



*National Treatment Agency
for Substance Misuse*

National Treatment Agency Annual Accounts 2007/2008

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

Ordered by the House of Commons to be printed 8 July 2008





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ANNUAL REPORT

NTA Business activities, Board membership and Governance

The accounts for the year ended 31 March 2008 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 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 10 year drug strategy (1998-2008) and is responsible for the delivery of the Department of Health's Public Service Agreement target to increase the participation of problem drug users in treatment programmes by 100% by 2008 and increase year on year the proportion of users successfully sustaining or completing treatment programmes. The NTA Head Office is located at Hercules House in North Lambeth, London and in addition has regional teams operating from the nine Government Office Regions.

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 meeting 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
S Hodges	Director of Corporate
R O'Connor	Director of Regional Management Services

Non Executive Directors (NED) of the NTA

D Massey	Chair (also Chair of HR Committee)
A Buck	NED (also A&R Committee)
A Comely	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)
G Scally	NED
T Williams	NED (also HR Committee)

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 1.7 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 Chairs 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 2007 to 31 March 2008, 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

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.

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 2007/08 91.3 per cent of bills, representing 92.4 per cent by value, were paid within the target. For NHS bills, the corresponding figures were 67.3 per cent of bills representing 77.5 per cent by value were paid within the target. The NTA used the NHS Shared Business Services Limited in 2007/08 to process payments on the NTA's behalf.

Sustainable Development

In 2007/08, the NTA commenced work on considering how the NTA's environmental sustainability with regard to usage of energy and physical resources might best be approached. A report has been produced which will be submitted to the Board early in 2008/09 as a consequence of this, an action plan has been produced for the 2008/09 financial year, and implementation of this plan will be taken forward during the year.

Management Commentary

The delivery of timely, effective treatment has been key to the success of the 1998/2008 drug strategy. 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), the Healthcare Commission (HCC), 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 ensures 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.

Although the NTA is charged with delivery against these targets, ultimately the success of the NTA and its partners will be judged by the performance of drug treatment providers, the experience of service users, and the perception of communities affected by drug misuse.

Information on the NTA's approach to organisational risks and how this is managed is contained within Sections 3 and 4 of the Statement of Internal Control.

Situation in 2001

The Audit Commission report, 'Changing Habits' (Audit Commission, 2002), found that a range of problems existed in drug treatment in England in 2001. These included:

- Great variations in the availability of services in different areas;
- Lengthy waits for treatment;
- Underdevelopment of care planning and management; and
- Underdeveloped services for stimulant misusers, black and minority ethnic groups and women, in some areas.

The creation of the NTA in 2001 represented a concerted cross government initiative to address these deficits. Although part of the NHS the NTA is jointly accountable to DH and Home Office Ministers reflecting the Home Office lead for drug policy within government and the highly significant contribution drug treatment can make to crime reduction. The NTA also works closely with DCSF in respect of the work with Young Peoples treatment.

Progress 2001-2008

Since April 2002, the NTA has expected each local partnership area to develop a drug treatment system in line with the national framework – Models of Care for Treatment of Adult Drug Misusers (NTA, 2006). Systems are required to include:

- Dedicated commissioning capacity;
- A formal needs assessment process;
- Local systems of screening assessment and referral;
- Access to an appropriate range of evidenced based treatment options;
- Individual care plans for all service users and care co-ordination for those with complex needs; and
- Integrated care pathways including routes out of treatment into substantial independent living.

The NTA has been largely successful in delivering the original agenda set for it by government. This is reflected in formal Accountability Review processes and has been endorsed by a review of progress undertaken by the Audit Commission in 2004.

Amongst the key achievements and key performance indicators between 2001 and 2008 have been:

- Original Public Service Agreement (PSA) target to increase numbers in treatment to 170,000 by 2008 achieved in 2006. Provisional numbers in treatment for 2007/08 stand at 202,000.

