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BMJ INVESTIGATION

“Black hole” of medical student funding: NHS trusts have failed to account for over £400m meant for training future doctors

Lack of transparency in how funding from NHS England for undergraduate medical training is spent suggests trusts are treating universities like a “cash cow,” say medical leaders in response to *The BMJ*'s findings. David Hutchison and Jonathan De Oliveira report

David Hutchison,¹ Jonathan De Oliveira²

Hundreds of millions of pounds given to NHS trusts for educating future doctors is falling into a “black hole,” and most of the trusts have failed to explain how they are spending all the funding they receive for this purpose, an investigation by *The BMJ* has found.

More than £1.7bn intended for training medical students was given to trusts in England from 2020 to 2023 (fig 1). But nearly a quarter of this funding (£406m) remains unaccounted for, and some trusts admit they have no record of how they spent the money they received.

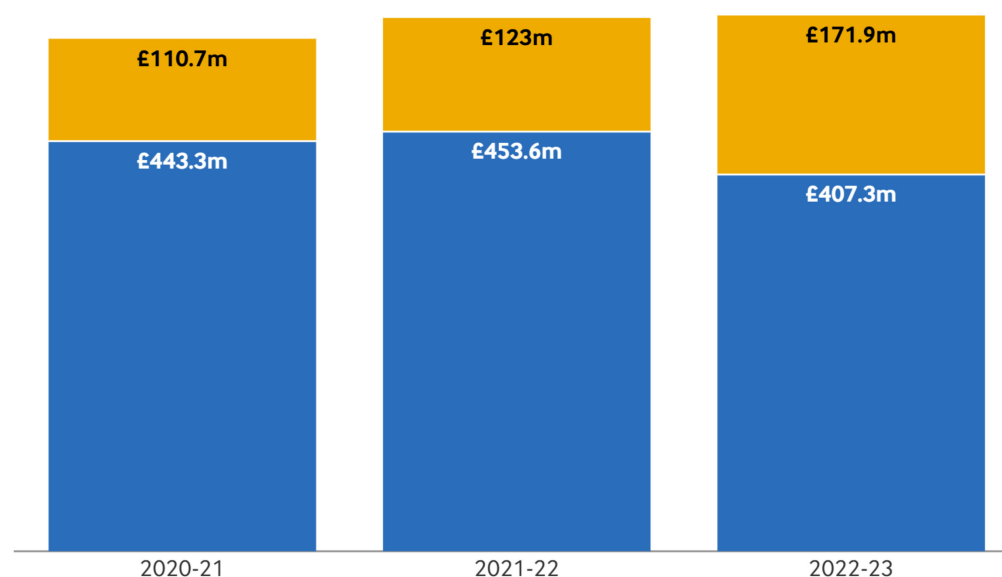
Video 1 David Hutchison and Jonathan De Oliveira discuss NHS trusts' failure to explain how they spend funds for training medical students

Nearly a quarter of NHS England funding to trusts for medical student training is unaccounted for



The spending of £406m is not explained in accountability reports that trusts were required to submit to NHS England between 2020 and 2023

■ Accounted for ■ Not accounted for



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Figure 1 | Proportion of funding for medical training not explained in accountability reports. An interactive version of this graphic and downloadable data are available at <https://public.flourish.studio/visualisation/29337371>

In response, one medical school leader called on trusts to stop treating universities like a “cash cow,” and the BMA said the lack of transparency about how the money was being spent was jeopardising the quality and global reputation of UK medical degrees.

Every year trusts receive funding, known as the undergraduate medical (UGM) tariff, from NHS England to pay for the education of medical students on placements in secondary care. The amount allocated to each trust depends on the number of

student hours a trust hosts. Trusts are paid from as little as £1000 up to more than £16m a year, the investigation found, with the average (mean) annual payment per trust at almost £2.8m. The median payment was £1.6m.

From 2021 trusts were required, as a mandatory condition of this funding, to submit annual reports to NHS England outlining how they were spending it.¹

The *BMJ* sent freedom of information requests to all NHS trusts in England asking for a breakdown of their UGM spending. Further requests were sent to Health Education England (HEE, later absorbed

into NHS England), and then NHS England, asking for accountability data for every trust granted UGM in the first three financial years of mandatory reporting, 2020-21, 2021-22, and 2022-23. The vast majority of trusts, more than 90% or around 200, were granted UGM funding in each of the three years.

