



Department  
of Health &  
Social Care

**ESTIMATES MEMORANDUM  
DEPARTMENT OF HEALTH AND SOCIAL CARE  
2023-24 SUPPLEMENTARY ESTIMATE**

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## **1. OVERVIEW**

### **1.1. Objective**

The Department of Health and Social Care (DHSC) supports ministers in leading the nation's health and social care to help people live more independent, healthier lives for longer.

Departmental objectives are:

- Protect the public's health through the health and social care system's response to Covid-19;
- Improve healthcare outcomes by providing high-quality and sustainable care at the right time in the right place and by improving infrastructure and transforming technology;
- Improve healthcare outcomes through a supported workforce;
- Improve, protect and level up the nation's health, including through reducing health disparities; and,
- Improve social care outcomes through an affordable, high quality and sustainable adult social care system.

### **1.2. Spending Controls**

DHSC's spending is broken down into the different spending totals, for which Parliament's approval is sought. The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit (RDEL) – day to day running costs;
- Capital Departmental Expenditure Limit (CDEL) – investment in infrastructure;
- Resource Annually Managed Expenditure (RAME) – non-fiscal less predictable expenditure, in DHSC's case this is mainly litigation provisions for clinical negligence cases managed by NHS Resolution (NHSR); and
- Capital Annually Managed Expenditure (CAME) – in DHSC's case this covers the specific budgeting treatment relating to Credit Guarantee Finance.

In addition, Parliament agrees a net cash requirement to cover the elements of the above budgets which require the DHSC Departmental group to pay out cash in year.

### 1.3. Main Areas of Spending

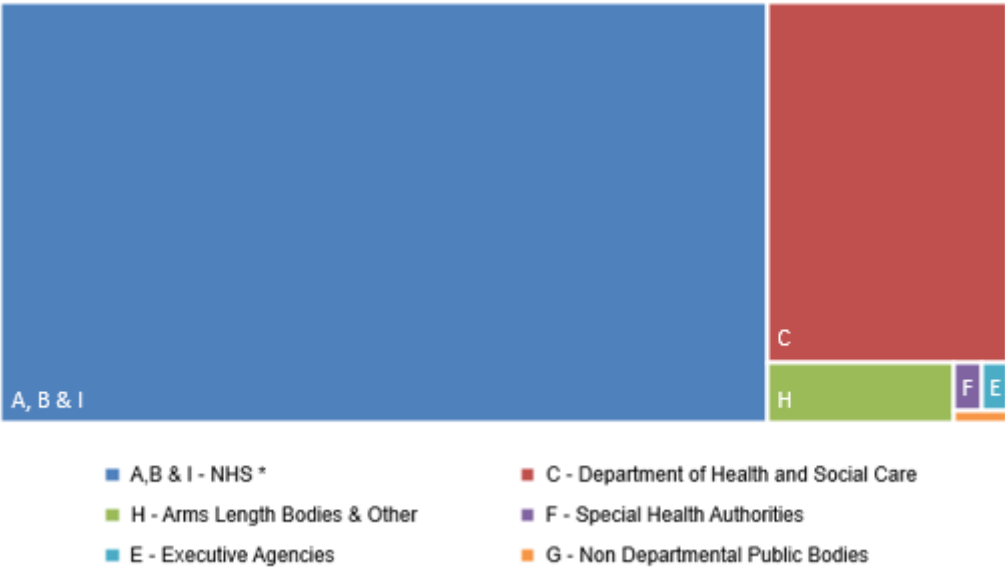
The graphics below show the main components of DHSC’s proposed Resource DEL and Capital DEL spending plans, included in the latest Supplementary Supply Estimate, and the proportions spent by the different bodies within the group. The letters in the graphics below denote the letter attributed to each Estimate Subhead.

Details of the spending plans for each Estimate line can be found in section 2.1.

#### 2023-24 Resource DEL - Total Budget £183.9bn



#### 2023-24 Capital DEL - Total Budget £11.0bn



\* NHS – this section represents the funding available for the NHS and consists of the following Estimate lines:

- A – NHS England;
- B – NHS Providers; and
- I – NHS England net expenditure financed from National Insurance Contributions.

## 1.4. Comparison of Spending Totals Sought

The table below shows how the 2023-24 Supplementary Supply Estimate (SSE) spending plans compare with 2023-24 Main Estimates spending plans and the 2022-23 Outturn.

Budget Type	2023-24 SSE	2023-24 Main Estimate	Variance to 2023-24 Main Estimate		2022-23 Outturn	Variance to 2022-23 Outturn	
	£m	£m	£m	%	£m	£m	%
Resource DEL	183,862	178,578	5,284	3.0%	177,095	6,768	3.8%
Capital DEL	10,989	12,088	(1,099)	-9.1%	9,848	1,141	11.6%
Resource AME	(2,272)	10,880	(13,152)	-120.9%	(61,972)	59,700	-96.3%
Capital AME	106	106	0	0.0%	20	85	419.5%

## 1.5. Key Drivers of 2023-24 Spending Changes Since Original 2023-24 Budget

This section identifies the key drivers of change since the 2023-24 Main Estimate for Resource DEL, Capital DEL and Resource AME. Further analysis of changes between 2023-24 Main Estimate and 2023-24 Supplementary Supply Estimate can be found in section 2.

