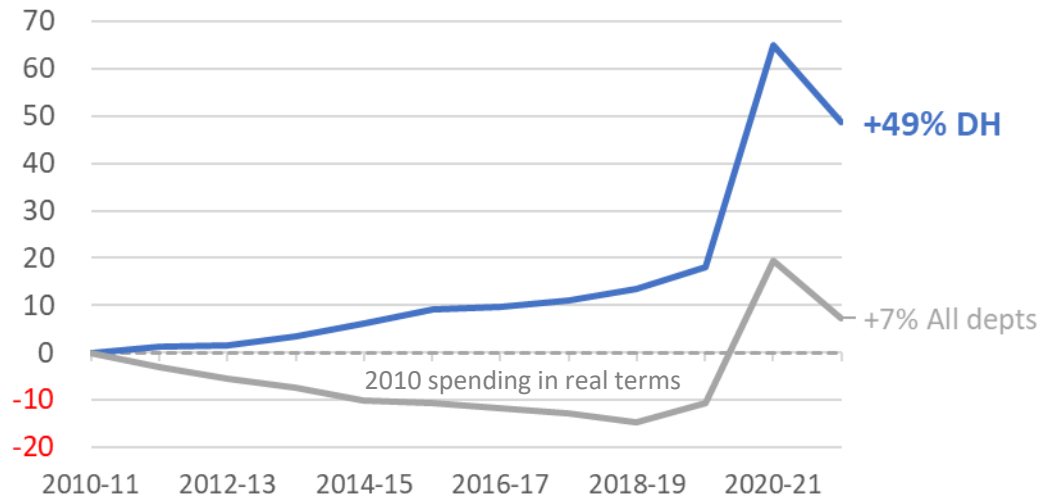


Department for Health and Social Care (DHSC)

Long-term trends in DHSC's spending (in real terms)

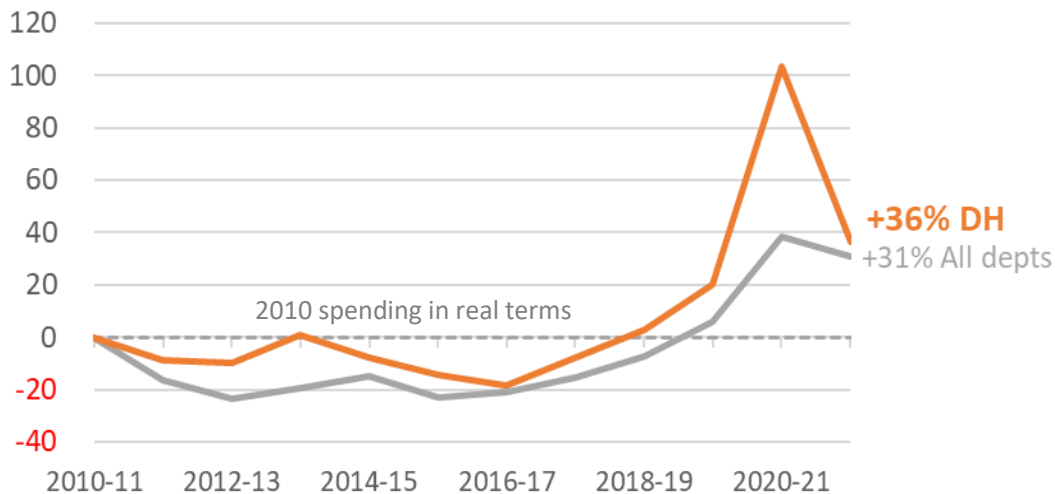
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- In real terms, the Health and Social Care budget has increased year-on-year since 2010 and is now set to be 49% higher than in 2010-11.
- In 2020-21, **£59 billion** was provided in day-to-day Covid-19 support measures, £20 billion of which was for Test and Trace, £15 billion for the NHS emergency response to the pandemic and £14.8 billion for PPE.
- This compares to **£29,007 million** allocated in 2021-22, including £14.6 billion for Test and Trace, £6.6 billion for the NHS emergency response and £2 billion for PPE.
- The 2021-22 Main Estimate also includes £1 billion to tackle the NHS backlog caused by the pandemic, £0.5 billion for mental health support and £1.5 billion to ease other pressures caused by the Covid-19 crisis.

