



Department
of Health &
Social Care

2021-22 Financial Directions to NHS England

Published March 2021

2021-22 Financial Directions to NHS England¹

These Financial Directions accompany The Government's 2020-21 mandate to NHS England, published by the Secretary of State under section 13A of the National Health Service Act 2006 ("the 2006 Act"). The Secretary of State makes these Directions in exercise of the powers conferred by sections 223D and 223E of the 2006 Act in respect of the financial year ending on 31st March 2022.

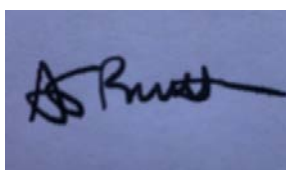
The Mandate sets out NHS England's total revenue resource limit and total capital resource limit for 2021-22. The total revenue resource limit is £144,365m² and the total capital resource limit is £301m. The Directions at Annex A1 below, made under section 223E(2) and (3) of the 2006 Act, set out certain additional expenditure controls to which NHS England must adhere. These stem from budgetary controls that HM Treasury applies to the Department of Health and Social Care. The limits imposed by the Mandate and the Directions in Annex A1, and other sub-limits are summarised in table 2 below.

The directions at Annex A2 are made under sections 223D(4) to (6) and 223E(4) of the 2006 Act and relate to particular uses of resources which must, or must not be taken into account in relation to each limit.

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 blue rectangular box 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 & Social Care

25 March 2021

¹ NHS England's statutory title is the National Health Service Commissioning Board.

² Including funding for pensions revaluation and funding transfers (see Appendix).

Annex A1 – Directions under section 223E(2) and (3)(a) and (b) of the 2006 Act – additional controls on resource use

NHS England must ensure that the total revenue resource use in the relevant financial year which is attributable to the matters in column (1) of Table 1 below shall not exceed the amount specified in relation to those matter in the corresponding entry in column (2).

Column (1) - Matters	Column (2) - Specified amount
Matters for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments.	£144,365 million
Matters relating to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit.	£171 million
Matters for which attributable expenditure is to be treated as annually managed expenditure.	£100 million
Technical accounting and budgeting matters. Namely capital grants and Private Finance Initiative or Local Investment Finance Trust schemes (as recording in accordance with IFRIC 12).	£200 million
Matters relating to administration – (a) which are specified in regulation 57 of the National Health Service Commissioning Board and Clinical Commissioning Groups (Responsibilities and Standing Rules) Regulations 2012; and (b) for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments.	£1,652 million
Matters relating to administration which – (a) are specified in regulation 57 of the National Health Service Commissioning Board and Clinical Commissioning Groups (Responsibilities and Standing Rules) Regulations 2012; and (b) relate to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit.	£121 million

Included in matters relating to administration are balances which specifically relate to revenue which is used within NHS England and detailed in table 2.

NHS England must ensure that its use of resources in the relevant financial year which is attributable to the matters in column (1) of Table 2 below shall not exceed the amount specified in relation to those matters in the corresponding entry in column (2).

Column (1) - Matters	Column (2) - Specified amount
<p>Matters relating to administration – (a) which are specified in regulation 57 of the National Health Service Commissioning Board and Clinical Commissioning Groups (Responsibilities and Standing Rules) Regulations 2012; and (b) for which attributable expenditure is to be treated as within the revenue departmental expenditure limit, other than depreciation and impairments.</p>	<p>£476 million</p>
<p>Matters relating to administration which – (a) are specified in regulation 57 of the National Health Service Commissioning Board and Clinical Commissioning Groups (Responsibilities and Standing Rules) Regulations 2012; and (b) relate to depreciation and impairments for which attributable expenditure is to be treated as within the revenue departmental expenditure limit.</p>	<p>£73 million</p>

Table 3 - Summary of the limits imposed by the Mandate and directions in Annex A1.