Resource DEL: The Resource DEL increase of circa £5.3 billion mainly includes:

- Reserve claim funding from HM Treasury of £4.0 billion;
- Transfers from the capital budget of £0.9 billion;
- Budget surrender of £0.1 billion; and
- Net business as usual budget transfers between other Government departments of circa £0.4 billion.

Capital DEL: The Capital DEL reduction of circa £1.1 billion mainly includes:

- £0.9 billion capital budget transferred to the resource budget;
- Budget surrenders totalling £0.2 billion comprising; £0.1bn relating to the contractual refund of pre-paid COVID-19 vaccines and £0.1 billion relating to in-year identified capital underspends.
- £50 million capital underspends identified and reprofiled into 2024-25 – this is known as Budget Exchange; offset by
- Net business as usual budget transfers between other Government departments of £37 million.

Further details of overall changes are set out in paragraph 1.8 and changes by sector in paragraph 2.

### Resource AME

The Department's AME relates to provisions and impairments that are demand-led, volatile and subject to many variables outside the Department's direct control.

The £13.2 billion decrease in the 2023-24 Supplementary Supply Estimate is mainly as a result of the change in the discount rates, prescribed by HM Treasury, used to measure the value of long-term provisions liabilities, the largest impact being on the clinical negligence scheme provisions. This discount rate change does not reflect an increase in the incidence of harm or an increase the cash required to settle claims.

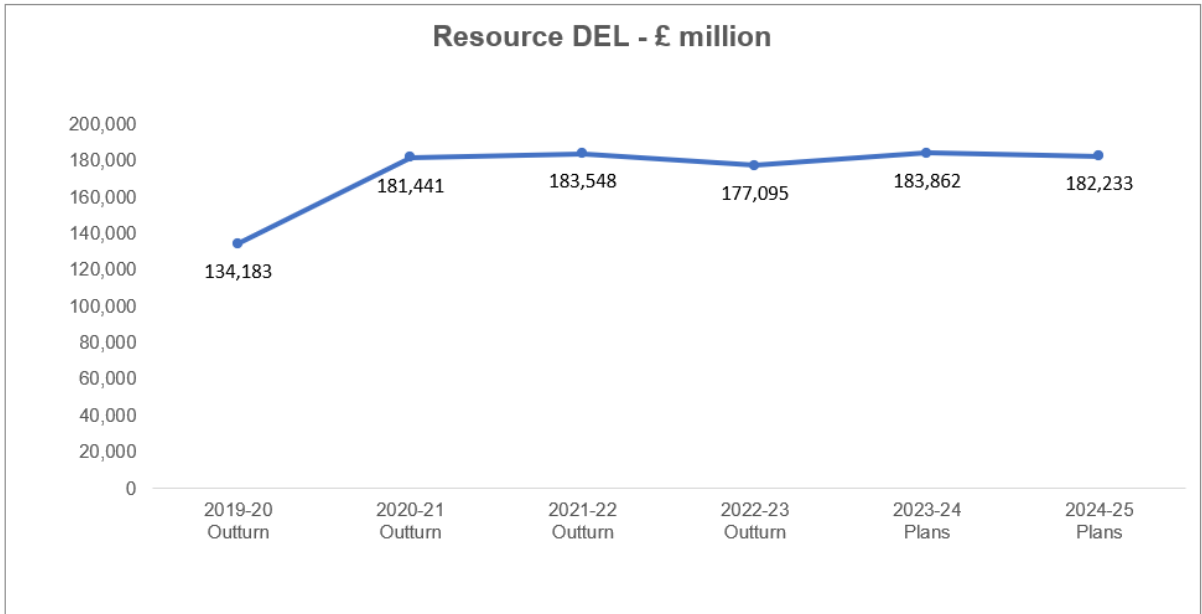
## 1.6. New Policies, Programmes and other departmental changes

All DHSC announcements on new policies and programmes during the year are published on the government website, details can be found at [DHSC announcements](#).

### 1.7. Spending Trends

The graphs below show the Resource DEL and Capital DEL and Resource AME outturn for the last 4 years (2019-20 to 2022-23), plans presented in Supplementary Supply Estimates (SSE) for 2023-24 and future spending plans for 2024-25.

#### Resource DEL



Increases from 2019-20 include the multi-year funding commitment announced by the Prime Minister in June 2018 and the NHS Long Term plan, published in January 2019. More details can be found at [NHS Long Term Plan implementation](#).

#### 2020-21

In 2020-21, DHSC incurred £42.9 billion resource expenditure on the emergency response to Covid-19. Details of the Covid-19 programmes this was incurred on are detailed in the [2020-21 Annual Report and Account](#).

#### 2021-22

In 2021-22, DHSC incurred £38.7 billion resource expenditure on the emergency response to Covid-19. Details of the Covid-19 programmes this was incurred on are detailed in the [2021-22 Annual Report and Account](#).

#### 2022-23

In 2021-22, DHSC incurred £12.6 billion resource expenditure on the emergency response to Covid-19. Details of the Covid-19 programmes this was incurred on are detailed in the [2022-23 Annual Report and Account](#).