- Lengthy waits for treatment have largely been eradicated. In 2007/08 93% of those accessing treatment waited three weeks or less.
- Early drop out from treatment, the most significant reason for treatment failure, has reduced significantly. In 2004 less than half those in treatment were retained for 12 weeks or longer. Of those coming to treatment in the first six months of 2007-08, 77% were staying 12 weeks or longer.
- 92% of those commencing treatment now have a formal care plan drawn up which charts their progress through the treatment system.
- The Drug Interventions Programme (DIP), which routes offenders into treatment, has enabled the drug treatment system to work much more effectively with criminal justice agencies and engage many individuals who have not previously accessed services. Overall, drug-related crime is falling as treatment increases, and it is falling faster in areas where the DIP programme operates. During 2007-08 the NTA was tasked with ensuring the treatment system could absorb 1000 offenders per week. By the fourth quarter of 2007-08 local treatment systems were absorbing 1075 offenders per week.

Drug Strategy 2008/11

Drugs: protecting families and communities

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. 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, in part made possible 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 Agreements 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 Pooled Drug Users in effective treatment. This business plan identifies how the NTA will deliver this target and the remainder of the Drug Strategy aspirations across the period with particular focus on year one 2008/09.

Financial Performance

The NTA is allocated Revenue and Capital Resource limits annually by the DH. In addition the NTA receives funding through the Home Office to cover costs associated with the Drug Implementation Programme. Further funding was provided by the DH for a number of projects managed by the NTA in 2007/08. In 2007/08 the net resource outturn was £11,328,000 against a Revenue Resource limit of £11,596,000 resulting in an underspend of £268,000. Capital expenditure was £558,000 against a resource limit of £559,000. As a consequence the NTA has achieved its financial duties in relation to the Capital Resource and Revenue Resource limit.

There has been a large increase in Tangible fixed asset additions. The increase of £560,000 is due to an increase in fixed asset costs (£399,000) as a result of funding approved and work carried out to improve software for the National Drug Treatment Monitoring System.

Name of auditor

The accounts have been audited by the Comptroller and Auditor General who has been appointed under statute and is responsible to Parliament. The cost of the audit was £32,000 and does not include any amounts for non audit work.

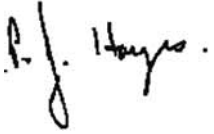
The NTA Internal Audit is provided by RSM Bentley Jennison.

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 internal audit information of which the NTA auditors are unaware.

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

Paul Hayes
Chief Executive
18 June 2008

REMUNERATION REPORT 2007-08

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.

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)
S Hodges	(Director of Corporate Services)
R O'Connor	(Director of Regional Management)

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	(NED) (also HR Committee & Chair of A & R Committee)
G Scally	(NED)
T Williams	(NED) (also HR Committee)

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 the revised pay framework for Very Senior Managers issued in July 2007 by the Department of Health.

On 25 April 2007, a letter from the Department of Health (Gateway Reference 8161) confirmed that pay for Chief Executives would rise by 1.3% from 1 April 2007. 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.

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 yet to be agreed as the qualitative elements on organisational performance require judgement on performance. This has not yet been agreed with the Department of Health.

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.

Remuneration of senior managers during 2007-8

The remuneration relating to all senior managers in post during 2007-8 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.

Salaries and Allowances

Name and title	2007-08			2006-07		
	Salary (bands of £5,000)	Other Remuner- ation (bands of £5,000)	Benefits in kind (Rounded to the nearest £100)	Salary (bands of £5,000)	Other Remuner- ation (bands of £5,000)	Benefits in kind (Rounded to the nearest £100)
P Hayes	125–130	0	0	120–125	0	0
Chief Executive						
A Dale-Perera Director of Quality (Q)	85–90	0	0	75–80	0	0
S Hodges Director of Corporate Services (CS)	85–90	0	0	75–80	0	0
R O'Connor Director of Regional Management (RM)	85–90	0	0	75–80	0	0
D Massey Board Chair	20–25	0	0	20–25	0	0
A Comley NED	5–10	0	0	5–10	0	0
K Davies NED	5–10	0	0	5–10	0	0
G Haynes NED	5–10	0	0	5–10	0	0
P McDermott NED	5–10	0	0	5–10	0	0
K Patel NED	10–15	0	0	10–15	0	0
T Williams NED	5–10	0	0	5–10	0	0

