

Notice of NON KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendix A is not available for public inspection as it contain(s) or relate(s) to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. It is exempt because it refer(s) to Information relating to the financial or business affairs of any particular person (including the authority holding that information), and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Subject Heading:	Permission to Direct Award the Open Book Uplift Process to Care Analytics
Decision Maker:	Barbara Nicholls, Strategic Director of People
Cabinet Member:	Councillor Gillian Ford, Cabinet for Health and Adult Care Services
ELT Lead:	Barbara Nicholls, Strategic Director of People
Report Author and contact details:	Laura Wheatley Laura.wheatley@havering.gov.uk
Policy context:	The Council has a duty under the Care Act 2014 to shape the social care market. This includes the responsibility to ensure services are of good quality, operate with a valued and well trained workforce, are appropriately resourced and service provisions are sustainable.
Financial summary:	Although initial costings have been submitted in day rate values, it will be necessary to assign specific values to tasks, ensuring funding is aligned with measurable deliverables. Based on 10 open book processes, the total cost is

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	expected to be up to a maximum of £24,750 for delivery over 30 days, with payments tied to the achievement of agreed outputs.
Relevant Overview & Scrutiny Sub Committee:	People's Overview & Scrutiny Board
Is this decision exempt from being called-in?	The decision will be exempt from call in as it is a Non key Decision

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The subject matter of this report deals with the following Council Objectives

People - Supporting our residents to stay safe and well

Place - A great place to live, work and enjoy

Resources - Enabling a resident-focused and resilient Council **X**

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

For reasons detailed in this report, this decision paper is seeking approval by the Strategic Director of People to direct award a contract for the open book uplift process to Care Analytics at a cost of up to £24,750.

AUTHORITY UNDER WHICH DECISION IS MADE

Part 3 of the Constitution - Responsibility for Functions

Part 3.3: Officer Delegations

Scheme 3.3.3 – Powers Common to all Strategic Directors

1. General

1.1 To take any steps, and take any decisions, necessary for the proper management and administration of their allocated directorate, in accordance with applicable Council policies and procedures

4. Contracts

4.2 To award all contracts with a total contract value of below £1,000,000 other than contracts covered by Contract Procedure Rule 16.3

STATEMENT OF THE REASONS FOR THE DECISION

This decision paper is requesting permission to direct award the open book uplift process to Care Analytics through the Matrix Framework.

To ensure the effective implementation of the open book uplift process, the Council is proposing collaborating with Care Analytics, an external consultancy renowned for its expertise in financial analysis and strategic oversight within the social care sector. By leveraging Care Analytics' experience in streamlining cost evaluations and enhancing operational transparency, the Council aims to fortify its commitment to equitable resource distribution and fiscal sustainability.

Background

The services provided by organisations within Havering play a vital role in meeting the needs of vulnerable adults and supporting the local social care and health economies. The Care Act (2014) places a duty on local authorities to ensure a well-functioning adult care and support market with adequate capacity to meet current and future commissioning requirements. However, Havering Council is grappling with significant financial pressures due to rising costs for essential services. To balance the 2025/26 budget, the Council has sought exceptional government assistance amounting to approximately £85 million, driven largely by overspending in social care. Recognising these financial challenges, particularly those arising from increases in the National Living Wage (NLW) and adjustments to National Insurance Contributions (NIC), this year's uplift has been designed to address cost pressures faced by providers as far as possible within the constraints of the Council's financial resources.

As part of the annual uplift project, rates have been reviewed with consideration given to provider feedback, inflation, and wage increases. The approach aims to standardise rates across all service types, progressively aligning them with cost of care rates to ensure market sustainability and enhance transparency. Nevertheless, the Council anticipates an increase in

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exceptional requests for the 2025-26 financial year, primarily due to providers experiencing heightened cost pressures. To manage these fairly, funding caps have been established to distribute resources equitably among providers while maintaining service quality and financial sustainability.

In cases where providers demonstrate financial distress despite these measures, the open book accounting process becomes indispensable. This approach ensures complete transparency regarding financial operations and facilitates timely interventions. To support this process effectively, commissioners are preparing to engage a third party to oversee assessments and provide the necessary expertise.

Open Book Uplift Process Overview

Transparency and accountability are foundational principles in the realm of adult social care, particularly when financial adjustments are requested. An open book uplift process serves as a critical mechanism for reviewing and substantiating requests for fee increases that exceed the Council's standard provision for a specific service type. This process ensures that the rationale behind these requests is thoroughly examined, fostering trust between care providers and the Council while safeguarding public funds. By requiring providers to present a detailed and transparent breakdown of their costs, the Council can assess whether the proposed increase is justified and aligns with principles of fairness, efficiency, and sustainability. This method not only upholds fiscal responsibility but also strengthens the mutual commitment to delivering high-quality, cost-effective care services to the community.

Process Monitoring and Contracting

Effective monitoring and contracting are pivotal to the success of the open book uplift process and its alignment with the Council's strategic objectives. Building upon discussions with stakeholders, the process will be managed through the Constellia portal, which emphasises outcome-based contracting. This approach enhances transparency and accountability whilst optimising value for money.