#### Spending Review 2021

The DHSC Spending Review 2021 settlement included £167.9 billion resource funding for 2022-23, £173.4 billion in 2023-24 and £177.4 billion in 2024-25. This provided a £43.9 billion cash increase in resource spending by 2024-25 from 2019-20.

This included providing health and care services with the future resources they need to tackle Covid-19 and the elective backlog. SR21 provided £9.6 billion over the period 2022-23 to 2024-25 for key Covid-19 programmes and related health spending and set out plans to spend over £8 billion during the same period for the elective backlog.

## Autumn Statement 2022

The government recognised the significant pressures facing the NHS, including from the ongoing recovery from the impact of the pandemic. The 2022 Autumn Statement made up to £8 billion of funding available for the NHS and adult social care in England in 2024-25. As part of this, the government invested an additional £3.3 billion in each of 2023-24 and 2024-25 to support the NHS in England, enabling rapid action to improve emergency, elective and primary care performance towards pre-pandemic levels.

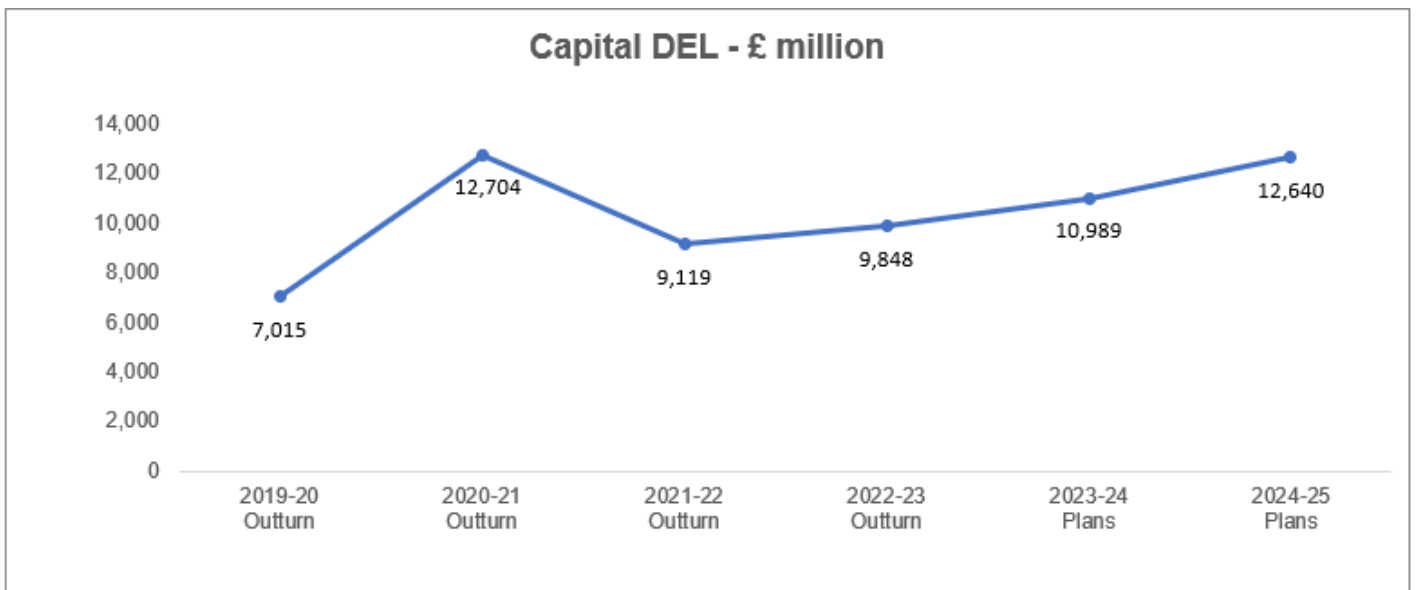
## Autumn Statement 2023

The Autumn Statement recommits to the NHS Agenda for Change pay deal [announced](#) this year, including the non-consolidated payment for 2022-23, which was paid out from June 2023.

## 2024-25 Funding:

Any changes to 2024-25 funding would be published in the 2024 Spring Budget in March 2024.

## Capital DEL



Spending Review 2020 provided multi-year ring-fenced capital investment funding commitments of £3.7 billion until 2024-25 to make progress on building 40 new hospitals by 2030 and £1.7 billion until 2024-25 for over 70 hospital upgrades to improve health infrastructure across the country over the long term. These projects will span the length and breadth of England, supporting the government's levelling up agenda.

## 2020-21

In 2020-21, DHSC incurred £3.6 billion capital expenditure on the emergency response to Covid-19. Details of the Covid-19 programme this was incurred on are detailed in the [2020-21 Annual Report and Account](#).

## 2021-22

In 2021-22, DHSC incurred £0.1 billion capital expenditure on the emergency response to Covid-19. Details of the Covid-19 programmes this was incurred on are detailed in the [2021-22 Annual Report and Account](#).

## 2022-23

In 2022-23, DHSC incurred negative £0.1 billion capital expenditure on the emergency response to Covid-19. Details of the Covid-19 programmes this was incurred on are detailed in the [2022-23 Annual Report and Account](#).

