



Department
of Health &
Social Care

**ESTIMATES MEMORANDUM
DEPARTMENT OF HEALTH AND SOCIAL CARE
2021-22 SUPPLEMENTARY ESTIMATE**

TABLE OF CONTENTS

1. Overview	2
1.1 Objectives.....	2
1.2 Spending Controls	3
1.3 Main Areas of Spending	3
1.4 Comparison of Spending Totals Sought	5
1.5 Key Drivers of Spending Changes Since Last Year	5
1.6 New Policies and Programmes	5
1.7 Spending Trends	6
1.8 Funding: Spending Review and Budgets and other spending announcements.....	9
1.9 Covid-19 Funding.....	14
2. Spending Detail	14
2.1 Resource DEL	14
2.2 Capital DEL	16
2.3 Resource AME	17
2.4 Ring Fenced Budgets	18
2.5 Changes to Contingent Liabilities	18
3. Priorities and Performance	20
3.1 Major Projects	20
4. Other Information	21
4.1 NHS England.....	21
4.2 DHSC Inter-Group Transactions.....	22
4.3 DHSC Revenue Expenditure Analysis.....	23

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:

- i) Protect the public's health through the health and social care system's response to Covid-19;
- ii) 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;
- iii) Improve healthcare outcomes through a supported workforce;
- iv) Improve, protect and level up the nation's health, including through reducing health disparities; and,
- v) 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:

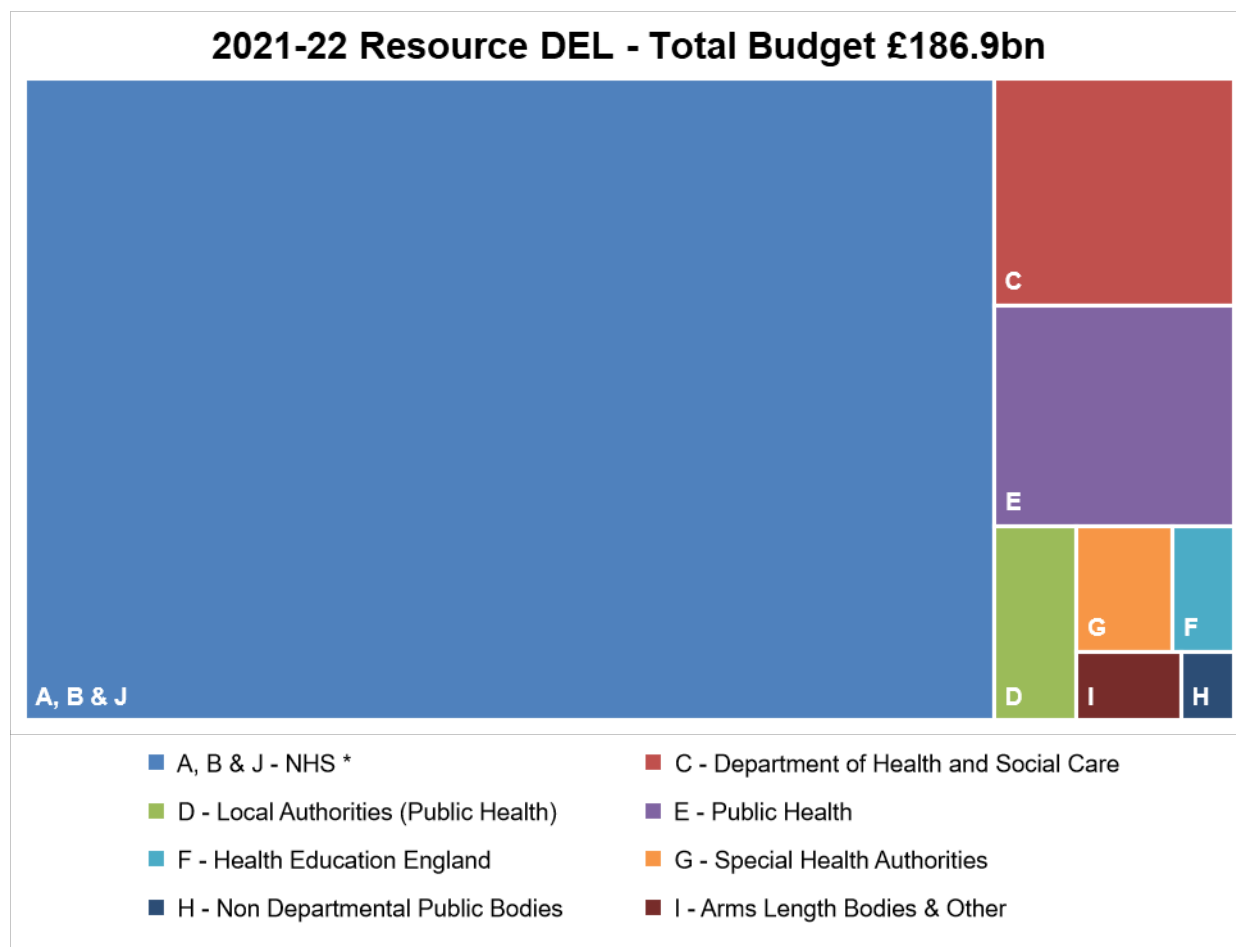
- Resource Departmental Expenditure Limit (Resource DEL) – day to day running costs;
- Capital Departmental Expenditure Limit (Capital DEL) – investment in infrastructure;
- Resource Annually Managed Expenditure (Resource AME) – non-fiscal less predictable expenditure, in DHSC's case this is mainly litigation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

In addition, Parliament votes a net cash requirement, designed 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, Capital DEL and Resource AME spending plans, included in the latest Supplementary 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.

The RDEL budget has increased since Main Estimate, in response to Covid-19, this includes additional funding for the NHS, Test and Trace, Covid-19 treatments, Covid-19 vaccines and vaccine deployment. Further details are included in paragraphs 1.8 and 2.1.



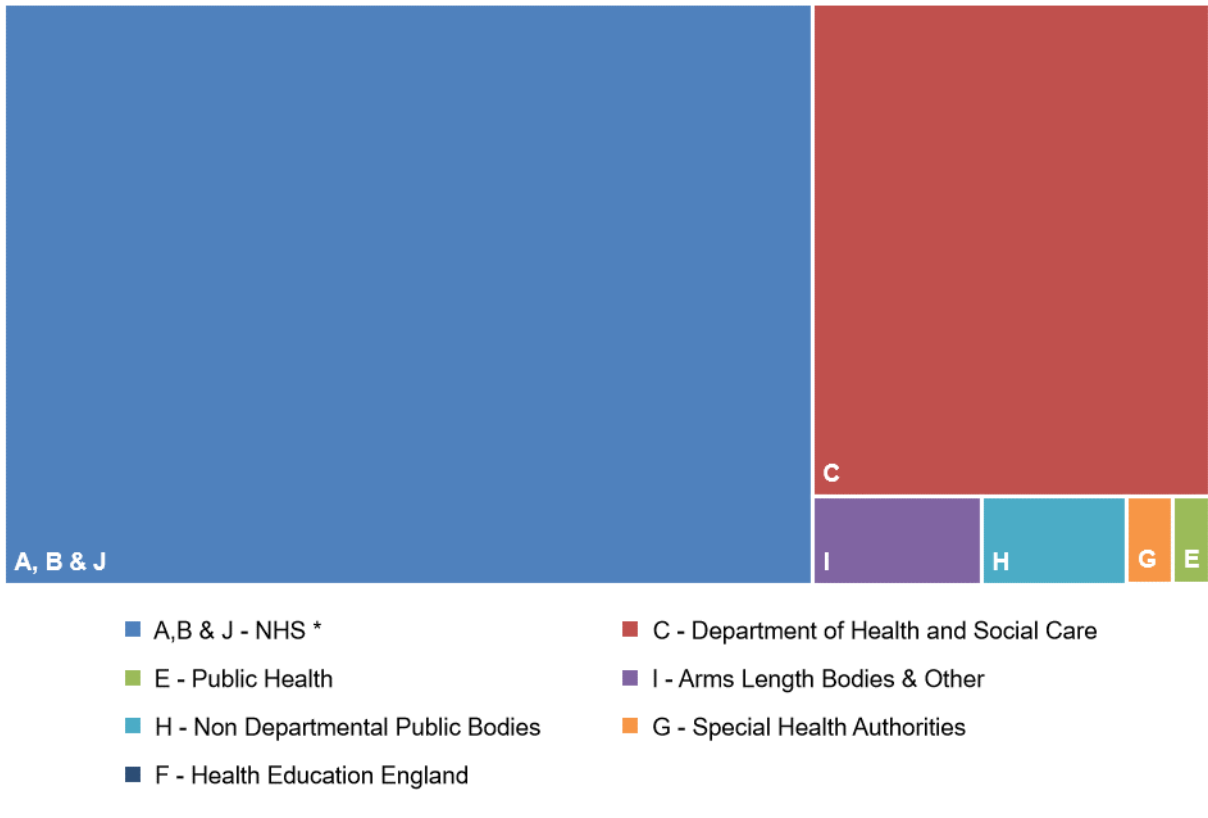
* NHS – this section represents the funding available for the NHS and consists of the following Estimate lines:

