



Department
of Health &
Social Care

2025 to 2026 revised financial directions to NHS England



Department
of Health &
Social Care

2025 to 2026 revised financial directions to NHS England

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



© Crown copyright 2026

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 978-1-5286-6270-3 E 03556732 03/26

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

2025 to 2026 revised financial directions to NHS England	1
Annex A1: directions under section 223D of the 2006 Act.....	2
Annex A2: directions under section 223E(1) and (3) of the 2006 Act – additional controls on resource use	4
Annex A3: directions under section 223O – resources and uses of resources that must or must not be taken into account	9
Annex A4: matters relating to administration in revenue resource use	10
Annex B: the changes made to the 2025 to 2026 financial directions	12
Annex C: relevant resource use limits 2019 to 2026 (excluding depreciation, annually managed expenditure and technical budget).....	13

2025 to 2026 revised 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 2026, in exercise of the powers conferred by sections 223D, 223E and 223O 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 and replace the 2025 to 2026 financial directions to NHS England made on 31 March 2025, which are now revoked. Annex B sets out details of the changes made.

The directions at annex A1 specify the total revenue resource use limit in accordance with section 223D(1)(b), which is £207,963 million. The directions at annex A1 also specify the total capital resource use limit in accordance with section 223D(1)(a), which is £5,311 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 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



25 March 2026

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

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 (2025 to 2026) does not exceed £207,963 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	198,095
1.2	Depreciation and impairments within revenue departmental expenditure	4,868
1.3	Revenue annually managed expenditure	3,000
1.4	Technical accounting and budgeting	2,000

As table 1 includes NHS England Group and NHS providers, line 1.2 includes £4,375 million for depreciation in NHS providers funded by ICBs' expenditure on healthcare services with those providers. Line 1.2 also includes £100 million for spending on impairments in NHS providers.

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 £5,311 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 the transfer of resources between those bodies. 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

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)	4,530
2.2	NHS England capital departmental expenditure	768
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

Relevant revenue and capital resource use 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, other than depreciation and impairments	202,470
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 annually managed expenditure	700
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 that are specified in annex A4 and for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments (both criteria must apply)	2,315

Line	Matters	Specified amount (£ million)
3.6	Matters relating to administration that are specified in annex A4 and relate to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit (both criteria must apply)	182

As table 3 includes NHS England Group only, the £4,375 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 which 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	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, other than depreciation and impairments (both criteria must apply)	933
4.2	Matters relating to administration that are specified in annex A4, insofar as they relate to NHS England resource use and relate to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit (both criteria must apply)	111

Table 5: NHS England relevant capital resource use limit

Line	Matters	Specified amount (£ million)
5.1	Matters for which attributable expenditure is to be treated as within the capital departmental expenditure limit	768
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

Line	Relevant 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	203,813	202,470	393	700	250
6A.1.1	Spending NHS England Group with NHS providers that funds depreciation costs (ringfenced within 6A.1)	4,375	4,375	0	0	0
6A.1.2	Individual placement support (ringfenced within 6A.1)	111	111	0	0	0
6A.2	Total administration limit	2,497	2,315	182	0	0
6A.2.1	NHS England administration limit (ringfenced with 6A.2)	1,044	933	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 under section 223E(1) and (3) of the 2006 Act

Line	Relevant capital resource use limits (£ million)	Total	CDEL	CAME
6B.1	Relevant capital resource use limit	781	768	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 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 and individual placement support 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 2026, the following are the descriptions of resources or uses of resources specified, set out or described in [Consolidated Budgeting Guidance 2025 to 2026](#), 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 providers 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 the NHS England under sections 223D and 223E of the 2006 Act, and by NHS England for ICBs and their partner NHS providers 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, 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

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 2025 to 2026 financial directions

The following changes have been made to the 2025 to 2026 financial directions since they were published in March 2025:

