Scottish Health Service Costs
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About this release
This release from the Information Services Division provides an annual update on how £11.7 billion of health service operating costs were spent in 2016/17. It covers hospital and primary care provided to patients, through territorial NHS Boards, the State Hospital and the Golden Jubilee National Hospital. Information on expenditure in the Scottish Ambulance Service and in National Services Scotland is also provided.

Main Points

- Total NHS Board operating costs increased by 4.1% to £11.7bn compared to £11.2bn in 2015/16. In real terms, once inflation has been taken into account, total operating costs increased by 2.0% compared to 2015/16.

- Expenditure within the hospital sector was £6.5bn, an increase of 1.5% in cash terms compared to 2015/16. In real terms, there was a decrease of 0.5% compared to the previous year. The hospital sector accounts for the largest part of expenditure (55.4%).

- Within the community sector, £2.2bn was spent, a cash terms increase of 15.8% compared to 2015/16. This is substantially higher than the previous four years, where annual increases were between 4.4% and 5.0% between 2012/13 and 2015/16. The corresponding real terms increase in the last year was 13.6%. The large increase in community expenditure in the last year is mainly due to the inclusion of £250 million to support the integration of health and social care.

Total Operating Costs by sector (cash terms), 2012/13 - 2016/17
Family health sector expenditure, which includes the cost of running local GP practices as well as local pharmacy, dental and ophthalmic services, amounted to £2.6bn in 2016/17 – a cash terms increase of 2.1% and a real terms increase of 0.1% compared to 2015/16.

Almost half of the total operating costs (47.6% or £5.6bn) were accounted for by hospital and community sector staff, excluding laboratory staff.

Background

The information is primarily derived from Scottish Financial Returns (SFRs) compiled by NHS Boards. Some figures for the current year may not be directly comparable to those for previous years; while every attempt is made to make comparisons of the data possible, changes in accounting methodology must be considered, along with other factors such as organisational change or missing data. See Summary of Changes for more information.

Historic costs have been expressed both in ‘cash terms’ and in ‘real terms’ (adjusting for inflation). To obtain ‘real-terms’ figures, the costs have been divided by an adjustment factor (the ‘GDP deflator’) determined by HM Treasury. Rather than expressing simply the amount of money which was spent in any previous year, real terms costs therefore show approximately what the services provided in that year would have cost in 2016/17.

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Further Information

Further information and more detailed breakdowns can be found in the Full Publication Report. Background information on Scottish Health Service Costs can be found in the Costs pages of the ISD website.

ISD and Official Statistics

Information Services Division (ISD) is the principal and authoritative source of statistics on health and care services in Scotland. ISD is designated by legislation as a producer of ‘Official Statistics’. Our official statistics publications are produced to a high professional standard and comply with the Code of Practice for Official Statistics. Further information about our statistics.