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## Budget 2012 - key points for the NHS

21/03/2012

**The figures published in today's Budget (21 March 2012) show that life isn't going to get any easier for NHS organisations over the next year. Read our briefing for members.**



Inflation costs for the health service will remain high as the service deals with increasing costs of medical technology and medicines to remain a world leader in healthcare. Demand for care will continue to grow.

This is at a time when the health service has been asked to undergo the most radical reorganisation in its history and make the largest savings ever asked of it.

### Key points for the NHS

- The Office for Budget Responsibility has revised the GDP deflator (the measure of inflation used for public services' budgets) for 2012-13 slightly upwards to 2.7%, compared with 2.5% forecast in the 2011 Budget. The NHS budget for 2012-13 increases very slightly in nominal terms to £104.3bn in revenue and £4.5bn in capital, compared with £104.0bn and £4.5bn outlined in last year's budget. We believe this makes no material difference. This will therefore continue to be a challenging spending settlement for members.
- The Government evidence to the Pay Review Bodies on the economic case for reforming public sector pay to better reflect local labour markets was published this afternoon. The situation in terms of a move to more localised pay arrangements for the NHS remains unclear, though the Chancellor indicated that he did want to take this forward for the civil service. We expect the situation to become clearer over the next few days when the Department of Health submits its evidence to the review body, and NHS Employers is continuing to monitor this closely. The review bodies are due to report from July 2012.
- The Government will legislate to exempt the NHS Commissioning Board, clinical commissioning groups, the National Institute for Health and Clinical Excellence and the Health and Social Care Information Centre from corporation tax and include them within the Section 41 VAT Refund Scheme. The continued exemption of NHS bodies from stamp duty land tax is being applied from this year.

Further detail is available in our key points [briefing for members](#).