- A – NHS Commissioning Board (known as NHS England);
- B – NHS Providers; and
- J – NHS Commissioning Board (known as NHS England) net expenditure financed from National Insurance Contributions.

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

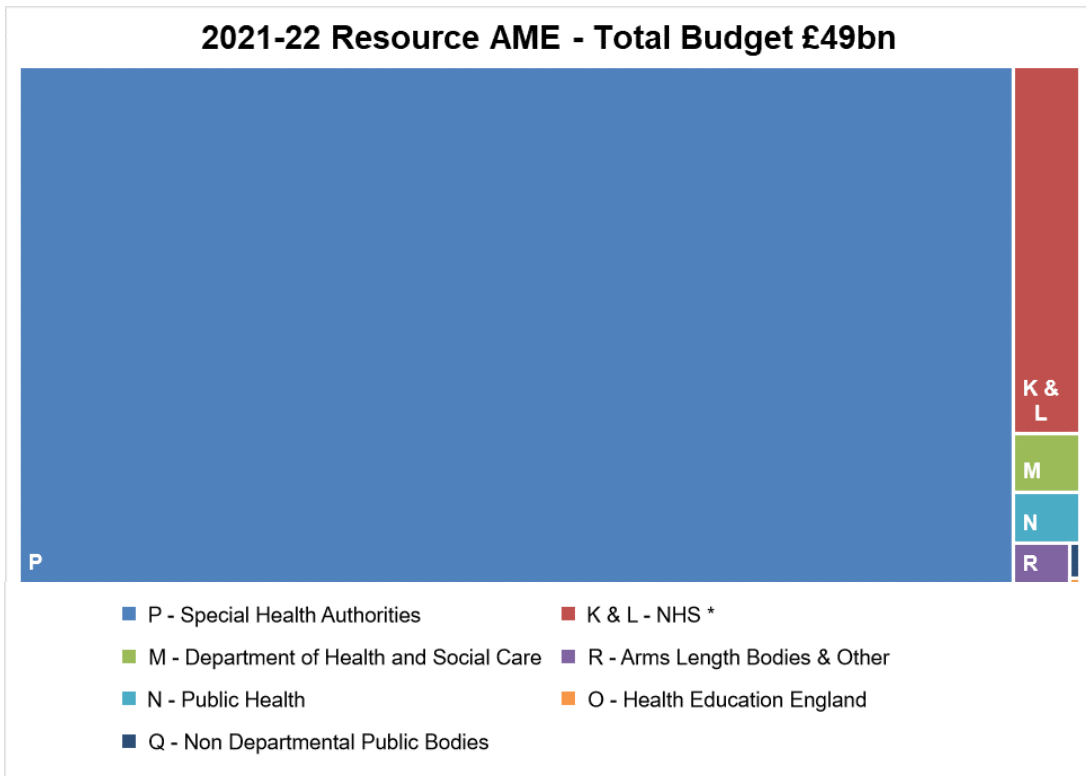
Please note the core funding for NHS Improvement (NHS TDA and Monitor) is not currently included in the *NHS funding block above. Instead, it is included in block G (NHS TDA) and block H (Monitor).

2021-22 Capital DEL - Total Budget £10.5bn



Please note the Capital for Health Education England (line F) is not shown in this illustration due to the relatively small size of the budget (£2m). Details of the spending plans for each Estimate line can be found in section 2.1.

2021-22 Resource AME - Total Budget £49bn



1.4. Comparison of Spending Totals Sought

The table below shows how the 2021-22 Supplementary Supply Estimate (SSE) spending plans compare with the 2021-22 Main Estimates and the 2020-21 Outturn.

DEL Type	2021-22 Supplementary Estimate	2021 Main Estimate	Variance to 2021-22 Main Estimate		2020-21 Outturn	Variance to 2020-21 Outturn	
	£m	£m	£m	%	£m	£m	%
Resource DEL	186,895	177,815	9,081	5.1%	180,199	6,696	3.7%
Capital DEL	10,447	8,530	1,918	22.5%	12,683	(2,236)	-17.6%
Resource AME	49,000	10,002	38,998	389.9%	2,882	46,118	1600.3%

1.5. Key Drivers of Spending Changes Since Original Budget

This section identifies the key drivers of change since the 2021-22 Main Estimate for Resource DEL, Capital DEL and Resource AME. Further analysis of changes between 2021-22 Main Estimate and 2021-22 Supplementary Supply Estimate can be found in section 2.

- Resource DEL

The Resource DEL increase of circa £9.1 billion mainly includes:

- £9.8 billion additional funding allocated for the Department's response to Covid-19;
- £695 million Machinery of Government change for the transfer of the Vaccine Taskforce from the Department for Business, Energy and Industrial Strategy;
- £522 million business as usual budget transfers from other Government departments;

offset by

- Covid-19 budget transfers to other Government departments of £297 million; and
- business as usual changes reducing Resource DEL by £1.6 billion

Further details can be found in paragraph 1.8.

- Capital DEL

The Capital DEL increase of circa £1.9 billion mainly includes:

- £2 billion additional funding allocated for the Department's response to Covid-19; and
- business as usual changes reducing Capital DEL by £113 million.

Further details can be found in paragraph 1.8.

- 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 £39 billion increase in the 2021-22 Supplementary Supply Estimate is mainly as a result of the change in the discount rate 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.

1.6. New Policies, Programmes and other departmental changes

The DHSC makes all announcements on new policies and programmes during the year on the government website, details can be found at [DHSC announcements](#). Information on the latest announcements on

Covid-19 can be found on the above website and further details on the funding requirement for these policies are included in paragraph 1.8 and within the accompanying Table B.

