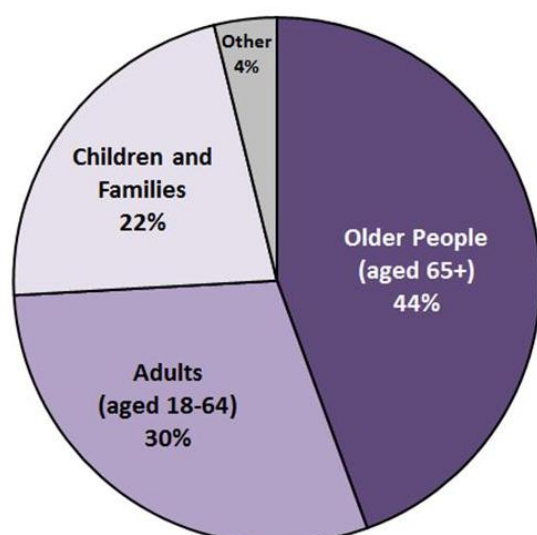


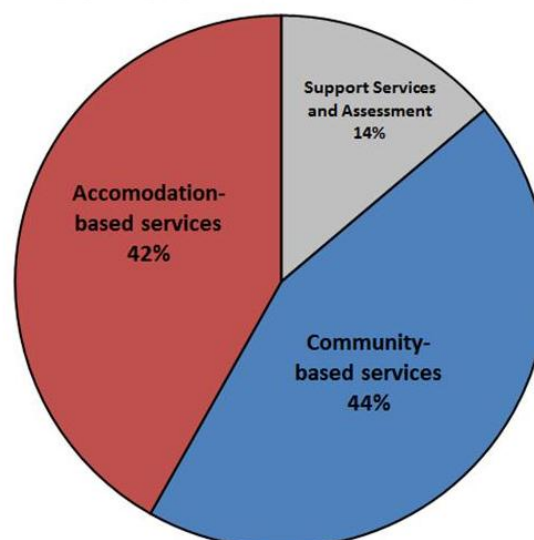
# Expenditure on Adult Social Care Services, Scotland, 2003-04 to 2013-14

## An Official Statistics Publication for Scotland Summary of Key Findings

Just under **£4 billion** spent on Social Care services in 2013-14



Just under **£3 billion** spent on adult (aged 18+) services in 2013-14





### Expenditure over the period 2003-04 to 2013-14

#### Services for older people (aged 65+)

 **46% increase** in cash terms, from £1,192 million in 2003-04 to £1,743 million in 2013-14.

 **15% increase** in real terms, from 2003-04 to 2013-14.


 **Small (1%) decrease** in real terms, per-capita of the population aged 65+, from 2003-04 to 2013-14.


 The proportion of expenditure that is on community based, as opposed to accommodation based, services has increased from 40% in 2006-07 to **42%** in 2013-14.

#### Services for adults (aged 18-64)

 **56% increase** in cash terms, from £745 million in 2003-04 to £1,165 million in 2013-14.

 **22% increase** in real terms, from 2003-04 to 2013-14.

 **16% increase** in real terms, per-capita of the population aged 18-64, from 2003-04 to 2013-14.

 The proportion of expenditure that is on community based, as opposed to accommodation based, services has increased from 56% in 2006-07 to **67%** in 2013-14.

## 1. Introduction

This Statistics Release presents detailed analysis of expenditure on adult Social Care services in Scotland over the financial years 2003-04 to 2013-14.

The purpose of the Release is to provide baseline analysis of expenditure on Social Care services over the decade prior to Health & Social Care Integration in Scotland. Over this period local authorities have provided, or purchased, the vast majority of Social Care services. Consequently, **the expenditure figures presented are sourced from the Local Government Finance Return for Social Work (LFR03)**. Further information on the LFR03 is provided in Section 9.1. Users without specialist knowledge of Local Government accountancy terminology are advised to consult the definitions provided in Section 9.2 before interpreting the data in this Release.

The LFR03 provides detailed breakdowns, by service-type, of Gross Expenditure by local authorities, Net Revenue Expenditure by local authorities and income to local authorities from charges to service users. **This Release focuses on Gross Expenditure by local authorities**, as this relates most directly to the total cost of providing Social Care services, regardless of whether the funds are sourced from General Revenue Funding to local authorities, local taxation, transfers from the NHS, client contributions, or other sources. More limited analysis of the breakdown of Gross Expenditure by source of funding is provided in Section 3 of this report.

The LFR03 data has **known limitations in terms of comparability between regions and consistency through time**. The analysis presented in this report is at a sufficiently high level so as to be as robust as possible to these limitations. The data spreadsheet that accompanies the report allows users to analyse the LFR03 data down to the lowest possible level of detail (expenditure on a specific service-type for a specific client group in a given local authority). The data spreadsheet also contains tools for; i) making comparisons of Gross Expenditure between regions and client groups, ii) breaking down Gross Expenditure by service-type, service-grouping and client group, and iii) breaking down Gross Expenditure into Net Revenue Expenditure by local authorities and income to local authorities. The charts and tables in the data spreadsheet have been designed so as to highlight the known limitations in data consistency through time. Nonetheless, users with an interest in detailed analysis of the LFR03 data are advised to interpret such results in the context of the data quality limitations outlined in Section 9.3.

High-level expenditure figures from the LFR03 are published annually as part of the Local Government Finance Statistics compendium. However, no comprehensive publication of the detailed, service-level, expenditure figures has occurred since 2002. Over the intervening period, the full detail of the LFR03 data has remained available upon request and has been used on that basis in a range of applications. The present Official Statistics publication of detailed analysis of the LFR03 data will provide an authoritative and easily accessible route to this information. Further information on other sources of published information on Social Care expenditure is provided in Section 9.4.

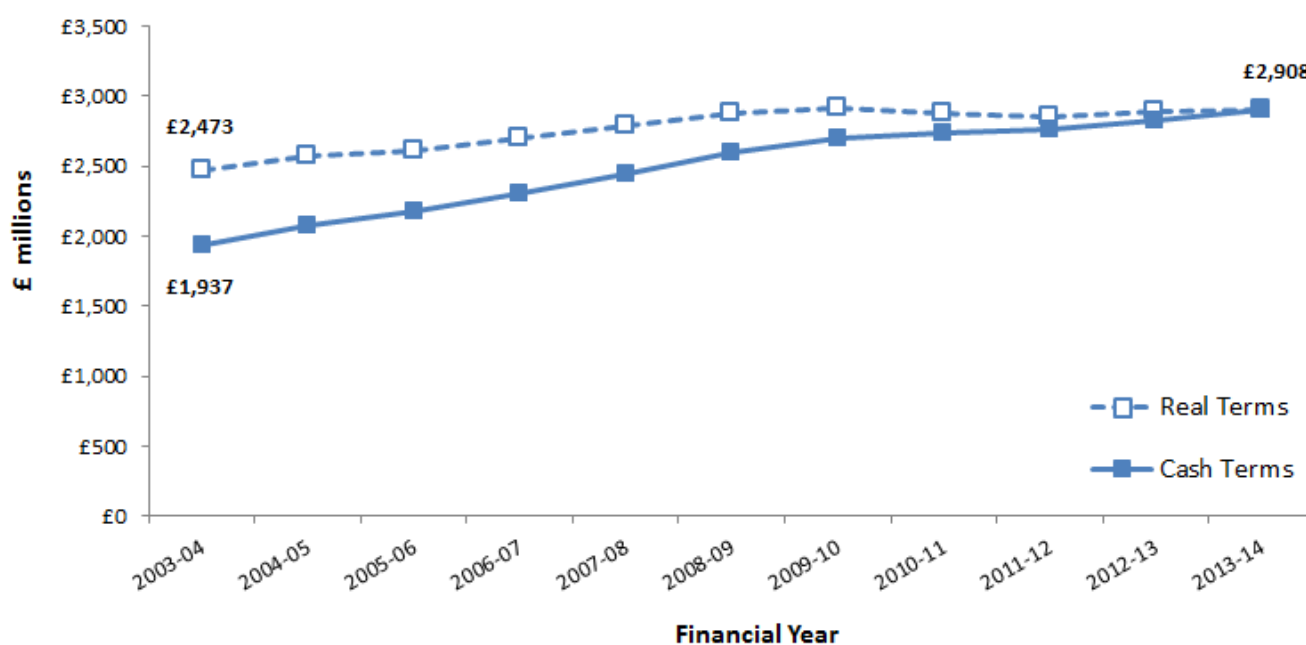
All total expenditure values in this report are given to the nearest £ million. All per-capita expenditure values are given to the nearest £ 10 per-capita. All percentage values are given to the nearest percentage point. More accurate values (to the nearest £ thousand, £ per-capita and first decimal place of a percentage point respectively) are available in the data spreadsheet.