Pensions Benefits

Name and title	Real increase in pension at age 60	Real increase in pension lump sum at aged 60	Total accrued pension at age 60 at 31 March 2008	Lump sum at age 60 related to accrued pension at 31 March 2008	Cash Equivalent Transfer Value at 31 March 2008	Cash Equivalent Transfer Value at 31 March 2007	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stake holder pension
	(bands of £2,500) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	£000	£000	£000	£000
P Hayes Chief Executive	0-2.5	5-7.5	40-45	125-130	753	692	44	0
A Dale-Perera Director of Quality	0-2.5	2.5-5.0	5-10	15-20	88	69	17	0
S Hodges Director of CS	0-2.5	2.5-5.0	25-30	80-85	432	397	25	0
R O'Connor Director of Regional Management	0-2.5	2.5-5.0	0-5	10-15	87	66	18	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.

The pensions figures provided by NHSPA in 2006/7 for the Chief Executive were inaccurate as a result of the use of an incorrect pensionable pay figure in the calculations and confusion over marital status. This led to publication of inflated pension, lump sum and Cash Equivalent Transfer Value figures in the 2006/7 accounts.

The accurate values for both years are as follows:

2006/7

Accrued Pension	Lump Sum	CETV
£39,932.82	£119,798.46	£692,247.80

2007/8

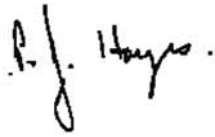
Accrued Pension	Lump Sum	CETV
£42,883.32	£128,649.96	£753,096.54

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.

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

Paul Hayes
Chief Executive
18 June 2008

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 2007/08

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 NTA 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 2008 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 in 2003/04 within the agency 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, and this is provided regularly where necessary to Ministers or officials and to the Audit and Risk Committee and the 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 on Risk Identification and Management is embedded in the agency's processes to handle risk.

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 revised Risk Management Policy and Strategy was adopted by the Board in October 2007, and 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 has primary stakeholders at both regional level and at a 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 Offender Management Service, drug treatment service user and carer umbrella groups, royal colleges (e.g. the Royal College of Psychiatrists and the Royal College of GPs), 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 each stage. 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 regulations.

The NTA has in place a range of systems which ensure that information maintained by the NTA is secure. In light of recent documentation issued by the Cabinet Office the NTA is currently in the process of developing an organisation-wide information governance framework. This involves developing an Information Risk Policy, an Incident Policy, and an Information Charter. The agency is also currently considering how to develop a forensic readiness policy. As part of the annual information risk assessment, the NTA will be considering which external organisations the NTA will need governance assurances from once the NTA has ensured that relevant controls are in place. In addition the review will ensure that staff access to sensitive personal data is minimum for purpose.

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 opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. 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 quarterly and reports to the Board on all aspects of financial control, risk management, internal and external audit and financial reporting.

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, Bentley Jennison, have undertaken audit reviews into the following areas during 2007/08:

- Core Financial Controls;
- Payroll;
- IT Core Controls;
- Data Protection and Freedom of Information Acts;
- Communications;
- Assurance Framework; and
- A follow up audit relating to 2007/08 audit recommendations

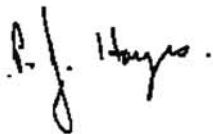
In addition, Internal Audit has provided their Audit Annual Report which comments on the agency's overall performance over 2007/08.

As a result of their reviews, Internal Audit identified that substantial assurances could be provided for four of the six Assurance reports undertaken, with two receiving adequate assurance. The Follow up report identified that good progress had been made on dealing with recommendations made.