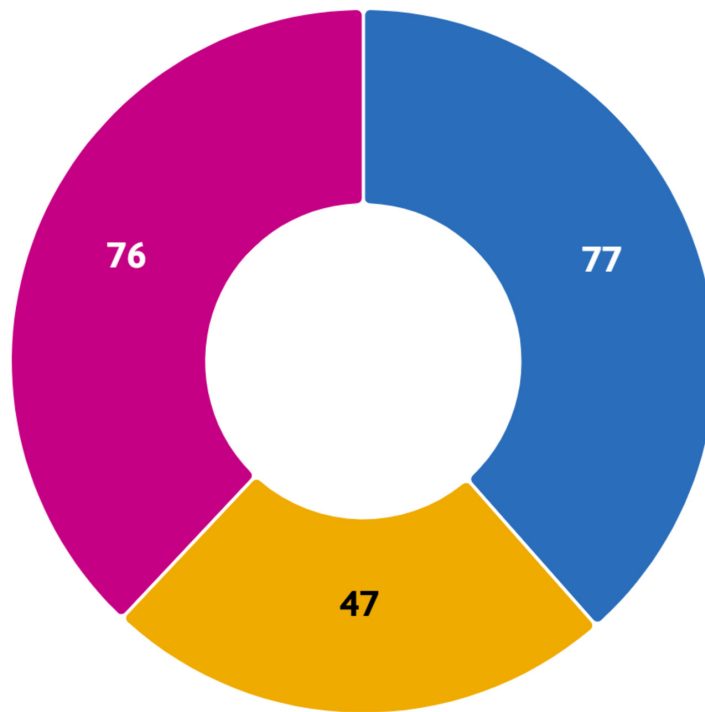
The data show that the majority of these trusts failed to account for all the UGM money they received. In the most recent year for which full breakdowns of trust spending were available (2022-23), more than a third (38%) of trusts have not explained how they spent any of it (fig 2).

More than a third of trusts failed to explain how they spent any of their medical undergraduate funding for 2022-23



Of the remainder that did submit the required accountability report (AR) to NHS England, more than a third failed to account for all of the funding received

- AR submitted, accounting for 100% (or more) of funding
- AR submitted, accounting for <100% of funding
- AR not submitted



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 Percentages rounded to whole numbers. Of the 47 trusts reporting below 99.5% of their funding, 24 accounted for 90% or more of spending

Figure 2 | Proportion of trusts explaining how they spent medical undergraduate funding. An interactive version of this graphic and downloadable data are available at <https://public.flourish.studio/visualisation/29337587>

Now *The BMJ* can report that NHS England has given up collecting this information, dashing educators’ hopes that trusts will be held accountable for how this money meant for students is actually spent.

job plans, resulting in unsustainable, unpaid work. Consultants share this frustration, warning that understaffing threatens dedicated training time.

Greater clarity and transparency are needed, say medical school leaders. They note that education hours are often not reflected in

One resident doctor told *The BMJ* that medical students would be “horrified” by its findings, while a student said the data left him “demotivated.”

Millions unaccounted for

Among the trusts that have not explained how they have spent any of their allocated funding are large ones with close ties to universities, including Royal Free London NHS Foundation Trust and Sheffield Teaching Hospitals NHS Foundation Trust. Between these two trusts, more than £54m of funding between 2020 and 2023 is unaccounted for. NHS England data show that they are among seven trusts that have never submitted an accountability report.

A spokesperson for Sheffield Teaching Hospitals contested the NHS England data, claiming that the trust did submit accountability reports for the first two financial years “showing how we actually spent more on undergraduate training than the income we received.” *The BMJ* asked to see evidence of these submissions to NHS England, but the spokesperson did not respond.

A Royal Free London spokesperson, replying in 2024 in relation to data then available from the first two financial years, said, “We are working closely with our partner medical school to complete this exercise for the current reporting period.”

The data collated by *The BMJ* show that around three quarters of UGM funding that was unaccounted for (totalling £292m) can be attributed to the trusts that did not file their accountability reports: 41 trusts (20% of those funded) in 2020-21, 26 (13%) in 2021-22, and 76 (38%) in 2022-23. But the remaining £113m unaccounted for has not been properly explained by trusts in the accountability reports they did file.