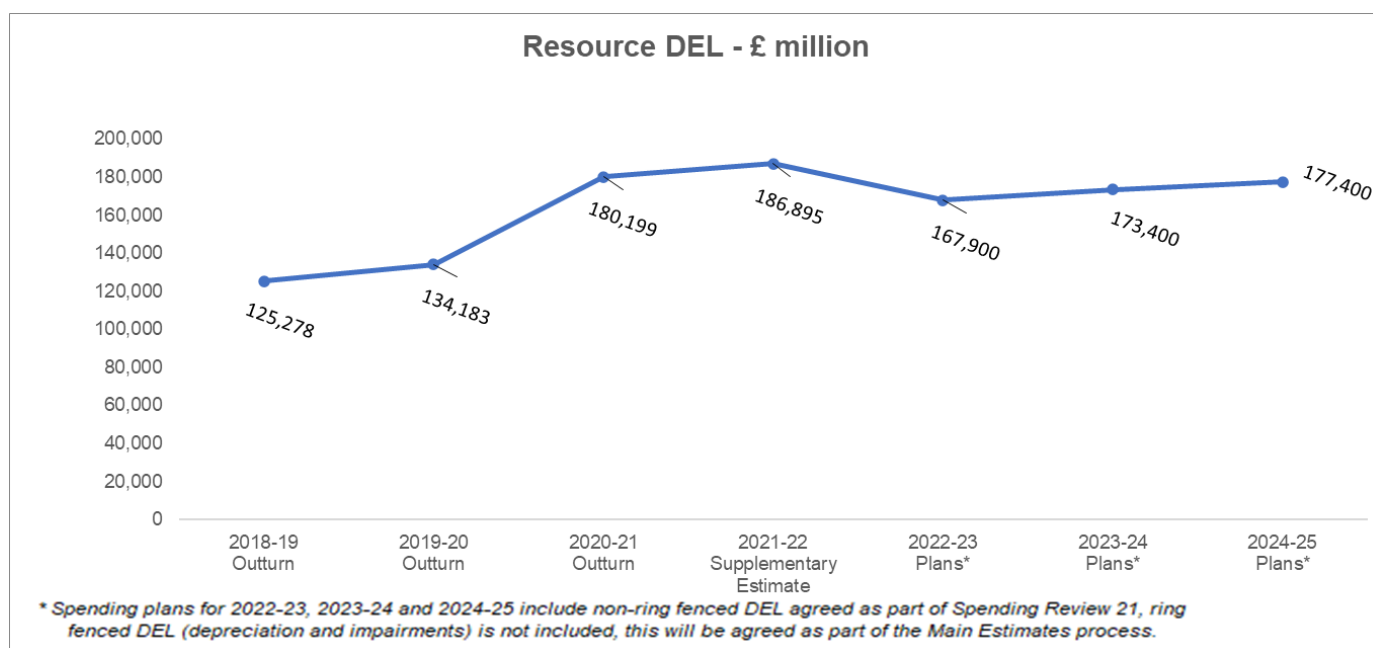
A new arm's length body, the UK Health Security Agency (UKHSA) was established in October 2021 as an executive agency of the DHSC, to oversee health protection and security. The creation of UKHSA brought together the country's cutting-edge capabilities in data analytics and genomic surveillance with scale testing and contact tracing capability – combining key elements of Public Health England with the Joint Biosecurity Centre (JBC), and NHS Test and Trace.

Responsibility for the Vaccine Task Force's work on vaccine and antibody procurement and supply and clinical development transferred as a Machinery of Government change from the Department for Business, Energy and Industrial Strategy to the Department of Health and Social Care. The transfer took effect from 1 August 2021, however as it is accounted for as a transfer by merger, the results and cash flows are accounted for by DHSC from the beginning of the 2021-22 financial year.

1.7. Spending Trends

The graphs show the outturn for the last 3 years (2018-19 to 2020-21), plans presented in Supplementary Estimates for 2021-22, and future spending plans for 2022-23 to 2024-25 for Resource DEL and Capital DEL and Resource AME

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](#).

In 2020-21, DHSC was given an additional £58.9 billion revenue funding for the emergency response to Covid-19, however 2020-21 activities were delivered at significantly lower cost than originally anticipated as a result of; lower levels of demand, impact of national lockdowns and in some cases slippage in receipt of goods. Details of the department's outturn against COVID-19 funding is detailed in the [2020-21 Annual Report and Account](#).

The 2021-22 Main Estimates budget was based on funding announced in the 2020 Spending Round plus the additional funding announced in the 2021 Spring Budget. This included Covid-19 funding of:

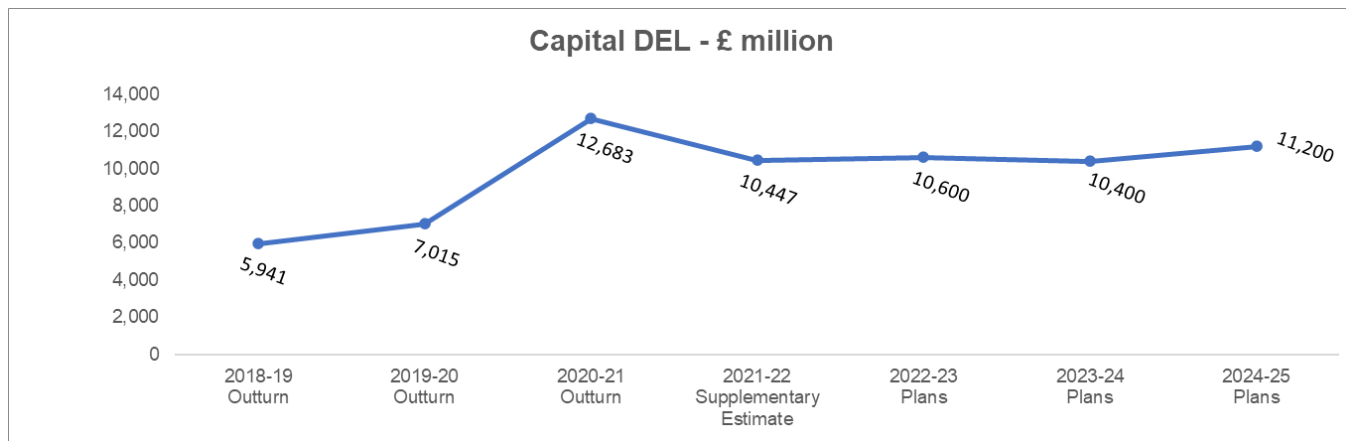
- £15 billion for Test and Trace;
- £9.6 billion to fund the NHS's recovery from the impact of Covid-19 and its response to Covid-19 during the first six months of 2021-22;
- £2.1 billion to continue to maintain and distribute stocks of personal protective equipment;
- £1.65 billion for the on-going Covid-19 Vaccine deployment programme; and
- £163 million for medicines.

The 2021-22 Supplementary Estimate contains a further £10.2 billion for the response to Covid-19. This includes £4.1 billion for the NHS, £2.3 billion for the Vaccines task force, £1.1 billion for Vaccines deployment and, £1 billion for Test and Trace. Further details of the programmes this additional funding covers are provided in paragraph 1.9.

The DHSC Spending Review 2021 settlement includes £167.9 billion revenue funding for 2022-23, £173.4 billion in 2023-24 and £177.4 billion in 2024-25. This provides a £43.9 billion cash increase in resource spending from 2021-22.

The government remains committed to providing our health and care services with the future resources they need to tackle Covid-19 and the elective backlog. This includes providing £9.6 billion over the Spending Review 2021 period for key Covid-19 programmes and related health spending, £5.4 billion for social care outcomes through an affordable, high-quality and sustainable adult social care system and setting out plans to spend over £8 billion over the same period for the elective backlog. This will be funded by the new Health and Social Care Levy.

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.

In 2020-21, DHSC was given an additional £4 billion capital funding for the emergency response to Covid-19. Details of the department's outturn against COVID-19 funding is detailed in the [2020-21 Annual Report and Account](#).

