



Department  
of Health &  
Social Care

# **2026 to 2027 financial directions to NHS England**





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

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# 2026 to 2027 financial directions to NHS England

The Secretary of State for Health and Social Care gives these financial directions to NHS England in respect of the financial year ending on 31 March 2027, 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 £215,352 million. The directions at annex A1 also specify the total capital resource use limit in accordance with section 223D(1)(a), which is £5,028 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 section 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 2026 to 2027](#), 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 2026 to 2027.

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

Signed by



Sam Jones  
Member of the Senior Civil Service  
Department of Health and Social Care  
25 March 2026

# 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 (2026 to 2027) does not exceed £215,352 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 use of resources between these bodies. NHS provider charitable fund resource use is included in this definition. This refers to small charities, funded by donations by the public, with a single corporate trustee (the NHS body it is associated with). This does not refer to independent charities in England, which are not consolidated into DHSC's accounts.

**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	205,235
1.2	Revenue annually managed expenditure	8,116
1.3	Technical accounting and budgeting	2,000

From 2026 to 2027, HM Treasury has reclassified 'depreciation and impairments' as annually managed expenditure (AME) rather than ringfenced resource departmental expenditure limit (RF RDEL) expenditure. 'Depreciation and impairments' are therefore captured in line 1.2 of table 1 (revenue AME), and the total AME limit is higher in 2026 to 2027 as a result.

## 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 £5,028 million. In these directions, 'total capital resource use' means the use of capital resources by NHS England Group and NHS providers. NHS provider charitable fund resource use is 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**

<b>Line</b>	<b>Matters</b>	<b>Specified amount (£ million)</b>
2.1	NHS provider system capital that is allocated directly to NHS providers (this is part of overall NHS provider operational capital)	4,163
2.2	NHS England capital departmental expenditure	852
2.3	NHS England capital annually managed expenditure	13

Budgets for NHS national programmes and NHS provider operational capital that is not allocated directly to NHS providers 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

## Relevant capital and revenue resource limits

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 Group. The resource use of NHS providers is 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	209,840
3.2	Matters for which attributable expenditure is to be treated as annually managed expenditure	912
3.3	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
3.4	Matters relating to administration that are specified in annex A4 and for which attributable expenditure is to be treated as within the revenue departmental expenditure limit (both criteria must apply)	2,383

Included in matters relating to administration, line 3.4, are balances that specifically relate to revenue resource which is used within NHS England, excluding ICBs. This is detailed in table 4.

**Table 4: NHS England administration limit**

<b>Line</b>	<b>Matters</b>	<b>Specified amount (£ million)</b>
4.1	Matters relating to administration that are specified in Annex A4, insofar as they relate to NHS England resource use and for which attributable expenditure is to be treated as within the revenue departmental expenditure limit (both criteria must apply)	949

From 2026 to 2027, HM Treasury has reclassified ‘depreciation and impairments’ as AME rather than RF RDEL. ‘Depreciation and impairments’ are therefore no longer captured in table 4.

**Table 5: NHS England relevant capital resource use limit**

<b>Line</b>	<b>Matters</b>	<b>Specified amount (£ million)</b>
5.1	Matters for which attributable expenditure is to be treated as within the capital departmental expenditure limit	852
5.2	Matters for which attributable expenditure is to be treated as capital annually managed expenditure	13

The NHS England Group does 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 under section 223E(1) and (3) of the 2006 Act**

<b>Line</b>	<b>Relevant revenue resource use limits (£ million)</b>	<b>Total</b>	<b>Revenue departmental expenditure limit</b>	<b>Revenue annually managed expenditure</b>	<b>Technical accounting and budgeting</b>
6A.1	Total relevant revenue resource use limit <sup>1</sup>	211,002	209,840	912	250
6A.1.1	Spending by the NHS England Group that funds depreciation costs (ringfenced within 6A.1)	4,604	4,604	0	0
6A.1.2	Individual placement support and NHS talking therapies (ringfenced within 6A.1)	182	182	0	0
6A.2	Total administration limit	2,383	2,383	0	0
6A.2.1	NHS England administration limit (ringfenced with 6A.2)	949	949	0	0

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<sup>1</sup> Numbers in this line may not sum due to rounding.