## 2. Trends in Gross Expenditure, Scotland, 2003-04 to 2013-14

Gross Expenditure by local authorities on adult (aged 18+) Social Care services in Scotland in 2013/14 was £2,908 million<sup>1</sup>. This figure represents 74% of the £3,923 million of Gross Expenditure on Total Social Work (the totality of the client groups covered by the LFR03, see Section 9.2.4), with the remainder being divided between £865 million (22%) on Children and Families services and £151 million (4%) on the Support Strategy, the Children’s Panel and Criminal Justice Social Work.

Figure 1 shows that a cash terms increase in Gross Expenditure on adult (aged 18+) Social Care services occurred every year from 2004-05 to 2013-14<sup>2</sup>. Gross Expenditure in 2013-14 represents a 50% increase in cash terms on 2003-04. Changes in expenditure may also be expressed in ‘real terms’, by stripping out the effects of general inflation within the UK economy (see Section 9.3.4). Figure 1 shows that real terms increases in Gross Expenditure occurred each year from 2004-05 to 2009-10, followed by decreases in 2010-11 and 2011-12 and further increases in 2012-13 and 2013-14. Gross Expenditure in 2013-14 represents an 18% increase in real terms on 2003-04.

**Figure 1 – Gross Expenditure on adult (aged 18+) Social Care services, Scotland**



Source: Local Government Finance Return (LFR03) and HMRC UK GDP deflator (for Real Terms).

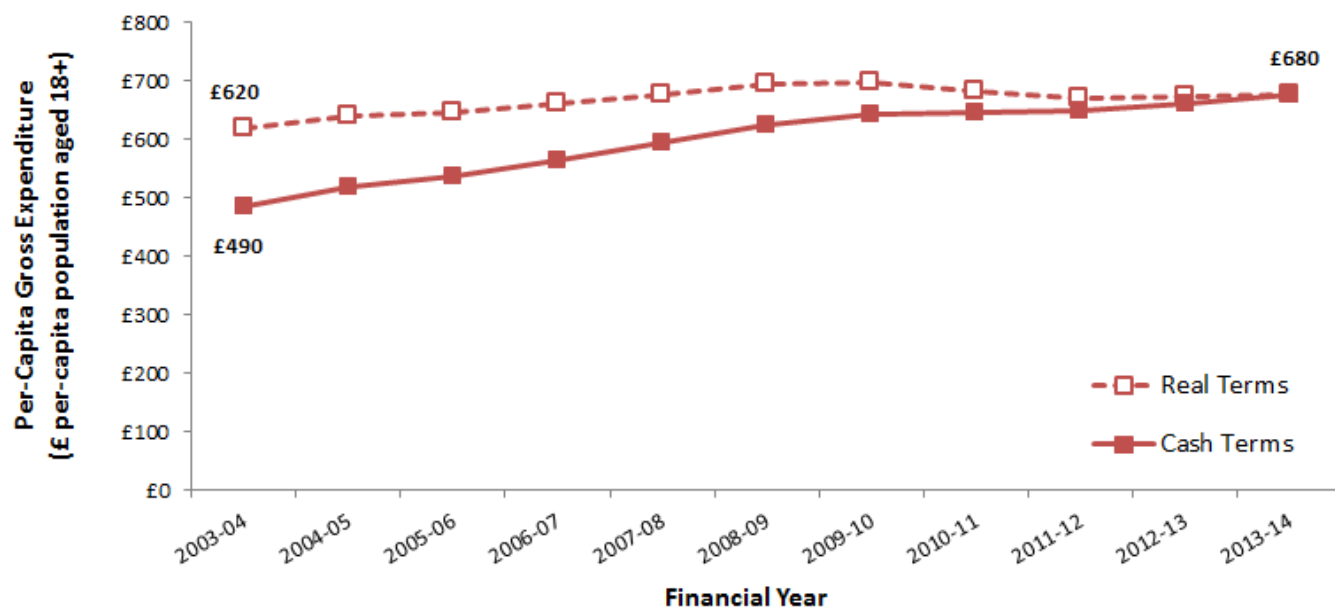
Expenditure may also be expressed per-capita of the relevant population, such that comparisons through time reflect any concurrent changes in demography (see Section 9.3.5). Gross Expenditure on adult (aged 18+) Social Care services in Scotland in 2013-14 equates to £680 per-capita of the population aged 18+. Figure 2 shows that increases in real terms per-capita expenditure occurred each year from 2004-05 to 2009-10, followed by decreases in 2010-11 and 2011-12 and further increases in 2012-13 and 2013-14. Gross Expenditure in 2013-14 represents a 9% increase in real terms per-capita on 2003-04. Comparison of this value with the 50% cash terms increase indicates

<sup>1</sup> The definition of Gross Expenditure includes inter-authority transfers, such that the Scotland level figure will overestimate actual total expenditure on service provision, due to double counting of such expenditure between local authorities. The extent of potential double counting is, however, relatively small (see Section 9.2.1).

<sup>2</sup> The Gross Expenditure figures for 2003-04 to 2006-07 exclude Revenue Contributions to Capital, whereas those from 2007-08 onwards include such expenditure. The magnitude of the resultant discontinuity is, however, relatively small (see Section 9.3.2).

that the majority, but not the entirety, of the latter is attributable to the combined effects of inflation and growth in the adult population.

**Figure 2 – Per-capita Gross Expenditure on adult (aged 18+) Social Care services, Scotland**



Source: Local Government Finance Return (LFR03), NRS Mid-Year Population Estimates and HMRC UK GDP deflator (for Real Terms).  
Note: Labelled values have been rounded to nearest £10 per-capita.

Trend analysis of Gross Expenditure may be produced at the level of client group and local authority using **Chart 1A of the data spreadsheet**. As is summarized in Table 1, per-capita expenditure on older people (aged 65+) is much greater (£1,840 per-capita of the population aged 65+ in 2013-14) than that on younger adults (aged 18-64) (£350 per-capita of the population aged 18-64 in 2013-14). Per-capita expenditure on services for younger adults (aged 18-64) has increased by 16% in real terms over the period 2003-04 to 2013-14. In contrast, per-capita expenditure on services for older people (aged 65+) has decreased by 1% in real terms over the same period. For the older people (aged 65+) client group, the entirety of the cash terms expenditure increase (46%) is seen to be attributable to the combined effects of inflation and rapid growth in this section of the population.

**Table 1 – Summary of trends in Gross Expenditure by adult client age group**

| Change in Gross Expenditure (2003-04 to 2013-14)   | Older People (aged 65+)   | Adults (aged 18-64)  |
|--|---|--|
| <b>Cash terms</b>  | 46% increase<br>(£1,192 million to £1,743 million)                      | 56% increase<br>(£745 million to £1,165 million)                       |
| <b>Real terms</b><br>(expressed in 2014 prices)  | 15% increase<br>(£1,522 million to £1,743 million)                      | 22% increase<br>(£951 million to £1,165 million)                       |
| <b>Real terms per-capita</b><br>(expressed in 2014 prices and rounded to nearest £10 per-capita) | 1% decrease<br>(£1,860 to £1,840 per-capita of the population aged 65+) | 16% increase<br>(£300 to £350 per-capita of the population aged 18-64) |

Comparisons of per-capita trends in Gross Expenditure between two regions may be produced using **Chart 2A**, and between the main client age groups using **Chart 3A**.

Trend analysis of Gross Expenditure on a specific service-type (e.g. Care Homes, or Home Care), rather than across all services, may be produced using **Charts 1B, 2B and 3B of the data spreadsheet**. Service-type expenditure data is not comparable between 2011-12 and 2012-13, due to a change in LFR03 recording practice (see Section 9.3.2).

### **3. Breakdown of Gross Expenditure by source of funding, Scotland, 2008-09 to 2012-13**

Gross Expenditure by local authorities on Social Care services may be broken down according to the source of funding. Of the £2,831 million of Gross Expenditure on adult (aged 18+) Social Care services in Scotland in 2012-13, £2,115 million (75%) represented Net Revenue Expenditure by local authorities<sup>3</sup>. Net Revenue Expenditure is that which is sourced from General Revenue Funding to local authorities, local taxation and balances (see Section 9.2.2). The remaining £717 million (25%) of Gross Expenditure represents income from the point of view of the local authority accounts. The income component is made up of: £385 million in transfers from NHS Health Boards (54% of income, 14% of Gross Expenditure), £245 million from charges to service users (34% of income, 9% of Gross Expenditure) and £87 million (12% of income, 3% of Gross Expenditure) from other sources (see Section 9.2.3).