Trusts that filed their reports accounted for varying proportions of their UGM tariff funding—spanning the full range from 0% (trusts that submitted a blank accountability report devoid of any figures) to 100%. Overall, trusts that submitted reports accounted for 92% of the UGM funding they received from 2020 to 2023. Across these three years, an average of 27% of trusts reported spending more than they received in funding.

“Show me more accountability”

With some trusts not being transparent in their spending of UGM funding, education leaders are concerned that the money is instead being used to prop up frontline care.

“I don’t think there’s anything Machiavellian or malicious,” one medical school head tells *The BMJ*, speaking on condition of anonymity. “I don’t think that trusts wilfully don’t want to invest in education. But I do think, with the current stresses on patient care . . . that money just falls into a black hole.”

Both this leader and the BMA are calling for trusts to be held more accountable for how UGM funding is used. “Show me more accountability,” the head urges. “The medical school’s not a cash cow. We’re training the future NHS medical pipeline.”

Yet NHS England has now confirmed to *The BMJ* that it has dropped the collection of accountability reports. This is despite the current NHS education funding agreement covering the period 2024-27 and stating the need for placement providers to “provide an annual accountability report to a named individual at NHS England.”²

The BMJ asked NHS England a series of questions about the reports and how trusts are held accountable for the spending of UGM

funding, but it had not responded to these questions by the time of publication.

Where does the money go?

NHS England has issued guidelines for trusts on 13 main areas where they could spend UGM funding, including “direct staff teaching time” and “administration costs” (box 1).³ These areas are illustrative, rather than prescriptive, allowing trusts to spend the cash as they see fit—although what is not allowed is “general top-slicing for overheads to cover areas such as occupational health.”

More than £146m was logged by trusts as “other” costs outside these guidelines, or 8.6% of UGM funding distributed over the three years.

One example comes from St George’s University Hospitals NHS Foundation Trust in London. It spent nearly £4m on a “contribution to trust departmental operational budgets” in 2020-21, more than a quarter of its £14m UGM funding packet and only £100 000 less than its spend on “direct staff teaching time.” This was in addition to a £3.4m spend listed as “infrastructure,” a category included in NHS England’s guidelines.

Epsom and St Helier NHS Trust, which received £4.7m in UGM funding in 2020-21, spent £1.7m of that on “contributions to trust departmental operational budgets,” in addition to over £400 000 on “infrastructure.”

A spokesperson for both St George’s trust and Epsom and St Helier explains that the “description referred to as ‘contributions to trust departmental operational budgets’ reflects a broad grouping of costs that are directly attributable to the delivery of undergraduate medical education within a complex clinical environment.”

They say that the trusts’ UGM funding was spent “appropriately and in line with guidance,” adding: “This includes operational costs that we incur due to the additional resources we need to put in place and the on-site facilities and IT systems necessary to their training.”

Accounting experts suggest that accounting for the spending of ringfenced funding could be difficult—and subjective, with judgment needed. “If you spend, say, £1m on a new room, how do you estimate how much of that is for supporting undergraduates?” asks Jack Bower, a public sector expert formerly at the Institute of Chartered Accountants in England and Wales.

Bower explains that such accounting will be done through methods that could vary considerably between NHS trusts. He says, “It could range between a really, really complex model with lots of assumptions to the total other end of the spectrum where they’re not really even considering it and they’re getting this money and they will allocate it just to whatever they see fit.

“It ultimately just depends on how good the individual trust is, how well their accounting system is developed, and how far they split into individual account codes. It’s certainly not a ‘one size fits all’ answer.”

