



Department
of Health &
Social Care

2024 to 2025 financial directions to NHS England

Published March 2024

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Presented to Parliament pursuant to Section 223D of the National Health Service Act 2006.



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ISBN 978-1-5286-4772-4

E03097705 03/24

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

2024 to 2025 financial directions to NHS England

The Secretary of State gives these financial directions to NHS England in respect of the financial year ending on 31 March 2025, in exercise of the powers conferred by sections 223D, 223E and 223O of the National Health Service Act 2006 ('the 2006 Act').

The directions at Annex A1 specify the total revenue resource use limit in accordance with section 223D(1)(b), which is £185,812 million. The directions at Annex A1 also specify the total capital resource use limit in accordance with section 223D(1)(a), which is £3,959 million.

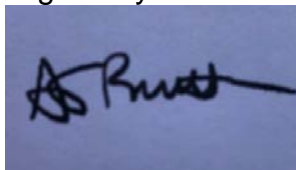
The directions at Annex A2, made under section 223E(1) and (3) of the 2006 Act, set out certain additional budgetary limits to which NHS England must adhere. These stem from budgetary controls that HM Treasury applies to the Department of Health and Social Care (DHSC). The limits imposed by the directions in Annex A2, and other sub-limits, are summarised within.

The directions at Annex A3, made under sections 223O of the 2006 Act, relate to particular uses of resources which must or must not be taken into account in relation to each limit. The directions at Annex A4, in reference to [HM Treasury's Consolidated budgeting guidance](#), set out the matters which relate to administration for the purposes of the directions in Annex A2.

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 for 2024 to 2025.

Signed by authority of the Secretary of State for Health and Social Care.

Signed by

A blue rectangular stamp containing a handwritten signature in black ink. The signature appears to be 'A Brittain'.

Andy Brittain
Member of the Senior Civil Service
Department of Health and Social Care

26 March 2024

Annex A1: Directions under section 223D of the 2006 Act

Total revenue resource use limit

NHS England must exercise its functions with a view to ensuring that the total revenue resource use in the relevant financial year does not exceed £185,812 million. In these directions, 'total revenue resource use' means the use of revenue resources by NHS England, integrated care boards ('ICBs'), NHS trusts and NHS foundation trusts (together 'NHS England Group and NHS providers'), other than use that consists of transfer of resources between those bodies. NHS charities' resource use is not included in this definition.

Table 1: breakdown of calculations used to reach the NHS England Group and NHS providers' total revenue resource use limit

	Matters	Specified amount
1.1	Revenue departmental expenditure, other than depreciation and impairments	£176,916 million
1.2	Depreciation and impairments within revenue departmental expenditure	£4,646 million
1.3	Revenue annually managed expenditure	£2,250 million
1.4	Technical accounting and budgeting	£2,000 million

As Table 1 includes NHS England Group and NHS providers, line 1.2 includes £4,152 million for depreciation in NHS trusts and NHS foundation trusts funded by ICBs' expenditure on healthcare services with those trusts. Line 1.2 also includes £100 million for spending on impairments in NHS trusts and NHS foundation trusts.

Total capital resource use limit

NHS England must exercise its functions with a view to ensuring that the total capital resource use in the relevant financial year does not exceed £3,959 million. In these directions, 'total capital resource use' means the use of capital resources by NHS England, integrated care boards ('ICBs'), NHS trusts and NHS foundation trusts (together 'NHS England Group and NHS providers'), other than use that consists of transfer of resources between those bodies. NHS charities' resource use is not included in this definition. There are also specific exclusions set out in Annex A3 as per section 223O of the 2006 Act.

Table 2: breakdown of calculations used to reach the NHS England Group and NHS providers' total capital resource use limit

	Matters	Specified amount
2.1	NHS provider system capital which is allocated through ICBs (this is part of overall NHS provider operational capital)	£3,515 million
2.2	NHS England capital departmental expenditure	£431 million
2.3	NHS England capital annually managed expenditure	£13 million

Budgets for NHS national programmes and NHS provider system capital that is not allocated through ICBs are not included in this table as they are not included in the total capital resource use limit (see Annex A3 for further detail).