An estimate of total public sector expenditure on Social Care services may be defined as the Net Revenue Expenditure by local authorities, plus the transfers received from local authorities from NHS Health Boards<sup>4</sup>. On this basis, total public sector expenditure on adult (aged 18+) Social Care services in Scotland in 2012-13 would be estimated as £2,500 million (88% of Gross Expenditure).

Analysis of the breakdown of Gross Expenditure by source of funding from 2008-09<sup>5</sup> to 2013-14 (or 2012-13 in the case of Highland and Scotland<sup>3</sup>) may be produced at the level of client group using **Chart 4A of the data spreadsheet**. For adult (aged 18+) Social Care services in Scotland, there have been no substantial variations in this breakdown over the period 2008-09 to 2012-13.

Analysis of the breakdown of Gross Expenditure on a specific service-type by source of funding may also be produced using **Chart 4B of the data spreadsheet**. At the service-type level, the most detailed breakdown that can be achieved is between Net Revenue Expenditure by local authorities, income from charges to service users and all other income (including transfers from the NHS)<sup>6</sup>. The client group / service-type combination with the highest proportion of income from charges to service users (20% in 2012-13) is Care Homes for older people (aged 65+). Self-Directed Support for adults (aged 18-64) provides an example where the proportion of Gross Expenditure that is income from charges to service users has markedly increased, from 1% in 2008-09 to 8% in 2012-13.

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<sup>3</sup> Breakdown figures for 2012-13 are presented as this constitutes the most recent year for which Scotland level figures that are comparable to preceding years are available. The figures for 2013-14 are not comparable to preceding years due to a change in recording arrangements under the partnership model adopted in the Highland region (see Section 9.1). Local authority level figures for 2013 -14 (with the exception of Highland) are available through Charts 4A and 4B of the data spreadsheet.

<sup>4</sup> Such an estimate represents a lower bound to true total public sector expenditure as it excludes other funding sources which could be considered to be public sector based, such as inter-account transfers within local authorities.

<sup>5</sup> Figures for the period 2003-04 to 2007-08 are not presented, as these are not comparable to those from 2008-09 onwards. This is due to a change in ring-fenced grant arrangements (see section 9.2.2).

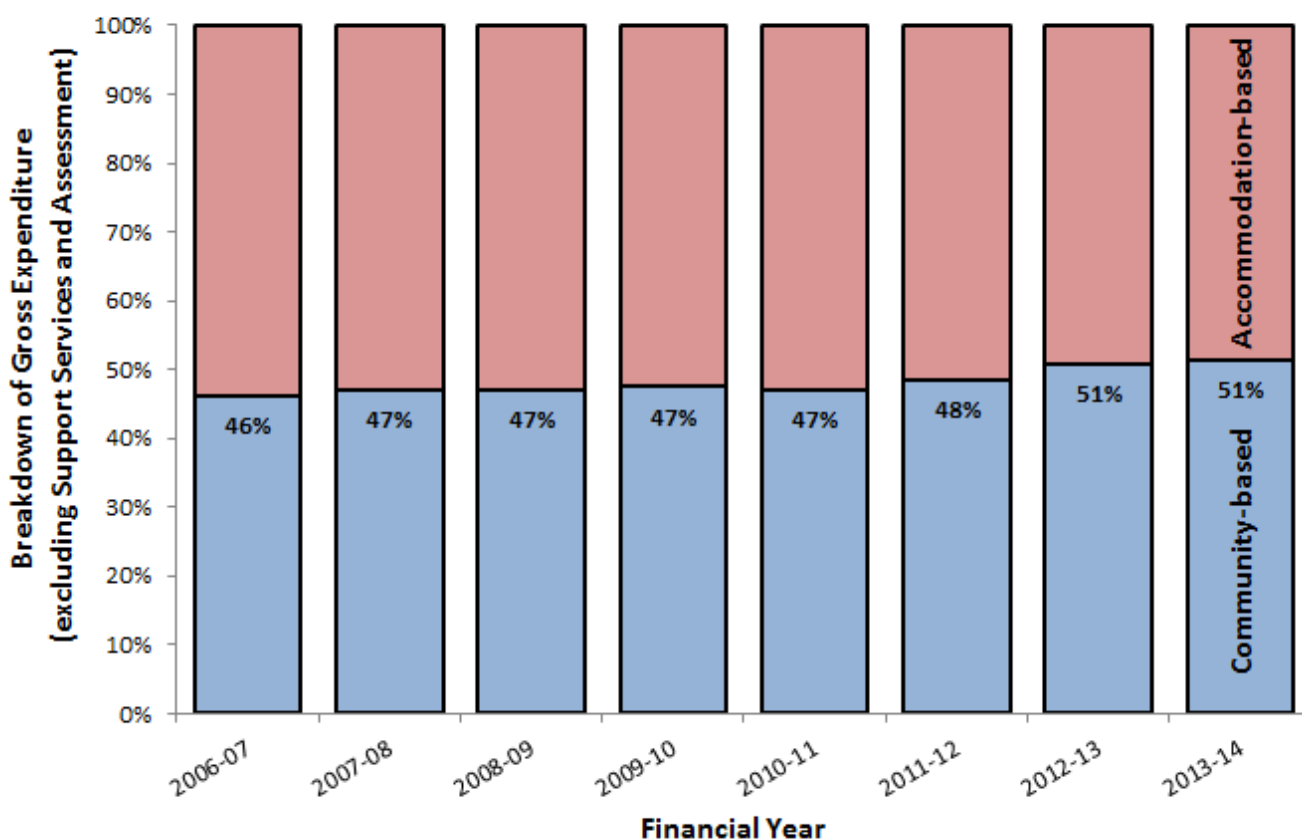
<sup>6</sup> This reduction in the level of breakdown detail, relative to that available for expenditure across all services, arises because the LFR03 only provides a service-level breakdown of income in the case of charges to service users (see section 9.2.3).

#### 4. Breakdown of Gross Expenditure by service-grouping, Scotland, 2006-07 to 2013-14

Expenditure by local authorities on Social Care services may be broken down into three main 'service-groupings'. Of the £2,908 million of Gross Expenditure by local authorities on adult (aged 18+) Social Care services in Scotland in 2013-14, community-based services accounted for £1,289 million (44%), accommodation-based services for £1,216 million (42%) and 'Assessment' and 'Support Services' for the remaining £402 million (14%). Definitions of the services which fall within the community-based and accommodation-based service-groupings are given in Section 9.2.6.

If Assessment and Support Services are excluded from the total, then the proportion of Gross Expenditure that is on community-based services, as opposed to accommodation-based services, may be defined<sup>7</sup>. In the case of adult (aged 18+) services in Scotland, Figure 3 shows that this proportion has increased from 46% in 2006-07<sup>8</sup> to 51% in 2013-14. A substantial component of this increase occurred in 2012-13 and is associated with expenditure associated with Self-Directed Support (see Section 5 for further discussion).

**Figure 3 – Breakdown by service-grouping of Gross Expenditure on adult (aged 18+) Social Care services, Scotland**



Source: Local Government Finance Return (LFR03).

<sup>7</sup> This metric should be comparable across the discontinuity in service-type expenditure data associated with the introduction of Support Services to the LFR03 in 2012-13 (see Section 9.3.2), provided that Support Services expenditure for the accommodation-based and community-based service-groupings is in proportion to the Gross Expenditure on the service-groupings themselves.