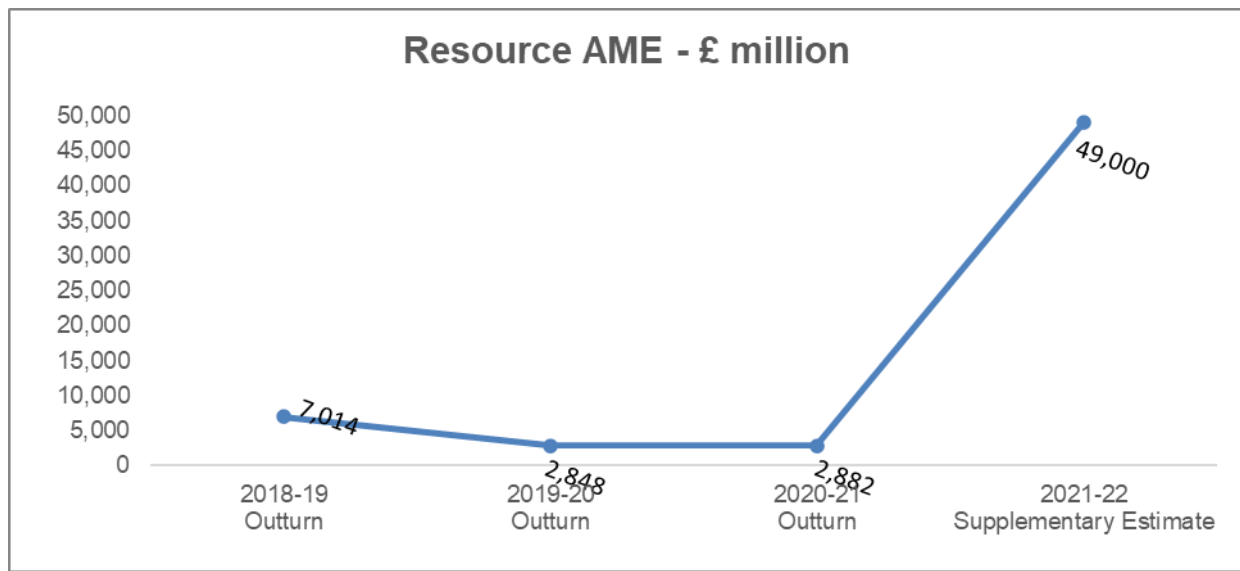
Covid-19 CDEL funding included in the Main Estimate 2021-22 was a net reduction to the budget of £807 million driven by the technical budgeting treatment of NHS Test and Trace inventory. A further

£2 billion for the department's response to Covid-19 is included in the Supplementary Estimate 2021-22, this funding is predominantly for Vaccines Task Force, Test and Trace and the NHS.

The DHSC Spending Review 2021 settlement includes £10.6 billion Capital funding for 2022-23, £10.4 billion, for 2023-24 and £11.2 billion for 2024-25. This settlement includes 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.

Resource AME



The Department's AME doesn't have an immediate impact on the fiscal framework or need for taxes to be raised to cover spending. 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 to measure the value of long-term provisions liabilities. The £39 billion increase in the 2021-22 Supplementary Supply Estimate mainly relates to the estimated increase in the provision for clinical negligence claims, mainly due to the impact of the discount rate change.

1.8. Changes to 2021-22 Funding: Spending Review and Fiscal Events and other Spending Announcements

The Department's 2021-22 spending plans were announced in the 2020 Spending Round, see paragraph 7.1 of the [Government announcement](#) in December 2020, this included £20.3bn for Covid-19. Since that time, changes to 2021-22 spending plans include; additional funding in the 2021 Spring Budget and Main Estimate, and lastly in the 2021-22 Supplementary Supply Estimate. A summary of the changes can be found below:

Resource DEL

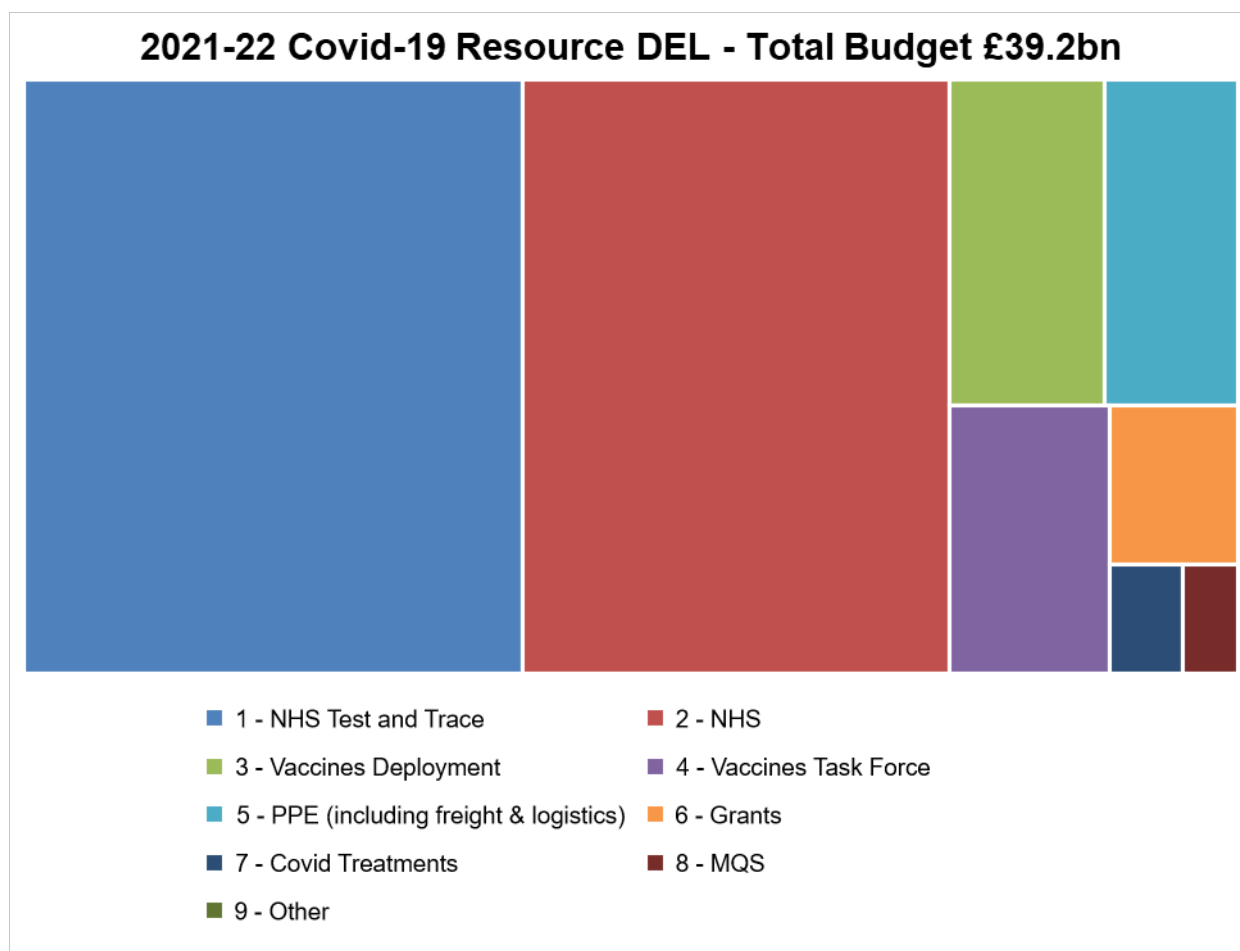
Resource DEL - main changes since 2020 Spending Review	£m
2020 Spending Review (incl ring-fenced funding of c£960m)	148,036
2020 Spending Review Covid-19	20,303
2021 Spring budget Covid-19 (a)	1,650
2021-22 Main Estimate (b)	429
2021-22 Main Estimate Routine transfers of funding from other Government Departments (c)	433
2021-22 Main Estimate Covid-19 (d)	6,963
2021-22 Supplementary BAU changes (e)	(1,609)
2021-22 Supplementary Estimate Covid-19 (f)	9,791
2021-22 Supplementary Estimate Routine transfers of funding from other Government Departments (g)	522
2021-22 Machinery of Government changes (h)	695
2021-22 Revenue/Capital switch (i)	(26)
2021-22 Covid-19 transfers of funding to/from other Government Departments (j)	(293)
TOTAL	186,895

- a) **2021 Spring Budget:** in the 2021 Spring Budget DHSC was allocated £1.65 billion revenue funding to cover the continuing Covid-19 vaccine deployment programme;
- b) Main Estimate funding of £429 million primarily for technical budget adjustments such as depreciation and impairments;
- c) Main Estimate routine transfers from other Government departments of £433 million;
- d) Main Estimate Covid-19 funding of £6.96 billion for the continued response to the Covid-19 pandemic, predominantly for the NHS.
- e) Supplementary Estimate business as usual (BAU) reduced spending forecast £1.6 billion, of which £1.3 billion relates to savings from NHS budgets resulting from slowing BAU services as operational capacity focussed on the response to the Omicron variant over the last few months in 202-22;
- f) Covid-19: the Supplementary Supply Estimate provides **further revenue budget cover of £9.8 billion** for the continued response to the Covid-19 pandemic, based on a realistic forecast of cost available at the time the Supplementary Supply Estimate was produced. As the course of the pandemic changes, Government's strategic response is required to adapt and evolve, it is acknowledged that the final costs for 2021-22 could be different.