## Spending Review 2021

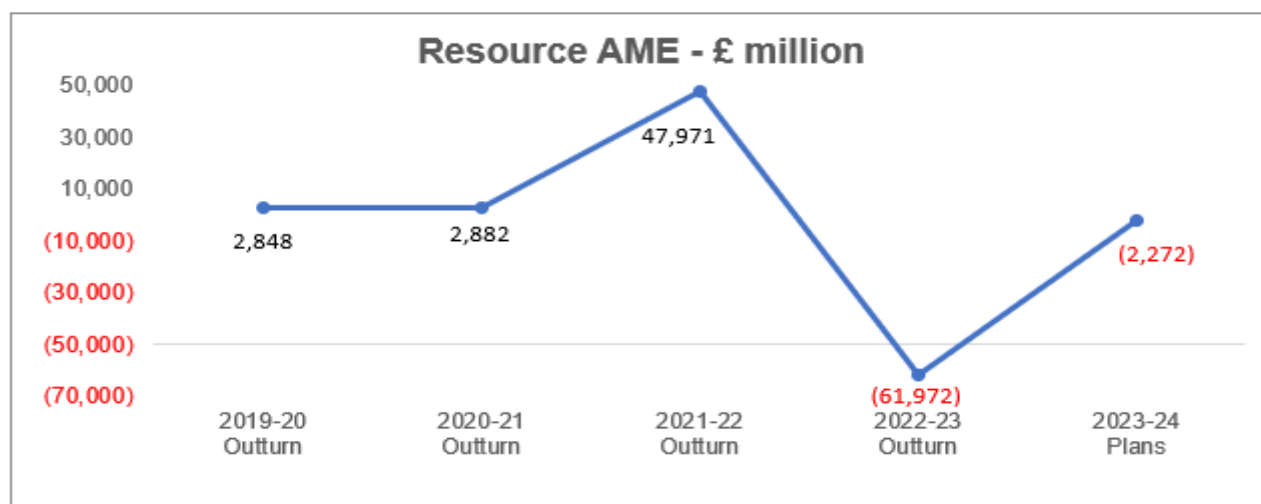
The DHSC Spending Review 2021 settlement included £10.6 billion Capital funding for 2022-23, £10.4 billion, for 2023-24 and £11.2 billion for 2024-25. The settlement included capital investment to continue to improve the NHS infrastructure over the next three years, including:

- £2.3 billion to transform diagnostic services, taking us to a total of at least 100 community diagnostic centres (CDCs) across England to permanently increase diagnostic capacity and help patients receive lifesaving checks close to their homes;
- £2.1 billion for improving NHS technology and digital assets;
- £1.5 billion for new surgical hubs, increased bed capacity and equipment to help elective services recover, including surgeries and other medical procedures;
- £300million to replace outdated mental health dormitories with single rooms and an additional £150 million for investment in the wider mental health estate.

### Autumn Statement 2022

The capital budgets published in the 2022 Autumn Statement 2023-24 and 2024-25 included funding for IFRS16. Paragraph 1.8 (a) provides more information on IFRS16.

### Resource AME



The Department's AME doesn't have an immediate impact on the fiscal framework. It relates to provisions and impairments that are demand-led, volatile and subject to many variables outside the Department's direct control, such as changes to the discount rates used to measure the value of long-term provisions liabilities.

### 2022-23

The main of the 2022-23 negative £61.9 billion outturn in 2022-23 is NHS Resolution's AME outturn of negative £58.9 billion, which mainly comprises provisions for clinical negligence claims. The reduction compared to 2021-22 is mainly due to the impact of the change in HM Treasury's discount rate used to estimate provisions.

### 2023-24

The main component of the 2023-24 AME negative £2.3 billion estimate is the forecast provision for clinical negligence claims. The increase since 2022-23 is mainly due to the impact of the change in HM Treasury's discount rate used to estimate provisions.

### 2024-25 (not included in the graph above)

The budget for 2024-25 AME will be set as part of 2024-25 Main Estimates.



## 1.8. Changes to 2023-24 Funding: Spending Review and Fiscal Events and other Spending Announcements

The Department's 2023-24 spending plans were announced in the 2021 Spending Review, see paragraph 4.1 of the [Government announcement](#) in October 2021. Since that time, changes to 2023-24 spending plans include funding for IFRS16 implementation, Autumn Statement and Spring Budget funding announcements, 2023-24 reserve claim funding and budget cover transfers between DHSC and other government departments. A summary of the changes is set out below:

Changes to 2023-24 budgets since Spending Review 2021 - £m	RDEL	CDEL
<b>2021 Spending Review (incl ring-fenced funding of c£1.58bn)</b>	<b>174,931</b>	<b>10,447</b>
<i>2023-24 IFRS16 budget changes (a)</i>	(21)	1,217
<i>Autumn Statement 22 (b)</i>	3,003	
<i>Spring Budget 23 (c)</i>	75	
<i>Capital Budget Exchange from prior years (d)</i>		417
<i>2023-24 Routine transfers of funding from other Government Departments (e)</i>	597	0
<i>Revenue and Capital switches</i>	(7)	7
<b>2023-24 Main Estimate</b>	<b>178,578</b>	<b>12,088</b>
<b>Supplementary Supply Estimate changes (excluding OGD transfers), of which:</b>	<b>4,841</b>	<b>(1,136)</b>
<i>2023-24 HMT Reserve claim/other changes (f)</i>	4,018	(3)
<i>2023-24 budget surrenders (g)</i>	(84)	(176)
<i>2023-24 Revenue and Capital transfers (h)</i>	907	(907)
<i>2023-24 Budget Exchange into later years (i)</i>		(50)
<b>2023-24 Routine transfers of funding (to)/from other Government Departments (h), of which:</b>	<b>443</b>	<b>37</b>
<i>Transfers to DHSC</i>	618	37
<i>Transfers from DHSC</i>	(175)	(0)
<b>2023-24 Supplementary Supply Estimate</b>	<b>183,861</b>	<b>10,989</b>