The Head of Internal Audit opinion provided through the Internal Audit Annual Report for the year ending 31 March 2008, was that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisations objectives, and that controls are generally being applied consistently.

In addition the Agency has maintained an appropriate framework which provides reasonable assurance that there is an effective system of internal control to manage the principal risks by the Agency.

The Internal Audit Assurance Framework Report commented that the NTA has demonstrated a dynamic assurance framework in compliance with NHS requirements and had good risk identification processes. However, further improvements needed to be made on the dissemination of policies and procedures and several controls were identified as not having been routinely applied. These are in the process of being addressed by Executive Directors.



Paul Hayes
Chief Executive
18 June 2008

NATIONAL TREATMENT AGENCY

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 Substance Misuse for the year ended 31 March 2008 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 Chief Executive and Auditor

The Chief Executive as Accounting Officer is 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 with the approval of Treasury. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the NTA Business activities, Board Membership and Governance, the Management Commentary and the unaudited parts of the Remuneration 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. 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 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 Secretary of State with the approval of Treasury, of the state of National Treatment Agency's affairs as at 31 March 2008 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 with the approval of Treasury; and
- information, which comprises the NTA Business activities, Board Membership and Governance and 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.

T J Burr
Comptroller and Auditor General

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

27th June 2008

Operating Cost Statement for the year ended 31 March 2008

	Notes	2007-08 £000	2006-07 £000
Programme costs	2.3	14,517	13,479
Operating income	2.2	<u>3,189</u>	<u>2,891</u>
Net operating cost		<u>11,328</u>	<u>10,588</u>

There were no material acquisitions or disposals during the year.

Statement of Recognised Gains and Losses for the year ended 31 March 2008

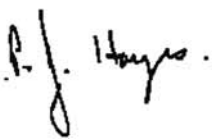
		2007-08 £000	31 March £000
Unrealised surplus on the revaluation of fixed assets	3.2	<u>4</u>	<u>7</u>
Recognised gain/(loss) for the year		<u>4</u>	<u>7</u>

The notes on pages 22 to 33 form part of these accounts

Balance Sheet as at 31 March 2008

	Notes	31 March 2008 £000	31 March 2007 £000
Fixed assets:			
Intangible assets	3.1	26	43
Tangible assets	3.2	<u>707</u>	<u>277</u>
		<u>733</u>	<u>320</u>
Current assets			
Debtors	3.4	560	416
Cash in hand	4.2	<u>1,030</u>	<u>1</u>
		<u>1,590</u>	<u>417</u>
Creditors: amounts falling due within one year	3.5	(2,490)	(1,417)
Net current assets/(liabilities)		<u>(900)</u>	<u>(1,000)</u>
Total assets less current liabilities		<u>(167)</u>	<u>(680)</u>
Provisions for liabilities and charges	3.6	0	80
Total		<u>(167)</u>	<u>(760)</u>
Taxpayers' equity			
General Fund	3.8	(178)	(767)
Revaluation reserve	3.7	<u>11</u>	<u>7</u>
Total		<u>(167)</u>	<u>(760)</u>

The notes on pages 22 to 33 form part of these accounts



Paul Hayes
Chief Executive and Accounting Officer
18 June 2008

Cash Flow Statement for the year ended 31 March 2008

	Notes	2007-08 £000	2006-07 £000
Net operating costs		(11,328)	(10,588)
Adjust for non-cash transactions	2.3	131	130
Adjust for movements in working capital other than cash	4.1	929	489
(Increase)/decrease in provisions	3.6	(80)	80
Net cash (outflow) from operating activities		(10,348)	(9,889)
Capital expenditure and financial investment			
(Payments) to acquire fixed assets		(560)	(80)
Receipts from the sale of fixed assets		4	0
Net cash inflow/(outflow) from investing activities		(556)	(80)
Net cash (outflow) from all activities		(10,904)	(9,969)
Analysis of Financing:			
From Department of Health (Parliamentary Funding)		11,933	9,970
Increase/(decrease) in cash	4.2	1,029	1