Revenue resource limits - £m	Total	Other Limits ³			
		Revenue departmental expenditure limit (excluding depreciation and impairments)	Revenue departmental expenditure limit (depreciation and impairments)	Annually Managed Expenditure	Technical accounting/budgeting
Total Revenue Resource Limit	144,836	144,365	171	100	200
Including:					
Section 7A - Public health (ring fenced) ⁴	TBC	TBC	0	0	0
Total administration limit, of which:	1,773	1,652	121	0	0
NHS England administration limit	549	476	73	0	0

Capital resource limits - £m	Total	General capital resource limit
Total capital resource limit	301	301

³ In addition to the Revenue Departmental Expenditure Limit and Capital Resource Limit, two further budgets – ‘Annually Managed Expenditure’ (AME) and ‘Technical Accounting/budgeting’ are included. The two additional budgets are of a technical nature. AME covers provisions and (some types) of impairments expenditure, and Technical Accounting/Budgeting is for the differences between Accounts produced under International Financial Reporting Standards and Budgets following HM Treasury’s Consolidated Budgeting Guidance. These budgets are not included in the RDEL and CDEL budget calculations used to calculate growth in the NHS.

⁴ Plans for the Section 7A ringfence are under review given Covid 19 and will be confirmed later in the year.

Annex A2 – Directions under section 223D(4) to (6) and 223E(4) – resources and uses of resources which must or must not be taken into account

For the financial year ending on 31 March 2022-

(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 the Board under sections 223D and 223E of the 2006 Act, and by the Board for clinical commissioning groups under sections 223I and 223J of the 2006 Act;

(b) the uses of capital resources or revenue resources which must not be taken into account for the purposes of the resource limits set by the Secretary of State for the Board under sections 223D and 223E of the 2006 Act, and by the Board for clinical commissioning groups under sections 223I and 223J of the 2006 Act;

(c) the uses of capital resources or revenue resources which must be taken into account for the purposes of the total capital resource and total revenue resource limits set by the Secretary of State for the Board under section 223D of the 2006 Act; and

(d) the uses of capital resources or revenue resources which must, or must not, be taken into account for the purposes of the additional limits on resource set for the Board under section 223E of the 2006 Act,

are the descriptions of resources or uses of resources specified, set out or described in the Consolidated Budgeting Guidance 2020-21 published by HM Treasury, so far as applicable to the limit in question.

Appendix – Future Resource Limits (excluding depreciation, AME and technical budget)

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

Revenue

In June 2018, the Government set out a funding programme through to 2023-24, to help the NHS achieve goals set out in the Long-Term Plan. This is the baseline revenue funding set out in the NHS Funding bill 2020, representing the lower limit that NHS England are guaranteed to receive. The figures are adjusted annually to account for reallocation of resource, additional funding and changes of responsibility between Government bodies.

Table 4 - NHS England's revenue resource limits to 2023-24

£m	2019-20	2020-21	2021-22	2022-23	2023-24
NHS Funding Settlement	120,807	127,007	133,283	139,990	148,467
Pensions adjustment	2,851	2,851	2,851	2,851	2,851
Additional Covid-19 Funding		19,988	8,123		
Other transfers of funding	-281	-373	108	0	0
Funding totals for inclusion in the Mandate	123,377	149,473	144,365	142,841	151,318

Department of Health and Social Care's (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 June 2018, the Government committed to provide additional recurrent funding until 2023-24 to meet the anticipated cost pressure to the NHS in England arising from this scheme valuation.

The remaining transfers for NHS England's 2020-21 budget relate to GP indemnity, NHS Supply Chain and transfers with public health bodies. Other transfers of funding for 2020-21 are detailed in the 2020-21 Revised Financial Directions to NHS England.

The Treasury has agreed to fund a rollover of the current temporary financial Framework for the first 6 months of the financial year 21/22 to help the NHS to continue to respond and recovery from the Covid-19 Pandemic. This funding of £6.6bn has been made available immediately and is included in the additional Covid funding line. £1.5bn was also made available at the 2020 Spending review to fund indirect Covid costs.

The Mandate also included funding to fulfil manifesto commitments on primary care, car parking and nursing recruitment for 2021-22.

Administration

Table 5 - administration included in revenue totals

£m	2019-20	2020-21	2021-22	2022-23	2023-24
Total	1,753	1,644	1,652	1,654	1,656
Of which, NHS England central	500	475	476	477	477

Capital

NHS England's capital budgets also undertake transfers throughout the year, which mainly relate to individual trusts and providers.

Table 6 - capital expenditure limits

£m	2019-20	2020-21	2021-22	2022-23	2023-24
Total	260	365	301	Capital profile beyond 2021-22 is subject to the Government's upcoming Spending Review in 2021.	

© Crown copyright 2018

Published to GOV.UK in pdf format only.

DHSC Finance Directorate

www.gov.uk/dhsc

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.

OGL