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Local Government Reform – An Adult and Children's Service's Lens

The Opportunity

Local Government Reform (LGR) presents a genuine opportunity, despite its challenges. The current system is broken, analysis of medium-term financial plans from several county councils shows spiralling demand and rising costs across People Services in the years ahead. The system needs transformation, and the creation of smaller unitaries with a more local focus can according to the analysis of nationally collated data, reduce both demand and cost, and we firmly believe improve outcomes. So how can this be achieved:

- In line with the primary objectives of the devolution paper, smaller unitaries build on local identity and reflect local demographics, ensuring services meet the needs of their local community.
- Achieving financial stability through transformation – reducing the demand and cost for People services in parallel to improving outcomes.
- Ability to develop the local market and build micro providers, ensuring the right capacity at the right price and the right quality, keeping vulnerable people in their communities.
- Ensuring a strong emphasis on reducing demand through localised targeting of prevention and early intervention, working closely with the voluntary and community sector.
- Bringing together key services such as Housing, Public Health, Leisure, Green Spaces and Social Care, to ensure maximisation of community assets and a place-based approach to prevention and early intervention.
- The benefit of building closer relationships with schools and developing the local offer to ensure inclusion in mainstream schools, reducing the expenditure on independent schools and the costs of transitions, ensuring young people remain in their communities through to adulthood.
- Using rich data sources from across revenues, benefits, social care and health, to develop predictive analytics, targeting intervention activity to prevent escalation across social care and health.

The National Data

So, what is the data telling us. The summary table below compares county councils to unitary and metropolitan authorities for key expenditure indicators across Children's and Adult Social Care (ASC) from 2023/24 published national data. This identifies that all average unit costs across ASC and Children's Services are lower in unitaries and metropolitans, except for S251 Children's Residential unit cost which are 11% higher than the county council's average, (this could be linked to in house provision being more prominent in county councils).

It is worth noting that 52% of unitaries incorporated in the unitary/metropolitan data are classed by ONS 2021 as either largely rural or urban with largely rural, but there are many

factors to consider, with demographics, deprivation, local market, all being key factors alongside geography. That is why it is critical to overlay the local context, but use the data to indicate that smaller sized unitaries can achieve favourable rates in the market place.

Table1: Comparison of unit costs Counties and Unitaries

Average unit cost comparison	S251 Child Looked After unit cost	S251 Children's Residential unit cost	S251 SEN unit cost	ASCFR Nursing unit cost	ASCFR Residential unit cost	ASCFR Residential & Nursing unit cost
County average	£2,076	£6,466	£128	£1,104	£1,186	£1,163
Unitary & Met average	£1,786	£7,252	£105	£1,049	£1,079	£1,064

**Data source 2023/24 LAIT (Local Authority Interactive Tool) and 2023/24 ASCFR (Adult Social Care Financial Returns) excludes London Boroughs*

The same national benchmark data indicates that unitary authorities with a population of 350k and below, perform better in terms of key areas of expenditure across ASC and Children's Services, as depicted in the table below.

Table 2: Comparison of unit costs across unitaries by population size

Average unit costs	S251 LAC unit cost	S251 residential unit cost	S251 SEN unit cost	Nursing unit cost	Residential unit cost	Residential & Nursing unit cost
Population 500-750k	£1,949	£7,406	£123	£1,087	£1,160	£1,138
Population 350-500k	£1,946	£8,465	£118	£1,151	£1,209	£1,166
Population 250-350k	£1,718	£6,772	£96	£1,006	£1,028	£1,023
Population <250k	£1,759	£7,220	£100	£1,044	£1,059	£1,048

**Data source 2023/24 LAIT (Local Authority Interactive Tool) and ASCFR (Adult Social Care Financial Returns) excludes London Boroughs*

Using the same data, we have calculated the average annual long term costs per person for ASC working age adults and older people:

- When we look at average ASC annual long term care cost (calculated using ASCFR 23/24 package expenditure) per person for 18-64 years, unitaries/ metropolitans come in lower than counties at £41,594 versus £42,829.
- For 65+, again the unitary/ metropolitan average is lower than the counties at £29,038 compared to £31,071 per annum.

- Again, population sizes 250 – 350k for unitaries come in lower for 18-64 at £39,881, and for 65+ 250- 350k is 2nd lowest at £27,144, with below 250k lowest at an average of £27,136.

In summary, we can conclude that there is no evidence that county councils are achieving lower unit costs because of greater buying power in the market. With the analysis showing that in all areas except S251 Children's Residential unit costs, unitaries and those with a population size of 250k - £350k are achieving the lowest unit costs.

With regards to lower ASC long term care costs, this links to lower rates but also lower numbers in residential care. Analysis would indicate that whilst counties perform strongly in terms of diversion to universal services, once in statutory social care, higher numbers are in residential with lower numbers supported in the communities. This could be a result of more capacity in the domiciliary care market, and more focus on community assets in support of prevention and early intervention activity across unitaries.