Information on the Departments Covid-19 response and any announcements can be found at [DHSC announcements](#). Further information on Covid-19 funding is available below.

- g) **Routine transfers from other Government departments £522 million**, this mainly includes a transfer for the Immigration Health Surcharge from Home Office and a number of other smaller net transfers.
- h) **A Machinery of Government change of £695 million**, for the transfer of the Vaccine Taskforce from the Department for Business, Energy and Industrial Strategy
- i) **Revenue to Capital switch of £26 million**
- j) **Covid-19 transfer to other Government departments -£293 million**, mainly transfers to other Government departments for Test and Trace.

Covid-19 Resource DEL



Covid-19 funding illustrated above, includes:

1. **Test and Trace £16 billion**, an increase of £1 billion in the Supplementary Supply Estimate net of £290 million transfers to other Government departments. This budget cover is to support enhanced testing capacity including the scale up of testing to meet demand over the winter, including the response to Omicron.
2. **NHS £13.7 billion**, an increase of £4.1 billion in the Supplementary Supply Estimate. This funding has been secured for the NHS to deal with both the continuing COVID-19 pressures and recover routine services affected by the pandemic. It includes funding to; help to tackle waiting lists; cover

costs for enhanced infection control measures, funding to extend the hospital discharge scheme, funding for mental health services and investment in the NHS workforce.

3. **Covid-19 Vaccine deployment including Covid certification £2.7 billion**, an increase of £1.1 billion in the Supplementary Supply Estimate. This budget cover is for the roll out costs of deploying the Covid-19 vaccines including the booster programme. This figure is net of transfers out to other Government departments.
4. **Covid-19 Vaccines Taskforce (VTF) £2.3 billion** to mainly cover the purchase of vaccines including booster doses, these score to the Revenue DEL budget on consumption. The VTF funding includes a £695 million MOG transfer from BEIS.
5. **Personal Protective Equipment £2.4 billion**, an increase of £274 million in the Supplementary Supply Estimate, secured to ensure we can provide budget cover for deliveries deferred from prior year and meet demand in all categories of PPE throughout 2022-23 to maintain protection for front line workers across the healthcare system.
6. **Grants £1.1 billion**, an increase of £542 million at Supplementary Supply Estimate and business as usual funding was repurposed for Covid-19 activity. This includes funding given to local authorities to help cover the costs of implementing measures to reduce transmission. Funding is also included to provide local authorities and social care providers with the ability to recruit and retain sufficient staff over winter to sustain and grow existing workforce capacity.
7. **Covid-19 therapeutic treatments £440 million**, an increase of £277 million in the Supplementary Supply Estimate. This funding covers costs related to the use of Covid-19 treatments such as antivirals. These treatments score to RDEL on consumption.
8. **Managed Quarantine Service £329 million**, an increase of £274 million in the Supplementary Supply Estimate. The funding is to cover the net costs of running the hotel quarantine scheme for international arrivals.
9. **Other Covid-19 £150m**, provided at Main Estimates for ventilators and critical care items.

Capital DEL

The main changes since the 2020 Spending Review are:

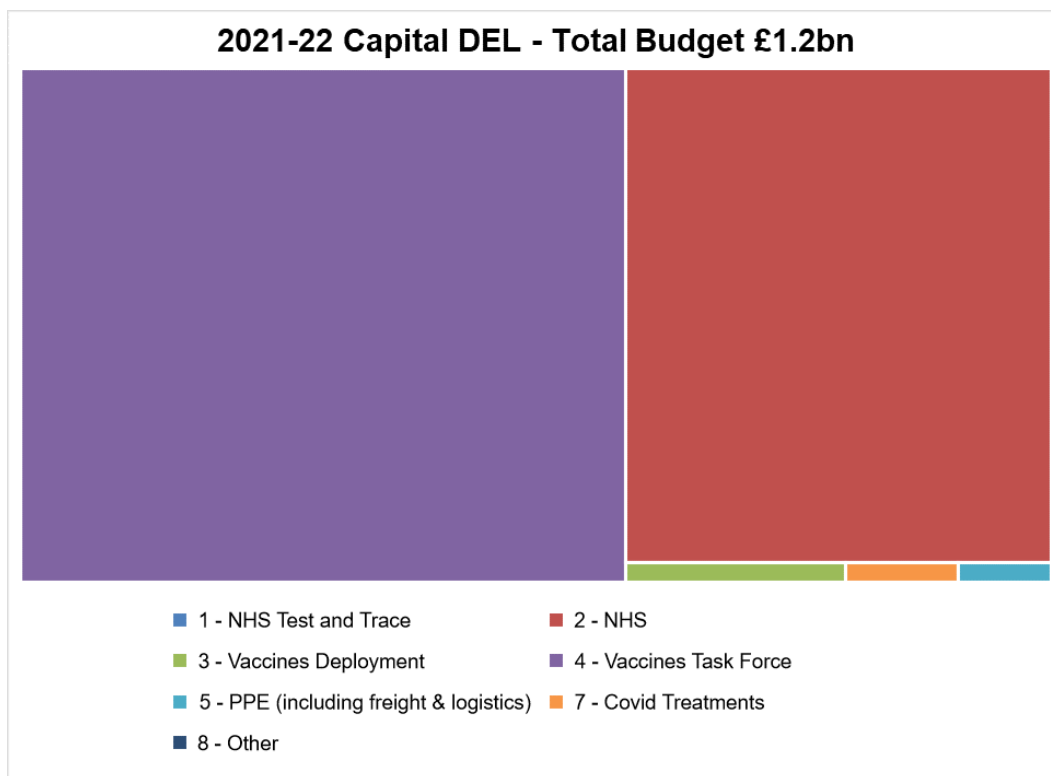
Capital DEL - main changes since 2020 Spending Review	£m
2020 Spending Review	9,351
2021-22 Main Estimate Covid-19 (a)	(807)
2021-22 Main Estimate Routine transfers of funding from other Government Departments (b)	(14)
2021-22 Supplementary Estimate - revised spending forecast (c)	(139)
2021-22 Supplementary Estimate Covid-19 (d)	2,029
2021-22 Revenue/Capital switch (e)	26
2021-22 Supplementary Estimate Routine transfers of funding from other Government Departments (f)	2
TOTAL	10,447

- a) **Covid-19:** The Main Estimate included a net £807 million capital DEL reduction for Test and Trace. This comprised:

- a. capital budget cover of circa £450 million for the purchase of capital assets; and
 - b. a circa £1.2 billion capital reduction in line with HM Treasury's budgeting classification, i.e. a charge to capital DEL on purchase and a charge to revenue DEL on use with an equivalent credit to capital DEL.
- b) Main Estimate routine transfers to other Government departments of £14 million .
- c) **Supplementary Supply Estimate revised spending forecast:** This includes; £139 million funding returned to HM Treasury, £120m of this relates to Sustainability and Transformation Partnership upgrades funding that is to be reprofiled across the SR21 period and the remaining £19 million is an underspend on funding that is ring-fenced.
- d) **Covid-19:** The Supplementary Supply Estimate provides further capital budget cover of circa £2 billion based on a realistic forecast of cost available at the time the Estimate was produced. As the course of the pandemic changes, Government's strategic response is required to adapt and evolve, it is acknowledged that final costs for 2021-22 could be different.
- Information on the Departments Covid-19 response and any announcements can be found at [DHSC announcements](#). Further information on Covid-19 funding is available in paragraph 1.9.
- e) Revenue to Capital switch of £26 million
- f) Routine transfers from other Government departments £2 million

Covid-19 Capital DEL

Capital DEL Covid-19 funding illustrated below, includes:



1. **Test and Trace -£240 million**, an increase of £567 million in the Supplementary Supply Estimate. The capital funding is to cover the purchase of capital assets and net increases in inventory. NHSTT's inventory expenditure, in line with HM Treasury's budgeting classification of large inventory purchases, incurs a charge to capital DEL on purchase and a charge to revenue DEL with an equivalent credit to capital DEL on consumption.
2. **NHS £580 million**, funding to tackle the elective backlog, to be used for extra theatre capacity and productivity-boosting technology, to increase the number of surgeries able to take place.
3. **Covid-19 Vaccine deployment £12 million.**
4. **Covid-19 Vaccines Task Force (VTF) £858 million** to cover the costs of VTF that score to the capital budget following HM Treasury budgeting classification convention.
5. **Personal Protective Equipment £5 million**
6. **Covid-19 therapeutic treatments £6 million.**

2. SPENDING DETAIL

The tables below detail the changes in the 2021-22 Supplementary Estimate compared to the 2021-22 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

The table below shows how DHSC's 2021-22 Supplementary Estimate spending plans for Resource DEL compare with the 2021-22 Main Estimate.

Subhead	Description	Resource				See Note 2.1
		2021-22 Supplementary Estimate	2021-22 Main Estimate	Change from 2021-22 Main Estimate		
		£m	£m	£m	%	
A	NHS Commissioning Board (known as NHS England) net expenditure	28,604.6	32,592.8			
B	NHS Providers	96,075.3	86,000.0			
J	NHS Commissioning Board (known as NHS England) net expenditure financed from National Insurance Contributions	25,196.8	23,443.3			
Sub Total - NHS		149,876.7	142,036.1	7,840.6	6%	a)
C	DHSC programme and admin expenditure	13,074	23,278.7	(10,204.5)	-44%	b)
D	Local Authorities (Public Health)	3,852.9	3,526.5	326.4	9%	c)
E	Public Health	12,725.3	872.5	11,852.8	1358%	d)
F	Health Education England	1,858.8	1,568.1	290.7	19%	e)
G, H & I	Special Health Authorities, NDPBs and ALBs and Other Bodies	5,507.3	6,532.7	(1,025.4)	-16%	f)
TOTAL (Voted and Non Voted)		186,895.2	177,814.6	9,080.5	5%	

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

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.

a) **NHS:** The net increase of circa £7.9 billion mainly comprises:

- i) an additional £3.8 billion of NHS Covid-19 funding provided at Supplementary Estimate;
- ii) a reduction of £1.1 billion. In total, the total NHS reprofiled its spending forecast by £1.3 billion, £1.1 billion of this is on this estimate line;
- iii) the redistribution of group resources of circa £3.7 billion mainly £2.4 billion for Vaccine Deployment and circa £400 million for Test and Trace;
- iv) a circa £1.3 billion change to the inter-group transactions; and
- v) the c£1.8 billion increase in National Insurance Contributions (NICs) shown in line J has a corresponding reduction in line A. The change in NICs does not impact on NHS funding, instead it alters the distribution across lines.

- b) **DHSC Programme and Admin Expenditure:** The net decrease of circa £10.2 billion mainly comprises:
 - i) Net funding increase of £6 billion mainly for Vaccine Taskforce & deployment, Covid-19 treatments and Test and Trace;
 - ii) Offset by the redistribution of group resources of £13.9 billion; and
 - iii) Further offset by a £2.1bn change to the inter-group transaction forecast between Main and Supplementary Estimate (see paragraph 4.2).
- c) **Local Authorities:** A net increase of £326 million comprising;
 - i) an increase of £542 million in line with the Government's Covid-19 Infection Control Fund in place to support adult social care providers;
 - ii) a reduction of £216 million to the Public Health Grant as Manchester received its funding instead via retention of business rates.

More details can be found in the 2021-22 [grants to Local Authorities](#) publication.

- d) **Public Health:** The increase in funding of £11.9 billion, mainly reflects the transfer of NHS Test and Trace into UK HSA from 1 October 2021, circa £9.2 billion, and a circa £2.5 billion change to the inter-group transactions.
- e) **Health Education England (HEE):** HEE provide national leadership and coordination for the education and training within the health and public health workforce within England. The increase relates to the redistribution of resources between Main and Supplementary Estimate.
- f) **Special Health Authorities, NDPB's and ALB's and Other Bodies:** The decrease in funding of £1 billion relates to a redistribution of resources between Main and Supplementary Estimate and changes to inter-group eliminations (see paragraph 4.2).

Further details of the distribution of Covid-19 funding across the departmental group are included in Annex A.

2.2. Capital DEL

The table below shows how DHSC's 2021-22 Supplementary Estimate spending plans for Capital DEL compare with the 2021-22 Main Estimate.

Subhead	Description	Capital				See Note 2.2
		2021-22 Supplementary Estimate	2021-22 Main Estimate	Change from 2021-22 Main Estimate		
		£m	£m	£m	%	
A	NHS Commissioning Board (known as NHS England) net expenditure	279.1	300.7			
B	NHS Providers	6,729.0	5,921.0			
J	NHS Commissioning Board (known as NHS England) net expenditure financed from National Insurance Contributions	0.0	0.0			
Sub Total - NHS		7,008.1	6,221.7	786.5	13%	g)
C	DHSC programme and admin expenditure	2,912.4	1,822.2	1,090.3	60%	h)
D	Local Authorities (Public Health)	0.0	0.0	0.0	0%	
E	Public Health	48.1	179.0	(130.9)	-73%	i)
F	Health Education England	2.0	2.0	0.0	0%	
G, H & I	Special Health Authorities, NDPBs and ALBs and Other Bodies	476.7	304.8	171.9	56%	j)
TOTAL (Voted and Non Voted)		10,447.4	8,529.6	1,917.8	22%	

- g) **NHS:** The increase of £787 million in funding reflects an additional £580 million of funding allocated to the NHS in response to Covid-19 and a £338 million increase following the redistribution of capital across the departmental group. These increases are offset by a £120 million surrender of NHS Provider capital which has been requested to be reprofiled into later years.
- h) **DHSC Programme and Admin:** The increase of £1.1 billion in funding reflects the additional capital requirement of the Department's Covid-19 response, this predominantly relates to Vaccines Task force and Test and Trace offset slightly by the redistribution of capital across the departmental group.
- i) **Public Health:** The decrease in funding reflects the transfer of the NHS Test and Trace budget to UK HSA.
- j) **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.

Further details of the distribution of Covid-19 funding across the departmental group are included in annex A.

Resource AME

The table below shows how DHSC's 2021-22 Supplementary Estimate spending plans for Resource AME compare with the 2021-22 Main Estimate. It should be noted that DHSC's AME relates to provisions and impairments, which have no immediate impact on the fiscal framework or need for taxes to be raised to cover spending.