Percentage change in **investment spending** compared to 2010 (Capital DEL):

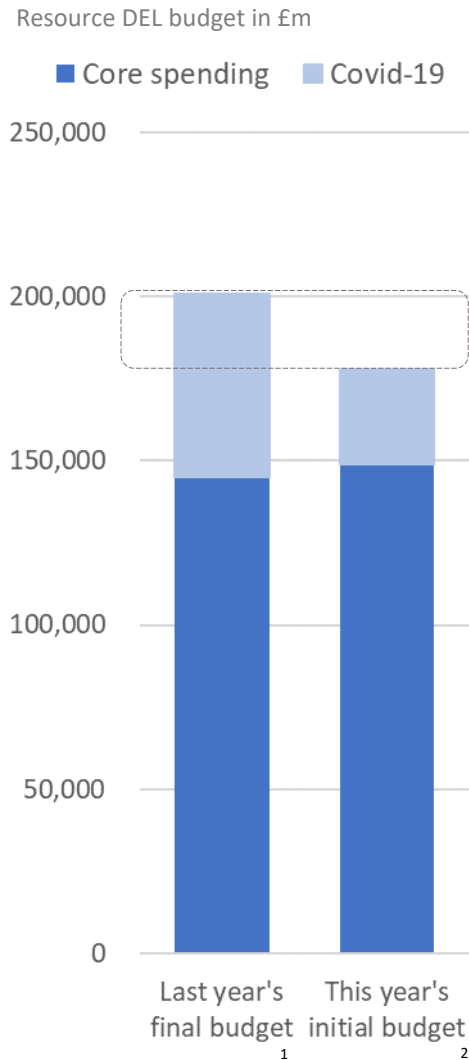


Investment spending trends

- The nature of capital projects means that the level of investment can be more volatile from year-to-year.
- From 2016-17, there has been several years of growth. Investment spending in 2020-21 is set to be 36% higher than 2010-11 in real terms.
- In 2020-21, **£4 billion** was provided in capital Covid-19 support measures, including £2.7 billion for Test and Trace.
- There is no Capital DEL Covid-19 budget for 2021-22.

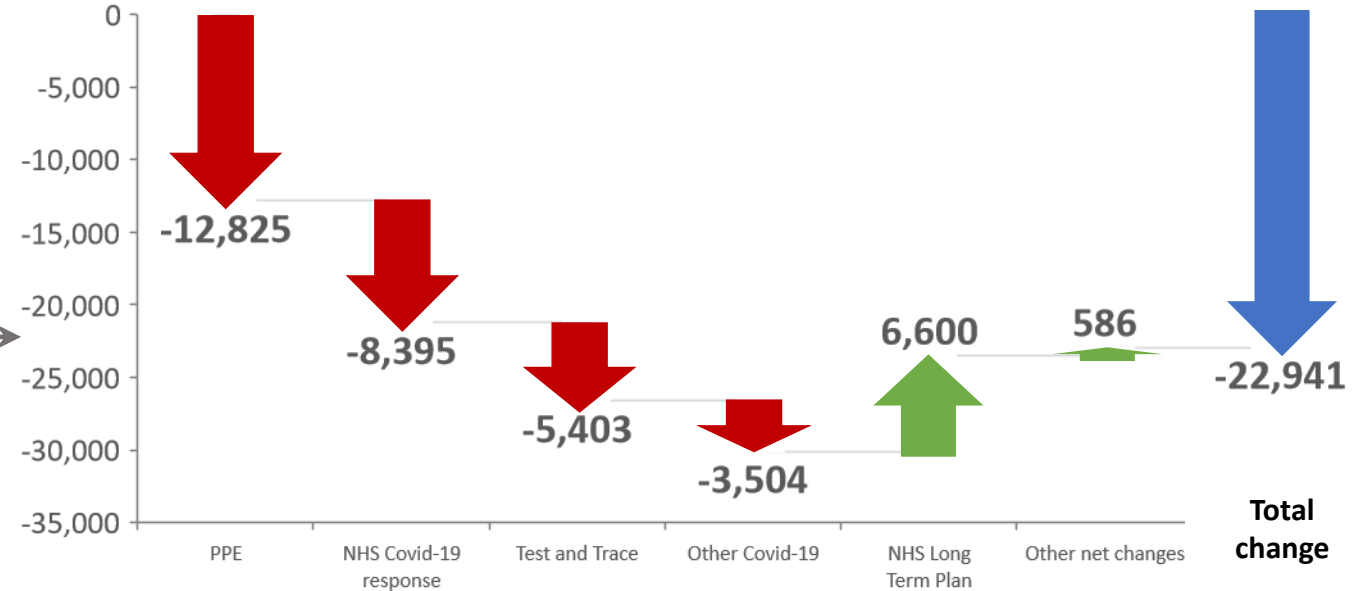
How is the DHSC's day-to-day spending changing in 2021-22?

