

## Notice of Non-Key Executive Decision

<b>Subject Heading:</b>	Approval to recruit 1.0 FTE Direct Payment Financial Auditing Officer within the Financial Business Intelligence (FBI) Team to accelerate clawback of excess funds held in Direct Payment client accounts.
<b>Decision Maker:</b>	Barbara Nicholls, Strategic Director of People
<b>Cabinet Member:</b>	Councillor Gillian Ford, Cabinet Member for Health and Adult Care Services
<b>ELT Lead:</b>	Barbara Nicholls, Strategic Director of People
<b>Report Author and contact details:</b>	Laura Wheatley, Portfolio Manager Live Well & Age Well <a href="mailto:Laura.wheatley@havering.gov.uk">Laura.wheatley@havering.gov.uk</a>
<b>Policy context:</b>	The proposal aligns with the Council's duties under the Care Act 2014 to ensure effective stewardship of public funds and a sustainable social care market, and with previous internal audit recommendations to strengthen financial oversight of Direct Payments (DP).
<b>Financial summary:</b>	The cost of the proposed role will be covered by recouped funds, with historical data showing that the cost of one full-time equivalent (FTE) equates to approximately 3% of the annual recouped amount. In 2024/25, total Direct Payment (DP) expenditure across Learning Disabilities (LD), Mental Health (MH), and Older People (OP) services amounted to £12.5 million. As of December 2024, excess funds defined as balances exceeding eight weeks of funding stood

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	at £1.7 million. The current annual clawback averages £1 million. With the addition of one FTE dedicated to clawback activities, an extra £0.8 million is projected to be recovered in 2026/27.
<b>Relevant Overview &amp; Scrutiny Sub Committee:</b>	People Overview & Scrutiny Sub Committee
<b>Is this decision exempt from being called-in?</b>	The decision will be exempt from call-in as it is a Non-key Decision.

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

People - Supporting our residents to stay safe and well    **X**

Place - A great place to live, work and enjoy

Resources - Enabling a resident-focused and resilient Council

## **Part A – Report seeking decision**

### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

This decision paper is seeking the approval of the Strategic Director of People to approve the recruitment of 1.0 FTE Direct Payment Financial Auditing Officer within the Financial Business Intelligence (FBI) Team to accelerate clawback of excess funds held in Direct Payment client accounts.

### **AUTHORITY UNDER WHICH DECISION IS MADE**

The Havering Constitution:

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.

### **STATEMENT OF THE REASONS FOR THE DECISION**

#### **Background and Context**

Direct Payments are designed to provide individuals with greater choice and control over their care, supporting a personalised approach. It is common for balances to accrue in client accounts, often due to legitimate factors such as delays in arranging care packages, periods of hospitalisation, or instances where payments to informal carers are not fully utilised. As of December 2024, analysis has identified a total of £1.7 million in balances exceeding eight weeks' worth of provision. While recovery of these funds is ongoing, the increased uptake of Direct Payments has led to a higher volume of audits, making the process more resource-intensive and creating a need for more efficient management of these accounts.

#### **What is Being Asked**

Approval is sought from the Strategic Director of People to recruit one full-time equivalent Direct Payment Financial Auditing Officer within the Financial Business Intelligence (FBI) Team. The purpose of this role is to address the pressing need for accelerated clawback of excess funds currently held in Direct Payment client accounts.

#### **Financial Summary**

The proposed role is financially self-sustaining, with its cost covered by recouped funds. Historical data demonstrates that the expense of one additional FTE represents only 3% of the annual amount recovered. In 2024/25, Direct Payment expenditure across Learning Disabilities, Mental Health, and Older People's services totalled £12.5 million, and the current annual clawback averages £1 million. With the additional resource, an extra £0.5 million is projected to be recovered over the next two financial years.

#### **Rationale and Urgency**

The immediate need for this resource is driven by the volume of audits (1,050 over the next 12 months, with 365 currently overdue), growing Direct Payment usage, and a unique recovery opportunity. A dedicated officer will enable timely intervention and prevent further accumulation

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of excess funds. Excess balances often occur due to legitimate circumstances such as delays in care arrangements, hospital stays, or payments to informal carers not being fully utilised. These scenarios require proactive monitoring and prompt action.

### **Risks if Growth Is Not Approved**

- Persistent backlog and slower, less efficient clawback.
- Accumulation of overdue audits and increased financial, operational, and strategic risk.
- Foregone recoveries (£0.5m); weakened oversight; increased potential for misuse of public funds.