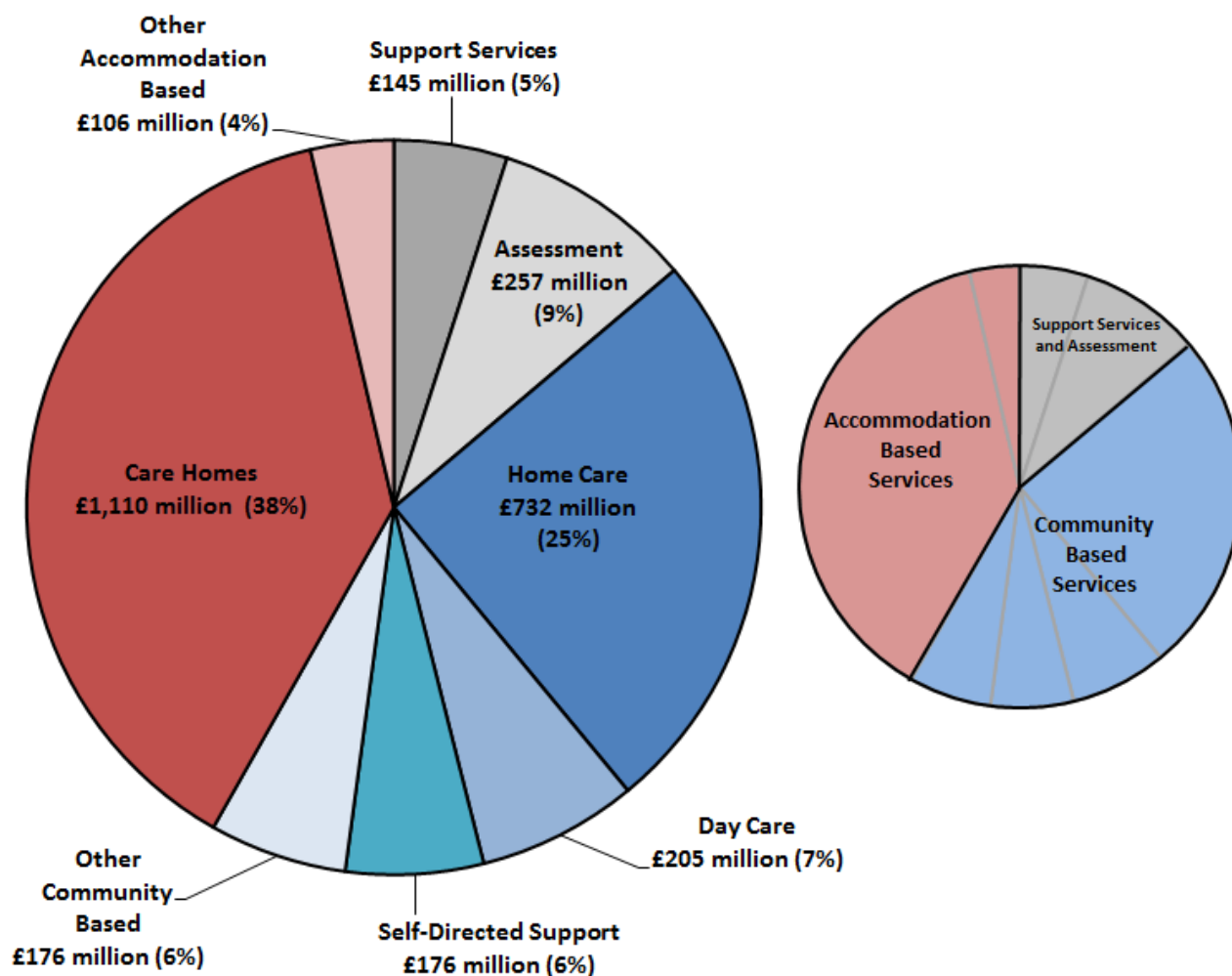
<sup>8</sup> Figures for the period 2003-04 to 2005-06 are not presented, as they are not comparable to those from 2006-07 onwards. This is due to a change in the recording practice used for Care Home expenditure by some local authorities (see Section 9.3.3).

The breakdown of expenditure by service-grouping may be produced at the client group and local authority level using **Chart 5A of the data spreadsheet**. In the case of services for older people (aged 65+), the proportion of Gross Expenditure that is on community-based services, as opposed to accommodation-based services, has increased slightly from 40% in 2006-07 to 42% in 2013-14. In the case of services for younger adults (aged 18-64), the proportion has increased more rapidly, from 56% in 2006-07 to 67% in 2013-14.

## 5. Detailed breakdown of Gross Expenditure by service-type, Scotland, 2013-14

Expenditure by local authorities on Social Care services may also be broken down at the more detailed level of 'service-type'. Figure 4 shows such a breakdown in the case of Gross Expenditure on adult (aged 18+) Social Care services in Scotland in 2013-14. Definitions of the named service-types are given in Section 9.2.5.

**Figure 4 – Breakdown by service-type of Gross Expenditure on adult (aged 18+) Social Care services, Scotland, 2013-14**



Source: Local Government Finance Return (LFR03).

Figure 4 shows that Care Homes constitute the largest single service-type, accounting for 38% of Gross Expenditure (£1,110 million) and the vast majority of the accommodation-based service-grouping (the sum of the red elements of Figure 4). The next largest service-type is Home Care, which accounts for 25% (£732 million) and around half of community-based service-grouping (the

sum of the blue elements of Figure 4). Self-Directed Support represents expenditure that is client, rather than local authority, directed at the level of service choice<sup>9</sup>. Self-Directed Support expenditure accounted for 6% of Gross Expenditure (£176 million) in 2013-14, a proportion which has increased from less than 1% in 2003-04. More than half of this increase occurred in one year (2012-13) and is associated with the roll out of personalized services to younger adults (aged 18-64) in one local authority (Glasgow City).

Detailed expenditure breakdowns by service-type for a given year may be produced at the client group and local authority level using **Chart 6A of the data spreadsheet**. For older people (aged 65+), the proportion of 2013-14 Gross Expenditure that is on Care Homes increases to 50%. For younger adults (aged 18-64), the proportion that is on Self-Directed Support increases to 13% and the proportion that is on Day Care increases to 12%.

## 6. Breakdown of Gross Expenditure by client group, Scotland, 2013-14

Expenditure by local authorities on Social Care services may be broken down by client group. The £2,908 million of Gross Expenditure on adult (aged 18+) Social Care services in Scotland in 2013-14 may be broken down as follows:

- Older People (aged 65+): £1,743 million  
(60% of adult total, 44% of Total Social Work)
- Adults (aged 18-64): £1,165 million  
(40% of adult total, 30% of Total Social Work).

Gross Expenditure on the younger adult (aged 18-64) client group may then be sub-divided on the basis of client need, as follows:

- Adults (aged 18-64) with Learning Disabilities: £705 million  
(61% of adult (aged 18-64) total, 24% of adult total, 18% of Total Social Work)
- Adults (aged 18-64) with Physical Disabilities: £228 million  
(20% of adult (aged 18-64) total, 8% of adult total, 6% of Total Social Work)
- Adults (aged 18-64) with Mental Health Needs: £159 million  
(14% of adult (aged 18-64) total, 5% of adult (18+) total, 4% of Total Social Work)
- Adults (aged 18-64) with Other Needs<sup>10</sup>: £72 million  
(6% of adult (aged 18-64) total, 2% of adult total, 2% of Total Social Work)

The breakdown of expenditure on Total Social Work by client group<sup>11</sup> may be produced at the service-type and local authority level using **Chart 6B of the data spreadsheet**.

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<sup>9</sup> See Section 9.2.5 for detailed description of the Self-Directed Support service-type.

<sup>10</sup> Includes 'Addiction - Substance misuse', ' HIV - AIDS' and ' Asylum Seekers and Refugees'.

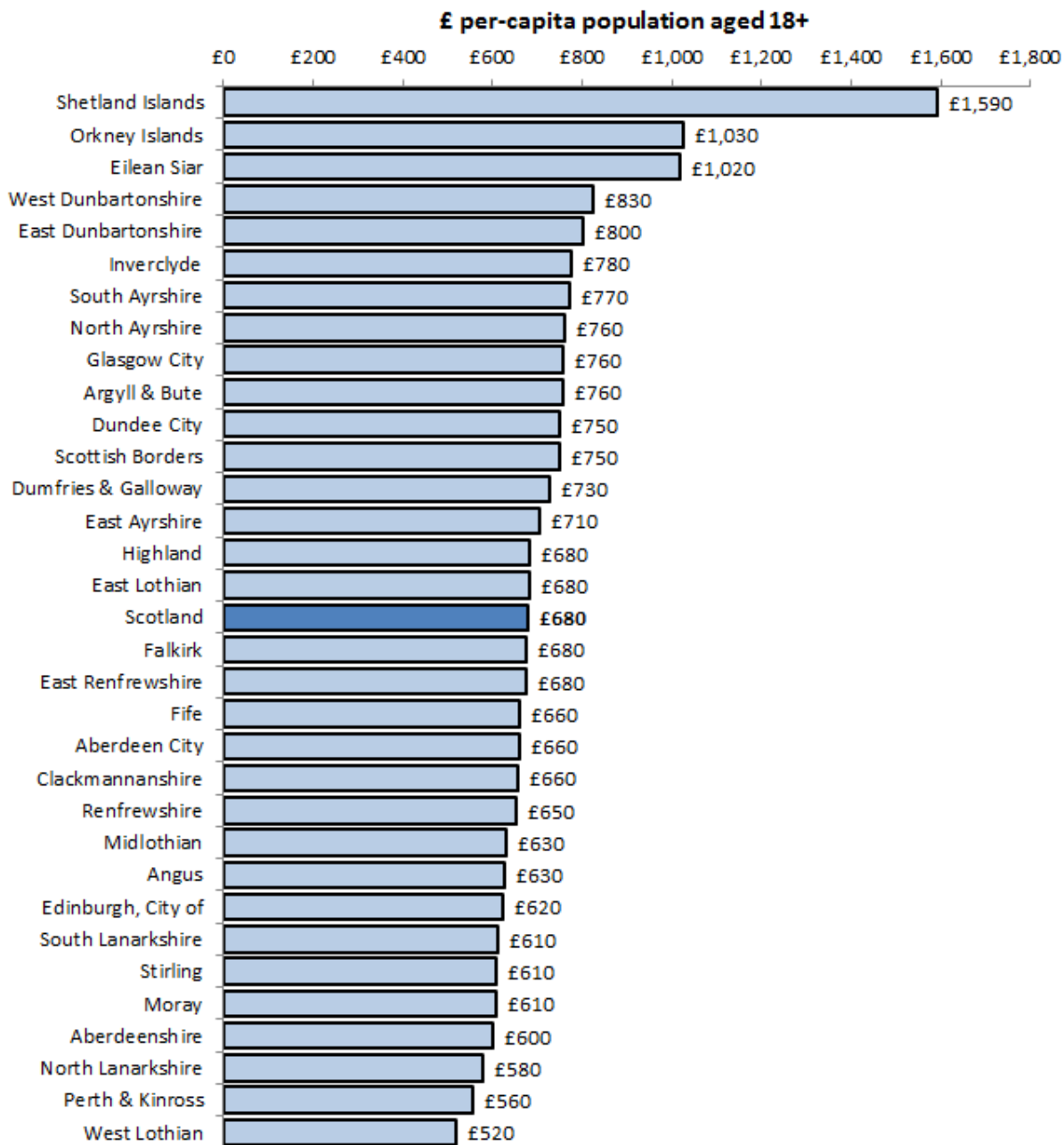
<sup>11</sup> The breakdown presented in Chart 6A of the data spreadsheet includes Children & Families services and, if considering expenditure across all services, that on the Service Strategy, Children's Panel and Criminal Justice Social Work.