### Main Estimates changes

- a) Budget adjustments for IFRS16 implementation: Government departments have been required since 2022-23 to implement the accounting standard for leases - International Financial Reporting Standard 16 (IFRS16). Full details were [published](#) by HM Treasury in December 2020. In simple terms there is no longer the distinction between operating leases (scored to resource) and finance leases (scored to capital), meaning that departmental budgets will change as follows:
  - Capital: to include the costs of new leases and changes to existing leases. In 2023-24, DHSC's IFRS16 capital funding is £1.2 billion.
  - Resource: to include the depreciation costs and interest costs of leasing offset by the expense that would have been incurred under the previous leasing standard for operating leases. In 2023-24 DHSC's IFRS16 resource funding is a reduction of £21 million.
- b) Autumn Statement 22 included £3.3 billion additional funding for the NHS in 2024-25. The net £3.0 billion allocated includes this funding, plus funding for the Better Care Fund, less the funding reduction for the NICs compensation no longer needed following the repeal of the Health & Social Care Levy.
- c) Spring Budget 23 included additional funding of £75 million in 2023-24 to cover:
  - The government announced a c£400 million package over five years to tackle ill-health-related economic inactivity. Funding for 2023-24 is £65 million.

- The government made £10 million available for a grant fund for suicide prevention VCSE organisations in England across 2023-24 to 2024-25 to support people experiencing suicidal thoughts or approaching a mental health crisis. Funding for 2023-24 is £5 million.
  - The government provided £10 million extra funding for 2023-24 to 2024-25 for the MHRA to allow the regulator to maximise its use of Brexit freedoms and accelerate patient access to treatments. Funding for 2023-24 is £5 million.
- d) Increase to the Capital DEL budget of £0.4 billion - capital underspends from prior years were reprofiled into 2023-24.
- e) routine transfers from other Government departments – RDEL £597 million.

#### Supplementary Supply Estimates (SSE) changes

- f) Reserve cover of £4.0 billion resource as detailed below:
- £2.6 billion relating to the NHS' 2023-24 pay awards and the impact of industrial action in the NHS;
  - £0.3 billion for depreciation and impairments of assets;
  - £0.2 billion for NHS Winter Pressures
  - £0.2 billion for the procurement and supply of COVID-19 vaccines
  - £0.2 billion for the consumption and impairment of Antivirals and other COVID-19 treatments;
  - £0.3 billion for the Immigration Health Surcharge, comprising £0.2 billion fee increase and £0.1 billion Immigration Health Surcharge collected by the Home Office in 2022-23 in addition to the amount transferred over to DHSC in 2022-23; and
  - £0.2 billion for IFRS16
- g) Funding of £0.1 billion resource and £0.2 billion capital was surrendered back to HM Treasury, comprising:
- In-year underspends identified and surrendered to HM Treasury - Resource (£84 million) and Capital (£91 million); and
  - £85 million credit to the capital budget. This relates to the delivery of pre-paid COVID-19 vaccines as the benefit of the prepayment is received.
- h) Transfers between capital and resource budgets, mainly comprising:
- £0.5 billion of capital underspends reprioritised for NHS Pay and NHS Industrial Action, mainly comprising £0.2 billion IFRS16 funding, £0.2 billion New Hospitals Programme and £0.1 billion other capital programmes;
  - £0.3 billion for NHS technology: to meet a greater requirement on the part of national programmes for resource funding than originally envisaged when budgets were set in the last Spending Review (reflecting an increased use of cloud and service contracts rather than large hardware procurements); and
  - £0.1 billion for New Hospitals Programme: comprising routine capital to resource transfer to cover staffing costs and third-party development work.
- i) Capital Budget Exchange £50 million relating to the transfer of disposal receipts into 2024-25 to be applied to future related capital investment.
- j) Net routine transfers with other Government departments £443 million resource and £37 million capital. Details of all transfers are set out in the Estimate.

## 2. SPENDING DETAIL

The tables below detail the changes in the 2023-24 Supplementary Supply Estimate compared to the 2023-24 Main Estimate. As per Estimates Memorandum convention, explanations for any changes, which are over both £10 million and 10% or over £200 million and 5% are provided in a referenced note under each table.

Further details of what is included in each of the Estimate lines can be found in the excel Tables A (i) and (ii).

