



Department
of Health &
Social Care

2024 to 2025 revised financial directions to NHS England



Department
of Health &
Social Care

2024 to 2025 revised financial directions to NHS England

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



© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at finance-briefing@dhsc.gov.uk

ISBN 978-1-5286-5561-3

E03323460 03/25

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.

Contents

2024 to 2025 revised financial directions to NHS England	2
Annex A1: directions under section 223D of the 2006 Act.....	3
Annex A2: directions under section 223E(1) and (3) of the 2006 Act – additional controls on resource use.....	5
Annex A3: directions under section 223O – resources and uses of resources that must or must not be taken into account.....	10
Annex A4: matters relating to administration in revenue resource use	11
Annex B: the changes made to the 2024 to 2025 financial directions	14
Annex C: resource use limits 2019 to 2025 (excluding depreciation, annually managed expenditure and technical budget).....	16

2024 to 2025 revised financial directions to NHS England

The Secretary of State for Health and Social Care gives these directions to revise the 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, 223O and 273(1)(b) of the [National Health Service Act 2006](#) ('the 2006 Act'). These directions have been agreed with NHS England in accordance with section 223D(4)(a) of the 2006 Act. These directions replace the 2024 to 2025 financial directions to NHS England made on 26 March 2024, which are now revoked. Details of the changes made can be found at Annex B.

The directions at Annex A1 specify the total revenue resource use limit in accordance with section 223D(1)(b), which is £196,269 million. The directions at Annex A1 also specify the total capital resource use limit in accordance with section 223D(1)(a), which is £5,270 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 these directions.

The directions at Annex A3, made under sections 223O of the 2006 Act, relate to particular resources or uses of resources that must or must not be taken into account in relation to each limit. The directions at Annex A4, in reference to [Consolidated budgeting guidance 2025 to 2026](#), set out the matters that 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 2025 to 2026.

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

Signed by



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

31 March 2025

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

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 £196,269 million. In these directions, ‘total revenue resource use’ means the use of revenue resources by integrated care boards (ICBs) and NHS England, (NHS England Group), and NHS trusts and NHS foundation trusts (NHS providers), other than the use that consists of transfer of resources between those bodies. NHS charities are 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

Line	Matters	Specified amount (£ million)
1.1	Revenue departmental expenditure, other than depreciation and impairments	186,838
1.2	Depreciation and impairments within revenue departmental expenditure	4,781
1.3	Revenue annually managed expenditure	2,650
1.4	Technical accounting and budgeting	2,000

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 £235 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 £5,270 million. In these directions, ‘total capital resource use’ means the use of capital resources by NHS England Group and NHS providers, other than use that consists of transfer of resources between those bodies. NHS charities are not included. 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 each

Line	Matters	Specified amount (£ million)
2.1	NHS provider system capital that is allocated through ICBs (this is part of overall NHS provider operational capital)	4,631
2.2	NHS England capital departmental expenditure	626
2.3	NHS England capital annually managed expenditure	13

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 tables 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 Group. 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

Line	Matters	Specified amount (£ million)
3.1	Matters for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments	190,990
3.2	Matters relating to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit	393
3.3	Matters for which attributable expenditure is to be treated as revenue annually managed expenditure	250
3.4	Technical accounting and budgeting matters, namely capital grants and Private Finance Initiative or Local Improvement Finance Trust schemes, as recorded in accordance with International Financial Reporting Interpretations Committee 12 (IFRIC 12)	250
3.5	Matters relating to administration: <ul style="list-style-type: none"> • that are specified in Annex A4 • for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments Both criteria must apply	1,979
3.6	Matters relating to administration: <ul style="list-style-type: none"> • that are specified in Annex A4 	182

Line	Matters	Specified amount (£ million)
	<ul style="list-style-type: none"> that relate to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit <p>Both criteria must apply</p>	

As Table 3 refers to the resource use of NHS England Group, the £4,152 million for expenditure incurred by ICBs that ultimately funds depreciation in NHS providers is included in line 3.1.