## 7. Regional comparisons of Gross Expenditure, 2013-14

Figure 5 presents local authority level figures for Gross Expenditure on adult (aged 18+) Social Care services in 2013-14, expressed per-capita of the adult population of that region. Figures range from £520 per-capita in West Lothian to £1,590 per capita in Shetland Islands, with the Scotland average being £680 per capita. These variations will reflect the combined effects of local spending priorities and the formula used to allocate General Revenue Funding, through its incorporation of regional differences in; i) relative numbers of clients, ii) average levels of client need, and iii) the costs of providing services (see Section 9.3.5).

**Figure 5 – Gross Expenditure on adult (aged 18+) Social Care services, 2013-14**



*Source: Local Government Finance Return (LFR03) and NRS Mid-Year Population Estimates.*

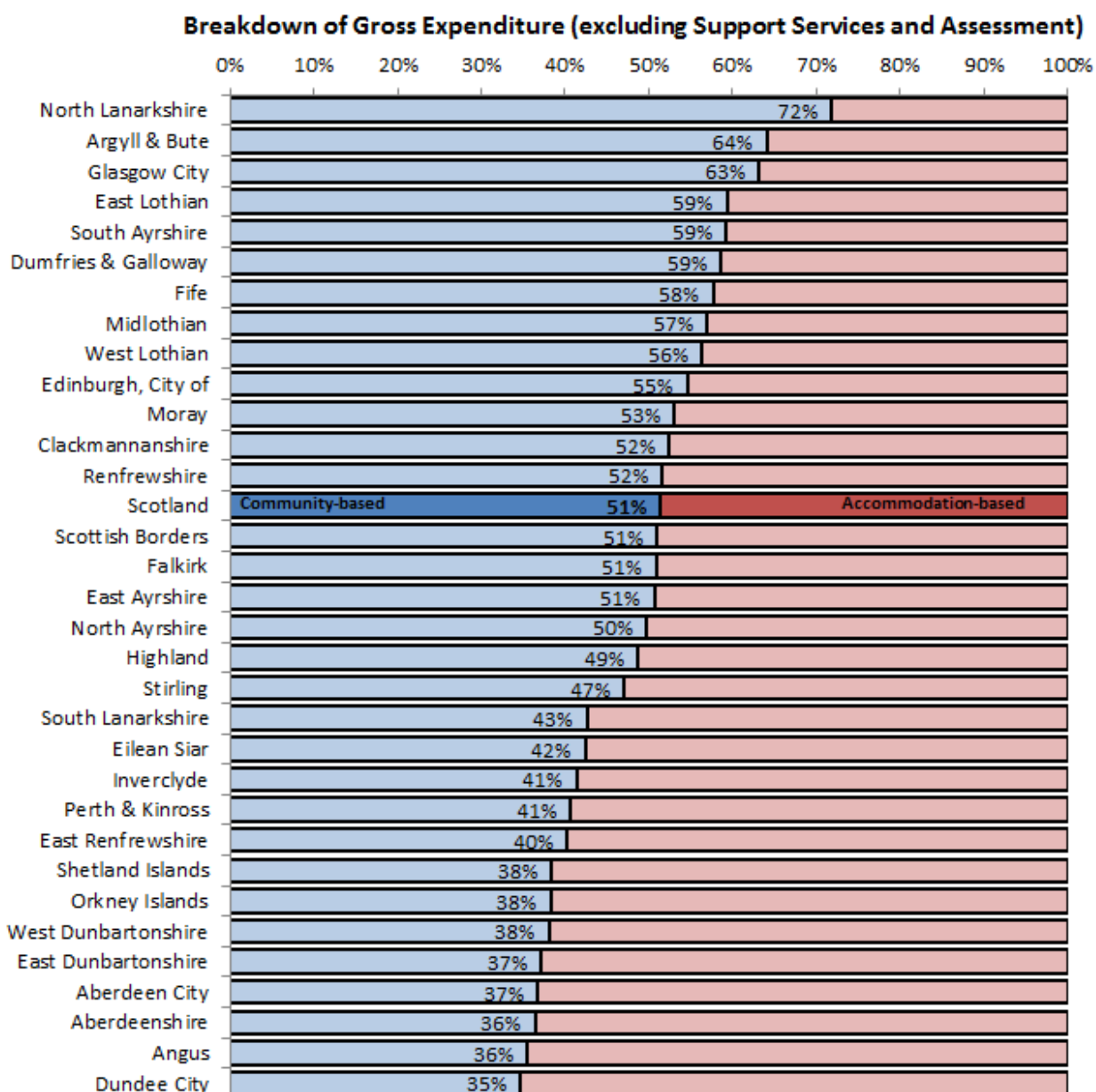
*Note: Labelled values have been rounded to nearest £10 per-capita.*

Regional comparisons of expenditure on a specific service-type and client group may be produced for a given year using **Chart 7A of the data spreadsheet**.

## 8. Regional comparisons of breakdown of Gross Expenditure by service-grouping, 2013-14

Figure 6 presents local authority level figures for the proportion of Gross Expenditure on adult (aged 18+) Social Care services in 2013-14 that was on community-based services, as opposed to accommodation-based services (as introduced in Section 4). Figures range from 35% in Dundee City to 72% in North Lanarkshire, with the Scotland average being 51%. These variations will reflect the combined influences of regional differences in; demography, the relative costs of providing different types of services and the structure of service provision.

**Figure 6 – Breakdown by service-grouping of Gross Expenditure on adult (aged 18+) Social Care services, 2013-14**



Source: Local Government Finance Return (LFR03).

Regional comparisons of the balance of expenditure by service-grouping may be produced for specific client groups for a given year using **Chart 7B of the data spreadsheet**.

## 9. Background information

### 9.1 Data sources

With the single exception discussed in the following paragraph, all of the data presented in this Release is taken directly from the detailed breakdown sections ('Additional Information') of the Local Government Finance Return for Social Work, the LFR03. The LFR03 represents the final audited accounts of local authorities, completed in line with the SeRCOP guidance, and submitted to the Scottish Government each autumn. Further information on the LFR03, including example forms and further guidance notes on their completion, are available from the Local Government Finance area of the Scottish Government website. [www.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/ReturnLFR](http://www.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/ReturnLFR)

The 2013-14 financial returns from Highland reflect the adoption of partnership arrangements between Highland Council and NHS Highland for Social Care services in that region. Under these arrangements, NHS Highland have assumed responsibility for the delivery of adult Social Care services, whereas Highland Council retain responsibility for Children and Families services. This situation means that the detailed expenditure breakdown sections of the 2013-14 LFR03 submitted by Highland Council do not cover adult services. In order to maintain Scotland level figures for service-level expenditure on adult Social Care services, the Gross Expenditure figures reported in this Release for Highland in 2013-14 represent the sum of the detailed breakdowns returned by Highland Council on the LFR03 and those from a further return made by NHS Highland. The definition of Gross Expenditure by a local authority used on the LFR03 (see Section 9.2.1) can be transferred to the return made by the Health Board. Insofar as there is no overlap in the services provided by the two organisations, the two sets of detailed breakdown figures can then be merged such that the totals (across client groups and services) should be broadly comparable to the figures reported by Highland Council in previous years. However, the definition of Net Revenue Expenditure by a local authority used on the LFR03 (see Section 9.2.2) cannot be transferred to the additional return made by the Health Board. This means that breakdowns of 2013-14 Gross Expenditure into Net Revenue Expenditure by local authorities and income to local authorities (as presented in Section 3 of this report and Charts 4A and 4B of the data spreadsheet) cannot be produced on a basis that is comparable to previous years for Highland (or Scotland).