Annex A2: Directions under section 223E(1) and (3) of the 2006 Act – additional controls on resource use

NHS England must ensure that the relevant revenue resource use and the relevant capital resource use in the relevant financial year which is attributable to the matters in the 'Matters' column of the table below shall not exceed the amount specified in relation to those matters in the corresponding entry in the 'Specified amount' column. In these directions, 'relevant revenue resource use' and 'relevant capital resource use' means the respective use of revenue and capital resources by NHS England and ICBs. The resource use of NHS trusts and NHS foundation trusts are not included in the limits imposed under section 223E(1) and (3).

Table 3: relevant revenue resource use limits

	Matters	Specified amount
3.1	Matters for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments.	£181,068 million
3.2	Matters relating to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit.	£393 million
3.3	Matters for which attributable expenditure is to be treated as annually managed expenditure.	£250 million
3.4	Technical accounting and budgeting matters, namely capital grants and Private Finance Initiative or Local Investment Finance Trust schemes, as recorded in accordance with International Financial Reporting Interpretations Committee 12 (IFRIC 12).	£200 million
3.5	Matters relating to administration: (a) which are specified in Annex A4; and (b) for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments	£1,979 million
3.6	Matters relating to administration: (a) which are specified in Annex A4; and (b) which relate to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit	£182 million

As Table 3 includes NHS England and ICBs only, the £4,152 million for expenditure incurred by ICBs which ultimately funds depreciation in NHS trusts and foundation trusts is included in line 3.1.

Included in matters relating to administration, lines 3.5 and 3.6, are balances which specifically relate to revenue which is used within NHS England, excluding ICBs. These are detailed in Table 4.

Table 4: NHS England administration limits

	Matters	Specified amount
4.1	Matters relating to administration: (a) which are specified in Annex A4, insofar as they relate to NHS England resource use; and (b) for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments	£757 million
4.2	Matters relating to administration: (a) which are specified in Annex A4, insofar as they relate to NHS England resource use; and (b) which relate to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit	£111 million

Table 5: NHS England relevant capital resource use limit

	Matters	Specified amount
5.1	Matters for which attributable expenditure is to be treated as within the capital departmental expenditure limit.	£431 million
5.2	Matters for which attributable expenditure is to be treated as capital annually managed expenditure.	£13 million

NHS England and ICBs do not hold any matters relating to depreciation and impairments for which attributable expenditure is to be treated as either within the capital departmental expenditure limit or as capital annually managed expenditure.

Table 6A: summary of the relevant revenue resource use limits imposed by the directions

	Revenue resource use limits - £ million	Total	Revenue departmental expenditure limit (excluding depreciation and impairments)	Revenue departmental expenditure limit (depreciation and impairments)	Revenue annually managed expenditure	Technical accounting and budgeting
6A.1	Relevant revenue resource use limit, of which:	181,912	181,068	393	250	200
6A.1.1	Spending by commissioners with NHS providers that funds depreciation costs (ringfenced within 6A.1)	4,152	4,152	0	0	0
6A.1.2	Elective Recovery (ringfenced within 6A.1)	2,860	2,860	0	0	0
6A.1.3	Individual Placement Support (ringfenced within 6A.1)	20	20	0	0	0
6A.2	Total administration limit, of which:	2,161	1,979	182	0	0
6A.2.1	NHS England administration limit	868	757	111	0	0

Table 6B: summary of the relevant capital resource use limits imposed by the directions

	Capital Resource use limits - £ million	Total	Capital departmental expenditure limit	Capital annually managed expenditure
6B.1	Relevant capital resource use limit	445	431	13

These limits refer to the resource use of NHS England and ICBs. The resource use of NHS trusts and NHS foundation trusts are not included in the limits imposed under section 223E(1) and (3). In addition to the revenue departmental expenditure limit (RDEL) and capital departmental expenditure limit (CDEL), the following budgets are included:

- 'revenue annually managed expenditure' (RAME)

- 'capital annually managed expenditure' (CAME)
- 'technical accounting and budgeting'

The additional budgets outlined above are of a technical nature. Annually managed expenditure covers provisions and some types of impairments expenditure. Technical accounting and budgeting is for the differences between accounts produced under International Financial Reporting Standards (IFRS) following HM Treasury's Consolidated budgeting guidance. These budgets are not included in the RDEL and CDEL budget calculations used to calculate growth in NHS England's headline budget.

