



Department  
of Health &  
Social Care

# **2023 to 2024 financial directions to NHS England**

Published March 2023

# 2023 to 2024 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 2024, 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 £171,318m.

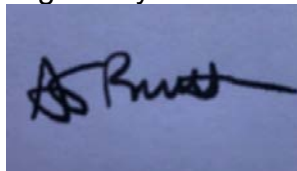
The directions at Annex A2, made under section 223E(1) and (3) of the 2006 Act, set out certain additional budgetary limits to which NHS England must adhere. These stem from budgetary controls that HM Treasury applies to the Department of Health and Social Care (DHSC). The limits imposed by the directions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

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

Signed by

A handwritten signature in black ink on a light blue background. The signature appears to be 'A Brittain'.

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

30 March 2023

## 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 £171,318 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
Revenue departmental expenditure, other than depreciation and impairments	£168,374 million
Depreciation and impairments within revenue departmental expenditure	£493 million
Revenue annually managed expenditure	£2,250 million
Technical accounting and budgeting	£200 million

## 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 2: relevant revenue resource use limits**

Matters	Specified amount
Matters for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments.	£168,374 million
Matters relating to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit.	£393 million
Matters for which attributable expenditure is to be treated as annually managed expenditure.	£250 million
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
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	£1,819 million
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

Included in matters relating to administration are balances which specifically relate to revenue which is used within NHS England and detailed in the table below.

**Table 3: NHS England administration limits**

Matters	Specified amount
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	£662 million
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	£110 million

**Table 4: relevant capital resource use limit**

Matters	Specified amount
Matters for which attributable expenditure is to be treated as within the capital departmental expenditure limit.	£444 million
Matters for which attributable expenditure is to be treated as capital annually managed expenditure.	£13 million

**Table 5A: 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
Relevant revenue resource use limit, of which:	169,218	168,374	393	250	200
Health Education England adjustment	5,054	5,048	6	0	0
Elective Recovery funding (ringfenced)	2,808	2,808	0	0	0
Total administration limit, of which:	2,001	1,819	182	0	0
NHS England administration limit	773	662	110	0	0

**Table 5B: 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
Relevant capital resource use limit	458	444	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 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 the table above for Health Education England (HEE) and Elective Recovery reflect additional funding and do not 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 2023, the following are the descriptions of resources or uses of resources specified, set out or described in the Consolidated budgeting guidance 2023 to 2024 published by HM Treasury, so far as applicable to the limit in question:

- 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 and 223N 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 and 223N of the 2006 Act;



## **Annex A4: Matters relating to administration in revenue resource use**

Subject to paragraph (7) of this annex, for the purposes of 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)**

The directions for each financial year will set the actual revenue resource use limits and the actual capital resource use limits. These indicative amounts are included as useful information on current proposals for the future.

### **Revenue**

The table below outlines the relevant revenue resource use limits for NHS England, ICBs (from their establishment on 1 July 2022) and clinical commissioning groups ('CCGs') (prior to their abolition on 30 June 2022), for years up to 2022 to 2023, and indicative amounts for future years in line with the outcome of Spending Review 2021 and Autumn Statement 2022. The figures are adjusted annually to account for reallocation of resource, additional funding, and changes of responsibility between government bodies.

**Table 6: NHS England's relevant 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
Pensions adjustment	2,851	2,851	2,851	2,851	2,851	2,851
Additional COVID-19 and elective recovery funding	N/A	19,988	16,295	N/A	N/A	N/A
Total SR21 funding (including COVID-19 and elective recovery)	N/A	N/A	N/A	8,989	6,085	8,161
NHS Improvement adjustment	N/A	N/A	N/A	193	222	TBC
2022 Autumn Statement funding	N/A	N/A	N/A	N/A	3,300	3,200
Other transfers of funding	-281	-373	-1,815	6,498	2,401	TBC

Funding totals (excluding HEE adjustment)	123,377	149,473	150,614	158,521	163,326	165,841
HEE adjustment	N/A	N/A	N/A	N/A	5,048	TBC
Funding totals (including HEE adjustment)	N/A	N/A	N/A	N/A	168,374	TBC

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 DHSC consultation response of 4 March 2019 confirmed that the employer contribution rate for the NHS Pensions Scheme would rise. Alongside the long-term funding settlement for the NHS announced in 2018, the government committed to provide additional recurrent funding of £2.851 billion annually until 2023 to 2024 arising from the scheme valuation, since extended to 2024 to 2025.

NHS Improvement, NHS Digital and Health Education England's revenue and capital resource limits have been added going forward as the organisations are abolished, or (in the case of Health Education England) are proposed to be abolished, and their functions transferred to 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. Health Education England's 2023 to 2024 figure represents their full-year budget as the transfer of functions is proposed to occur on 1 April 2023.

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' row in the table above reflects the net sum of the transfers made that year, excluding any funding specifically identified in the table above.

Other transfers for NHS England's 2023 to 2024 budget relate to GP indemnity, voluntary scheme for branded medicines pricing and access (VPAS), 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, ICBs (from their establishment on 1 July 2022), and CCGs (prior to their abolition on 30 June 2022),

for years up to 2022 to 2023, and indicative amounts for future years in line with the outcome of Spending Review 2021. Administration budgets also undertake transfers throughout the year. Adjustments have also been made for reflect the transfer of functions of NHS Improvement, NHS Digital and Health Education England into NHS England.

**Table 7: 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	1,819	TBC
Of which, NHS England only	500	475	506	657	662	TBC

## Capital

The table below outlines the relevant capital resource limits for NHS England, ICBs (from their establishment on 1 July 2022), and CCGs (prior to their abolition on 30 June 2022), for years up to 2022 to 2023, and indicative amounts for future years in line with the outcome of Spending Review 2021. 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 8: 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	444	219

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DHSC Finance Directorate

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