Under this model, all Statement of Works (SoWs) projects will explicitly define clear outputs tied to specific payment milestones. Although initial costings have been submitted in day rate values, it will be necessary to assign specific values to tasks, ensuring funding is aligned with measurable deliverables. This ensures that resources are directly linked to the achievement of defined outcomes, promoting efficiency and clarity in resource allocation.

To monitor the process effectively, a comprehensive framework will be established. This will include regular reviews of progress against milestones, detailed reporting on financial and operational performance, and mechanisms to promptly address deviations.

Current Demand

Currently, three providers, collectively involving seven service users, have requested open book following initial discussions with commissioners. The Council will confirm demand at the end of June and assign contracts based on the Matrix MM model to ensure alignment with strategic objectives. This decisive timeline allows for thorough evaluation and ensures that resources are allocated effectively whilst maintaining a focus on outcome-based deliverables. By strategically leveraging the Matrix MM framework, the Council aims to address cost pressures without compromising service quality or fiscal accountability.

Recommendation

To ensure the effective implementation of the open book uplift process, the Council is proposing collaborating with Care Analytics, an external consultancy renowned for its expertise in financial analysis and strategic oversight within the social care sector. By leveraging Care Analytics'

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experience in streamlining cost evaluations and enhancing operational transparency, the Council aims to fortify its commitment to equitable resource distribution and fiscal sustainability.

The Council will direct award a contract to Care Analytics through the Council's approved Matrix MM framework. This allows the Council to utilise the expertise of Care Analytics to review the open book requests from providers.

Exempt Appendix A outlines how Care Analytics will support the Adult Social Care Open-Books Analysis, detailing their methodological approach, key deliverables, and the anticipated benefits of their involvement in delivering this vital process.

OTHER OPTIONS CONSIDERED AND REJECTED

Option 1- Do nothing / Direct Award not approved

Considering the option to do nothing or to refrain from making a direct award was thoroughly examined but ultimately deemed unsuitable given the current financial and operational challenges faced by the Council. Opting to do nothing would exacerbate the financial distress among providers, potentially leading to service disruptions and jeopardising the welfare of vulnerable adults reliant on these services. Similarly, foregoing a direct award would prolong the resolution of urgent cost pressures, undermining the Council's ability to implement the open book uplift process efficiently. These scenarios would conflict with the Council's strategic objectives of ensuring market sustainability, delivering high-quality care, and maintaining fiscal accountability. Therefore, this option was rejected.

PRE-DECISION CONSULTATION

The recommendation in this report requires no formal consultation.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Laura Wheatley

Designation: Portfolio Manager Age Well & Live Well

Signature: 

Date: 01/07/2025

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has the power to award the contract under s111 of the Local Government Act 1972, which permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Council also has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual may generally do subject to any statutory limitations. The recommendation sought within this report is in accordance with this power.

The estimated maximum contract value is £24,750, which is below the threshold for services under the Procurement Act 2023. However, any award must comply with the Council's Contract Procedure Rules (CPR).

The framework has been set up in accordance with the Public Contracts Regulations 2015 and therefore is live and valid framework that is available for the Council to access and utilise in compliance with CPR 20.4.

For the reasons set out above, the Council may award the contract.

FINANCIAL IMPLICATIONS AND RISKS

This paper seeks approval to directly award a contract to Care Analytics for the open book uplift review process, at a total cost of up to £24,750.

Undertaking an open book accounting process provides a robust foundation for challenging uplift requests and enables push back on uplift requests that are not substantiated by the evidence presented.

The contract is priced at £825 per day, with each provider's review expected to take 2 to 3 days, resulting in an estimated cost of £2,475 per provider. Currently, three providers have requested uplifts beyond the agreed inflationary increase, leading to an estimated total cost of £7,425. This figure may vary depending on the complexity of each case.

Setting the contract value at £24,750 allows flexibility should additional providers challenge the uplift. This contract value allows for 30 days so an estimate of approximately 10 providers to be reviewed. However, if no further requests are received, no additional expenditure will be incurred.

The three providers have collectively requested an annual uplift of c£76,000 above the agreed uplifted rate. If the review process, costing £7,425, results in a decision to reject these uplifts, it could potentially avoid a net increase in costs of c£69k.

It is important to note that the reviews may reveal that some providers are experiencing financial difficulties and may not be operating sustainably. Should this be the case, further decisions will be required regarding any support to be provided.

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HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations made in this report do not give rise to any identifiable Human Resources implications or risks.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

Havering has a diverse community made up of many different groups and individuals. The council values diversity and believes it essential to understand and include the different contributions, perspectives and experience that people from different backgrounds bring. The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the council, when exercising its functions, to have due regard to:

- i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- iii. Foster good relations between those who have protected characteristics and those who do not.

Note: 'protected characteristics' are: age, gender, race and disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council demonstrates its commitment to the Equality Act in its decision-making processes, the provision, procurement and commissioning of its services, and employment practices concerning its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing of all Havering residents in respect of socio-economics and health determinants.

An EqHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion this isn't required. The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

There are no equalities and social inclusion implications and risks associated with this decision.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The recommendations made in this report do not give rise to any Environmental or Climate Change implications or risks.

BACKGROUND PAPERS

None

APPENDICES

Exempt - Appendix A

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed



Name

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

Lodging this notice

The signed decision notice must be delivered to Committee Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____

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