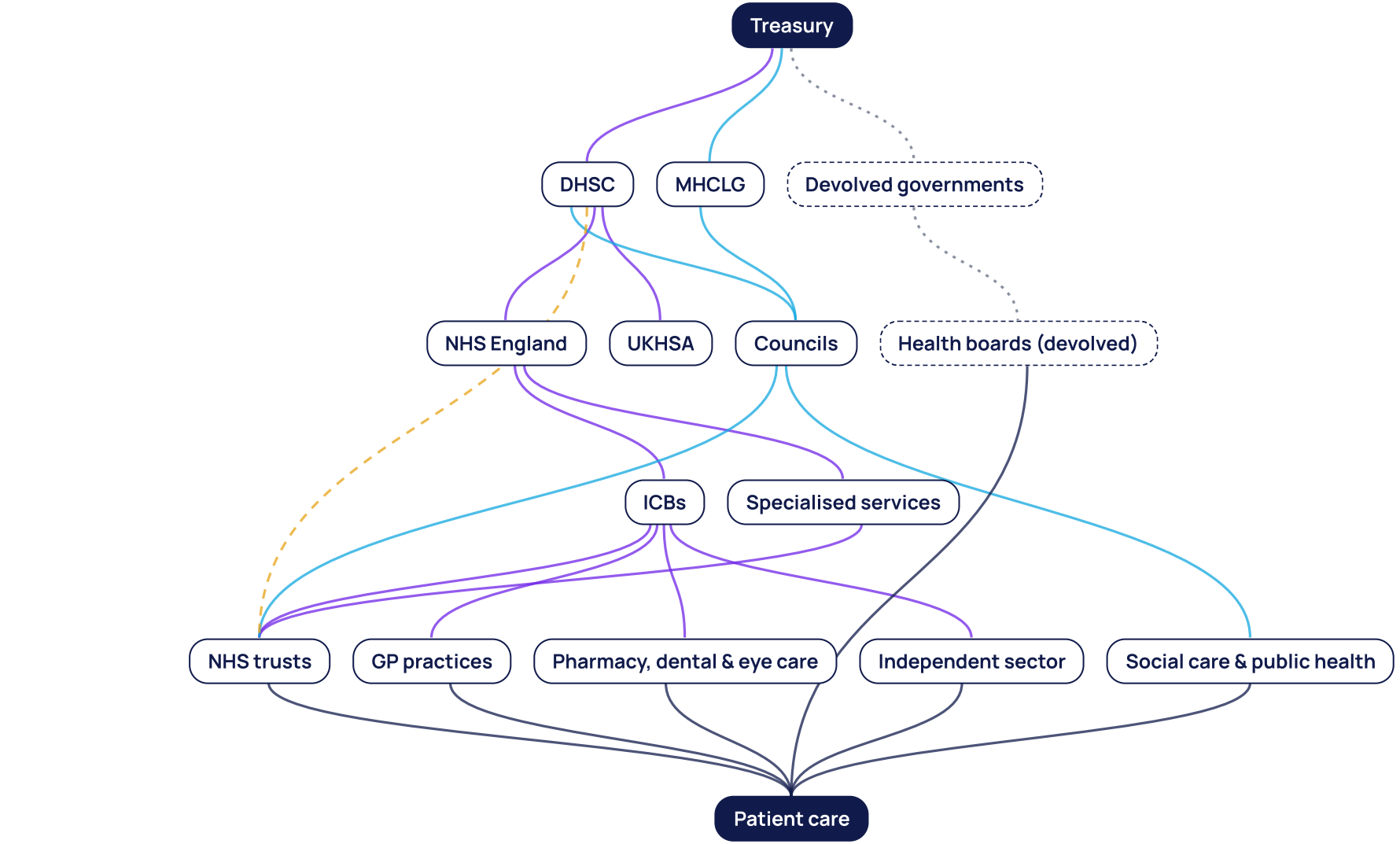
How money flows in the NHS

From the Treasury to the services patients use, in England, with the devolved nations alongside. Money moves down the page, from the Treasury to patient care. A teaching diagram: real flows are more numerous and change from year to year.



What each route means

NHS revenue

Treasury → DHSC	Spending Review settlement for health in England.
DHSC → NHS England	NHS England's revenue budget, set with its annual mandate.
DHSC → UKHSA	UKHSA's budget for health protection.
NHS England → ICBs	ICB allocations, set using a fair-shares formula.
NHS England → Specialised services	Budgets for services commissioned nationally.
ICBs → NHS trusts	NHS Standard Contract, priced under the NHS Payment Scheme (mostly aligned payment and incentive).
ICBs → GP practices	Primary medical care contracts (GMS, PMS, APMS).
ICBs → Pharmacy, dental & eye care	National pharmacy, dental and optometry contracts, commissioned by ICBs.
ICBs → Independent sector	Activity-based payment at national prices.
Specialised services → NHS trusts	Contracts for specialised services and national programmes.

Capital

DHSC → NHS trusts	Capital: system capital envelopes, national programmes and public dividend capital, all within DHSC's single capital limit.

Councils and public health

Treasury → MHCLG	Spending Review settlement for local government.
DHSC → Councils	The ring-fenced public health grant: £4.404 billion in 2026/27.
MHCLG → Councils	Local government finance settlement, alongside council tax and business rates.
Councils → NHS trusts	Council contracts for services such as sexual health, outside the NHS Payment Scheme.
Councils → Social care & public health	Contracts for public health services and adult social care.

Devolved nations

Treasury → Devolved governments	Block grants, adjusted by the Barnett formula. Each government decides how much goes to health.
Devolved governments → Health boards (devolved)	Allocations to health boards and trusts, mostly by needs-based formula (for example NRAC in Scotland).

Care and other routes

NHS trusts → Patient care	Hospital, mental health, community and ambulance care.
GP practices → Patient care	General practice care.
Pharmacy, dental & eye care → Patient care	Pharmacy, dental and eye care.
Independent sector → Patient care	NHS-funded treatment in independent hospitals.
Social care & public health → Patient care	Public health services and social care.
Health boards (devolved) → Patient care	Health care in Scotland and Wales; integrated health and social care in Northern Ireland.