The notes on pages 22 to 33 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 Special Health Authority 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 Special Health Authority 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 2007/08 was 3.5% (2006/07: 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

- collectively have a cost of at least £5,000 and an individual cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial setting-up cost of a new building, irrespective of their individual or collective cost.

b. Valuation

Intangible Fixed Assets

Intangible fixed assets held for operational use are valued at historical cost. Surplus intangible assets are valued at the net recoverable amount.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible Fixed Assets

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost including any costs, such as installation, directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

- I. Operational equipment, other than IT equipment which is considered to have nil inflation, is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.
- II. Adjustments arising from indexation are taken to the Revaluation Reserve and shown in the Statement of Gains and Losses.

c. Depreciation

Depreciation is charged on each individual fixed asset as follows:

- I. Intangible assets are amortised, on a straight line basis, over the estimated lives of the assets
- II. Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives
- III. Each equipment asset is depreciated evenly over the expected useful life.
 - Information Technology – network 5 years
 - Information Technology – personal computers 3 years
 - Furniture and Fittings 10 years

1.6 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the operating cost statement on an accruals basis, including losses which would have been made good through insurance cover had Special Health Authorities not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.7 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.pensions.nhsbsa.nhs.uk. 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.

The Scheme is a "final salary" scheme. 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. 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.

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 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 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 2008

The Scheme is a "final salary" scheme. 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. 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.

Early payment of a pension, with enhancement, 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.

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.

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.

1.8 Leases

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

1.9 Provisions

The Authority 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

	2007-08	2006-07
	£000	£000
Net operating costs for the financial year	11,328	10,588
Revenue Resource Limit	11,596	10,646
Under/(over) spend against Revenue Resource Limit	268	58

2.2 Operating Income

	2007-08	2006-07
	£000	£000
Programme income		
Income received from Scottish Parliament	8	31
Income received from National Assembly for Wales	3	6
Income received from other Departments etc	3,094	2,754
Other	84	100
Total operating income	3,189	2,891

2.3 Programme costs

	2007-08	2006-07
	£000	£000
The expenses of the authorities were as follows:		
Non-executive members' remuneration	80	67
Other salaries and wages	8,171	7,085
Supplies and Services – general	29	27
Establishment expenses	1,538	1,386
Transport and moveable plant	61	73
Premises and fixed plant	965	959
External contractors	3,470	3,640
Capital: Depreciation	149	146
Capital charge interest	(16)	(16)
(Profit)/loss on disposal of fixed assets	(2)	0
	131	130
Auditors' remuneration: Audit fees	32	32
Miscellaneous	40	80
Total	14,517	13,479

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.

	2007-08	2006-07
	£000	£000
Land and Buildings		
Operating leases which expire – within 1 year	84	0
Operating leases which expire – within 1–5 years	0	161

2.5 Staff numbers and related costs

Executive members and staff costs:

	Total	Permanently Employed	Other	2006-07
	£000	£000	£000	£000
Salaries and wages	6,992	5,978	1,014	5,993
Social security costs	487	487	0	452
Employer contributions to NHS Pension Scheme	692	692	0	640
Total	8,171	7,157	1,014	7,085

The average number of persons employed during the year was:

	Total	Permanently Employed	Other	2006-07
	Number	Number	Number	Number
Total	173	126	47	143

Expenditure on staff benefits

The amount spent on staff benefits during the year totalled £35,410 (2006-07 £37,846). These represent amounts relating to fleet car usage and London travel card costs.

Retirements due to ill-health

During 2006-07 there were no early retirements from the Special Health Authority on the grounds of ill-health.

Early retirements and redundancies

During 2007/08 there were 2 redundancies from the NTA. £15,917 has been charged to the revenue account in 2007-08 in respect of these redundancies.

