

**BOARD MEETING ON 6 JULY 2010**  
**ALNWICK ROOM, MARRIOTT SUNDERLAND HOTEL, QUEENS PARADE,**  
**SEABURN, SUNDERLAND SR6 8DB**

**BUDGET UPDATE 2010-11 PERIOD 2**

**1. Budget 2010-11**

The NTA's Revenue Resource allocation or GIA (Grant in Aid) from the Department of Health (DH) for 2010-11 was originally £11,147k as notified in March 2010. This figure included £344k non-cash, which effectively covers NTA costs associated with capital depreciation. The actual amount NTA was allocated for core recurrent costs was £10,803k this was a 3.5% reduction on the previous year. However in May, DH advised the NTA and other ALB's that its budget would be reduced by a further 3%, a cash reduction of £336k, this is as a consequence of the need to make further efficiency savings; this gives a revised recurrent cost budget of £10,467k or £10,811k adding the £344k non-cash element. Taking out non-cash costs the NTA has had its core budget reduced by over £700k compared to 2009/10. Budgets have been revised accordingly.

In addition to the GIA funding, the NTA is anticipating a further £7,709k Operating income to cover costs of DIP, Non Intensive DIP, IDTS, System Change Pilots and other general income. This amount is supplemented by deferred income from 2009-10 of some £2,900k.

The total budgeted income for 2010-11 is therefore £21,420k.

**2. Budget Report Period 2**

The NTA is currently reporting a £710k under spend as at the end of May 2010. The high level analysis for Period 2 is as follows;

	<b>Budget (£000)</b>	<b>Actual (£000)</b>	<b>Variance (£000)</b>
Pay	1,784	1,671	-113
Non-Pay	1,786	382	-1,404
<b>Total Expenditure</b>	<b>3,570</b>	<b>2,053</b>	<b>-1,517</b>
<b>Total Income</b>	<b>-3,570</b>	<b>-2,763</b>	807
<b>Net Expenditure</b>	<b>0</b>	<b>-710</b>	<b>-710</b>

The payroll variance of £113k or 6.36%, is slightly above the 5% savings target implemented by the NTA. This is due to several unfilled vacancies, it is expected that this may widen given the recently announce recruitment freeze. The NTA has been asked for information on its definitions of front line and business critical posts, as there is an acknowledgement from the centre that some key posts will need to be filled. We are awaiting further advice on this.

The non-pay variance is due to under spends in several projects (System Change Pilots, £186k; Harm Reduction, £74k; RIOTT, £53k). These are expected to reduce as the year progresses.

Stephen Hodges  
Director of Corporate Services  
July 2010