### 2.1. Resource DEL:

	Description	Resource				See Note 2.1
		2023-24 SSE	2023-24 Main Estimate	Change from 2023-24 Main Estimate		
		£m	£m	£m	%	
A	NHS England (net)	31,723	29,683			
B	NHS Providers (net)	111,232	108,811			
I	NHS England financed from NI Confs	29,056	27,560			
<b>NHS</b>		<b>172,010</b>	<b>166,055</b>	<b>5,956</b>	<b>4%</b>	a)
C	DHSC programme and admin expenditure	2,876	3,894	(1,018)	-26%	b)
D	Local Authorities (Public Health)	3,309	3,370	(61)	-2%	
F	Executive Agencies	2,236	2,010	225	11%	c)
G, H & I	Special Health Authorities, NDPBs and ALBs and Other Bodies (net)	3,430	3,249	181	6%	d)
<b>TOTAL (Voted and Non-Voted)</b>		<b>183,861</b>	<b>178,578</b>	<b>5,284</b>	<b>3%</b>	

Estimate lines A, B and J represents the funding available to the NHS as detailed in section 1.3.

a) **NHS:** The net increase of circa £6.0 billion mainly comprises:

- i) £2.6 billion reserve funding for NHS' 2023-24 pay awards and the impact of industrial action;
- ii) £0.2 billion reserve funding to provide additional support for the NHS to ease winter capacity pressures;
- iii) £0.4 billion NHS capital budget transferred to the resource budget to contribute towards the impact of NHS Pay and NHS industrial action;
- iv) £2.9 billion redistribution of group resources. This mainly comprises circa £1.9 billion of SR21 resources reprioritised within the DHSC Group for 2023-24 NHS pay costs and NHS industrial, action costs, and routine transfers to the NHS of £1.0 billion including for Vaccine Deployment (£0.6 billion) and Voluntary scheme for branded medicines pricing and access (VPAS) (£0.2 billion)
- v) £0.1 billion decrease relating to updated inter-group transactions forecasts; and
- vi) the circa £1.5 billion increase in National Insurance Contributions (NICs) shown in line I has a corresponding reduction in line A. The change in NICs does not impact on NHS funding, instead it alters the distribution across these lines.

For estimate line A, NHS England, an explanation of how the estimate spending plans reconcile to the NHS England Mandate can be found in section 4.1.

b) **DHSC Programme and Admin Expenditure:** The net decrease of circa £1.0 billion mainly comprises:

- i) £1.5 billion net funding increase, mainly Capital DEL to Resource DEL transfers (£0.5 billion), depreciation and impairments of assets (£0.3 billion), Covid-19 treatments (£0.2 billion), IFRS16 (£0.2 billion), Immigration Health Surcharge (£0.3 billion) for the fee increase and income collected in 2022-23 and owed to DHSC;
  - ii) £0.6 billion net funding increase for budget transfers between other Government departments;
  - iii) £0.1 billion increase relating to updated inter-group transactions forecasts, offset by;
  - iv) A reduction for the redistribution of intra group resources of £3.2 billion (mainly to the NHS England line as set out above).
- c) **Executive Agencies:** The net increase of circa £0.2 billion mainly comprises;
- I. £0.2 billion increase of funding in UK Health Security Agency for the procurement and supply of Covid-19 vaccines for the Spring and Autumn campaigns on advice from the Joint Committee on Vaccination and Immunisation (JCVI);
  - II. £0.2 billion reduction relating to budget transfers between other Government departments for COVID-19 Testing;
  - III. £0.2 billion increase for the redistribution of intra group resources of £0.2 billion.
- d) **Special Health Authorities, NDPB's and ALB's and Other Bodies:** The increase in funding of £0.2 billion relates to a redistribution of resources between Main and Supplementary Estimate and changes to inter-group eliminations.

## 2.2. Capital DEL:

	Description	Capital				See Note 2.2
		2023-24 SSE	2023-24 Main Estimate	Change from 2023-24 Main Estimate		
		£m	£m	£m	%	
A	NHS England (net)	433	444			
B	NHS Providers (net)	7,927	8,298			
I	NHS England financed from NI Conts					
<b>Sub Total - NHS</b>		<b>8,360</b>	<b>8,742</b>	<b>(382)</b>	<b>-4%</b>	e)
C	DHSC programme and admin expenditure	2,249	2,841	(592)	-21%	f)
D	Local Authorities (Public Health)	0	0	0	0%	
F	Executive Agencies	32	157	(124)	-79%	g)
G, H & I	Special Health Authorities, NDPBs and ALBs and Other Bodies (net)	347	348	(1)	0%	h)
<b>TOTAL (Voted and Non Voted)</b>		<b>10,989</b>	<b>12,088</b>	<b>(1,099)</b>	<b>-9%</b>	

- e) **NHS:** The net decrease of circa £0.4 billion mainly comprises:
- £0.3 billion capital transfer to the resource budget; and
  - £0.1 billion reduction comprising, as NHS capital underspends have been re-profiled into 2024-25 as part of HM Treasury's Budget Exchange scheme.
- f) **DHSC Programme and Admin:** The net decrease of circa £0.6 billion mainly comprises:
- £0.6 billion capital transfer to the resource budget; and
  - An increase of £16 million budget transfers between other Government departments.
- g) **Executive Agencies:** The net decrease of circa £0.1 billion is mainly comprised of a circa £85 million capital reduction relating to the budgeting classification of contractual cash refunds for pre-paid of COVID-19 vaccines and a £17 million transfer from capital to resource for the consumption of Test and Trace inventory, in line with HM Treasury budgeting classification.
- h) **Special Health Authorities, NDPB's & Arm's Length and Other Bodies:** Capital expenditure for these bodies varies year-on-year and the plans reflect the expected capital expenditure following the redistribution of capital across the departmental group.