DHSC's day-to-day budget is decreasing by £22,941m (-11.4%)



DHSC's proposed budget decrease is due to reduced Covid-19 costs

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2020-21



Changes in 2021-22

- **PPE:** £12,825 million decrease, from £14,825 million in 2020-21 to £2,000 in 2021-22.
- **NHS Covid-19 response:** £8,395 million decrease, down from £15,022 in 2020-21 to £6,627 in 2021-22.
- **Test and Trace:** £5,403 million decrease, down from £20,103 million in 2020-21 to £14,700 million in 2021-22.
- **Other Covid-19 costs:** this comprises a £1,395 million decrease in vaccine deployment funding; a £936 million decrease in Infection Control Grants; a £783 million decrease in research, development and purchase of therapeutic COVID-19 treatments; and £391 million decrease in other Covid-19 costs, such as ventilators and the Critical Care National Stockpile.
- **NHS Long Term Plan:** the above decreases are offset by a £6,600 million increase in the NHS budget as part of the NHS Long Term Plan and 2020 Spending Review Core Revenue Settlement.
- **Other:** this primarily relates to budget for accounting adjustments such as impairments and depreciation.

¹ Final Budget in Supplementary Estimates 2020-21 (Feb 2021))

² Initial Budget in Main Estimate 2021-22 (May 2021))

