1 April 2008 will be based on 1/60th of the best three-year average of pensionable earnings in the ten years before retirement. Members wishing to obtain a retirement lump sum may give up some of this pension to obtain a retirement lump of up to 25% of the total value of their retirement benefits. Survivor pensions will be available to married and unmarried partners and will be equal to 37.5% of the member's pension.

#### **Scheme provisions from 1 April 2008**

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website [www.pensions.nhsbsa.nhs.uk](http://www.pensions.nhsbsa.nhs.uk).

### **1.9 Research and Development**

The NTA has no expenditure under this heading.

### **1.10 Leases**

Rentals under operating leases are charged on a straight line basis over the terms of the lease.

### **1.11 Foreign exchange**

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used. Resulting exchange gains and losses are taken to the Operating Cost Statement.

### **1.12 Provisions**

The NTA provides for legal or constructive obligations that 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's discount rate of 2.2% in real terms.

## 2.1 Revenue Resource limit

	2008-09 £000	2007-08 £000
Net operating costs for the financial year	11,549	11,328
Revenue Resource Limit	<u>11,699</u>	<u>11,596</u>
<b>Under/(over) spend against Revenue Resource Limit</b>	<u>150</u>	<u>268</u>

## 2.2 Operating Income

	2008-09 £000	2007-08 £000
Programme income		
Income received from Scottish Parliament	0	8
Income received from National Assembly for Wales	0	3
Income received from other Departments etc <i>*(see note below)</i>	6,959	3,094
Other	<u>190</u>	<u>84</u>
<b>Total operating income</b>	<u>7,149</u>	<u>3,189</u>

### \*Programme

	£000
Randomised Injecting Opioid Treatment Trial (RIOTT)	577
System Change Pilots (DH)	500
Harm Reduction (DH)	700
Integrated Drug Treatment System (DH)	1,664
DIP (Home Office)	2,131
System Change Pilots (Home Office)	500
Other departmental income (including secondments)	<u>887</u>
<b>Total</b>	<u>6,959</u>

## 2.3 Programme costs

	2008-09 £000	2007-08 £000
The expenses of the authorities were as follows:		
Non-Executive members' remuneration	76	80
Other salaries and wages	8,891	8,171
Supplies and Services – General	51	29
Establishment expenses	2,657	1,538
Transport and moveable plant	64	61
Premises and fixed plant	1,090	965
External contractors	<u>5,360</u>	<u>3,470</u>
Capital: Depreciation	283	149
Capital charge interest	23	(16)
(Profit)/loss on disposal of fixed assets	<u>77</u>	<u>(2)</u>
	383	131
*Auditors' remuneration:     Audit fees	32	32
Other	0	0
Miscellaneous	<u>94</u>	<u>40</u>
<b>Total</b>	<u>18,698</u>	<u>14,517</u>

\*The auditors' remuneration does not include any amounts for non-audit work.

## 2.4 Operating leases

Expenses of NTA include the following in respect of operating lease rentals

### Commitments under non-cancellable 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.

	2008-09 £000	2007-08 £000
<b>Land and Buildings</b>		
Operating leases which expire – within 1 year	448	84
Operating leases which expire – within 1–5 years	0	0

## 2.5 Staff numbers and related costs

Executive members and staff costs:

	Total £000	Permanently employed £000	Other £000	2007-08 £000
Salaries and wages	7,483	6,513	970	6,992
Social security costs	600	600	0	487
Employer contributions to NHSPA	808	808	0	692
<b>Total</b>	<b>8,891</b>	<b>7,921</b>	<b>970</b>	<b>8,171</b>

The average number of persons employed during the year was:

	Total Number	Permanently employed Number	Other Number	2007-08 Number
<b>Total</b>	<b>184</b>	<b>172</b>	<b>12</b>	<b>173</b>

### Expenditure on staff benefits

The amount spent on staff benefits during the year totalled £36,626 (2007/08 £35,410).

### Retirements due to ill-health

During 2008/09 there were no early retirements from the NTA on the grounds of ill-health.

### Early retirements and redundancies

During 2008/09 there was one redundancy from the NTA at a cost of £16,344.

## 2.6 Better Payment Practice Code – measure of compliance

	Number	£000
Total non-NHS bills paid to 31 March 2009	2,741	6,214
Total non-NHS bills paid within target	2,576	5,891
Percentage of non NHS bills paid within target	94.0%	94.8%
	Number	£000
Total NHS bills paid to 31 March 2009	186	2,760
Total NHS bills paid within target	128	2,081
Percentage of NHS bills paid within target	68.8%	75.4%

The Better Payment Practice Code requires the NTA to aim to pay all valid invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

## 2.7 The Late Payment of Commercial Debts (Interest) Act 1998

The NTA has no expenditure under this heading.