**Table 6B: summary of the relevant capital resource use limits imposed by the directions under section 223E(1) and (3) of the 2006 Act**

Line	Capital resource use limits (£ million)	Total	CDEL	CAME
6B.1	Relevant capital resource use limit	865	852	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 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 in the list above are of a technical nature. 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 NHS provider depreciation, individual placement support, and NHS talking therapies are reflected within the relevant revenue resource use limit and do not themselves represent resource use limits imposed under section 223E(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 2027, the following are the descriptions of resources or uses of resources specified, set out or described in the [Consolidated Budgeting Guidance 2026 to 2027](#), published by HM Treasury, so far as applicable to the limit in question subject to the final paragraph in this annex:

- 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 sections 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 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 to NHS providers or 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 that 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 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
5. The costs, other than those referred to in paragraphs 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 paragraphs 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 2027 (excluding depreciation, annually managed expenditure and technical budget)

### Revenue

The table below outlines the relevant revenue resource use limits for NHS England Group and NHS providers for years up to 2026 to 2027 in line with the outcome of phase 2 of the Spending Review 2025. 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)**

Line	£ million	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026	2026 to 2027
7A.1	NHS RDEL budget as per AB24	121,334	147,132	147,973	155,228	168,296	181,414	191,955	Not applicable
7A.2	Budget transfers to and/or from wider DHSC group budgets (agreed before SR25)	Not applicable	Not applicable	Not applicable	Not applicable	2,740	5,424	3,638	Not applicable
7A.3	Revised baseline NHS RDEL budget as per SR25	121,334	147,132	147,973	155,228	171,036	186,838	195,593	204,951
7A.4	Additional budget transfers to and/or from wider DHSC group budgets (agreed after	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2,502	284

Line	£ million	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026	2026 to 2027
	SR25) <sup>2</sup>								
7A.5	Funding totals as per published financial directions <sup>3</sup>	121,334	147,132	147,973	155,228	171,036	186,838	198,095	205,235

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<sup>2</sup> This includes transfers from budgets held in the wider DHSC group (that is, non-NHS parts of DHSC) including COVID-19 vaccines, primary care recovery, income from the [voluntary scheme for branded medicines pricing, access and growth \(VPAG\)](#), and support for NHS pay pressures.

<sup>3</sup> Numbers in this line may not sum due to rounding.

**Table 7B: time series for funding growth comparisons**

£ million	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026	2026 to 2027
Funding totals as per published financial directions	121,334	147,132	147,973	155,228	171,036	186,838	198,095	205,235
Adjustment for bodies merged with NHS England <sup>4</sup>	4,735	4,992	5,636	5,886	Not applicable	Not applicable	Not applicable	Not applicable
Minus additional pensions (only added to NHS from 2024 to 2025) <sup>5</sup>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	-1,965	-1,965
Adjusted RDEL time series	126,069	152,124	153,609	161,114	171,036	186,838	196,129	203,270
Annual growth	Not applicable	26,055	1,485	7,505	9,922	15,802	9,291	7,140

<sup>4</sup> NHS budgets for 2019 to 2020 to 2022 to 2023 have been adjusted to reflect spending in entities, including HEE, NHS Digital and NHS Improvement, that were merged with NHS England during 2022 to 2023 and from 2023 to 2024, to allow for consistency across all years.

<sup>5</sup> Employer contribution rate to NHS pensions rose by a further 3.1% rise from 1 April 2024, following the 2020 valuation of the scheme, and the government provided additional funding of £1,965 million per year to fund that increase. This adjustment was made from 2025 to 2026 and not been back tallied and therefore adjusted in the table above to ensure figures are presented on a like for like basis.

As table 7A refers to the revenue resource use of NHS England Group and NHS providers, funding totals exclude expenditure incurred by ICBs that funds NHS provider depreciation, 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 since been increased by £1,965 billion from 2024 to 2025, to reflect a further 3.1% rise from 1 April 2024, following the 2020 valuation of the scheme.

NHS Improvement, NHS Digital and HEE's revenue and capital resource limits were added to the funding totals as the organisations became 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.

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. Rows 7A.2 and 7A.4 in table 7A reflect the net sum of the transfers made that year, prior to and following Spending Review 2025.

## Administration

The table below outlines the relevant administration limits for NHS England Group for years up to 2026 to 2027 in line with the outcome of phase 2 of the Spending Review 2025. Administration budgets also undertake transfers throughout the year.

**Table 8: relevant administration limits, 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	2025 to 2026	2026 to 2027
Total	1,753	1,644	1,664	1,895	1,945	1,979	1,842	2,383
NHS England only	500	475	506	657	736	757	760	949

## Capital

The table below outlines the relevant capital resource limits for NHS England Group for years up to 2026 to 2027 in line with the outcome of phase 2 of the Spending Review 2025. Capital budgets also undertake transfers throughout the year, which mainly relate to individual NHS providers, and some funding for NHS technology and digital programmes that is initially within DHSC's budget.

**Table 9: relevant capital resource use limits**

<b>Relevant capital resource use limits (£ million)</b>	<b>2019 to 2020</b>	<b>2020 to 2021</b>	<b>2021 to 2022</b>	<b>2022 to 2023</b>	<b>2023 to 2024</b>	<b>2024 to 2025</b>	<b>2025 to 2026</b>	<b>2026 to 2027</b>
Capital departmental expenditure limit	260	365	337	330	439	626	768	852
NHS provider system capital that is allocated to NHS providers (this is part of overall NHS provider operational capital)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	4,631	4,530	4,163

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