### 2.3. Resource AME

The table below shows how DHSC's 2023-24 Supplementary Supply Estimate spending plans for Resource AME compare with the 2023-24 Main Estimate. It should be noted that DHSC's AME relates to provisions and impairments, which have no immediate impact on the fiscal framework.

	Description	Resource				See Note 2.3
		2023-24 SSE	2023-24 Main Estimate	Change from 2023-24 Main Estimate		
		£m	£m	£m	%	
J	NHS England (net)	150	250	(100)	-40%	
K	NHS Providers (net)	2,000	2,000	0	0%	
<b>NHS</b>		<b>2,150</b>	<b>2,250</b>	<b>(100)</b>	<b>-4%</b>	
L	DHSC programme and admin expenditure	102	645	(543)	-84%	i)
M	Executive Agencies	1	0	1	0%	
N, O & P	Special Health Authorities, NDPBs and ALBs and Other Bodies	(4,525)	7,985	(12,510)	-157%	i)
<b>TOTAL</b>		<b>(2,272)</b>	<b>10,880</b>	<b>(13,152)</b>	<b>-121%</b>	

- i) The £13.2 billion decrease in the 2023-24 Supplementary Supply Estimate is mainly as a result of the change in the discount rates, prescribed by HM Treasury, used to measure the value of long-term provisions liabilities, the largest impact being on clinical negligence scheme provisions. This discount rate change does not reflect an increase in the incidence of harm or an increase the cash required to settle claims.

## 2.4. Restructuring

Health Services Safety Investigations Body (HSSIB) came into operation on 1 October 2023 and are an independent arm's length body of the Department of Health and Social Care.

## 2.5. Ring Fenced Budgets

Within the totals, the Official Development Assistance (ODA) and following elements are ring fenced i.e. savings in these budgets may not be used to fund pressures on other budgets.

Ring-fences	2023-24 SSE	2023-24 Main Estimate	Variance to 2023-24 Main Estimate	
	£m	£m	£m	%
ODA Total	248	252	(3.8)	-2%
Counter Terrorism	106	106	0.0	0%

- **Official Development Assistance (ODA)** - For international comparability and consistency, the Organisation for Economic Co-operation and Development (OECD) and the Development Assistance Committee (DAC) requires ODA reporting to be on a cash and calendar year basis.
- **Counter Terrorism** - DHSC has been allocated £106 million for counter terrorism. This is a new ring-fence for the Spending Review 21 period.

## 2.6. Changes to Contingent Liabilities

### Contingent Liabilities - new

There are ten new contingent liabilities in 2023-24 in the Supplementary Estimate. These are:

- Provision of life assurance cover for individuals transferred to the Department.
- The department holds an indemnity provided to Oxford University for unexpected tax implication as a result of the National Institute for Health Research (NIHR) National Biosample Centre transfer to the department.
- The department holds a general indemnity provided to Oxford University in relation to the National Institute for Health Research (NIHR) National Biosample Centre transfer to the department.
- Compensation payments due to individuals unable to be traced.
- The Department holds an indemnity in relation to the Mpox vaccine.
- Indemnity related to the relabelling of the monoclonal antibody sotrovimab as a result of a shelf-life extension, which will permit the continued use of the stock.
- There are uncertainties around timing and likelihood of redundancies covered by the contract, as well as the payments expected as a result.
- The Department entered into contracts for the supply of PPE during the COVID-19 pandemic, which were found to be not suitable. Legal proceedings have been initiated against the Department for the balance of the contract and damages.
- At 31 March 2023, NHS Resolution had other non-clinical contingent liabilities of £263 million (2021-22: £295 million). These related to non-clinical claims such as public and employers' liability for incidents on or after 1 April 1999, and non-clinical negligence liabilities that have transferred to the Secretary of State for Health and Social Care following the abolition of any relevant health bodies.
- NHS England holds a contingent liability for possible late payment and interest penalties with HMRC.

## Contingent Liabilities - removed

The following six contingent liabilities have been removed:

- i) Where there is a requirement for HMG to aero-medically evacuate (MEDEVAC) patients with confirmed or suspected High Consequence Infectious Diseases to the UK for treatment, liability for the costs of these MEDEVAC flights may sit with DHSC. A Memorandum of Understanding exists for the RAF Air Transportable Isolator service between DHSC and MOD. DHSC would be expected to cover the cost of the MEDEVAC in cases where a civilian is involved; where we have initiated the flight; and/or, have a clear duty of care to the patient.
- ii) The Department holds an indemnity relating to the contract signed between His Majesty's Government and AstraZeneca/Oxford for their Covid-19 vaccine.
- iii) The Department has further contingent liabilities relating to the Covid-19 vaccine programme.
- iv) The Department has issued a letter of comfort to Supply Chain Coordination Limited to requirements relating to Covid-19
- v) The Department also provides an indemnity in respect of an inquiry and a contingent liability in regard to a case under the Equalities Act
- vi) NHS England holds a contingent liability for Sandwell Children's Trust Complex Placements.