## 2.8 Profit/(Loss) on Disposal of Fixed Assets

Profit/(loss) on the disposal of fixed assets is made up as follows:

	2008-09 £000	2007-08 £000
Profit/Loss on disposal of other tangibles <b>*(see note below)</b>	77	(2)
<b>Total</b>	<b>77</b>	<b>(2)</b>

\*(this amount also includes a £2k adjustment)

## 3.1 Intangible Assets

The only intangible fixed assets the NTA have are software licences.

	Total £000
Gross cost at 1 April 2008	66
Additions – purchased	71
<b>Gross cost at 31 March 2009</b>	<b>137</b>
Accumulated amortisation at 1 April 2008	40
Charged during the year	14
<b>Accumulated amortisation at 31 March 2009</b>	<b>54</b>
Net book value at 31 March 2008	26
<b>Net book value at 31 March 2009</b>	<b>83</b>

### 3.2 Tangible Fixed Assets

	Information Technology £000	Furniture & Fittings £000	Total £000
Cost/Valuation or NBV at 1 April 2008	835	174	1,009
Additions – purchased	190	154	344
Indexation	0	0	0
Disposals	(2)	(175)	(177)
<b>Gross cost at 31 March 2009</b>	<b>1,023</b>	<b>153</b>	<b>1,176</b>
Accumulated depreciation at 1 April 2008	222	80	302
Charged during the year	252	17	269
Disposals	(1)	(97)	(98)
<b>Accumulated depreciation at 31 March 2009</b>	<b>473</b>	<b>(0)</b>	<b>473</b>
Net book value at 31 March 2008	613	94	707
<b>Net book value at 31 March 2009</b>	<b>550</b>	<b>153</b>	<b>703</b>

### 3.3 Analysis of NTA's gross capital expenditure to net resource outturn

	31 March 2009 £000
Gross capital expenditure	415
Less: NBV of assets disposed	(77)
<b>Charge against the CRL</b>	<b>338</b>
<b>Net capital resource limit</b>	<b>552</b>
<b>(Over)/under spend against resource limit</b>	<b>214</b>

### 3.4 Debtors

	31 March 2009 £000	31 March 2008 £000
Department of Health and NHS debtors	1,200	213
Prepayments	163	80
Social Security	13	6
Other debtors	76	261
<b>Total debtors</b>	<b>1,452</b>	<b>560</b>

### 3.5 Creditors: Amounts falling due within one year

	31 March 2009 £000	31 March 2008 £000
Department of Health and NHS creditors	(168)	(73)
Income tax	(306)	(1)
Non-NHS trade creditors	(163)	(88)
Accruals and deferred income	(2,832)	(2,294)
Capital Creditor	(142)	0
Other creditors	(122)	(34)
<b>Total</b>	<b>(3,733)</b>	<b>(2,490)</b>

### 3.6 Creditors: Amounts falling due after more than one year

The NTA has no item under this heading.

### 3.7 Provisions for liabilities and charges

	Pensions relating to former directors £000	Pensions relating to other staff £000	Other legal claims £000	Restruct- urings £000	Other £000	Total £000
At 1 April 2008	0	0	0	0	0	0
Arising during the year	0	0	0	0	0	0
Utilised during the year	0	0	0	0	0	0
Reversed unused	0	0	0	0	0	0
Unwinding of discount	0	0	0	0	0	0
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3.8 Revaluation reserve

	31 March 2009 £000	31 March 2008 £000
At 1 April 2008	11	7
Revaluations and indexation	(11)	4
<b>At 31 March 2009</b>	<b>(0)</b>	<b>11</b>

### 3.9 General fund

	31 March 2009 £000	31 March 2008 £000
At 1 April 2008	(178)	(767)
Net operating cost for the year	(11,549)	(11,328)
Net Parliamentary funding	11,976	11,933
General Fund Net Operating Cost	10	0
Transfer from General Reserves	0	0
Capital charges interest	23	(16)
<b>At 31 March 2009</b>	<b>282</b>	<b>(178)</b>

### 3.10 Capital commitments

At 31 March 2009, the value of contracted capital commitments was £0. (2007-08: £0).

#### 4.1 Movements in working capital

	<b>31 March 2009 £000</b>	31 March 2008 £000
Increase/(decrease) in debtors	<b>892</b>	144
(Increase)/decrease in creditors	<b>(1,244)</b>	(1,073)
Capital Creditor	<b>142</b>	0
<b>Net increase/decrease in working capital other than cash</b>	<b><u>(210)</u></b>	<b><u>(929)</u></b>

#### 4.2 Analysis of changes in net debt

	As at 1 April 2008 £000	<b>Cash flows £000</b>	As at 31 March 2009 £000
OPG cash at bank	1,030	746	<b>1,776</b>
Cash in hand	0	1	1
<b>Total</b>	<b><u>1,030</u></b>	<b><u>747</u></b>	<b><u>1,777</u></b>

#### 4.3 Cashflow relating to exceptional items

At 31 March 2009, the value of exceptional items was £0. (2007-08: £0).

#### 5 Losses and special payments

There were no cases of losses and special payments (2007-08: £0).

## **6 Related party disclosure**

The National Treatment Agency is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a related party.

