

Response to Consultation on Proposed Changes to LFR 03: Social Work

The [Local Financial Returns \(LFRs\)](#) are a series of detailed returns that collect final, audited expenditure figures across all services that LAs provide. The data collected in the LFRs is then published as part of the annual [Scottish Local Government Finance Statistics \(SLGFS\) publication](#). In particular, the LFR 03 captures data relating to Social Work and this is currently the main source of Social Care expenditure data available in Scotland.

A review of the LFR 03 found that, whilst the core LFR 03 data is robust, there are significant data quality concerns with additional information lines capturing net revenue expenditure and figures for specific client groups. However, data users were clear that detailed breakdowns of Social Care expenditure data, including by client group, were vital to understand and monitor spend on Social Care services, especially in the run up to the introduction of the National Care Services (NCS).

The review concluded that the current LFR 03 did not meet the [UK Code of Practice for Statistics](#) requirements on assured quality and proportionality. [A consultation proposing changes to the LFR 03 to improve the data quality and reduce the burden on LAs](#) ran from 20 April to 3 June 2022. The changes set out in the consultation were being considered for implementation in the 2021-22 LFRs which is due to be issued to LAs on 3 August 2022.

A series of data provider workshops were held in March 2022 to discuss most of the changes that were subsequently detailed in the consultation. Representatives from 20 of the 32 LAs attended across three workshops. Of these 20 LAs, eight provided further feedback on the consultation. A further LA also provided consultation feedback, giving direct consultation responses from a total of 9 out of 32 LAs. Feedback from LAs received both through the March 2022 workshops and in response to the consultation have been considered here.

LAs were supportive of the proposed changes, noting they were a significant improvement with data requirements more in line with LAs financial ledgers, which would improve quality of the data and reduce the burden to complete the return. LAs also noted that clear and updated guidance would be required, in particular in relation to new or amended lines.

The following stakeholders also provided feedback on the consultation:

- Public Health Scotland (PHS)
- HM Treasury
- Office for National Statistics (ONS)
- Department for Levelling Up, Housing & Communities, UK Government
- CIPFA Directors of Finance
- Improvement Service
- Social Work Scotland

Discussions on the proposed changes with individuals responsible for Scottish Government Social Care policy have also been considered as part of this response.

Feedback from these stakeholders was more mixed than that from data providers. The main area of concern was the removal of the client group data, with most stakeholders advising that they did **not** support that proposed change. There was broad support across most stakeholders for all other proposed changes, with some suggested amendments noted.

The remainder of this document sets out the specific feedback on each proposed change in more detail, as well as the resulting outcomes for the 2021-22 LFR and beyond. Please note that, within both the consultation and this response, 'subservice' refers to the columns in LFR 03 (e.g. Children & Families, Adult Social Care, etc.) and 'service type' refers to specific types of Social Care services captured in the Additional Information sections (e.g. Care Homes, Care at Home etc.).

Removal of Client Group Lines

Change: The consultation proposed that all lines relating to figures for a specific client group be removed from the LFR 03, noting that work to mitigate this loss of data using alternative data sources was ongoing.

Feedback: All data providers were in favour of this change, feedback included confirmation that the changes would improve the quality of the data and reduce the time taken to complete LFR 03 for the majority of LAs who do not reflect client groups directly in their financial ledgers.

The majority of data users did **not** support this proposal, with only PHS and the Department of Levelling Up, Housing & Communities within the UK Government not raising concerns about this change. The predominant concern across stakeholders was the loss of client group data, particularly in the context of evidence requirements for the development of the NCS. They noted that this data is needed to allow the monitoring of trends against demographics and other indicators of need, both over time and between different areas, as well as to help cost and monitor strategic plans and policy development. It is data users' view that the need for client group data outweighs the arguments made to remove it.

The following specific points on this proposal were also raised in feedback received from data users:

- ONS and HM Treasury noted that spend on services for older people are required under the UN Classifications of the Functions of Government (CoFoG). These classifications are used to support comparisons between Scotland and the rest of the UK, as well as against other countries.
- Improvement Service noted that this change would impact two of their Social Work indicators within the Local Government Benchmarking Framework.

Outcome: The importance of having good quality, consistent data on social care expenditure for different client groups is understood. The review has made clear that the client group data captured via LFR 03 does not meet the high standard of quality expected within the wider LFR. However, it is acknowledged that, at present, the LFR provides the "best estimate" for these figures across LAs due to a lack of pre-existing, good quality alternative data on social care expenditure.