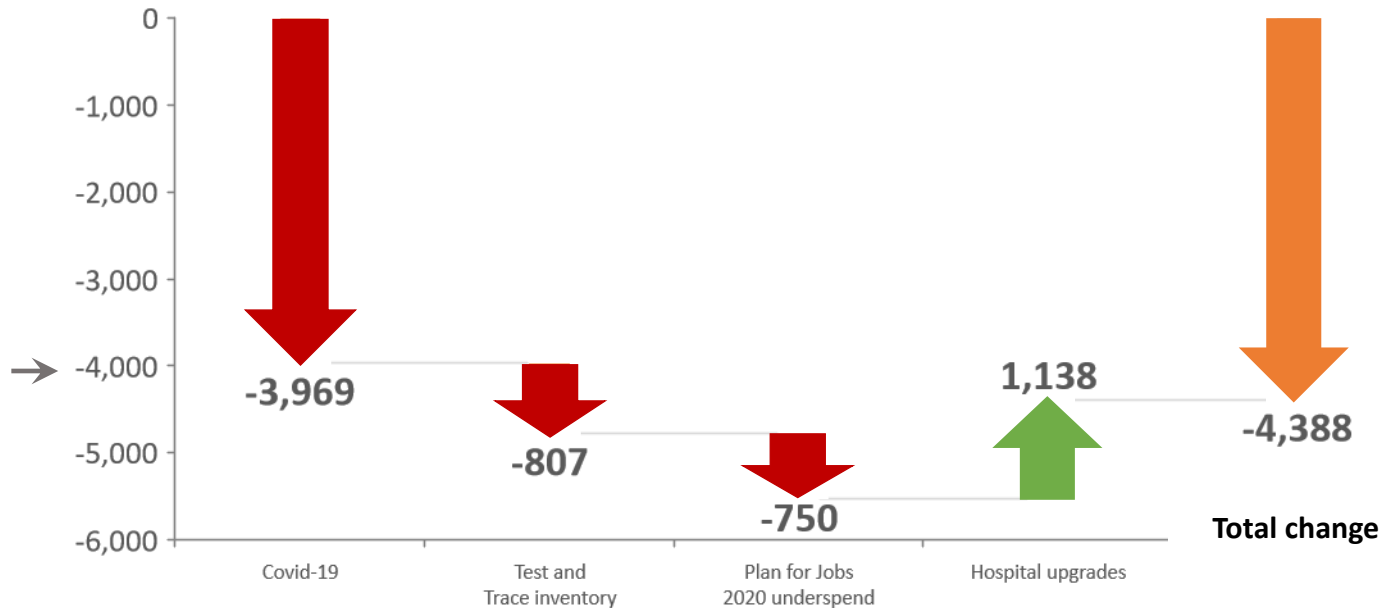
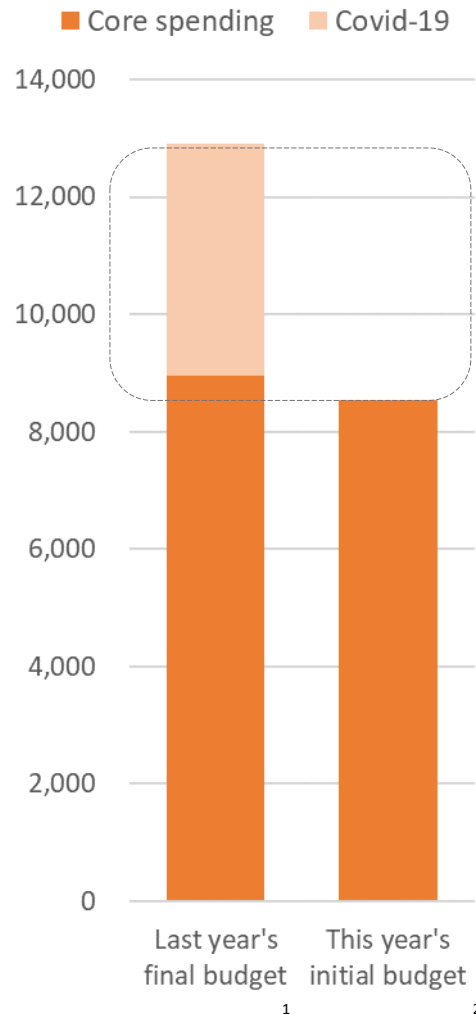
How is DHSC's investment spending changing in 2021-22?

DHSC's investment budget is decreasing by £4,388m (-34%)

DHSC's investment spending is mainly decreasing due to reduced Covid-19 costs

Capital DEL budget in £m

Changes in Investment (Capital DEL) budget in £m since final budget for 2020-21



Changes in 2021-22

- **Covid-19:** £3,969 million decrease in Covid-19 investment spending as there is no allocated Capital DEL budget for Test and Trace in 2021-22.
- **Test and Trace inventory:** £807 million budget decrease due to a technical accounting adjustment.
- **Plan for Jobs 2020 underspend:** £750 million decrease relating to the one-off £1.5 billion announced as part of the Plan for Jobs 2020 in July 2020. £750 million was surrendered to HM Treasury as an underspend in the 2020-21 Supplementary Estimate.
- **Hospital upgrades:** £1,138 million increase for the Hospital Building Programme and the Hospital Upgrade Programme.

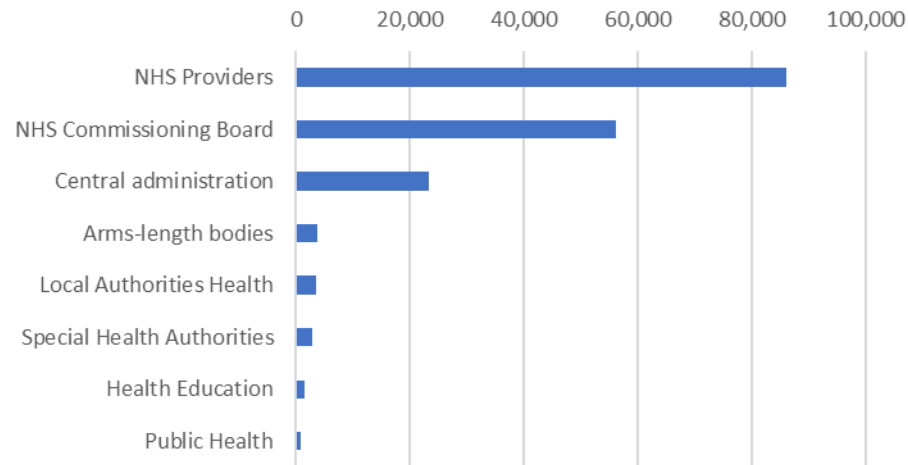
¹ Final Budget in Supplementary Estimates 2020-21 (Feb 2021))

