What the UK Budget 2026 means for Health

Experts in health

On 28 October 2026, the Chancellor delivered **Budget 2026**. For health, it confirms the NHS settlement agreed at the 2025 Spending Review but adds only **£190 million for the NHS in England for winter 2026/27**, while health capital falls in 2027/28. The bigger decisions come in **the 2027 Spending Review,** which will introduce **preventative DEL (PDEL),** a new ringfenced category of spending on prevention and draw on an independent review of how AI and new ways of working can **improve NHS productivity**, due to report in early 2027.

New funding for health is minimal

£190m
New NHS cash, for winter 2026/27
Less than 0.1% of the DHSC budget

3.9%
National Living Wage rise from April 2027
with no additional funding set out for NHS pay

£0.3bn
Drop in NHS capital budget
Down to £13.5bn in 2027/28
Departmental capital cut to fund defence

Change in capital budgets from 2026/27 to 2027/28: health falls while defence rises

All departments	Health	Defence
+2.4%	−2.2%	+18%

Prevention, PDEL and social care

How PDEL is intended to work



A ringfenced budget for prevention. PDEL will help protect programmes that pay off over the longer term, and share resources and accountability across budget holders.

More weight on the long term. The Green Book discount rate falls from 3.5% to 3.0%, strengthening the case for investment in prevention.

A preventative National Care Service. The Budget plans free personal care for older people, funded in part by adjusting the pensions Triple Lock from April 2030. The Casey Commission reports in 2027.

Rough sleeping is the Budget's example of PDEL. Each person sleeping rough costs the government around £14,000 a year, with healthcare making up its largest share. A £432m investment aims to reduce this.

The NHS role is still open. The Budget does not set PDEL's size, which programmes qualify, or whether any NHS spending counts. Those choices will decide whether it brings new money or relabels existing spend.

Key themes

Productivity and AI

An independent review. Mark Bailie will report in early 2027 to inform the Spending Review. The Budget sets no scope, targets or funding yet.

A base to build on. The NHS delivered over £10bn of efficiencies in 2025/26 (5.2% of the day-to-day budget) and cut agency spend by £900m (43%).

AI is already in use. AI-supported diagnostic tools have helped over 4 million patients get faster lung cancer diagnoses or results.

A new £15m AI Challenge Prize with a top award of up to £2.5m, will focus first on the NHS.

Technology and life sciences

£100m from the £300m NHS Transformation Fund to help grow robot-assisted procedures from 70,000 to 500,000 a year by 2035.

Life sciences investment. Three new UK sites, with over £1bn of private investment and almost £70m of government grants.

Winter and 2027/28 planning

£190m for winter 2026/27 builds on 25 new or expanded urgent care sites opening this winter.

Departments must produce long-term asset strategies to inform the Spending Review. Capital budgets will carry a minimum efficiency expectation.

Challenges and opportunities

No new money for 2027/28 or NHS pay. With wages rising, cost growth will need to be met through productivity.

Capital dips before it recovers. Health capital falls 2.2% in 2027/28 to £13.5bn, then rises to £15.0bn by 2029/30.

The Spending Review is open. Boards that build evidence now, on productivity and on asset needs, can shape the Bailie review and the asset strategies.

Prevention has a ringfence. PDEL and a lower Green Book discount rate favour long term investment, if the NHS can show its programmes qualify.

Source: HM Treasury, Budget 2026: Breathing Space for today, Fresh hope for the future, HC 726.
https://assets.publishing.service.gov.uk/media/6ae20b85460c1346f7be784e/E03668986_HMT_Budget_2026