Feedback from stakeholders on this proposed change has made clear that, despite the quality issues highlighted in the consultation, they would prefer to retain the LFR 03 “best estimate” data until work to establish a better set of social care client group estimates, including a back series where appropriate, has been completed to ensure no significant gaps in social care expenditure data when developing the NCS.

In light of the feedback received, this proposed change has been reviewed and adjusted to allow the continued collection of some client group data in the 2021-22 LFR. It is intended that this data will be retained for one year only to allow a transition between the existing LFR “best estimates” and the outputs from the work to establish better estimates to support the user needs highlighted.

This change will be implemented in the 2021-22 LFR by removing all client group lines from the LFR 03 as set out in the consultation, and creating a new LFR SC that will specifically capture the required client group figures. By separating the client group data in this way, it enables a clear distinction between the robust, ongoing LFR 03 data and the “best estimate” client group data, whilst also not impacting on the improvements gained from the other proposed changes being implemented. To further emphasise this distinction, the data captured in LFR SC will **not** be published as part of the SLGFS, but separately with appropriate caveats around quality and consistency.

The new LFR SC will capture gross expenditure for the following client groups:

- Older persons (aged 65+)
- Adults aged 18-64 with physical or sensory disabilities
- Adults aged 18-64 with learning disabilities
- Adults aged 18-64 with mental health needs
- Adults aged 18-64 with other needs
- Care Homes for adults aged 65+
- Care at Home for adults aged 65+

The following client group expenditure lines from 2020-21 LFR 03 will **not** be captured within the new LFR SC:

- data relating to expenditure on Free Personal or Nursing Care (FPNC) as work to consider the continued capture of this data via the Scottish Government Quarterly Monitoring Return is underway;
- net expenditure data on accommodation-based services and care at home for adults aged 65+ and adults aged 18-64 with physical or sensory disability – national figures were previously required for ESSPROS, however these will also be affected by changes to the net expenditure section and so alternative estimates will be provided if required going forwards.

A series of LA workshops will be arranged for early July 2022 to discuss the layout and content of the new LFR SC. Customer and client receipts data for the above categories will be discussed and, if LAs advise it not to be a significant additional burden, this data will also be captured. These workshops will also be used to discuss the guidance for LFR SC.

Changes to Gross Expenditure by Expenditure Type

Change: The consultation proposed that a new line be added to capture employee costs by subservice. It also noted that a proposal to add a new line to capture expenditure on Third Party Payments (TPP) to third sector organisations by subservice was no longer being considered.

Feedback: All data providers and the majority of data users were supportive of these proposals. The following specific points were raised in the feedback received:

- ONS and Social Work Scotland noted an interest in data on TPP to third sector organisations to better understand the split of expenditure between LAs, private companies and third sector organisations.

Response: Feedback from LAs has made clear that TPP data can be very time consuming to collate and may not be wholly accurate due to challenges identifying the sector type for each payment. Existing TPP lines in LFR 03 and LFR 00 will allow a high level analysis of changes in the split of provision of Social Work services between private and other organisations over time.

Outcome: This change will be implemented in the 2021-22 LFR as set out in the consultation with minor amendments made to ensure all lines required are explicit and any double counting between lines within the section has been removed.

Changes to Gross Expenditure by Service Type

Change: The consultation proposed a series of minor amendments to the service types captured to try and ensure this section fully reflected total gross expenditure as per the main section of LFR 03 to improve validation and provide clarity for data users. The amendments included:

- adding pre-populated lines for Support Services and Recharge Income;
- adding two new lines to ensure all Self Directed Support (SDS) expenditure is incorporated;
- splitting expenditure on Care Homes and Care at Home into those run by the council and those run by private or third sector organisations;
- adding a line to capture expenditure on Supported Living Services;
- inclusion of a general 'Other' line, subject to validation and ongoing review.

Feedback: All data providers supported the proposed changes, although a number of them reiterated the need for clear guidance on the new lines to ensure a consistent approach across LAs. The majority of data users were also supportive of these changes with the following specific points raised in the feedback received:

- Improvement Service and Social Work Scotland both raised concerns that the inclusion of SDS expenditure into this section had resulted in the loss of expenditure split by SDS type that was previously captured. In particular, Improvement Service advised they did not support this change due to the impact this would have on their associated SDS indicator in the Local Government Benchmarking Framework.