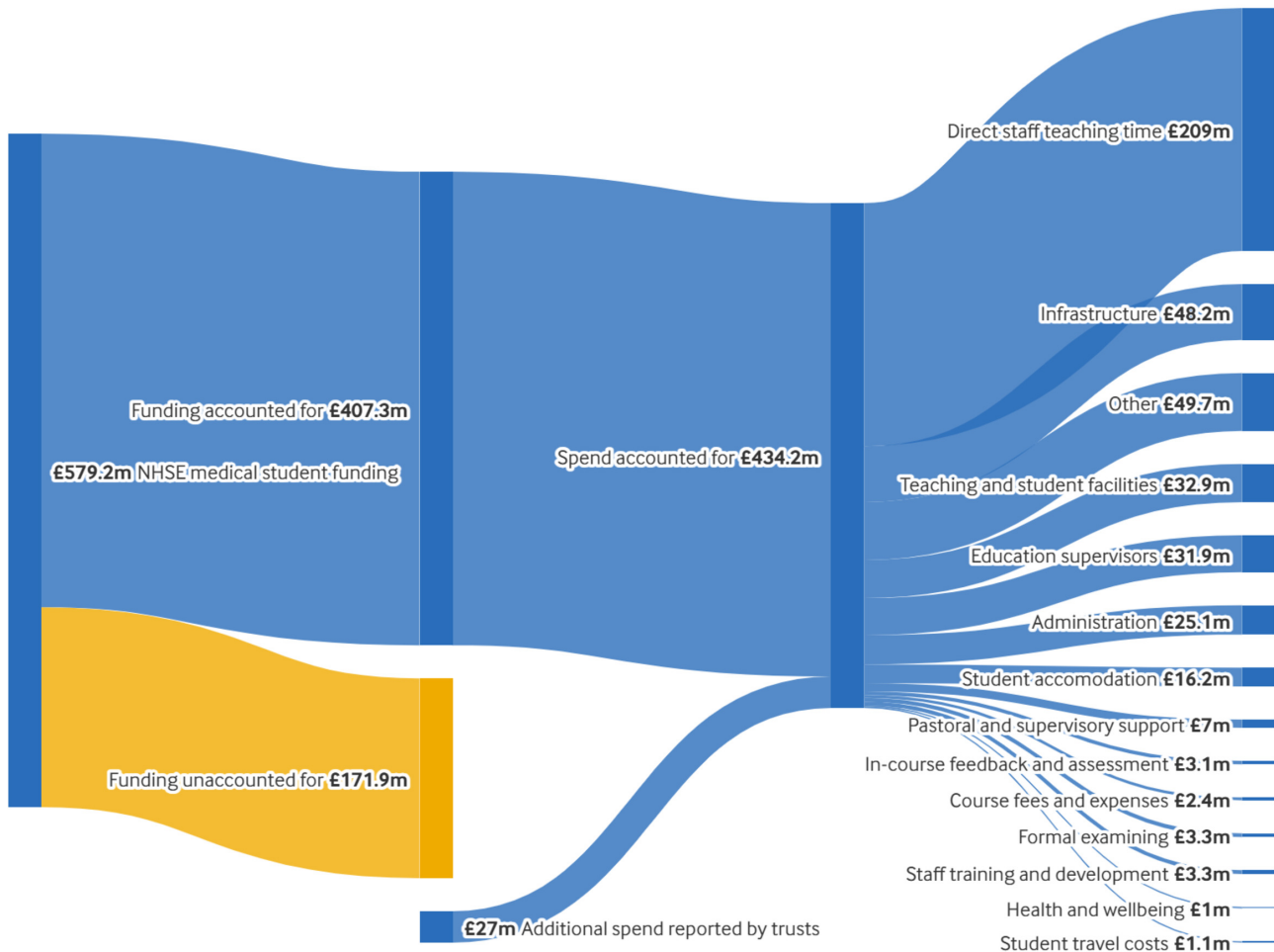
How much is spent on staff teaching?

“Direct staff teaching time” was the category most invested in overall by trusts that reported their UGM spend, ranging from 36% to 41% of overall tariff funding in the years between 2020 and 2023 (see fig 3 for 2022-23). However, spending on this category varied considerably: some trusts reported no spending at all on direct staff teaching time while some spent more than their entire UGM budgets on this category alone.

"Direct staff teaching time" was the category with the highest spend in funding for medical student training in 2022-23



The category was 36% of trusts' overall spend on medical student training in 2022-23 but this varied considerably between trusts: some reported no spend at all on this category, while others spent more than their entire student training budgets on it



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Figure 3 | Types of spending on undergraduate medical training reported by trusts. An interactive version of this graphic and downloadable data are available at <https://public.flourish.studio/visualisation/29349481/>

In addition, some trusts listed millions of pounds spent on “cost of staff teaching while delivering patient care” or similar, without disclosing how this was calculated or how it differs from “direct staff teaching time.”

Chelsea and Westminster Hospital NHS Foundation Trust spent nearly £900 000 on “direct staff teaching time” in 2020-21 and, under other expenses, listed an extra £3.6m on “cost of staff teaching while delivering patient care.” Sandwell and West Birmingham Hospitals NHS Foundation Trust spent £840 000 and £2.6m, respectively, in 2020-21, using the same wording.