The Local Context

Whilst the national picture identifies the opportunity to drive reduced costs and demand, it is essential that the local context is overlaid onto this. Recognising key aspects of the local offer will be crucial in supporting how a reduction in demand and expenditure can be achieved.

Key elements to consider include:

- The demographics of the proposed unitary areas, how these vary and where approaches to prevention and early intervention need to differ.
- The current demand for services across ASC and Children's, and mapping of local provision to ascertain if this is reflective of demand. For example, high numbers of children in care placed out of county, high numbers of older people in residential care, are both potential examples of where capacity is not meeting demand, and the best outcome for the individual may not be achieved.
- Analysis of the local market, what is the capacity and quality of provision available to meet that demand, and deliver as a minimum, good outcomes for people.
- Where there are gaps in the market how can these be addressed, for example what can be supported by development of a micro provider market, enhancing and supporting local community assets, reuse of assets which now form part of the new unitary.
- Assessment of recent nationally published performance data, CQC and Ofsted reports for the existing local authority area, are there opportunities to improve services through a more focused local response.

Below is an example taken from the Warwickshire District Councils report, where we identified the opportunities, how they related to specific areas, and where they applied to both unitaries that are being proposed.

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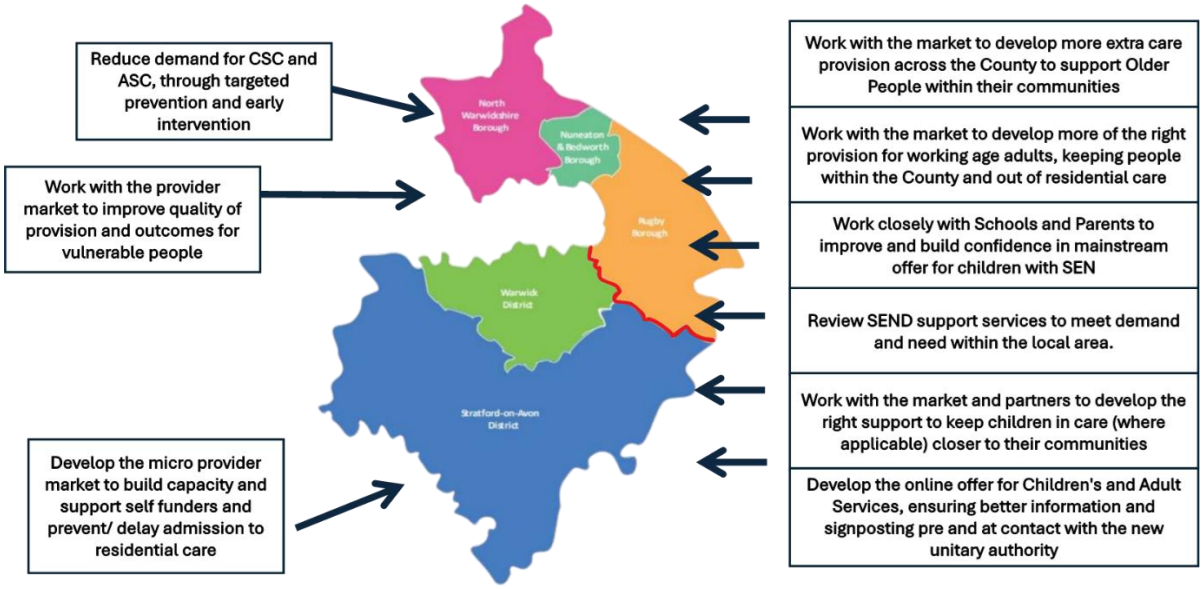

Figure 1: Example extracted from the Warwickshire District Councils Report June 2025.

Key Points for the Business Case

We would recommend inclusion of all the key elements outlined in this paper within the business case, with a real focus on how localism can reduce demand and cost, whilst improving outcomes for citizens.

Emphasis on how the new unitary will:

- Effectively manage demand and cost to ensure future financial sustainability
- Develop the local market to ensure capacity and quality along with reduced cost
- Work closely with all partners to ensure whole system ownership and response
- Ensure vulnerable people can remain safely within their communities

However, whilst it is important that the strategic direction is set a local level to reflect local need, the right target operating model to deliver this can be different. Particularly where smaller unitaries are formed. In some cases, a regional approach may be more conducive for some aspects such as in-house children's residential homes.

But the creation of the business case is only one part, and in our view, there are Four Key Stages that need to be considered in successful transition to a new unitary. While stages 2,3 and 4 come after the development of the business case, they need to be considered and referenced to give assurance that a new unitary will not leave some of society's most vulnerable citizens exposed.

Figure 2: Peopletoo proposed 4 stages for successful transition of Adult and Children's Services into a new unitary

The Business cases will need to give confidence to all stakeholders but critically MHCLG, that the new unitary has the capability to disaggregate and rebuild Adult and Children's Services without adverse impact to residents and risk to delivery of statutory responsibilities.

We would recommend incorporating an outline project plan covering the key stages that need to take place prior to going live, including areas such as forensic analysis of current demand and need to ascertain the actual budgetary requirements and staffing levels, systems mapping and development, contract reviews, in-house service reviews etc.