Subhead	Description	Resource				See Note 2.3
		2021-22 Supplementary Estimate	2021-22 Main Estimate	Change from 2021-22 Main Estimate		
		£m	£m	£m	%	
K	NHS Commissioning Board (known as NHS England) net expenditure	150.0	100.0	50.0	50%	
L	NHS Providers	2,020.0	1,100.0	920.0	84%	
Sub Total - NHS		2,170.0	1,200.0	970.0	81%	k)
M	DHSC programme and admin expenditure	350.0	329.3	20.7	6%	k)
N	Public Health	300.0	5.0	295.0	5900%	k)
O	Health Education England	5.0	5.0	0.0	0%	
P, Q & R	Special Health Authorities, NDPBs and ALBs and Other Bodies	46,175.0	8,462.6	37,712.4	446%	k)
TOTAL (Voted and Non Voted)		49,000.0	10,001.9	38,998.1	390%	

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

- k) The £39 billion increase in the 2021-22 Supplementary Supply Estimate is mainly as a result of the change in the discount rate 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.

2.3. Restructuring

The responsibility for the Vaccine Task Force's work on vaccine and antibody procurement and supply and clinical development transferred as a Machinery of Government transfer from the Department for Business, Energy and Industrial Strategy (BEIS) to the DHSC. DHSC received Revenue DEL budget of £695 million from BEIS.

The UK Health Security Agency was created in April 2021 and became operational from 1 October 2021. The costs of UKHSA (from October to March) are included in the Public Health estimate line, alongside the costs Public Health England (April to September)

Supply Chain Coordination Limited (SCCL) the DHSC Group owned company that operates the NHS Supply Chain, merged with NHS England from 1 October 2021. SCCL planned costs are therefore split across the Arm's Length and other bodies estimate line (months 1 to 6) and NHSE (months 7 to 12).

2.4. 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.

DEL Type	2021-22 Supplementary Estimate	2021-22 Main Estimate	Variance to 2020-21 Main Estimate		2020-21 Outturn	Variance to 20-21 Outturn	
	£m	£m	£m	%	£m	£m	%
ODA Total	160	160	0	0%	254	(94)	-37%
EU Exit	80	95	(15)	-16%	50	30	60%
Covid	40,410	28,109	12,301	44%	46,529	(6,119)	-13%

- **Official Development Assistance (ODA)** - The DHSC discretionary ODA funding for 2021-22 is £160m.

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

- **EU Exit** – DHSC was allocated £95 million for EU Exit related spend for 2021-22 at Main Estimates this was based on the expected impact of exiting the EU at that point in time. Savings against this initial budget have been made and £15 million of funding has been surrendered at Supplementary Supply Estimate. This includes funding for staff resource, continuity of supply commitments and supporting costs relating to the implementation of the withdrawal agreement and to carry out the 6 EU and Trade priorities set out by the EU & Trade portfolio team.
- **Covid-19** - funding included in the Supplementary Supply Estimate is expected to be subject to ring-fence arrangements agreed with HM Treasury. However, as the pandemic continues to unfold, and to allow the Government's response to evolve and adapt it may be necessary to agree with HMT that specific ring-fences can be relaxed to accommodate the spend. Details of the Covid-19 outturn for 2020-21 are set out in the DHSC [2020-21 Annual Report and Account](#)

2.5. Changes to Contingent Liabilities

New Contingent Liabilities

There are ten new contingent liabilities in 2021-22 in the Supplementary Estimate. These are:

- Three contingent liabilities with (1) Pfizer/BioNTech, (2) AstraZeneca/Oxford and (3) Moderna relating to contracts between them and Her Majesty's Government relating to their COVID-19 vaccine.

- ii) A contingent liability relating to the two contracts signed between Her Majesty's Government and the medicine supplier Pfizer for their COVID-19 antiviral drug PF-07321332+ritonavir, co-packaged and marketed as Paxlovid.
- iii) The Department has provided a letter of comfort to local authorities participating in the COVID-19 Community Testing Programme.
- iv) The Department has issued a letter of comfort to Supply Chain Coordination Limited to cover COVID-19 related warehousing and stock management costs incurred.
- v) A contingent liability in respect of a VAT liability to HMRC in respect of medical equipment purchased in response to the COVID-19 pandemic.
- vi) The Department holds an indemnity in respect of The Essex Mental Health Independent Inquiry, established to investigate deaths which took place in mental health inpatient facilities across NHS Trusts in Essex between 1 January 2000 and 31 December 2020
- vii) The Department has provided a time limited clinical negligence indemnity to community pharmacy to enable them to engage at pace with the COVID 19 vaccination programme; and
- viii) A letter of comfort has been issued to the Care Quality Commission (CQC) in respect of potential future pension liabilities that may arise in respect of early cessation costs or inherited deficits.

Removed Contingent Liabilities

A contingent liability relating to Health and Social Care Information Centre's change programme (trading as NHS Digital) has been removed.

Amended Contingent Liabilities

The wording and/or amounts have been amended for the following contingent liabilities:

- i) Contingent liabilities for PHE's stockpile of medical countermeasures for responding to Chemical, Biological, Radiological and Nuclear (CBRN) incidents. *Wording amended*
- ii) Contingent liability for Ebola. *Wording amended*
- iii) Contingent liability for Continuing Healthcare. *Amount changed.*
- iv) Contingent liability for notified legal claims relating to NHS England. *Amount changed*

3. PRIORITIES AND PERFORMANCE

3.1. How Spending Relates to Objectives

See section 1.1.

3.2. Measures of Performance against each Priority

The Department's priorities are set out in the SDP as detailed in paragraph 1.1. Each of the DHSC priorities has a DHSC Lead official responsible for the priority. The Lead official will work with Ministers and bodies within the Departmental group to achieve the objective.

For example, the priority to *'Improve healthcare outcomes by providing high-quality and sustainable care at the right time in the right place and improving infrastructure and transforming technology'* involves a number of bodies within the group, such as NHS England, NHS Improvement, UK Health Security Agency, NHS Blood and Transplant, the Human Fertilisation and Embryology Authority and the Human Tissue Authority.

The bodies mentioned above are a combination of NHS Bodies, Executive Agencies and Public Corporations and therefore are detailed on numerous DHSC Estimate lines. The DHSC has certain performance indicators it uses to ensure the objectives are being met. One such indicator is the NHS Outcomes Framework.

The NHS Outcomes Framework (NHSOF) is a set of indicators developed by the DHSC to monitor the health outcomes of adults and children in England. The Framework provides an overview of how the NHS is performing. The NHSOF comprises five domains: preventing people from dying prematurely, enhancing quality of life for people with long-term conditions; helping people to recover from episodes of ill-health or following injury; ensuring people have a positive experience of care; treating and caring for people in a safe environment and protecting them from avoidable harm.

More information can be found on the NHS Digital website at [Link to NHS Outcomes Framework](#).

More information on the SDP and performance against the 2019-20 DHSC objectives can be found in the [DHSC 2020-21 Annual Report](#).

3.3. 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 2020](#)

4. OTHER INFORMATION

4.1. NHS England

The resources made available to NHSE in the 2021-22 Supplementary Estimate will be set out in the Financial Directions to the refreshed Mandate to be published in Spring 2022. The figures in the 2021-22 Supplementary Estimate will not reconcile to those in the original Financial Directions published on 25 March 2021 or the revised Financial Directions for the following reasons:

- a) In line with HM Treasury Estimates conventions, figures are presented on a consolidated basis i.e. adjusted for intra-group trading transactions;
- b) NHSE expenditure is part-financed by non-voted National Insurance Contributions; and
- c) Differences between the figures in the Estimate and those in the Mandate caused by timing differences, these are significant for 2021-22 due to:
 - the additional Covid-19 funding received in the Supplementary Estimate; and
 - the redistribution of Main Estimate funding mainly for Elective and Mental Health recovery. These will be properly ratified as part of the finalised Financial Directions published as part of the annual NHS Mandate refresh later in the year.

[Link to the 2021-22 NHSE Mandate](#)

The table below reconciles the NHSE Estimate provision to the current published 2021-22 NHSE Mandate.