The adjustments in Table 6A for Provider Depreciation, Elective Recovery and Individual Placement Support are reflected within the relevant revenue resource use limit and do not themselves represent resource use limits.

Annex A3: Directions under section 223O – resources and uses of resources which must or must not be taken into account

For the financial year ending on 31 March 2025, the following are the descriptions of resources or uses of resources specified, set out or described in the Consolidated budgeting guidance 2024 to 2025 published by HM Treasury, so far as applicable to the limit in question subject to the final paragraph in this annex:

- 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 NHS England under sections 223D and 223E of the 2006 Act, and by NHS England for ICBs and their partner NHS trusts and NHS foundation trusts under sections 223M of the 2006 Act;
- b) the uses of capital resources or revenue resources which must, or must not, be taken into account for the purposes of the resource limits set by the Secretary of State for the NHS England under sections 223D and 223E of the 2006 Act, and by NHS England for ICBs and their partner NHS trusts, and NHS foundation trusts under sections 223M of the 2006 Act;

For the uses of capital resources pursuant to section 223O(b), the NHS provider system capital resources that are not directly allocated through ICBs and NHS national programmes capital resources are not to be taken into account for the purposes of 223D(1)(a) and 223M(1)(a).

Annex A4: Matters relating to administration in revenue resource use

Subject to paragraph (7) of this annex, for the purposes of Annex A2 in these directions the following are matters which relate to administration:

- 1) the payment of remuneration, national insurance, pensions, allowances or gratuities to the persons listed in paragraph (6), insofar as the payment is attributable to any of the activities referred to in paragraph (4) or (5)
- 2) the provision of education and training for the persons listed in paragraph (6), where the education or training relates to any of the activities referred to in paragraph (4) or (5)
- 3) securing the provision of goods, facilities, or services for use by NHS England or an ICB in the exercise of its functions, including costs relating to:
 - accommodation, including the cost of rent, rates, utilities, and maintenance
 - information technology, including telecommunications and computer maintenance
 - office services, including stationery, postage, and rental of office equipment
 - management consultancy
 - services to support arranging the provision of the services referred to in paragraph (7)
 - depreciation, amortisation, impairment, write-off, or other alterations in the value of assets
- 4) the costs incurred in the exercise of:
 - NHS England's functions in relation to ICBs
 - NHS England or an ICB's functions of arranging for the provision of the services referred to in paragraph (7), including costs which are incurred in the carrying out of activities designed to improve the exercise of those functions, but excluding costs incurred in relation to activities whose sole or primary purpose is to improve the quality of those services
- 5) the costs, other than those referred to in paragraph (1) to (4), which are incurred in the carrying out of the following administrative or support activities:

- human resources
- finance
- corporate, business and administrative support
- management and governance
- formulation and monitoring of policy related to the exercise of functions
- administration of grant payments
- legal and regulatory advice
- marketing and communications
- programme and project management

6) The persons referred to in paragraph (1) and (2) are:

- employees of NHS England or an ICB
- non-executive members of NHS England
- members of an ICB
- members of committees of NHS England or an ICB and members of sub-committees of those committees
- members of an ICB who are individuals
- individuals authorised to act on behalf of a member of a ICB in dealings between the member and the ICB

7) The matters relating to administration do not include:

- payments made to persons providing services as part of the health service under arrangements made by NHS England or an ICB, in respect of the provision of such services pursuant to those arrangements
- payments made by NHS England or an ICB under or by virtue of section 12A of the 2006 Act

Annex B: Relevant resource use limits 2019 to 2025 (excluding depreciation, annually managed expenditure and technical budget)

Revenue

The table below outlines the relevant revenue resource use limits for NHS England and ICBs for years up to 2024 to 2025 in line with the outcome of Spending Review 2021 and subsequent fiscal events. The figures are adjusted annually to account for reallocation of resources, additional funding, and changes of responsibility between government bodies.