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

Table 4: NHS England administration limits

Line	Matters	Specified amount (£ million)
4.1	<p>Matters relating to administration:</p> <ul style="list-style-type: none"> that are specified in Annex A4, insofar as they relate to NHS England resource use for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments <p>Both criteria must apply</p>	757
4.2	<p>Matters relating to administration that:</p> <ul style="list-style-type: none"> are specified in Annex A4, insofar as they relate to NHS England resource use relate to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit <p>Both criteria must apply</p>	111

Table 5: relevant capital resource use limits

Line	Matters	Specified amount (£ million)
5.1	Matters for which attributable expenditure is to be treated as within the capital departmental expenditure limit	626
5.2	Matters for which attributable expenditure is to be treated as capital annually managed expenditure	13

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 (CDEL) or as capital annually managed expenditure (CAME).

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

Line	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	Total relevant revenue resource use limit ¹	191,884	190,990	393	250	250
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)	5,370	5,370	0	0	0
6A.1.3	Individual placement support (ringfenced within 6A.1)	20	20	0	0	0
6A.2	Total administration limit	2,161	1,979	182	0	0
6A.2.1	NHS England administration limit (ringfenced within 6A.2)	868	757	111	0	0

¹ Numbers in this line may not sum due to rounding.

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

Line	Capital resource use limits (£ million)	Total	CDEL	CAME
6B.1	Relevant capital resource use limit	639	626	13

These limits refer to the resource use of NHS England Group. The resource use of NHS providers is not included in the limits imposed under section 223E(1) and (3). In addition to the revenue departmental expenditure limit (RDEL) and 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 (AME) 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 imposed under section 22E(1) and (3).

Annex A3: directions under section 223O – resources and uses of resources that 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 2025 to 2026](#) published by HM Treasury, so far as applicable to the limit in question:

- the descriptions of resources that 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 section 223M of the 2006 Act
- the uses of capital resources or revenue resources that must, or must not, be taken into account 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 section 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 1.7 of this annex, for the purposes of Annex A2 in these directions the following are matters that relate to administration:

- 1.1 The payment of remuneration, National Insurance, pensions, allowances or gratuities to the persons listed in paragraph 1.6, insofar as the payment is attributable to any of the activities referred to in paragraph 1.4 or 1.5.
- 1.2 The provision of education and training for the persons listed in paragraph 1.6, where the education or training relates to any of the activities referred to in paragraph 1.4 or 1.5.
- 1.3 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 1.7
 - depreciation, amortisation, impairment, write-off, or other alterations in the value of assets
- 1.4 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 1.7, including costs that 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

1.5 The costs, other than those referred to in paragraph 1.1 to 1.4, that 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

1.6 The persons referred to in paragraphs 1.1 and 1.2 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

1.7 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: the changes made to the 2024 to 2025 financial directions

The following changes have been made from the 2024 to 2025 financial directions since they were published in March 2024:

- NHS England has been provided with funding from DHSC to reflect the outcome of the Review Body on Doctors' and Dentists' Remuneration (DDRB) and NHS Pay Review Body (NHSPRB) pay recommendations (which the government accepted), the resident doctors pay deal in September 2024 and an increase in the baseline for consultants pay deal agreed previously
- non-ringfenced revenue adjustments have been made. The most significant of these are funding for elective recovery, funded nursing care and national living wage and funding for technology programmes delivered in and through NHS England. Together, these total £2,727 million. A number of smaller transfers with other government departments and health bodies have also been made
- additional funding of £429 million has been provided in 2024 to 2025 to continue the COVID-19 vaccination programme
- the NHS England non-ringfenced administration limit has been uplifted to cover additional costs related to 2024 to 2025 pay awards and employers' pension contributions – which have increased above the value originally agreed in 2019 to 2020 resulting from the NHS Pension Scheme revaluation. A corresponding reduction has been made to the non-ringfenced programme budget for this
- depreciation spending in NHS providers funded by ICBs' expenditure on healthcare services with those trusts, which had previously been scored to matters excluding depreciation and impairments, is now categorised under matters relating to depreciation and impairments. This change applies to the limits set out in Annex A1 and does not affect Annex A2
- the main increase on NHS England capital use due to the in-year transfer of funding for the NHS Technology and Digital Programme from DHSC. Additionally, there are some transfers of capital for national programmes where delivery is through ICBs, including for Sustainability and Transformation Partnerships (STP) programme. The total impact of these changes is an increase to NHS England's capital resource use limit of £195 million for 2024 to 2025