² Initial Budget in Main Estimate 2021-22 (May 2021))

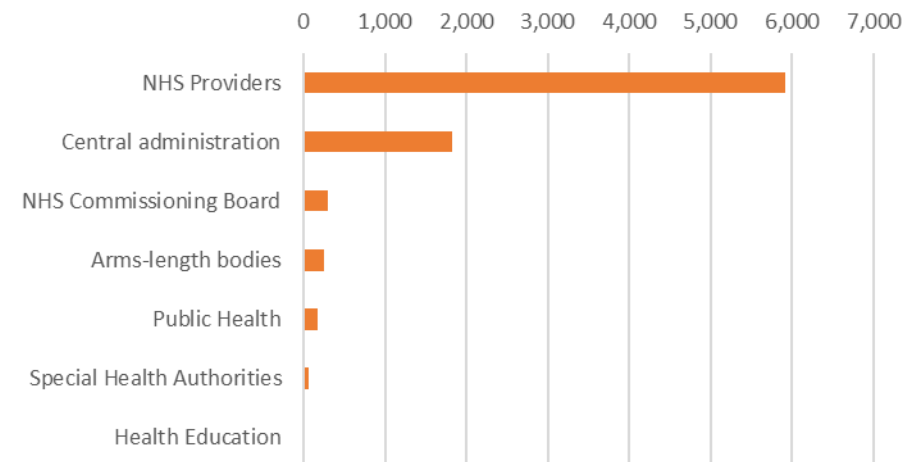
Most of DHSC's spending goes straight to the NHS, however central administration costs have increased during the pandemic

Breakdown of DHSC initial budget for 2021-22 (£ million)*

Day-to-day spending budget



Investment spending budget



Day-to-day spending (Resource DEL)

- The **Resource DEL budget** for DHSC in 2021-22 is **£177,814.6 million**.
- **The NHS** makes up the largest element in the DHSC budget (**£142,036 million**), split between NHS providers at £86,000 million and the NHS Commissioning Board (NHS England) at £56,036 million. Of this, around £8,395 million is allocated for Covid-19 support measures.
- **Central administration** also makes up a substantial portion of funding at 13% (**£23,279 million**) of the total budget. Before the Covid-19 pandemic, central administration made up around 5% of the total DHSC budget. As significant Covid-19 interventions have been included in this budget, such as PPE, Test and Trace and vaccine deployment, central administration costs have significantly increased.
- Of the total central administration budget, around **£22,380 million** is allocated for Covid-19 costs, primarily for PPE and Test and Trace.

Investment spending (Capital DEL)

- **Total Capital DEL budget** for DHSC in 2021-22 is **£8,529.6 million**.
- As with the Resource DEL budget, most of this is spent on the NHS: **£5,921 million** on **NHS providers** and **£300.7 million** on the **NHS Commissioning Board**.
- 21% of the Capital DEL budget is for **central administration**, at **£1,822.2 million**.
- There is no Capital DEL budget allocated for Covid-19 costs in 2021-22, compared to £3,969 million in 2020-21.

