

2015-16 Revised Financial Directions to NHS England¹

These Financial Directions accompany *The Mandate: A mandate from the Government to NHS England: April 2015 to March 2016* 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 section 223D and 223E and 273(1) of the 2006 Act in respect of the financial year ending on 31st March 2016.

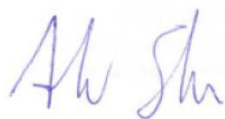
These Directions replace the 2015-16 Financial Directions to NHS England made on 11th December 2014, which are revoked. The detail of the changes made can be found at Annex B.

The Mandate sets out NHS England’s total revenue resource limit and total capital resource limit for 2015/16. The total revenue resource limit is £101,708m and the total capital resource limit is £300m. 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



December 17th 2015

Andrew Sanderson
Member of the Senior Civil Service
Department of Health

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>)	£100,882 million
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>)	£166 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.	£1,741 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 – (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.	£516 million

<p>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.</p>	<p>£20 million</p>
---	--------------------

Table 2- Sub-limits

Revenue resource limits - £m	Original Total	Revised Total	Revised 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]
Total Revenue Resource Limit	101,664	101,708	100,882	166	300	360
<i>Of which:</i>						
<i>Section 7a - Public health (ring fenced)</i>	1,804	1,376	1,376	0	0	0
<i>Total administration limit, of which:</i>	1,862	1,862	1,741	121	0	0
<i>NHS England administration limit</i>	486	536	516	20	0	0
<i>Non- ring-fenced resources include:</i>						
• <i>Front line patient care (to which NHS England is adding £150m previously allocated for central expenditure)</i>	1,350	1,350	1,350	0	0	0
• <i>Planned surplus draw down for 15/16 (of which £182m is non-recurrent)</i>	400	582	582	0	0	0
• <i>Transformation / developing new models of care</i>	200	200	200	0	0	0
• <i>Fund for new primary/community infrastructure (£250m total, revenue and capital²)</i>	175	175	175	0	0	0
• <i>Child and adolescent mental health services including services for the treatment of eating disorders</i>	30	163	163	0	0	0
• <i>Additional revenue funding</i>	0	157	157	0	0	0
<i>Memo items outside total revenue resource limit:</i>						
<i>Planned surplus carried forward into 2016/17</i>	393	393	393	0	0	0
<i>Total funding including surplus carry forward</i>	102,057	102,101	101,275	166	300	360

Capital resource limits - £m	Original Total	General capital resource limit [5]
Total capital resource limit	300	300
<i>Of which, non-ring-fenced resources include:</i>		
<i>Fund for new primary/community infrastructure</i>	75	75

² The split between capital and revenue resource for the fund for new primary/community infrastructure is a provisional allocation and is subject to further planning.

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 2016-

(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 2014-15 published by HM Treasury, so far as applicable to the limit in question.

Annex B – The changes made to the 2015-16 directions

The following changes have been made from the 2015-16 Financial Directions to NHS England as published on 11th December 2014:

- i. The Section 7a – Public health ringfence has been reduced by £428m to £1376m. This reflects the change in commissioning responsibility for services for 0-5 year olds, which transferred to Local Authorities from NHS England as of 1st October 2015.
- ii. The NHS England administration limit for 2015-16 has been increased from £486m to £536m within the overall limit of £1862m, which has not changed.
- iii. The planned surplus drawdown for 15/16 has been increased from £400m to £582m, of which £182m is non-recurrent.
- iv. Additional revenue funding of £133m has been added for child and adolescent mental health services, as the NHS England portion of the additional funding announced in the Budget (March 2015).
- v. Additional revenue funding and minor budget transfers totalling £157m have been added, including £150m for 15-16 tariff resolution.

Taken together these changes increase NHS England's total revenue resource limit by £44m.

A revision to the 2015-16 mandate was laid before Parliament on Thursday 17th December to reflect these changes to the budget only.

Appendix - Background information

1- Funding growth between 2014/15 and 2015/16

Budget excluding depreciation and impairments (on same basis as DH spending review settlement)	2014/15	2015/16	Cash growth on previous year	Real terms growth on previous year
NHS England total revenue and capital funding (including section 7a but excluding surplus carry forward)	97,714*	101,182	3.5%	2.2%

The figures shown exclude depreciation and impairments. This is the same basis on which the DH Spending Review settlement from HM Treasury is shown, and on which the Government's commitment to real terms growth in health funding is demonstrated.

*Excludes funding for 0-5 services (£428m), to ensure comparability with the 2015/16 baseline.

2 - Additional funding provided in the Autumn Statement 2014

An additional £1.83bn was allocated to NHS England (above the indicative 2015-16 budget NHS England set out in the 2014-15 Mandate) to support the NHS in delivery of its objectives in the face of increasing demand. This included:

- £200m to invest in transformation, with a particular focus on developing and testing the new models of care that the NHS considers will better enable it to deliver the Government's objectives;
- £250m investment in new primary and community infrastructure.

NHS England has also re-prioritised £150m of funding previously allocated for central expenditure which means an overall increase of £1.98bn.*

*The figure of £1.98bn refers to the position as of December 2014. Revisions to the NHS England revenue budget as set out in the 2015-16 Revised Financial Directions to NHS England mean that additional funding has been provided.