The NTA transacts with the Department of Health for parliamentary funding in order to discharge its duties.

The NTA has its financial services provided by NHS Shared Business Services according to the contract.

In addition, the NTA has had a number of material transactions with other entities for which the Department is regarded as the parent Department, i.e:

Birmingham Women Healthcare NHS Foundation Trust – £304,204 NDTMS Consultancy  
Camden and Islington Mental health and Social Care NHS Trust – £44,454 Seconded  
Lancashire Care NHS Foundation Trust – £27,360 Seconded  
Northumberland, Tyne and Wear NHS trust – £10,238 Seconded  
Southampton University Hospitals NHS Trust – £269,514 NDTMS Consultancy  
Sussex Partnership NHS Foundation Trust – £7,657  
Guys and St. Thomas NHS Foundation Trust – £336  
South London and Maudsley NHS Foundation Trust – £419,696 RIOTT Consultancy  
Calderdale PCT – £2,041  
Cambridgeshire PCT – £254,770 NDTMS Consultancy  
Heart of Birmingham Teaching PCT – £10,233 Seconded  
Leeds PCT – £54,915 Seconded  
Milton Keynes PCT – £316,800 NDTMS Consultancy  
Nottingham City PCT – £8,457  
Nottinghamshire County Teaching PCT – £4,359  
Rotherham PCT – £10,765 Harm Reduction  
Wandsworth PCT – £87,481 Seconded

In addition, and for the purpose of these accounts, the Home Office is also treated as a related party. During 2008-09, the NTA had £2,131,880 of expenditure with the Home Office, and received £2,131,880 of income from the Home Office towards the Drugs Intervention Programme (DIP).

During the year, none of the NTA's members or members of the key management staff or other related parties has undertaken any material transactions with the NTA.

## **7 Prior Period Adjustments**

There are no material prior year adjustments for disclosure.

## **8 Pooled Budgets**

The NTA has no pooled budget arrangement hosted by other Authorities.

## **9 Financial Instruments**

FRS 29, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the way Special Health Authorities are financed, the NTA is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 29 mainly applies.

The NTA has no powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NTA in undertaking its activities.

As allowed by FRS 29, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures.

#### Financial assets

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing
					Weighted average interest rate	Weighted average period for which fixed	Weighted average term
	£000	£000	£000	£000	%	years	years
At 31 March 2009							
Sterling	0						
Other	0						
Gross financial assets	0	0	0	0			
At 31 March 2008							
Sterling	0						
Other	0						
Gross financial assets	0	0	0	0			

#### Financial liabilities

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing
					Weighted average interest rate	Weighted average period for which fixed	Weighted average term
	£000	£000	£000	£000	%	years	years
At 31 March 2009							
Sterling	0						
Other	0						
Gross financial liabilities	0	0	0	0			
At 31 March 2008							
Sterling	0						
Other	0						
Gross financial liabilities	0	0	0	0			

#### Liquidity risk

The NTA's net operating costs are financed from resources voted annually by Parliament. The NTA largely finances its capital expenditure from funds made available from Government under an agreed capital resource limit. The NTA is not, therefore, exposed to significant liquidity risks.

#### Interest-rate risk

100% of the NTA's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. The NTA is not, therefore, exposed to significant interest-rate risk.

#### Foreign currency risk

The NTA has no/negligible foreign currency income or expenditure.

## Fair values

A comparison, by category, of book values and fair values of the NTA's financial assets and liabilities as at 31 March 2009 is as follows:

	Book value	Fair value	Basis of fair valuation
	£000	£000	
<b>Financial assets:</b>			
Cash	_____	<u>1,777</u>	_____
Total	_____	<u>1,777</u>	_____
<b>Financial liabilities:</b>			
Overdraft		0	
Creditors over 1 year:		0	
Early retirements		0	
Finance leases		0	
Deferred Income		0	
Provisions under contract		0	
Loans	_____	<u>0</u>	_____
Total	_____	<u>0</u>	_____

## 10 Intra-government balances

	Debtors amounts falling due within one year £000	Debtors amounts falling due after more than one year £000	Creditors amounts falling due within one year £000	Creditors amounts falling due after more than one year £000
Balances with other central government bodies	1,200	0	1,545	0
Balances with local authorities	0	0	0	0
Balances with NHS Trusts	0	0	168	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	<u>252</u>	<u>0</u>	<u>2,020</u>	<u>0</u>
<b>At 31 March 2009</b>	<u>1,452</u>	<u>0</u>	<u>3,733</u>	<u>0</u>
Balances with other central government bodies	206	0	88	0
Balances with local authorities	0	0	15	0
Balances with NHS Trusts	14	0	73	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	<u>340</u>	<u>0</u>	<u>2,314</u>	<u>0</u>
At 31 March 2008	<u>560</u>	<u>0</u>	<u>2,490</u>	<u>0</u>

## 11 Post Balance Sheet Events

In accordance with the requirements of FRS 21 events after the balance sheet date, post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.



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