Guidance issued by the Department of Health in 2016 explains that trusts can calculate the “cost of staff teaching while delivering

patient care” by estimating how much time a doctor spends with medical students and how much of this time is spent teaching the students.⁴ The worked example given by the health department is a consultant providing care with medical students attached for 30% of the day, while teaching the students for half of that time—and therefore 15% of that consultant’s salary being costed as medical undergraduate funding.

Disparity in spending priorities

There are no minimums and no limits on the proportion of funding that trusts must spend on certain areas, and the NHS England data make it clear how this plays out: one trust spent more than two

thirds of its funding on infrastructure, another spent more than a third on administration costs.

Another head of a large London medical school says they are “not at all surprised” by the figures uncovered by *The BMJ*. They also wish to remain anonymous, mentioning the political need for universities to keep trusts aside to ensure their students continue to have placements at all.

Although noting that some trusts’ spending on areas such as travel, accommodation, facilities, and other infrastructure is “entirely appropriate,” this head says that transparency and accountability are “patchy—both between and within individual NHS trusts.”

Medical schools have regular visits to partner trusts to ensure that student placements are of good quality, and the London head says that their university is “constantly challenging” trusts’ uneven accountability in these meetings.

This head also emphasises the importance of including education hours in job plans: “We know that for many of the placement leads and clinical teachers who are delivering high quality experiences for students, this is not reflected in their job plans so is in effect unpaid work, which is not sustainable.”

Shanu Datta, co-chair of the BMA’s Consultants Committee, agrees: “Consultants are being stretched far too thinly to be able to sustainably deliver the quality of training the doctors of the future need. Many are warning that dedicated training time is becoming a regular casualty of rota gaps and understaffing.

“As the senior doctors who [lead] on a significant portion of teaching within secondary care, the continued opacity of medical school funding in relation to consultant job plans is a longstanding and significant frustration.”

“Trusts shouldn’t have to use student funding to prop up services”

Among educationalists *The BMJ* spoke to, there was a concern that money could be withdrawn from frontline care if it was found to be inappropriately sourced from a training budget. The London head says that this is not what medical schools are asking for. “We are conscious that destabilising NHS providers by withdrawing funding that wasn’t appropriately spent would also be damaging for training and services,” they say, “so isn’t a solution, especially for an already fragile NHS.”

They say that greater investment in NHS clinical services is needed in parallel with any reallocation of education funds, so that trusts “don’t have to use education funds to prop up services,” adding, “Expansion of the clinical academic workforce to help train doctors of the future is equally important.”

Henning Diederichs, another senior public sector expert at the Institute of Chartered Accountants, says that solid governance mechanisms would ensure that UGM funding is spent in line with its intended purpose. “There are two mechanisms,” he explains. “One is internal audit and governance . . . then the other key one is your external audit [the accountability reports]. You would expect the external auditor to . . . look at the control mechanisms that are in place—so what controls are there to ensure that money received for a specific purpose is spent for that purpose?”

The UGM funding scenario is common across the NHS and wider public sector, Diederichs points out. “There are hundreds of thousands of these mini-grants and all these pots of money that the NHS and local authorities will have to bid for,” he says. “So, bearing in mind that this funding structure is extremely prevalent in

government in the UK, you’d expect there to be a good control structure around that.”

Opacity “demotivating” for students

Medical student Neil Chatterjee, who studies at City St George’s University of London, says *The BMJ*’s findings leave him feeling “demotivated.”

“Medical students put everything into becoming the best future doctors we can be,” he says, “yet the system fails to acknowledge this, and instead trusts use funds meant for our learning for purposes that are apparently unclear even to them.”

A foundation year 2 doctor who wants to remain anonymous for fear of consequences of speaking out says students would be “horrified” by the figures uncovered by *The BMJ*. “Medical students are getting subpar training,” they say, reflecting on their own student experience. “Knowing the amount of money a trust receives, for some placement blocks to have no teaching, little guidance, and, frankly, the feeling they are trying to fob you off to another department or send you home to do ‘self-directed learning,’ it’s disheartening.

“It makes me feel like [students] are not thought about and rather just a way of trusts getting extra income.”

Declan Hyland, a consultant psychiatrist at Mersey Care NHS Trust and deputy clinical director for year 4 students at the University of Liverpool, says that the trust’s tariff funding for hosting Liverpool University students “amounts to a lot of money” (£1m in 2022-23). “In reality, I honestly don’t know where that money goes.

