The King's Fund

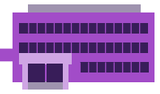
How funding flows in the NHS

The government collects money from various sources, like tax and national insurance, and sets a budget for each government department.

Department of Health & Social Care

In 2018/19 the Department of Health and Social Care spent £130.3 billion: the equivalent of £2,300 for every person in England.

£130.3 bn



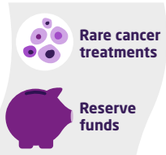
£5.9 billion Capital

This was divided into £5.9 billion for capital spending (for example investment in buildings and equipment), and £124.4 billion for revenue, day-to-day spending for example on staff salaries and medicines.

£124.4 bn

£11.7 billion

The Department of Health and Social Care spends some of its budget on:
- vaccinations
- public health
- training NHS staff
- regulation.



£28.2 bn

However it passed the majority of it, £84.5 billion, to local clinical commissioning groups (CCGs).

NHS England spent £28.2 billion on services that are planned at a national level, like rare cancer treatments, and held some money back in reserve funds for providers and commissioners.

NHS England

£112.7 bn

However it passed the majority of it, £112.7 billion, to NHS England.

£84.5 bn

Rare cancer treatments

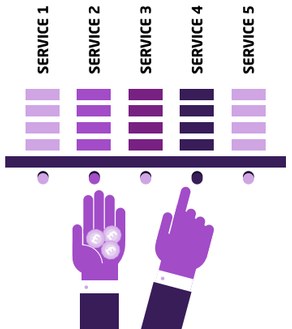
£28.2bn

While there is a clear flow of funds from the Treasury to providers of services, not all NHS funding follows this path.

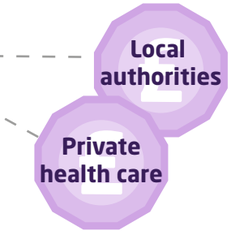
Clinical commissioning groups (CCGs)

The amount each CCG received was determined not only by the number of people in their local area, but also by factors like their age and level of deprivation as these are linked to how much health care they need.

CCGs assess the health needs of their local population to make decisions about the health and care services they need. They then buy as many of those services as their budget allows from providers like hospitals, GPs, mental health, community and other providers.



Providers of services



Providers can receive funding from other sources, including local authorities or people who pay privately for their healthcare.

The government's spending plans can be changed up or down in-year, for example, adding extra short-notice funding for winter, or restricting the amount that can be spent on capital.

It is not known how much of any reserves held back by NHS England will be allocated to each provider and commissioner.

Which means it is very hard for local areas to know at the start of the year exactly how much money they will have to spend on delivering care for patients, and to plan and improve services.