2.6 Better Payment Practice Code – measure of compliance

	Number	£000
Total non-NHS bills paid 2007/08	2,934	5,561
Total non-NHS bills paid within target	2,678	5,141
Percentage of non NHS bills paid within target	91.3%	92.4%

	Number	£000
Total NHS bills paid 2007/08	147	2,943
Total NHS bills paid within target	99	2,281
Percentage of NHS bills paid within target	67.3%	77.5%

The Better Payment Practice Code requires the Agency 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.

The Late Payment of Commercial Debts (Interest) Act 1998

The NTA has no expenditure under this heading.

2.7 Profit/(Loss) on Disposal of Fixed Assets

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

	2007-08 £000	2006-07 £000
Profit on disposal of other tangibles	<u>(2)</u>	<u>0</u>
Total	<u>(2)</u>	<u>0</u>

3.1 Intangible Assets

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

	Total £000
Gross cost at 1 April 2007	<u>66</u>
Gross cost at 31 March 2008	<u>66</u>
Accumulated amortisation at 1 April 2007	<u>23</u>
Charged during the year	<u>17</u>
Accumulated amortisation at 31 March 2008	<u>40</u>
Net book value at 31 March 2007	<u>43</u>
Net book value at 31 March 2008	<u>26</u>

3.2 Tangible Fixed Assets

	Information Technology £000	Furniture & Fittings £000	Total £000
Cost/Valuation or NBV at 1 April 2007	457	160	617
Additions – purchased	550	10	560
Indexation	–	4	4
Disposals	<u>(172)</u>	<u>0</u>	<u>(172)</u>
Gross cost at 31 March 2008	<u>835</u>	<u>174</u>	<u>1,009</u>
Accumulated depreciation at 1 April 2007	296	44	340
Changed during the year	96	36	132
Disposals	<u>(170)</u>	<u>0</u>	<u>(170)</u>
Accumulated depreciation at 31 March 2008	<u>222</u>	<u>80</u>	<u>302</u>
Net book value at 31 March 2007	<u>161</u>	<u>116</u>	<u>277</u>
Net book value at 31 March 2008	<u>613</u>	<u>94</u>	<u>707</u>

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

	31 March 2008 £000	31 March 2007 £000
Gross capital expenditure	560	80
Less: NBV of assets disposed	<u>(2)</u>	<u>0</u>
Charge against the CRL	558	80
Net capital resource limit	559	80
(Over)/under spend against resource limit	<u>1</u>	<u>0</u>

3.4 Debtors

	31 March 2008 £000	31 March 2007 £000
Department of Health and NHS debtors	213	8
Prepayments	80	91
Social Security	6	0
Other debtors	<u>261</u>	<u>317</u>
Total debtors	<u>560</u>	<u>416</u>

3.5 Creditors: Amounts falling due within one year

	31 March 2008 £000	31 March 2007 £000
Department of Health and NHS creditors	(73)	(144)
Income tax	(1)	0
Non-NHS trade creditors	(88)	0
Accruals and deferred income	(2,294)	(589)
Other creditors	<u>(34)</u>	<u>(684)</u>
Total	<u>(2,490)</u>	<u>(1,417)</u>

3.6 Provisions for liabilities and charges

	Pensions relating to former directors £000	Pensions relating to other staff £000	Other legal claims £000	Other £000	Total £000
At 1 April 2007	0	0	0	(80)	(80)
Arising during the year	0	0	0	0	0
Utilised during the year	0	0	0	80	80
Reversed unused	0	0	0	0	0
Unwinding of discount	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2008	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

3.7 Revaluation reserve

	31 March 2008 £000	31 March 2007 £000
At 1 April 2007	7	0
Revaluations and indexation	<u>4</u>	<u>7</u>
At 31 March 2008	<u>11</u>	<u>7</u>

3.8 General fund

	31 March 2008 £000	31 March 2007 £000
At 1 April 2007	(767)	(133)
Net operating cost for the year	(11,328)	(10,588)
Net Parliamentary funding	11,933	9,970
Capital charges interest	<u>(16)</u>	<u>(16)</u>
At 31 March 2008	<u>(178)</u>	<u>(767)</u>

3.9 Capital commitments

At 31 March 2008, the value of contracted capital commitments was £0. (2006-07: £0).