Table 7: NHS England Group and NHS providers' total revenue resource use limits (excluding depreciation and impairments)

£ million	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025
NHS funding baseline	120,807	127,007	133,283	139,990	148,467	151,629
<i>Accounting classification adjustments</i>	-2,043	-2,341	-2,641	-3,293	-3,321	-3,442
Revised Baseline	118,764	124,666	130,642	136,697	145,147	148,187
Pensions adjustment	2,851	2,851	2,851	2,851	2,851	2,851
Additional COVID-19 and elective recovery funding		19,988	16,295			
Spending Review 2021 funding				8,989	6,085	8,161
Autumn Statement 2022 funding					3,300	3,300
Autumn Statement 2023 funding					1,114	
Supplementary Estimates 2023 to 2024 funding					2,062	
Other transfers of funding prior to Spring Budget 2024	-281	-373	-1,815	6,691	2,627	
Spring Budget 2024 funding						2,450
RDEL Budget as per SB24	121,334	147,132	147,973	155,228	163,186	164,850
Additional pensions adjustment						1,965
Other transfers of funding following Spring Budget 2024					2,740	4,698
Funding totals (excluding HEE)	121,334	147,132	147,973	155,228	165,926	171,613

HEE adjustment					5,110	5,303
Funding totals (including HEE)					171,036	176,916

The NHS Funding Act 2020 set out the baseline revenue funding up to and including 2023 to 2024, representing the lower limit that NHS England is guaranteed to receive. 2024 to 2025 maintains 2023 to 2024's baseline funding in real terms. The application of the IFRS 16 Leases accounting standard has subsequently revised this baseline revenue funding.

As Table 6 refers to the revenue resource use of NHS England Group and NHS providers, excluding depreciation and impairments, funding totals exclude £3.981 billion for expenditure incurred by ICBs which funds provider depreciation (in NHS trusts and foundation trusts), which is included in line 1.2 in Table 1.

Following the 2016 valuation of the NHS Pension Scheme, the employer contribution rate rose by 6.3% from 1 April 2019. Alongside the long-term funding settlement for the NHS announced in 2018, the government committed to provide £2.851 billion additional recurrent funding for this annually until 2023 to 2024. This has since been extended to 2024 to 2025 and increased by £1.965 billion, to reflect a further 3.1% rise from 1 April 2024, following the 2024 valuation of the scheme.

NHS Improvement, NHS Digital and Health Education England's revenue and capital resource limits have been added to the funding totals going forward as the organisations have become part of NHS England. NHS Improvement's 2022 to 2023 figures do not represent the full year budget as the functions transferred to NHS England on 1 July 2022.

The Health Education England adjustment represents funding as part of the government's continuing commitments around workforce supply and reform to meet the priorities of the Long-Term Workforce Plan.

In finalising NHS England's opening and closing positions for each financial year, an adjustment to the figures is made to accurately reflect the closing position. These occur in the form of transfers in and out of NHS England. The 'Other transfers of funding' rows in the table above reflect the net sum of the transfers made that year, prior to and following Spring Budget 2024, including additional Autumn Statement 2022 funding and excluding any funding specifically identified in the table above.

Other transfers for NHS England's 2024 to 2025 budget relate to GP indemnity, voluntary scheme for branded medicines pricing, access and growth (VPAG), and transfers with public health bodies. There are also a number of transfers fulfilling manifesto commitments on primary care, car parking and nursing recruitment.

Administration

The table below outlines the relevant administration limits for NHS England and ICBs for years up to 2024 to 2025 in line with the outcome of Spending Review 2021 and subsequent fiscal events. Administration budgets also undertake transfers throughout the year. Adjustments have also been made to reflect the transfer of functions of NHS Improvement, NHS Digital and Health Education England into NHS England.

Table 8: relevant administration limits (excluding depreciation and impairments), included in revenue resource use limits

£ million	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025
Total	1,753	1,644	1,664	1,895	1,945	1,979
Of which, NHS England only	500	475	506	657	736	757

Capital

The table below outlines the relevant capital resource limits for NHS England and ICBs for years up to 2024 to 2025 in line with the outcome of Spending Review 2021 and subsequent fiscal events. Capital budgets also undertake transfers throughout the year, which mainly relate to individual trusts and providers. Adjustments have also been made for the impacts of the application of the IFRS 16 Leases accounting standard.

Table 9: relevant capital resource use limits

£ million	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025
Total	260	365	337	330	439	431

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978-1-5286-4772-4