- the most material movements relate to pay, industrial action, redundancy costs, and adjustments to income from the voluntary scheme for branded medicines, pricing, access, and growth (VPAG) included in the opening allocation. This includes:
 - additional funding provided by DHSC to NHS England to reflect the outcome of the Review Body on Doctors' and Dentists' Remuneration (DDRB) and NHS Pay Review Body (NHSPRB) recommendations (which the government accepted)
 - £750 million funding support to contribute towards meeting the financial impact of industrial action, ensuring service continuity and workforce cost coverage during periods of disruption
 - a £420 million transfer to meet redundancy liabilities, supporting organisational restructuring and workforce changes
 - a –£238 million (negative) VPAG income adjustment
 - £45 million of funding transferred to enable delivery of the Health and Growth Accelerator to address the link between poor health and economic inactivity
 - a further £111 million (approximately) in smaller in-year transfers which make up the remainder.

Annex C: relevant resource use limits 2019 to 2026 (excluding depreciation, annually managed expenditure and technical budget)

Revenue

The table below outlines the total relevant revenue resource use limits for NHS England Group and NHS providers for years up to 2025 to 2026 in line with the outcome of Spending Review 2025 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	2025 to 2026
Revised baseline ²	118,764	124,666	130,642	136,697	145,147	148,187	Not applicable
Pensions adjustment	2,851	2,851	2,851	2,851	2,851	2,851	Not applicable
Additional COVID-19 and elective recovery funding	Not applicable	19,988	16,295	Not applicable	Not applicable	Not applicable	Not applicable
Funding agreed Spending Review 2021 to Spring Budget 2024	-281	-373	-1,815	15,680	15,118	13,812	Not applicable
Subtotal - NHS RDEL budget as per Spring	121,334	147,132	147,973	155,228	163,186	164,850	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 deprecation spending in providers.

Revenue resource use limits (£ million)	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026
Budget 2024							
Health Education England (HEE) adjustment	Not applicable	Not applicable	Not applicable	Not applicable	5,100	5,303	Not applicable
Additional pensions adjustment	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1,965	Not applicable
Funding agreed at Autumn Budget 2024	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	9,296	Not applicable
Subtotal - NHS RDEL budget as per Autumn Budget 2024	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	181,414	191,955
In-year transfers to or from wider DHSC group budgets ³	Not applicable	Not applicable	Not applicable	Not applicable	2,740	5,423	6,141
Total NHS RDEL as per financial directions ⁴	121,334	147,132	147,973	155,228	171,036	186,838	198,095

³ 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.

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

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. Further adjustments have been agreed to baseline funding levels, including reclassification of depreciation spending in providers, the application of the IFRS 16 Leases accounting standards, and Spending Review 2025 extended funding limits agreed to 2028 to 2029. Table 7A provides a breakdown of changes made to this point.

As table 7A refers to the revenue resource use of NHS England Group and NHS providers, excluding depreciation and impairments, funding totals exclude £4,375 billion for expenditure incurred by ICBs that funds 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 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 table above reflects the net sum of the transfers made that year, prior to and following Autumn Budget 2025.

Administration

The table below outlines the relevant administration limits for NHS England Group for years up to 2025 to 2026 in line with the outcome of Spending Review 2025 and subsequent fiscal events. Administration budgets also undertake transfers throughout the year, including a £420 million transfer to meet redundancy liabilities and to support organisational restructuring and workforce changes.

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	2025 to 2026
Total	1,753	1,644	1,664	1,895	1,945	1,979	2,315
NHS England only	500	475	506	657	736	757	933

Capital

The table below outlines the relevant capital resource limits for NHS England Group for years up to 2025 to 2026 in line with the outcome of Spending Review 2025 and subsequent fiscal events. 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

Relevant capital resource use limits (£ million)	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026
Total	260	365	337	330	439	626	768
NHS provider system capital that is allocated through ICBs (this is part of overall NHS provider operational capital)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	4,631	4,530

E03556732
978-1-5286-6270-3