Reconciliation between the Estimate and the Mandate	Resource	Capital
	£m	£m
Total Mandate (sum of the below)	144,536	301
Less:		
a) Transactions with other bodies within the group	97,250	
b) Supplementary Estimate NHS Funding Increase	(2,719)	
c) Redistribution of group resource	(3,796)	22
d) NHSE net expenditure financed from National Insurance Contributions (non-voted) - Estimate line J	25,197	
NHSE net expenditure - estimate line A	28,605	279

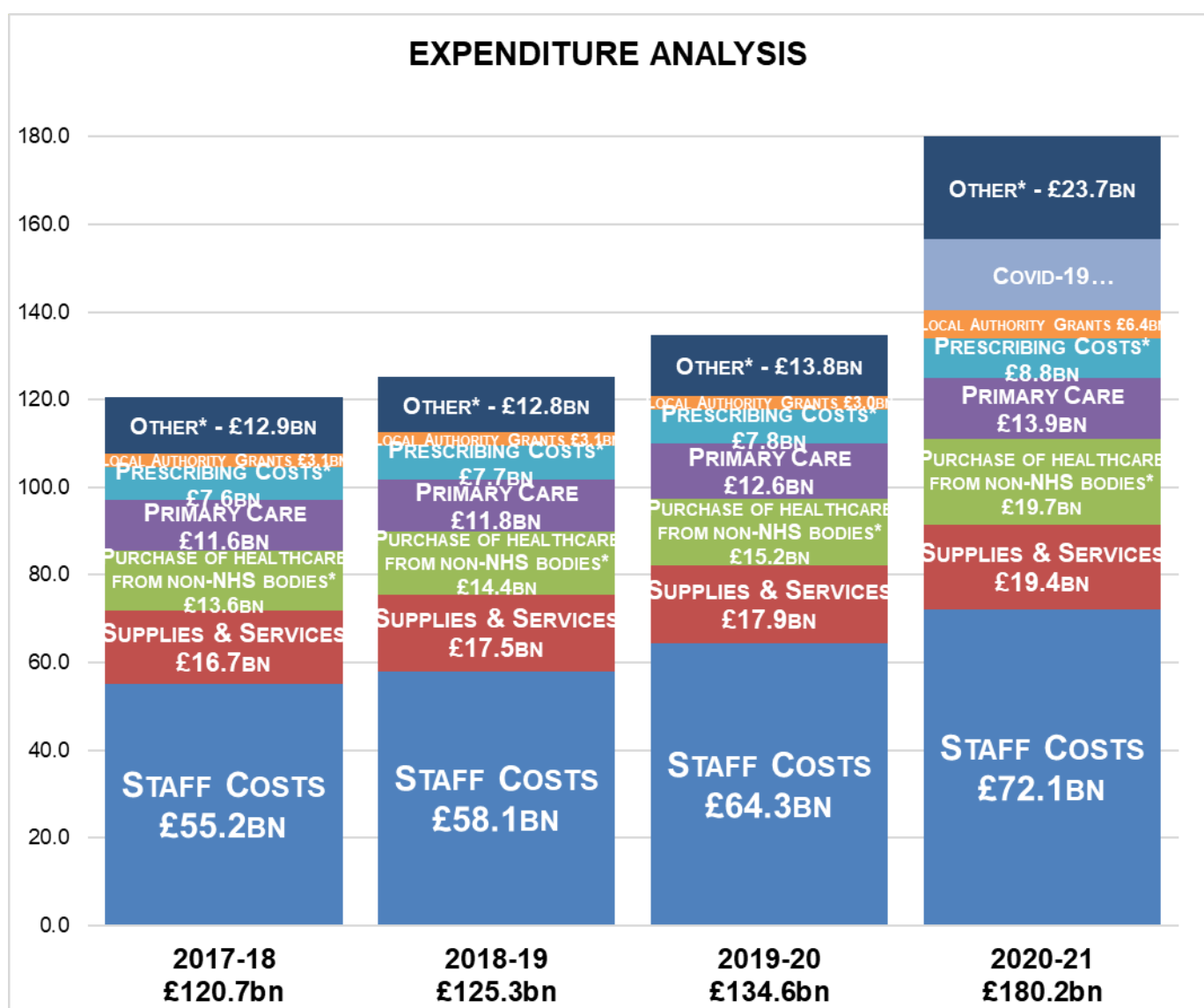
4.3. DHSC Revenue Expenditure Analysis

The majority of the DHSC's budget is allocated to fund the NHS. Circa £105 billion of revenue expenditure 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 [2020-21 Provider consolidated accounts](#); and NHSE/NHSI now issue combined [Board Reports](#).

The chart below shows the 2017-18 to 2021-22 revenue expenditure broken down to show the material categories as per the DHSC Annual Report in the Departmental Group Summary tables (2.2 Expenditure and 2.3 Income) for the relevant financial year.

Revenue expenditure increased from £134.6 billion in 2019-20 to £180.2 billion in 2020-21, circa £43.0 billion of this increase related to Covid-19 expenditure. Inventory costs scoring to the revenue 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.



DETAILS OF 2021-22 FUNDING ACROSS THE DHSC SUPPLEMENTARY SUPPLY ESTIMATE

Subhead	Description	Resource													2021-22 Supplementary Estimate
		BAU Funding	NHS Covid	Personal Protection Equipment	Test and Trace	Vaccine Deployment	Vaccine Taskforce	Covid-19 Treatments	Critical Care Items	Covid-19 Grants	MQS	Covid-19 Other	Eliminations		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
A	NHS Commissioning Board net expenditure	109,590	13,485	0	392	2,387	0	0			0		(97,250)	28,605	
B	NHS Providers	0		0	0	0	0	0			0		96,075	96,075	
C	DH Programme and Administration expenditure	2,859	93	2,361	6,293	212	2,324	440	150	360	329		(2,346)	13,074	
D	Local Authorities (Public Health)	3,108		0	0	0	0	0		745	0			3,853	
E	Public Health England (Executive Agency)	894	7	0	9,280	45	0	0	0	0	0	0	2,500	12,725	
F	Health Education England	4,648	111		0	0	0	0			0		(2,900)	1,859	
G	Special Health Authorities expenditure	623	0	0	0	0	0	0	0	0	0	0	2,300	2,923	
H	Non Departmental Public Bodies net expenditure	686	2	0	81	92	0	0	0	0	0	0	0	861	
I	Arm's Length and Other Bodies (Net)	102	0	0	0	0	0	0	0	0	0	0	1,621	1,723	
J	NHS Commissioning Board net expenditure financed from NI contributions	25,197												25,197	
TOTAL RDEL (Non Ring-fence)		147,707	13,698	2,361	16,045	2,737	2,324	440	150	1,105	329	0	0	186,895	

Subhead	Description	Capital							
		BAU Funding	NHS	PPE	Test and Trace	Vaccine Deployment	Vaccine Taskforce	Covid-19 Therapeutics	2021-22 Supplementary Estimate
		£m	£m	£m	£m	£m	£m	£m	£m
A	NHS Commissioning Board net expenditure	279							279
B	NHS Providers	6,038	580		112				6,729
C	DH Programme and Administration expenditure	2,328		5	(296)	12	858	6	2,912
D	Local Authorities (Public Health)								0
E	Public Health England (Executive Agency)	177	0	0	(129)	0	0	0	48
F	Health Education England	2							2
G	Special Health Authorities expenditure	59	0	0	0	0	0	0	59
H	Non Departmental Public Bodies net expenditure	119	0	0	74	0	0	0	193
I	Arm's Length and Other Bodies (Net)	224	0	0	0	0	0	0	224
J	NHS Commissioning Board net expenditure financed from NI contributions	0							0
TOTAL CDEL		9,226	580	5	-239	12	858	6	10,447