4.1 Movements in working capital

	31 March 2008 £000	31 March 2007 £000
Increase/(decrease) in debtors	144	106
(Increase)/decrease in creditors	<u>(1,073)</u>	<u>(595)</u>
Net increase/decrease in working capital other than cash	<u>(929)</u>	<u>(489)</u>

4.2 Analysis of changes in net debt

	As at 31 April 2007 £000	Cash flows £000	As at 31 March 2008 £000
OPG cash at bank	0	1,030	(1,030)
Cash in hand	<u>1</u>	<u>(1)</u>	<u>0</u>
Total	<u>1</u>	<u>1,029</u>	<u>1,030</u>

5 Losses and special payments

There were 0 cases of losses and special payments (2006-07:0).

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. During the year NTA had a significant number of material transactions with the Department of Health and with other entities for which the Department is regarded as the parent Department, i.e.

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

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

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

Berkshire Healthcare NHS Foundation Trust
Birmingham Women Healthcare and NHS Trust
Bolton, Salford and Trafford Mental Health NHS Trust
Cambridgeshire and Peterborough Mental Health Partnership NHS Trust
Camden and Islington Mental health and Social Care NHS Foundation Trust
Cheshire and Wirral Partnership NHS Trust
Humber Mental Health Teaching NHS Trust
Lancashire Care NHS Trust
Leeds Mental Health Services Teaching NHS Trust
Leeds Teaching Hospitals NHS Trust
Northumberland, Tyne and Wear NHS trust
Southampton University Hospitals NHS Trust
Sussex Partnership NHS Trust
Guys and St. Thomas NHS Foundation Trust
South London and Maudsley NHS Foundation Trust
Calderdale PCT
Cambridgeshire PCT
Heart of Birmingham Teaching PCT
Leeds PCT
Milton Keynes PCT
Nottinghamshire County Teaching PCT
Rotherham PCT
Tees, Esk and Wear Valleys NHS Trust
Wandsworth PCT
NHS London SHA
NHS South Central SHA

In addition, and for the purpose of these accounts, the Home Office is also treated as a related party. During 2007-08, the National Treatment Agency had £0 of expenditure with the Home Office, but received £2,231,000 of income from the Home Office towards the Drugs Intervention Programme (DIP).

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

7 Financial Instruments

FRS 13, 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 Special Health Authority 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 13 mainly applies.

The Special Health Authority has limited 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 Special Health Authority in undertaking its activities.

As allowed by FRS 13, 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.

Liquidity risk

The Special Health Authority's net operating costs are financed from resources voted annually by Parliament. The Strategic Health Authority largely finances its capital expenditure from funds made available from Government under an agreed capital resource limit. The National Treatment Agency (Special Health Authority) is not, therefore, exposed to significant liquidity risks.

Interest-rate risk

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

Financial Assets

The Authority had no financial assets or liabilities as at 31 March 2008.

Foreign currency risk

The Agency has negligible foreign currency income or expenditure.

Fair value risk

Book values do not vary significantly from fair values as at 31 March 2008.

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	206	0	88	0
Balances with local authorities	0	0	15	0
Balances NHS Trusts	14	0	73	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	340	0	2,314	0
At 31 March 2008	560	0	2,490	0
Balances with other central government bodies	11	0	5	0
Balances with local authorities	0	0	-	0
Balances with NHS Trusts	8	0	631	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	397	0	781	0
At 31 March 2007	416	0	1,417	0

11 Post Balance Sheet Events

There were no material post balance sheet events. This Annual Report and Accounts has been authorised for issue on 27 June 2008 by Paul Hayes, Chief Executive and Accounting Officer.



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