The additional difficulties associated with reporting net, rather than gross, expenditure information under integrated Health & Social Care arrangements forms part of the rationale for the focus on Gross Expenditure in the present Release.

The only other data sources used in this Release are deflator indices and population data, as discussed in Sections 9.3.4 and 9.3.5.

## 9.2 Definitions

### 9.2.1 Gross Expenditure

Gross Expenditure represents the total expenditure on services provided, or purchased, by a local authority. This includes capital charges, transfer payments (including inter-authority transfers), inter-account transfers (e.g. recharges) and Revenue Contributions to Capital (from 2007-08 onwards only, see Section 9.3.2). Whilst Gross Expenditure represents a simple definition upon which to base analysis of expenditure data, users should note the following two limitations.

- Gross Expenditure by local authorities will not capture expenditure on Social Care services that are provided entirely outwith of local authorities (e.g. within the voluntary / private sectors).
- Scotland level Gross Expenditure figures derived from summation over all 32 local authorities will slightly overestimate total expenditure on service provision. This is because inter-authority transfers will be counted as Gross Expenditure by both the transferring and receiving authorities. To avoid double-counting in this way, the Local Government Finance Statistics publication (see Section 9.4) uses Gross Expenditure figures that exclude inter-account and inter-authority transfers. Such an approach is, however, not available for the information contained in the detailed service-level breakdown sections of the LFR03, which form the basis of the present Release. The maximum possible extent of double counting that could result from this approach may be quantified as the proportion of Gross Expenditure which is inter-account and inter-authority transfers. The table below shows that the proportion of Gross Expenditure on adult (aged 18+) Social Care services in Scotland that could potentially represent double counting is; i) relatively small, and ii) has declined through time.

| Financial Year | % of Gross Expenditure on adult (aged 18+) Social Care Services that is inter-account and inter-authority transfers |
|----------------|---|
| 2009-10        | 1.7%  |
| 2010-11        | 1.4%  |
| 2011-12        | 1.1%  |
| 2012-13        | 0.8%  |
| 2013-14        | 0.8%  |

### 9.2.2 Net Revenue Expenditure

Net Revenue Expenditure by local authorities represents the component of Gross Expenditure that is funded from General Revenue Funding, local taxation and balances. The present Release contains only limited analysis of Net Revenue Expenditure (in Section 3 of this report and Charts 4A and 4B of the data spreadsheet). Users with an interest in the LFR03 data from the perspective of Net Revenue Expenditure by local authorities would be advised to also consult the Scottish Local Government Finance Statistics and / or IRF publication series (see Section 9.4).

The trend analysis of Net Revenue Expenditure data presented in Charts 4A and 4B of the data spreadsheet only cover the period from 2008-09, as opposed to the longer period used for the Gross Expenditure. This format reflects a break in time-series for all LFR03 Net Revenue Expenditure data between 2007-08 and 2008-09. Up to 2007-08, a substantial ring-fenced grant existed for Housing Support services, but in 2008-09 these funds were transferred into the General Revenue Funding. Ring-Fenced Grants are counted as income to local authorities from an LFR03 perspective, meaning that this change in funding structure results in an apparent increase in Net Revenue Expenditure.

### 9.2.3 Income to local authorities

The difference between Gross Expenditure by local authorities and Net Revenue Expenditure by local authorities represents income from the perspective of the LFR03. Such income is derived from a range of sources, including those listed below:

- Transfers from NHS Health Boards
- 'Income from charges to service users'. Such income will predominantly represent charging from individual clients within the responding local authority. However, it also includes charging from other organisations (e.g. other local authorities, or voluntary sector) on whose behalf the reporting authority has provided services.
- Recharges (income from other accounts within the authority)
- Other central government grants (excluding the General Revenue Grant), including ring-fenced revenue grants
- General Capital Grant used to fund grants to third parties
- Rent income, other sales, fees and charges

In the case of adult Social Care Services in Scotland, transfers from NHS Health Boards and charges to service users typically account for around 90% of total income. Consequently, this Release does not provide any analysis of income beyond the level of these two sources and then a further 'other income' category.

The LFR03 provides a detailed breakdown by service-type of income only in the case of charges to service users. This situation leads to the difference in the level of breakdown of Gross Expenditure which is available on Chart 4A of the data spreadsheet (at the level of all services) and Chart 4B (at the level of a specific service-type).

### 9.2.4 Client groupings

The analysis in this Release focuses on services to adult (aged 18+) clients, which the LFR03 allows to be broken down into 'Older People (aged 65+)' and 'Adults (aged 18-64)'. The 'Adults (aged 18-64)' grouping may then be further broken down into those with 'Physical Disabilities', 'Learning Disabilities', 'Mental Health Needs' and 'Other Needs'. The 'Adults (aged 18-64) with other needs' group represents: 'Addiction - Substance misuse', 'HIV - AIDS' and 'Asylum Seekers and Refugees'.

The data spreadsheet also allows for the selection of 'Children and Families' and 'Total Social Work' as client groupings. 'Total Social Work' represents the total across all client groupings of the LFR03, which is the sum over adult services, Children and Families services, the 'Service Strategy', the 'Children's Panel' and 'Criminal Justice Social Work'. The LFR03 does not have service-type expenditure breakdowns for the latter three categories and these are not generally available for selection in the data spreadsheet. If 'All Services' is selected on Chart 6B of the data spreadsheet, then this provides a comprehensive breakdown of Gross Expenditure on 'Total Social Work' by client grouping, with the 'Service Strategy', the 'Children's Panel' and 'Criminal Justice Social Work' being returned as a combined 'other client groups' category.

### 9.2.5 Service-types

As well as general Care Home services, the 'Care Homes' service-type includes the following LFR03 rows; 'Respite Care residential placements', 'Free Personal and Nursing Care for Older People aged 65+ in Care Homes', 'Free Nursing Care for adults aged 18 - 64 in Care Homes' and 'Care Homes for Children with a disability'.

As well as general Home Care services, the 'Home Care' service-type includes the following LFR03 row; 'Free Personal Care for Older People aged 65+'.

The 'Self-Directed Support' service-type represents the sum of 'Direct Payments' and 'Managed Personalized Budgets (SDS2)' (from 2013-14 onwards). Under the Self Directed Support (SDS) Act (which came into force on 1<sup>st</sup> April 2014), Direct Payments form Option 1 and Managed Personalized Budgets form Option 2 of the three options available to Social Care clients. Users should note the following particular issues associated with interpreting expenditure associated with this service-type:

- The third option available under SDS is for local authority arranged services, the expenditure for which will continue to be recorded in the relevant service-type rows of the LFR03 (e.g. Home Care). As such, the 'Self-Directed Support' service-type will not reflect the totality of expenditure associated with clients who have been assessed under SDS. Instead, it reflects the component of expenditure that is client, rather than local authority, directed at the level of service choice (rather than at the level of SDS option choice).
- There may be circumstances in which expenditure associated with clients who have chosen SDS Option 2 is not recorded under the relevant service-type rows of the LFR03 (e.g. Home Care), rather than under the 'Managed Personalized Budget' row. If the client manages their budget such that it is spent on local authority provided services, such expenditure may be recorded on the LFR03 as though it was local authority directed (as under pre-SDS provision, or under SDS Option 3). As such, the expenditure recorded under the 'Self-Directed Support' service-type should be viewed as a lower bound to the true amount of expenditure directed by clients, rather than by local authorities, at the level of service choice.
- Although the SDS Act was not in force during any of the financial years covered here, several early-adopting local authorities are known to have already assessed some of their clients under SDS arrangements. Seven authorities returned some expenditure against the 'Managed Personalized Budgets' row of the 2013-14 LFR03. One of these authorities (Glasgow City) are known to have assessed all of their younger adult (18-64) clients during 2012-13. A substantial number of these clients opted for 'Personalization' and in the absence of a suitable row to cover such expenditure on the 2012-13 LFR03, this was recorded under the Direct Payments row. The expenditure associated with these clients was then transferred to the 'Managed Personalized Budgets' row in 2013-14. The definition of the 'Self-Directed Support' service-type used here means that this recording issue is rendered invisible to the user.

