



# 2025 spending review summary

## Introduction

The government released the results of the 2025 spending review on 11 June 2025<sup>1</sup>. It was the second part of the review and set out departmental budgets for revenue until 2028/29 (three years) and capital until 2029/30 (four years). The government views the announcements within the spending review (SR) as contributing to the delivery of its *Plan for change*<sup>2</sup>.

Total health spending (revenue and capital) will rise by 2.8% on average over the course of the SR, with NHS spending increasing by 3%. Compared to other sectors health can be considered to have done well, with other departments facing much smaller increases (for example, education at 0.7%) or even real-terms cuts (the Foreign, Commonwealth and Development Office at -6.9% and transport at -5.0%). In 2028/29 total health spending is planned to be £246.7bn.

The summary draws on analyses by The King's Fund, NHS Confederation, NHS Providers, Nuffield Trust, Health Foundation and the Healthcare Financial Management Association.

## Key health announcements

### Revenue funding

Over the SR period from 2025/26 to 2028/29, the NHS will receive a 3.0% real terms growth in day-to-day spending, amounting to a £29bn increase in annual resource budgets. By the end of the SR period, the resource departmental expenditure limit (RDEL) for DHSC will peak at £232bn.

	Plans 2025/26	Plans 2026/27	Plans 2027/28	Plans 2028/29	Average real terms growth
<b>DHSC revenue budget (£bn)</b>	202.0	211.0	221.3	232.0	2.8%
<b>Of which NHSE (£bn)</b>	195.6	204.9	215.4	226.1	3.0%

The DHSC has committed to delivering at least 5% savings and efficiencies over the spending review period, including £17bn in savings over three years by improving productivity by 2%. The NHS will

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<sup>1</sup> HM Government, *Spending review 2025*, June 2025

<sup>2</sup> HM Government, *Plan for change*, December 2025

also cut the need for temporary staff by capping agency spending and eliminating agency use for entry-level positions.

## Capital funding

Capital budgets will be held flat in real terms over the course of the spending review period, peaking at £14.8bn in 2028/29.

	Plans 2025/26	Plans 2026/27	Plans 2027/28	Plans 2028/29	Plans 2029/30	Average real terms growth
<b>DHSC capital budget (£bn)</b>	13.6	14.0	13.5	14.8	14.6	0%

The settlement builds on previous investments to improve the NHS estate and includes:

- Continuing the construction of 25 new hospitals through the New Hospitals Programme, replacing seven hospitals made of reinforced autoclaved aerated concrete (RAAC).
- Allocating £30bn over the next five years for the maintenance and repair of NHS facilities, with over £5bn dedicated to the most critical repairs. This targeted investment aims to reduce serious infrastructure risks, halve the number of hospitals with RAAC, and eliminate RAAC from the NHS estate by 2035.

## Local government and social care spending

Government is increasing grant funding in real terms to local authorities by £800m (1.1% real terms growth) in 2028/29, compared with planned spend for 2025/26. Combined with a 3% core council tax referendum principle and a 2% adult social care precept, local authority spending power is expected to increase in real terms by 2.6%.

The government specifically acknowledged the significant challenges in the adult social care system and confirmed the first phase of Baroness Casey's independent commission on reforming adult social care will report in 2026. The SR has allocated over £4bn in additional funding for adult social care for 2028/29 compared to 2025/26. This includes an increase in the NHS' minimum contribution to adult social care through the better care fund, aligned with DHSC's SR settlement.

The Chancellor also announced that the government would be supporting a fair pay agreement for the adult social care sector.

## Other health related announcements

The government has made the following health-related announcements, some of which had been made previously:

- Up to £10bn in NHS technology and digital transformation by 2028/29, an almost 50% increase from 2025/26. This will support digital investment by developing the single patient record, further expansion of the NHS App and continued adoption of the Federated Data Platform.

- Investment of at least £80m per year for tobacco cessation programmes.
- Additional funding by 2028/29 to train more GPs (a specific funding figure is not provided).
- Allocation of funding for 700,000 additional urgent NHS dentist appointments per year over the SR period.
- A commitment to expanding mental health support teams to all schools in England by 2029/30 and employing 8,500 additional mental health staff by the end of the parliament.

The government also made the following relevant announcements:

- A £100m investment in community help partnerships to bring together a range of services to better support adults with complex needs.
- £410m per year by 2028/29 to expand free school meals eligibility to all pupils in England with a parent receiving universal credit.

## Points to note

While the health funding increases set out in the SR are generous when compared to other departments, they are not when compared to previous funding increases. The 2.8% increase is less than the long-term average the health service receives and also less than the 3.8% increases the Autumn 2024 budget set out between 2023/24 to 2025/26.

The NHS financial settlement is based on the NHS delivering 2% productivity growth each year. The SR will provide a cash increase of £53bn for revenue and £4bn for capital from 2023/24 to 2028/29. However, the vast majority of this will be needed to cover pay rises, redundancy costs, and inflationary pressures. Cash pressures are a concern now and are likely to continue to be.

The funding needs to be considered alongside what is being asked of the NHS (for example 92% of patients starting non-urgent treatment within 18 weeks of referral by the end of the parliament). Tackling the 'three shifts' and delivering the 10-year health plan will also be expected within the funding.

Revenue budgets will continue to be under pressure. We do not yet know the impact of: redundancy payments for staff affected by the consolidation and merger of integrated care boards and NHS England and the reduction in corporate costs by ICBs and providers; pay awards for NHS staff might be higher than budgeted for; prices for branded medicines that are higher than currently budgeted for (depending on the results of negotiations between the government and pharmaceutical industry); and other unknowns such as further industrial action or cyber-attacks.