*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

DHSC's spending beyond 2020-21

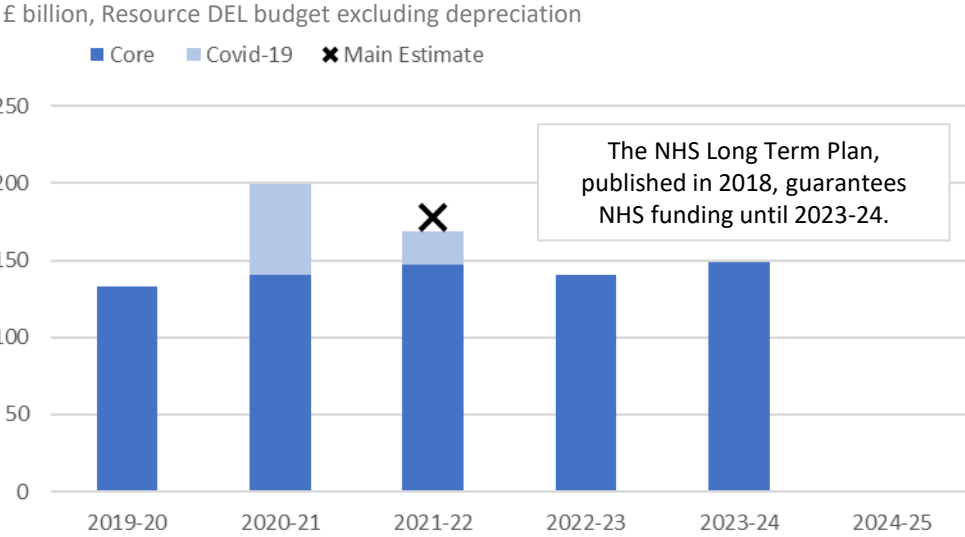
The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes under the investment budget.

- Major future commitments have included*:
- Confirmed day-to-day funding levels for NHS until 2023-24, under the NHS Long Term Plan.
 - £3.8 billion for the Hospital Building Programme (to 2024-25)
 - £1.7 billion for the Hospital Upgrade Programme (to 2024-25)
 - £1.65 billion in 2021-22 to support vaccine deployment

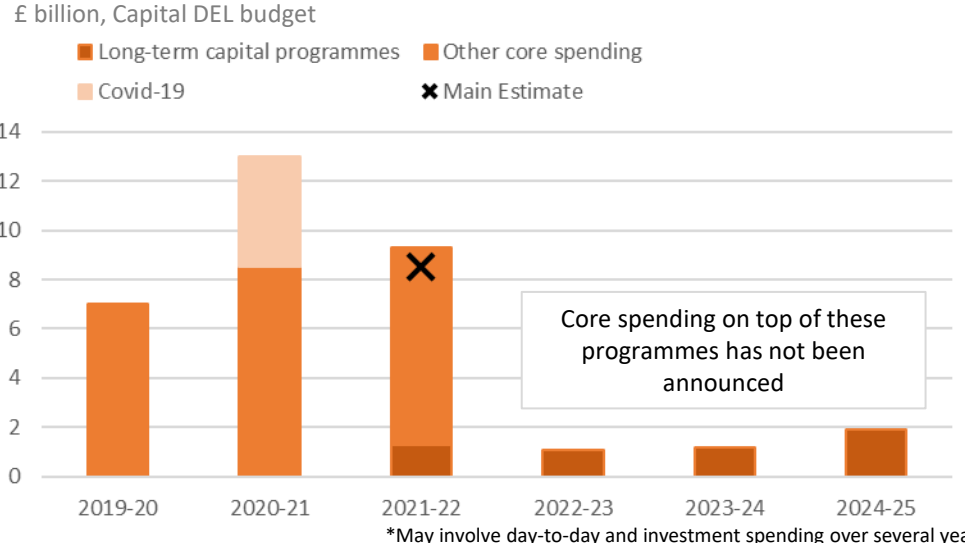
- Day-to-day spending:**
- The government has confirmed Resource DEL funding for the NHS up to 2023-24, reaching £148.5 billion at the end of this period.
 - The Covid-19 budget allocated in the Main Estimate for 2021-22 was £7 billion higher than that announced in the 2021 Budget at £29 billion compared to £22 billion.
 - Overall, the 2021-22 Main Estimate is £8.7 billion higher than the 2021 Budget.

- Investment spending:**
- The 2021-22 Main Estimate is £0.77 billion lower than the allocations announced in the 2021 Budget.
 - £0.2 billion of this decrease is due to a reduced allocation for the hospital investment programmes. The remaining £0.57 billion is a reduction in the core capital budget.

DHSC's future day-to-day spending is guaranteed until 2023-24



DHSC is set to invest £5.5 billion over 4 years in improving hospitals



*May involve day-to-day and investment spending over several years