The 'Assessment' service-type represents an abbreviation of the LFR03 row entitled: 'Assessment', 'Casework', 'Care Management', 'Occupational Therapy' and 'Criminal Justice Field Work'.

'Support Services' was introduced as a new row to the 2012-13 LFR03 by the Improvement Service, in an attempt to better standardize the recording of certain centralized costs. These costs include; Finance, Legal, Human Resources, IT, Internal Audit, Procurement and Asset Management. Support Services are not available for selection as a service-type in the trend analysis charts in the data spreadsheet, due to its introduction mid-way through the period reported on. As the introduction of Support Services represents a restructuring of LFR03 recording practice, rather than of service provision itself, the introduction of this row to the LFR03 results in discontinuities in the time-series of expenditure for all other service-types, as is discussed in Section 9.3.2. More detailed guidance on the scope and recording of Support Services is available alongside the general LFR03 guidance at: [www.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/ReturnLFR](http://www.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/ReturnLFR)

## 9.2.6 Service-groupings

'Accommodation-based services' represent the 'Care Homes' service-type (see Section 9.2.5), as well as 'other accommodation-based services' (as shown on Chart 6A of the data spreadsheet). 'Other accommodation-based services' include the following LFR03 rows: 'Secure Accommodation' (Children and Families client group only) and 'Residential Schools' (Children and Families client group only).

'Community-based services' represent the 'Home Care', 'Day Care' and 'Self-Directed Support' service-types (see Section 9.2.5), as well as 'other community-based services' (as shown on Chart 6A of the data spreadsheet). 'Other community-based services' include the following LFR03 rows: 'Services to Support Carers', 'Meals Services', 'Equipment and Adaptations', 'Supported Employment' (adult client groups only), 'Adoption Services' (Children and Families client group only) and 'Fostering - Family Placement' (Children and Families client group only).

The user should note that the inclusion of the Self-Directed Support service-type within the community-based service-grouping assumes that the services and support provided in this way are community, rather than accommodation, based.

## 9.3 Data Quality and Interpretation

### 9.3.1 Issues of comparability between regions

Whilst the LFR03 represents the final audited accounts of local authorities and is completed in line with the SeRCOP guidance, there are known to be variations in recording practice between authorities. The possibility of such variations should be borne in mind when making comparisons between regions (e.g. Charts 2A, 2B, 7A and 7B of the data spreadsheet), especially if these are being made at the service-type level.

### 9.3.2 Issues of consistency through time at a national level

Over the period 2003-04 to 2013-14 there have been two changes to the national guidance associated with the LFR03 which affect the consistency of the figures reported upon in this Release.

Gross Expenditure data from the LFR03 is not directly comparable between 2006-07 and 2007-08. This is due to Revenue Contributions to Capital having been excluded from Gross Expenditure for the returns up to 2006-07 and then included from 2007-08 onwards. As with the inter-authority transfers issue (see Section 9.1), it is not possible to adjust the information contained in the detailed service-level breakdown sections of the LFR03 for the effect of inclusion (or exclusion) of Revenue Contributions to Capital. However, the proportion of Gross Expenditure on adult Social Care services in Scotland that represents Revenue Contributions to Capital is very small (less than 0.2% for every year 2007-08 to 2013-14). On this basis, trend analysis across this discontinuity is presented in Section 2 of this report and Charts 1, 2 and 3 of the data spreadsheet, but with footnotes to flag the existence of the issue. The user should, however, note that the relative magnitude of the discontinuity may be greater when considering expenditure at the local authority and / or service-type level.

Gross Expenditure data from the LFR03 at the level of a service-type is not directly comparable between 2011-12 and 2012-13. This is due to the introduction of the 'Support Services' row to the 2012-13 LFR03 (see Section 9.2.5). The rationale for the introduction of this row to the LFR03 was to introduce more consistency into the recording certain central administrative costs, such that information on other service-types should be more comparable going forward. However, the change in recording practice also leads to a break in time-series for all service-type expenditure; as costs

which were previously included under other services are now recorded as Support Services. The relative importance of this discontinuity is much greater than the Revenue Contributions to Capital issue outlined above, as Support Services represent around 5% of total Gross Expenditure on adult services. This Release does not attempt to re-apportion Support Services expenditure back into the other service-types as; i) the basis for any such apportionment would be uncertain, and ii) this would remove the direct connection to the data as recorded on the LFR03. Instead, the Support Services issue is reflected in the trend analysis charts in the data spreadsheet (Charts 1, 2 and 3) through each of these having two versions. In each case, version A presents total expenditure across all services, which is not affected by the Support Services discontinuity. Version B allows for the selection of a given service-type and highlights the resultant break in time-series between 2011-12 and 2012-13 in the Charts.

### **9.3.3 Issues of consistency through time at a local level**

The preceding sub-section outlined the changes to the national guidance for the LFR03 that have affected the figures reported upon in this Release. However, the local authority level data contains various instances of very large year-on-year changes in Gross Expenditure, especially if considered at the level of service-type. Users are advised that these changes may reflect, at least in part, local changes in the interpretation of the national guidance. In cases where a large change for a given service-type is not also reflected in total expenditure across the LFR03 ('All Services') then this suggests that the change may represent re-apportioning of expenditure within the LFR03. In cases where total expenditure across the LFR03 also undergoes a large relative shift, re-apportioning of expenditure may still have occurred between the LFR03 and other LFR sheets (e.g. transfer payments are recorded on the LFR00). However, any such wider re-apportioning is beyond the scope of the present analysis.

A list of the instances where year-on-year Gross Expenditure for the two largest service-types (Care Homes and Home Care) has changed by more than 50% (in cash terms) is provided below. Local Government Finance Statistics only undertake detailed validation of the Net Revenue Expenditure figures on the LFR03, such that the origins of some of these historic changes in Gross Expenditure are not fully known. However, the large increases in Care Homes expenditure recorded by several authorities in 2005-06 and 2006-07 are understood to relate to the 'grossing-up' of recorded expenditure to include overheads costs. These changes are sufficiently large (especially that seen for Glasgow City in 2006-07) as to affect the Scotland level figures for Care Home expenditure. This change in recording practice means that the breakdown of Gross Expenditure by service-grouping is only presented for the years 2006-07 onwards (Section 4 of this report and Chart 5A of the data spreadsheet).

- Argyll & Bute: recorded a 51% decrease in Home Care expenditure in 2005-06.
- East Dunbartonshire: recorded an 85% increase in Care Homes expenditure in 2011-12.
- East Lothian: recorded a 122% increase in Home Care expenditure in 2004-05.
- East Lothian: recorded a 68% increase in Care Homes expenditure and a 63% decrease in Home Care expenditure in 2010-11, suggesting a trade-off in expenditure allocation between these service-types. The following year (2011-12) saw relative changes of the opposite sense for these two service-types, suggesting that 2010-11 represented an anomalous year in this regard.



- Glasgow City: recorded a 378% increase in Care Homes expenditure in 2006-07. However, recorded expenditure across all services rose by only 10%, suggesting that most of this change can be explained by re-apportioning within the LFR03. A large decrease in recorded expenditure on Assessment is seen at the same time as the increase for Care Homes.
- Scottish Borders: recorded an 87% decrease in Home Care expenditure in 2011-12. However, recorded expenditure across all services barely changed, suggesting that most of this change can be explained by re-apportioning within the LFR03. A large increase in recorded expenditure on Assessment is seen at the same time as the decrease for Home Care.
- Shetland Islands: recorded a 92% increase in Care Homes expenditure in 2005-06.
- South Ayrshire: recorded a 92% increase in Care Homes expenditure in 2006-07. However, recorded expenditure across all services rose by only 9%, suggesting that most of this change can be explained by re-apportioning within the LFR03.
- South Lanarkshire: recorded a 103% increase in Care Homes expenditure in 2005-06. However, recorded expenditure across all services rose by only 6%, suggesting that most of this change can be explained by re-apportioning within the LFR03.
- West Lothian: recorded a 65% increase in Care Homes expenditure and an 85% increase in Home Care expenditure in 2004-05. However, recorded expenditure across all services rose by only 11%, most of these changes can be explained by re-apportioning within the LFR03. It is understood that West Lothian Council changed their coding system for all services in 2004-05.