### **Conclusion and Recommendation**

Approval of this decision is strongly advised, as it represents a pragmatic and cost-effective investment that promises significant returns both financially and operationally. By appointing a dedicated officer to oversee the audit and recovery process for Direct Payment arrangements, the organisation will benefit from accelerated identification and reclamation of unspent or excess funds. This proactive approach will not only help address the current backlog of overdue audits thereby reducing financial risk but will also prevent further accumulation of unused balances in the future.

Furthermore, this measure will enhance the overall governance and transparency of Direct Payment schemes. Improved oversight will ensure that public funds are being utilised appropriately to support individuals' care needs, whilst also safeguarding against potential misuse. The increased accountability will bolster public confidence in the administration of Direct Payments and support the continued delivery of personalised care, in line with best practice and statutory obligations.

In summary, the approval of this recommendation will drive a step-change in financial stewardship, unlock potential recoveries currently estimated at £0.5 million, and strengthen the organisation's reputation for responsible management of public resources. It is therefore recommended that the proposal be endorsed and implemented without delay to maximise the benefits outlined above.

## **OTHER OPTIONS CONSIDERED AND REJECTED**

### **Option 1: Do Nothing**

This option was rejected as maintaining the status quo would mean continued slow recovery of excess Direct Payment funds, a growing backlog of overdue audits, and heightened financial and reputational risks. There would be no improvement in oversight or accountability, and potential savings of £0.5 million would not be realised.

### **Option 2: Withholding 10% of Direct Payment Allocations**

This option was considered but rejected because it risks disadvantaging Direct Payment recipients and undermining the principle of personalised care. Withholding a portion of allocated funds may result in individuals being unable to meet their care needs, cause unnecessary hardship, and generate additional administrative burden without addressing the underlying issue of excess fund accumulation.

## **PRE-DECISION CONSULTATION**

Prior to reaching any final decisions, there was a comprehensive consultation process involving Members during the STAR Chamber sessions held in the summer of 2025. These sessions


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provided an opportunity for Members to engage in meaningful dialogue, raise concerns, and contribute their perspectives, ensuring that all viewpoints were carefully considered before any decisions were made. This collaborative approach fostered transparency and inclusivity throughout the decision-making process.

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

Name: Laura Wheatley

Designation: Portfolio Manager Live Well & Age Well

Signature: 

Date: 6<sup>th</sup> February 2026

## Part B - Assessment of implications and risks

### LEGAL IMPLICATIONS AND RISKS

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

### FINANCIAL IMPLICATIONS AND RISKS

This decision paper is seeking approval to recruit 1.0 FTE Direct Payment Financial Auditing Officer within the Financial Business Intelligence (FBI) Team on a one- year fixed- term contract at Grade 6, with a total cost of £49,296.

The post will be funded from growth funding as part of an invest- to- save initiative, with the expectation that additional capacity will accelerate the recovery of excess funds held in Direct Payment client accounts. A savings proposal has been submitted forecasting a one- off saving of £0.8m arising from this investment.

There is a risk that the level of recoverable funds identified through the audit process may be lower than anticipated, which could reduce the likelihood of achieving the full £0.8m saving. However, it is expected that the cost of the post (£49,296) will be fully offset by any additional clawback achieved.

The precise value of excess funds currently held in client accounts cannot be confirmed at this time due to the temporary unavailability of the reporting dashboard. As at December 2024, the balance of excess funds was £1.7m, representing approximately 14% of total commissioned direct payment expenditure. This figure is likely to have increased since then. Based on the current forecast commissioned expenditure of around £13.5m, applying the same 14% proportion suggests a potential excess funds balance of £1.8m.

The current Adult Social Care forecast already assumes £1m per annum in clawback activity. Therefore, the anticipated £1.8m balance should be sufficient to meet existing expectations and deliver the additional £0.8m saving associated with this proposal.

These savings will be one- off, as once excess funds are recouped, they cannot be recovered again.

### 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

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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.

### **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.

### **HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

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

### **BACKGROUND PAPERS**

- DP Financial Auditing Business Case – revised 30/04/2025.
- Internal audit recommendations and DP oversight improvements.

### **APPENDICES**

None

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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

*Delete as applicable*

**Details of decision maker**

Signed:  \_\_\_\_\_

Name: Barbara Nicholls

Cabinet Portfolio held:

CMT Member title: Strategic Director of People

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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