### **3. PRIORITIES AND PERFORMANCE**

The Department's priorities are detailed in paragraph 1.1. More information on performance against DHSC objectives can be found in the [2022-23 Annual Report and Account](#).

#### **3.1. Major Projects**

The DHSC has several major projects which are financed from Resource and Capital DEL. Details of the project aims, Departmental commentary on actions planned or taken and timescales for implementation can be found at [DHSC Government Major Projects Portfolio data 2023](#)



## 4. OTHER INFORMATION

### 4.1. NHS England

The resources made available to NHSE in 2023-24 will be set out in the final refreshed NHSE Financial Directions, to be published in Spring 2024. The figures in the 2023-24 Supplementary Supply Estimate will not reconcile to the Financial Directions published in March 23 for the following reasons:

- a) Differences between the figures in the Estimate and those in the NHSE Financial Directions caused by timing differences /redistribution of group resources;
- b) In line with HM Treasury Estimates conventions, figures are presented on a consolidated basis i.e. adjusted for intra-group trading transactions;
- c) NHSE expenditure is part-financed by non-voted National Insurance Contributions

[Link to the June 2022 NHSE Financial Directions](#)

The table below reconciles the NHSE Estimate provision to the last published 2023-24 NHSE Financial Directions.

Reconciliation between the Estimate and the Mandate	Resource £m	Capital £m
<b>Last published NHSE Financial Directions (March 23)</b>	<b>168,767</b>	<b>444</b>
a) In-year changes to budget	5,304	(11)
<b>Current estimate for NHSE Financial Directions (as at SSE publication)</b>	<b>174,071</b>	<b>433</b>
<b>Less:</b>		
b) Transactions with other bodies within the group	(113,293)	
c) NHSE net expenditure financed from National Insurance Contributions (non-voted) - Estimate line J	(29,056)	
<b>NHSE net expenditure - estimate line A</b>	<b>31,723</b>	<b>433</b>

## 4.2. DHSC Inter-Group Transactions

HM Treasury designates that Estimates are prepared on a consolidated basis, meaning that all intra-group transactions are removed.

Across Government, the DHSC 'Internal Market' of circa £116 billion is unique to the DHSC and adds an additional layer of complexity, as all inter-group trading needs to be eliminated on consolidation when preparing the DHSC Estimate. These mainly relate to transactions between NHS Commissioners and NHS Providers.

NHS Providers are not directly funded, instead they generate income to cover their spending via trading activity with Commissioners. Commissioners pay Providers for each patient seen or treated, considering the complexity of the patient's healthcare needs, under a national tariff system.

The DHSC takes a pragmatic approach and eliminates only the material transactions between Departmental group bodies. The table below illustrates how the funds flow between the different bodies within the DHSC Group.

Estimate Line		Before Consolidation	ELIMINATIONS			Consolidated
			NHSE to Providers	Providers to SpHAs	Providers to DHSC	
		£m	£m	£m	£m	£m
A	NHS England	145,016	(113,293)			31,723
B	NHS Providers	877	113,293	(2,665)	(273)	111,232
C	DHSC	2,690			273	2,963
D	Local Authorities (Public Health)	3,309				3,309
E	Executive Agencies	2,234				2,234
F	Special Health Authorities expenditure	503		2,665		3,168
G	Non-Departmental Public Bodies	123				123
H	Arm's Length and Other Bodies	139				139
I	National Insurance Contributions	29,056				29,056
<b>TOTAL</b>		<b>183,946</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>183,946</b>

Please note – this table does not include the funding that flows to NHS Providers from the Public Health Grant, as that funding is allocated to Local Authorities (outside the DHSC Group)

### 4.3. DHSC Resource Expenditure Analysis

The majority of the DHSC's budget is allocated to fund the NHS. Around £111 billion of planned resource expenditure for 2023-24, in the Departmental group sits in the NHS Provider sector, spent on staff costs, drugs and procurement of supplies and services to deliver healthcare. Other significant expenditure includes primary care (including general practice, dentistry, ophthalmology, pharmaceutical) and prescribing costs.

Further information on the NHS Provider sector can be found in the [2022-23 Provider consolidated accounts](#); and NHSE [Board Reports](#).

The chart below shows resource expenditure for 2018-19 to 2022-23 broken down to show the material categories as per the DHSC Annual Report and Account - Departmental Group Summary tables (2.2 Expenditure and 2.3 Income) for the relevant financial year.

Resource expenditure increased from £134.2 billion in 2019-20 to £181.4 billion in 2020-21 and £183.5 billion in 2021-22. These increases mainly related to COVID-19 expenditure (£42.9 billion in 2020-21 and £38.7 billion in 2021-22). Resource expenditure was £177.1 billion in 22-23 and this included COVID-19 expenditure of £12.6 billion. The reduction in expenditure to the prior two years is mainly as a result of significantly reduced COVID-19 expenditure. Inventory costs scoring to the resource budget have been shown separately, however the rest of the COVID-19 expenditure is included within all of the other categories detailed within the chart.