“I feel there is a real lack of clarity and transparency from trust management and the finance department about where all the money generated by taking medical undergraduates goes and what precisely it is used for,” he says. “This needs to change.”

Mersey Care says in a statement that the “vast majority” of its UGM funding was used for direct staff teaching within a clinical placement, though the NHS England data show that it did not submit an accountability report in the 2022-23 financial year.

In response to *The BMJ*’s findings the Medical Schools Council called on NHS England to ensure “full transparency” on how UGM funding is spent by trusts.

Katie Petty-Saphon, the council’s chief executive, says, “Greater transparency around how the undergraduate tariff is deployed would help ensure that resources reach the frontline educational activities they are intended to support, while also enabling universities and NHS partners to plan and deliver training more effectively.”

The BMA’s Medical Students Committee is calling for placement providers and medical schools to be “held accountable for how this funding is used” or risk tarnishing the value of UK medical training

Committee co-chair Henry Budden says, “The UK medical degree is globally renowned for its excellence, but these high standards are being jeopardised by a lack of investment and transparency, with placements becoming overcrowded and opportunities for learning being lost due to resource constraints.”

BMA medical academic co-chair David Strain adds, “Every penny of placement funding must be protected and fully transparent to maintain the standards we’ve come to expect from a UK medical education.”

All other trusts named in the article did not respond to *The BMJ*’s request for comment.

Box 1: Possible spending areas for undergraduate medical funding

- Direct staff teaching time within a clinical placement
- Teaching and student facilities, including access to library services
- Administration costs
- Infrastructure costs
- Education supervisors and assessors
- Pastoral and supervisory support
- Trainees' study leave and time for clinical exams
- Health and wellbeing (excluding any occupational health assessments that are carried out by the university and funded separately)
- Course fees and expenses (as required to achieve professional registration)
- Student or trainee accommodation costs (undergraduate medical tariff only)
- In-course feedback and assessment
- Formal examining
- Staff training and development relating to their educational role

Medical student placement funding explained*How are placements funded?*

Medical student placements in secondary care in England are funded by NHS England, which distributes undergraduate medical (UGM) tariff budgets to NHS trusts on the basis of agreement with partner universities. The amount of funding depends on the number of hours of student activity the trust anticipates hosting and on local factors; trusts in more expensive areas, such as London, receive a greater weighting.

In the 2025-26 academic year NHS England guidelines state that any trust hosting one student on placement, full time, for a year, will receive at least £35 891 (plus any bonus adjusted for local factors).³ For example, *The BMJ* calculated (based on a 42 week placement year) that if a student engages in a five week placement the hosting trust receives over £4200 per rotation for the student—roughly £170 a working day, assuming a five day working week.

Until 2022 GP and community placements were funded by local arrangements, with less money per student than in secondary care. They are now funded by NHS England with an equal tariff.⁵

How should trusts be spending this money?

Guidance provided by Health Education England in 2020 stated that trusts could be spending the UGM cash received on 12 areas, including “direct staff teaching time,” “administration,” and “infrastructure costs.” These areas are illustrative, rather than prescriptive, and no limits or minimums are set on the proportion of spending on different categories, allowing trusts to spend the cash as they see fit. But trusts are banned from spending the money on specified items, including programme director posts, heads of schools, and tuition fee costs.¹

The latest (2025) guidance,³ which has a 13th area of spend (see [box 1](#)), provides some further clarification: trusts can spend the tariff on “areas that would likely designate as overheads,” including teaching and student facilities, access to libraries, and administration and infrastructure. What is not allowed, however, is “general top-slicing for overheads to cover areas such as occupational health.”

What next?

The NHS Long Term Workforce Plan promised a doubling of medical student places, to 15 000 a year, by 2031-32. Alongside this, NHS England committed to review its education funding policy and deliver an education funding reform programme (EFRP).

“The aim of the EFRP is to develop a new and agile education funding policy for healthcare education and training,” the plan reads.⁶ “This should be transparent and encourage quality and productivity, while representing value for money.”

Competing interests: We have read and understood BMJ Group’s policy on declaration of interests and have no relevant interests to declare.

AI use: To search for publicly available documents and information relating to this investigation and for specific queries relating to data processing.

Commissioning and peer review: Submitted; externally peer reviewed.

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