

2014-15 Financial Directions to NHS England¹

These Financial Directions accompany *The Mandate: A mandate from Government to NHS England: April 2014 to March 2015* published by the Secretary of State under section 13A of the National Health Service Act 2006 (“the 2006 Act”). The Secretary of State makes these directions in exercise of the powers conferred by sections 223D, 223E and 273(1) of the 2006 Act in respect of the financial year ending on 31st March 2015.

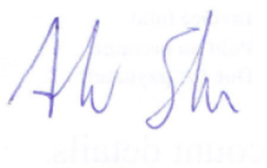
These Directions replace the Financial Directions made on 12th November 2013, which are revoked. The detail of the changes made can be found at Annex B.

The Mandate sets out NHS England’s total revenue resource limit and total capital resource limit for 2014/15. The total revenue resource limit is £98,692m and the total capital resource limit is £270m. The Directions at Annex A1 below, made under section 223E(2) and (3) of the 2006 Act, set out certain additional and expenditure controls to which NHS England must adhere. These stem from budgetary controls that HM Treasury applies to the Department of Health. The limits imposed by the Mandate and the Directions in Annex A1, and other sub-limits are summarised in table 2 below.

The directions at Annex A2 are made under sections 223D(4) to (6) and 223E(4) of the 2006 Act and relate to particular uses of resources which must, or must not be taken into account in relation to each limit.

The meaning of various expressions in these directions and further detailed guidance on those definitions and inclusions can be found in HM Treasury’s Consolidated Budgeting Guidance.

Signed by authority of the Secretary of State for Health



Andrew Sanderson
Member of the Senior Civil Service
Department of Health

December 11th 2014

¹ Known in legislation as the National Health Service Commissioning Board

Annex A1 – Directions under section 223E(2) and (3)(a) and (b) of the 2006 Act – additional controls on resource use

NHS England must ensure that the total revenue resource use in the relevant financial year which is attributable to the matters in column (1) of the Table 1 below shall not exceed the amount specified in relation to those matters in the corresponding entry in column (2).

Table 1 Column (1) - matters	Column (2) - specified amount
Matters for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments (<i>see column (1) in table 2</i>)	£97,872million
Matters relating to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit (<i>see column (2) in table 2</i>)	£160 million
Matters for which attributable expenditure is to be treated as annually managed expenditure (<i>see column (3) in table 2</i>)	£300 million
Technical accounting and budgeting matters, namely capital grants and Private Finance Initiative or Local Investment Finance Trust schemes (as recorded in accordance with IFRIC 12) (<i>see column (4) in table 2</i>)	£360 million
Matters relating to administration – (a) which are specified in regulation 57 of the National Health Service Commissioning Board and Clinical Commissioning Groups (Responsibilities and Standing Rules) Regulations 2012; and (b) for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments.	£2,020 million
Matters relating to administration which – (a) are specified in regulation 57 of the National Health Service Commissioning Board and Clinical Commissioning Groups (Responsibilities and Standing Rules) Regulations 2012; and (b) relate to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit.	£121 million

NHS England must ensure that its use of resources in the relevant financial year which is attributable to the matters in column (1) of the Table 1A below shall not exceed the amount specified in relation to those matters in the corresponding entry in column (2).

Table 1A Column (1) - matters	Column (2) - specified amount
Matters relating to administration –	£593 million

<p>(a) which are specified in regulation 57 of the National Health Service Commissioning Board and Clinical Commissioning Groups (Responsibilities and Standing Rules) Regulations 2012; and</p> <p>(b) for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments.</p>	
<p>Matters relating to administration which–</p> <p>(a) are specified in regulation 57 of the National Health Service Commissioning Board and Clinical Commissioning Groups (Responsibilities and Standing Rules) Regulations 2012; and</p> <p>(b) relate to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit.</p>	<p>£13 million</p>

Table 2- Sub-limits

Revenue resource limits - £m	Total	Other Limits			
		Revenue departmental expenditure limit (excluding depreciation and impairments) [1]	Revenue departmental expenditure limit (depreciation and impairments) [2]	Annually Managed Expenditure [3]	Technical accounting/budgeting [4]
Recurrent Resources	97,302	96,482	160	300	360
<i>Of which:</i>					
<i>Section 7a - Public health (ring fenced)</i>	1,929	1,929	0	0	0
<i>Total administration limit, of which:</i>	2,142	2,020	121	0	0
<i>NHS England administration limit</i>	605	593	13	0	0
Non-Recurrent Resources	1,390	1,390	0	0	0
<i>Of which, non-ring-fenced resources include:</i>					
<u>Original</u>					
• <i>Planned surplus draw down²</i>	400	400	0	0	0
• <i>Winter pressures funding</i>	250	250	0	0	0
<u>Additional</u>					
• <i>Winter pressures funding</i>	450	450	0	0	0
• <i>Reducing waiting list backlog</i>	250	250	0	0	0
• <i>Mental health</i>	40	40	0	0	0
Total Revenue Resource Limit (recurrent plus non-recurrent funding)	98,692	97,872	160	300	360
<i>Planned surplus carried forward into 2015/16</i>	467	467	0	0	0
<i>Total funding including surplus carry forward</i>	99,159	98,339	160	300	360

Capital resource limits - £m	Total	General capital resource limit [5]
Total capital resource limit	270	270

² The formal revenue resource limit for NHS England includes the part of the total NHS surplus that we expect to be drawn down in each year.

Annex A2 – Directions under section 223D(4) to (6) and 223E(4) – resources and uses of resources which must or must not be taken into account

For the financial year ending on 31st March 2015-

(a) the descriptions of resources which must, or must not, be treated as capital resources or revenue resources for the purposes of the resource limits set by the Secretary of State for the Board under sections 223D and 223E of the 2006 Act, and by the Board for clinical commissioning groups under sections 223I and 223J of the 2006 Act;

(b) the uses of capital resources or revenue resources which must not be taken into account for the purposes of the resource limits set by the Secretary of State for the Board under sections 223D and 223E of the 2006 Act, and by the Board for clinical commissioning groups under sections 223I and 223J of the 2006 Act;

(c) the uses of capital resources or revenue resources which must be taken into account for the purposes of the total capital resource and total revenue resource limits set by the Secretary of State for the Board under section 223D of the 2006 Act; and

(d) the uses of capital resources or revenue resources which must, or must not, be taken into account for the purposes of the additional limits on resource set for the Board under section 223E of the 2006 Act,

are the descriptions of resources or uses of resources specified, set out or described in the Consolidated Budgeting Guidance from 2013-14 published by HM Treasury, so far as applicable to the limit in question.

Annex B – The changes made to the 2014-15 directions

There are three changes from the original 2014-15 financial directions:

- i. A non-recurrent increase of £740m to the revenue budget for NHS England for 2014-15.
- ii. A £50m reduction in the capital budget for NHS England for 2014-15. This was a switch from capital to revenue and forms part of the £740m revenue increase.
- iii. The NHS England administration limit for 2014-15 has been increased from £525m to £605m within the overall limit of £2142m, which has not changed.

A revision to the 2014-15 mandate was laid before Parliament on Friday 5th December to reflect these changes to the budget only.