### 9.3.4 Real terms expenditure analysis

The real terms Gross Expenditure figures presented in Section 2 of this report and Charts 1A and 1B of the data spreadsheet are calculated on the basis of stripping out the effects of inflation using the HMRC UK GDP deflator. The GDP deflator is preferred to the Retail or Consumer Prices Indices on the basis that it is a much broader index, including the prices of investment goods, government services and exports, and subtracts the price of UK imports. Users should, however, note that this product is based on inflation associated with the whole UK economy and may not be well calibrated to the specific costs associated with the Scottish Social Care sector. The GDP deflator is used as; i) there is no well-established more specific deflator product available, and ii) the HMRC product is what is used for the HSCIC publication series on expenditure on Personal Social Services in England (see Section 9.4). The deflator values used are those from the September 2014 Quarterly National Accounts update, as listed below.

[www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp](http://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp)

| Financial Year | Deflator Index Value |
|----------------|----------------------|
| 2003-04        | 78.322               |
| 2004-05        | 80.792               |
| 2005-06        | 83.049               |
| 2006-07        | 85.300               |
| 2007-08        | 87.796               |
| 2008-09        | 90.000               |
| 2009-10        | 92.327               |
| 2010-11        | 94.882               |
| 2011-12        | 96.580               |
| 2012-13        | 98.190               |
| 2013-14        | 100                  |

### 9.3.5 Per-capita expenditure analysis

The per-capita analysis of Gross Expenditure presented in Section 3 and 8 of this report and Charts 1A, 1B, 2A, 2B, 3A, 3B and 7A of the data spreadsheet is based on dividing expenditure by the size of the relevant population, rather than by the numbers of client for that service (or the amount of service received by such clients). Users should note that comparisons based on per-capita expenditure inherently convolve the following factors; levels of need at the population level (the number of clients per head of population), levels of need at the client level (the average units (e.g. hours) of care provided per client) and the average unit cost of service provision. As such, comparisons on a per-capita basis should only be used to facilitate basic comparisons between client groups and / or regions with different total populations and not as a guide to variations in any one of these factors in isolation.

The population data used for the per-capita analysis are the NRS Mid-Year Estimates that fall within the financial year under consideration. For example, the 2013-14 expenditure data is presented per capita using the 2013 Mid-Year Estimates of population. In all cases, the population denominator is the relevant age sub-set of the population based on the client group under consideration. For example, per-capita figures for adult (aged 18+) services are based on dividing by the population aged 18+ and figures for older people (aged 65+) services are based on dividing by the population aged 65+. Per-capita figures for Children and Families services are based on dividing by the population aged under-18. Per-capita figures for 'Total Social Work' are based on dividing by the general (total) population.

[www.nrscotland.gov.scot/statistics-and-data/statistics/statistics-by-theme/population/population-estimates](http://www.nrscotland.gov.scot/statistics-and-data/statistics/statistics-by-theme/population/population-estimates)

### 9.4 Other sources of published information on Social Care expenditure

In 2001 and 2002, the Scottish Community Care Statistics publications contained detailed analysis of Gross Expenditure and Net Revenue Expenditure from the LFR03. Since this time there has been no comprehensive Official Statistics publication of the LFR03 data at the level of service-type. From 2004 onwards, figures for Net Revenue Expenditure on Home Care and Care Home services for older people (aged 65+) have been published through the Free Personal and Nursing Care series.

[www.gov.scot/Topics/Statistics/Browse/Health/Reports](http://www.gov.scot/Topics/Statistics/Browse/Health/Reports)

The Scottish Local Government Finance Statistics (LGFS) compendium report, released each February, publishes high-level figures (totals across all services) from the LFR03 for Gross Expenditure (excluding inter-account and inter-authority transfers) and Net Revenue Expenditure. The Gross Expenditure figures in the LGFS publication will always be lower than those presented here, due to the differing treatment of inter-account and inter-authority transfers (see Section 9.2.1). The difference between the two sets of figures is more substantial in 2013-14, as a result of differing approaches to the change in recording arrangements associated with the partnership arrangements adopted in the Highland region. The approach taken in the present Release was described in section 9.1, whereas the LGFS publication uses only the high-level Gross Expenditure figures recorded by the local authority. These figures will include the resource transferred from Highland Council to NHS Highland for the provision of adult services, but will not include the expenditure by NHS Highland itself on adult services. The Scotland-level Net Revenue Expenditure figures in the LGFS publication match those for Total Social Work on Chart 4A of the data spreadsheet for 2008-09 to 2012-13.

[www.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/PubScottishLGFStats](http://www.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/PubScottishLGFStats)

The Integrated Resource Framework (IRF) was published by the Information Services Division of NHS Scotland for the first time in January 2015, covering information on the financial year 2012-13. The IRF contains breakdowns by adult age-bands of expenditure across the Health & Social Care sectors. The analysis in the present Release has the following differences from the IRF publication:

- The IRF combines Net Revenue Expenditure by local authorities with NHS Total Operating Costs, excluding resource transfers to local authorities. The component of public sector expenditure on Social Care services derived from such transfers is included in the present analysis of Gross Expenditure by local authorities, but not included in the IRF analysis.
- The IRF uses activity data to apportion LFR03 expenditure amongst more detailed age-bandings (under-18, 18-64, 65-74, 75-84 and 85+) than those on the LFR03 itself. This Release presents aggregate expenditure using the client groups defined on the LFR03.
- The IRF apportions out 2012-13 Support Services costs amongst all other service-types, whereas this Release does not attempt to do so (see Section 9.3.2).
- The 'balance of care' indicator presented in the IRF publication is based on the balance of expenditure across combined Health & Social Care services. This indicator is not directly comparable to the breakdown of Social Care expenditure by service-grouping presented in this Release (Sections 4 and 8 of the report and Charts 5A and 7B of the data spreadsheet).

[www.isdscotland.org/Health-Topics/Health-and-Social-Community-Care/Publications/](http://www.isdscotland.org/Health-Topics/Health-and-Social-Community-Care/Publications/)

Detailed analysis of expenditure by Councils with Adult Social Services Responsibilities (CASSRs) on Personal Social Services in England, as based on the PSS-EX1 return, is published annually by the Health and Social Care Information Centre (HSCIC). High-level analysis of expenditure is also published annually by the Department of Local Government and Communities, based on the RO3 return. Users should note that the structure of both of these financial returns and the definitions of expenditure types used therein differ from those presented here. In particular, 'Gross Current Expenditure' from the PSS-EX1 and RO3 is not comparable to Gross Expenditure from the LFR03, with the principle difference being the former does not include transfers from NHS Health Boards.

[www.hscic.gov.uk/searchcatalogue?topics=2/Social+care/Social+care+expenditure](http://www.hscic.gov.uk/searchcatalogue?topics=2/Social+care/Social+care+expenditure)

[www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing](http://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing)

## 9.5 Respondent Burden

This Release has involved no additional respondent burden, beyond that already involved in the collection of the LFR03 for Local Government Finance Statistics purposes.

## 9.6 Future of Publication Series

Self-Directed Support constitutes an approach to delivering support and services and not a service in itself, and this leads to challenges in terms of how to record the associated expenditure information. The particular difficulties associated with recording the expenditure occurring through Managed Personalized Budgets (Option 2 under the SDS Act) have been discussed in Section 9.2.5. The Gross Expenditure on adult (aged 18+) Managed Personalized Budgets returned by the seven local authorities who did so in 2013-14 totalled £108 million. This figure represents 4% of total Gross Expenditure across all adult (aged 18+) Social Care services and exceeds the amount recorded for Direct Payments across all 32 local authorities (£69 million) in that same year. On this basis, it is considered likely that the roll-out of SDS across all local authorities, from 2014-15 onwards, will lead to substantial changes in the pattern of expenditure recording at the service-type level on the LFR03.

The implementation of integrated arrangements for Health & Social Care provision under the Public Bodies (Joint Working) Act, which was granted Royal Assent on 1<sup>st</sup> April 2014, may also affect the recording of Social Care expenditure information. For the present publication, this question has only been relevant in the specific case of the data for the Highland region in 2013-14 (as discussed in Section 9.1). The implications of the integrated arrangements that will be adopted by all other regions are not yet fully clear.

These two factors mean that the content and viability of future updates to this publication will be re-assessed on a year-by-year basis.

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### How to access background or source data

The data collected for this statistical bulletin

are available in more detail through Scottish Neighbourhood Statistics

are available via an alternative route

may be made available on request, subject to consideration of legal and ethical factors. Please contact [SWStat@scotland.gsi.gov.uk](mailto:SWStat@scotland.gsi.gov.uk) for further information.

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