- the NHS providers system capital has been adjusted to include £882 million for IFRS 16 funding and minor adjustments to the in-year other system capital elements

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

Revenue

The table below outlines the total revenue resource use limits for NHS England Group and NHS providers (other than depreciation and impairments) 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 7A: NHS England Group and NHS providers' total revenue resource use limits (excluding depreciation and impairments)

Total revenue resource use limits (£ million)	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025
Revised baseline ²	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	Not applicable	19,988	16,295	Not applicable	Not applicable	Not applicable

² This includes funding agreed in the [NHS Long Term Plan funding settlement 2018](#), plus classification adjustments relating to change in treatment of depreciation spending in providers.

Total revenue resource use limits (£ million)	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025
recovery funding						
Funding agreed as per Spending Review 2021 to Spring Budget 2024	-281	-373	-1,815	15,680	15,188	13,812
Subtotal - NHS RDEL budget as per Spring Budget 2024	121,334	147,132	147,973	155,228	163,186	164,850
Health Education England (HEE) adjustment	Not applicable	Not applicable	Not applicable	Not applicable	5,110	5,303
Additional pensions adjustment	Not applicable	1,965				
Autumn Budget 2024	Not applicable	9,296				
Subtotal - NHS RDEL budget as per Autumn Budget 2024	Not applicable	181,414				
In-year transfers to or from wider DHSC group budgets ^{3 4}	Not applicable	Not applicable	Not applicable	Not applicable	2,740	5,423
Total NHS RDEL as per financial directions	121,334	147,132	147,973	155,228	171,036	186,838

³ This includes transfers from budgets held in the wider DHSC group including COVID-19 vaccines, primary care recovery, income from the [voluntary scheme for branded medicines pricing, access and growth](#), and support for NHS pay pressures.

⁴ Numbers in this line may not sum due to rounding.

Table 7B: time series for funding growth comparisons

Time series (£ million)	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025
Funding totals as per published financial directions	121,334	147,132	147,973	155,228	171,036	186,838
Minus HEE (only added to NHS budget from 2023 to 2024) ⁵	Not applicable	Not applicable	Not applicable	Not applicable	-5,110	-5,303
Minus additional pensions (only added in 2024 to 2025)	Not applicable	-1,965				
Adjusted RDEL time series	121,334	147,132	147,973	155,228	165,926	179,570
Annual growth	Not applicable	25,789	841	7,255	10,698	13,644

⁵ HEE budget baselined in NHS RDEL from 2025 to 2026 adjustment assumes growth equal to total funding growth.

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 7A refers to the revenue resource use of NHS England Group and NHS providers, excluding depreciation and impairments, funding totals exclude £4,152 billion for expenditure incurred by ICBs that 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 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. This has been increased by £1,965 billion from 2024 to 2025, to reflect a further 3.1% rise from April 2024 following the 2020 valuation of the scheme.

NHS Improvement, NHS Digital and HEE'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 HEE adjustment represents funding as part of the government's continuing commitments around workforce supply and reform.

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 Budget 2024 funding and excluding any funding specifically identified in the table above.

Other transfers for NHS England's 2024 to 2025 budget relate to funded nursing care and national living wage, GP recruitment, NHS talking therapies, as well as other small transfers.

Administration

The table below outlines the relevant administration limits for NHS England Group 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 HEE into NHS England.

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

Relevant administration 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
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, and some funding for NHS Technology and Digital Programme that is initially within DHSC's budget. 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

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	626
NHS provider system capital that is allocated through ICBs (this is part of overall NHS provider operational capital)	Not applicable	4,631				

E03323460
ISBN 978-1-5286-5561-3