

Impact of the Budget on health spending

Note by the House of Commons Scrutiny Unit

In the Budget the Chancellor set out an increase of £2.8bn to the resource day-to-day spending in the NHS in England over this year and the next two years (i.e. 2017-18: £0.335bn to help the NHS increase capacity over winter; 2018-19: an increase of £1.6bn; 2019-20: an increase of £0.9bn).

He also explained that capital spending would increase by £3.5bn. £2.6bn will be for STPs, £0.7bn to support turnaround plans, £0.2bn for efficiency programmes. This will be spent over this year and the next five years - the exact split of the spending for NHS in England is not clearly set out in the Budget documents; however, we estimate over this year and the next two years the increase will be around £1.5bn for England – on average around £0.5bn a year. UK-wide figures were provided in the Budget documents.

We also had a look at total Health spending for England including NHS. With the increases announced in the budget the total increase year on year is due to be... 3.5% this year, 2.9% in 18-19 and 2.0% in 2019-20.

When adjusted for population growth in England the year on year increases in Health spending per person are lower: 2.7%, 2.1% and 1.3% respectively.

These increases are similar to forecast measures of inflation over the next 2-3 years. Whether or not health spending per person increases or reduces in real terms over the next 2-3 years depends on the actual level of inflation and which measure is used.

Detail of calculations

	2016-17 (outturn)	2017-18	2018-19	2019-20
RDEL (£ billions)	115.9	119.1	121.9	124.2
CDEL (£ billions)	4.6	5.6	6.4	6.7
Total (£ billions)	120.5	124.7	128.3	130.9
<i>Year on year increase</i>		3.5%	2.9%	2.0%
<i>England population projection</i>				
	55,219	55,640	56,062	56,466
Total spend (Resource and Capital) per person (£)	2,182.22	2,241.19	2,288.54	2,318.21
Annual increase in health spending per person		2.7%	2.1%	1.3%
<i>Resource spend per person (£)</i>				
	2,098.92	2,140.55	2,174.38	2,199.55
Annual increase		2.0%	1.6%	1.2%

Source: Scrutiny Unit calculations based on figures published by the Treasury and ONS (specifically the [Red Book](#) p 23 and 24, tables 1.7 and 1.8; [Public Expenditure Statistical analyses 2017](#) table 1.5 and 1.8; and [ONS 2014 England population projections](#).)