Response: In light of this feedback, the 'Gross Expenditure by Type of Self-Directed Support (SDS)' lines from the 2020-21 LFR 03 will be retained. These lines will capture expenditure for SDS types 1 and 2 as a separate additional information section from 'Gross Expenditure by Service Type' to ensure the latter will still validate back to total gross expenditure.

- Social Work Scotland sought clarity on the recording of IJB transfers within this section.

Response: In line with the changes made in 2019-20, all transfers to IJBs (i.e. expenditure) are recorded against the IJB subservice of LFR 03 and **not** against the Children & Families or Adult Social Care subservices. As the 'Gross Expenditure by Service Type' section captures a breakdown of Children & Families and Adult Social Care subservices only, these figures will **not** include any amounts relating to transfers to IJBs.

- CIPFA Directors of Finance did not support the changes, noting a more pressing need to retain the consistency of the current approach given the current circumstances.

Response: Whilst these changes may have some impacts on the broad consistency of data over time, it is considered that these will be fairly minor and will only affect a small number of service types. It is considered that these impacts are outweighed by the improved clarity the changes would bring.

- PHS raised some queries on the impact of the proposed changes on their calculations for the Integrated Resource Framework publication, in particular how new lines should be best categorised.

Response: Appropriate adjustments can be made to these calculations and the details of these adjustments will be discussed with PHS directly once the 2021-22 LFR 03 has been finalised.

Outcome: This change will be implemented in the 2021-22 LFR as set out in the consultation, with the following amendments:

- SDS expenditure will be captured in the 'Gross Expenditure by Service Type' section as set out, however it will also be captured in a separate 'Gross Expenditure by Type of SDS' section (as per the 2020-21 LFR 03) to ensure a split of expenditure for SDS 1 and 2 is also available for data users.

Replacement of Net Expenditure by Service Type with Customer and Client Receipts by Service Type

Change: In light of concerns raised by data providers around the comparability of net expenditure by service type figures across LAs, the consultation proposed removing the 'Net Revenue Expenditure by Service Type' section of the LFR 03 Additional Information. This section would be replaced with a section capturing 'Customer and Client Receipts' for each of the service types in the 'Gross Expenditure by Service Type' section, thereby also allowing calculation of 'Gross Expenditure **net of** Customer and Client Receipts' for each service type.

Feedback: All data providers and the majority of data users were supportive of this change. The following specific points were raised in the feedback received:

- Improvement Service, CIPFA Directors of Finance and PHS noted that this change will impact the consistency of time series data available. Improvement Service and CIPFA Directors of Finance did not support the proposed change on the basis of this loss of consistency over time.

Response: Whilst this change will undoubtedly affect the consistency of data over time, it will vastly improve the comparability of data between LAs and provide a figure that much better reflects the cost of provision of services. Support will be made available to relevant stakeholders to consider whether a broadly comparable backdated time series can be produced.

- Social Work Scotland noted the need to use knowledge of legal constraints on charging for Social Care services when drafting guidance and validation checks to ensure income data is only recorded against appropriate lines.

Response: This has been noted and will be incorporated into the relevant steps of preparing the 2021-22 LFRs, with advice sought around the legal constraints from relevant colleagues as required.

Outcome: This change will be implemented in the 2021-22 LFR as set out in the consultation.

Implications for POBE 2023

The consultation noted that following the finalisation of the 2021-22 LFR 03, the Social Work section of [the Provisional Outturn and Budget Estimates \(POBE\) return](#) would be reviewed to align with the changes implemented within the LFR 03.

Based on the outcomes set out in this paper, it is anticipated that the following changes will be made to the Social Work: Additional Information section (Part 2.3, Rows 126 to 143 in POBE 2022) of the POBE 2023 return:

- lines relating to specific client groups will be removed, this consists of gross expenditure, accommodation-based services and home care for adults aged 65+; and accommodation-based services and home care for adults aged 18-64 with physical or sensory disabilities.
- sections currently capturing net expenditure on Children & Families and Adult Social Care by service type will be revised to capture gross expenditure **net of** customer and client receipts; and to reflect changes made to the list of service types in LFR 03, including changes to recording of SDS expenditure.

These changes will be circulated to data providers and data users for comment once they have been finalised.

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