

Record of operational decision

Decision title:	Award of contract for Social Care Costing Tool
Date of decision:	4 th December 2025
Decision maker:	Corporate Director of Community Wellbeing
Authority for delegated decision:	Constitution functions scheme 3.7.5 operational decisions and Financial Procedure Rules 7.5
Ward:	Countywide
Consultation:	Consultation has been carried out with the Chief Digital and Information Officer
Decision made:	<p>After a thorough procurement exercise via the G-Cloud 14 RM1557.14 framework, iESE Innovation Ltd were awarded a contract to deliver a Social Care Costing tool, namely CareCubed.</p> <p>The Council is looking for a 36 month (3 years) contract with the option to extend for a further 12 month (1 year) (making it a total of 48 month (4 years) if the extension period is utilized)</p> <p>Total cost of the contract, if the extension period is utilised, is £111,000.00</p>
Reasons for decision:	<p>Councils and care providers face increasing pressure to deliver high-quality care services within constrained budgets while ensuring compliance with statutory requirements and market sustainability.</p> <p>In a climate of Council's needing to find for ways to deliver improvements, drive change and make savings, the social care market has been reporting increases in utilities, rising labour costs associated with increases in the National Living Wage and employer's National Insurance, recruitment and retention costs, the relative low pay in the sector, heavy reliance on agency costs to cover care calls and an increase in complexity of care a reasons for needing higher rates of funding.</p> <p>Herefordshire Council recognises the implications of not addressing the financial requests of the social care market. There are risks to under provision, delays in people receiving care, reduced access to services, service closures and poor quality.</p> <p>On a yearly basis the Council provides a fee uplift to recognise the financial requirements it social care market both. Like most Council, Herefordshire sets its own fee uplift rates based on local influences like the NLW increase as a baseline, the cost of living, a percentage non-staff inflation with the final uplift being a compromise between providers cost submissions and what the Council can afford.</p> <p>The Council currently engages multiple providers across various service types, many of whom are requesting higher fee rates due to rising costs and internal rate reviews. The Council acknowledges that traditional costing methods often lack consistency and fail to</p>

	<p>reflect real-time market dynamics, creating challenges in benchmarking and financial planning.</p> <p>A Social Care Pricing Tool will provide accurate and transparent costing, being essential for making person centred informed commissioning decisions, aiding and strengthening our negotiation position with providers, and achieving best value for public funds. Such a tool is therefore required to enable Herefordshire Council to collaborate with providers, and colleagues in the ICB to model costs effectively, compare against regional and national benchmarks, and support scenario planning for different care packages. By leveraging cloud-based technology with secure access and multi-factor authentication, the solution will provide a scalable, user-friendly platform that enhances decision-making, promotes fairness, and ensures compliance with regulatory standards</p>
Equality Considerations	<p>Procurement was carried out under the G-Cloud 14, which operates under the Public Contracts Regulations 2015, and requires fair and non-discriminatory treatment of suppliers.</p> <p>Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</p>
Highlight any associated risks/finance/legal/equality considerations:	<p>Local Authorities have a legal duty under the Care Act 2014 to meet assessed eligible care and support needs. The Act also places a duty on the council to shape the local provider market and enable a sustainable and diverse range of care provision that is innovative and cost effective and that promotes the wellbeing of people who need care and support.</p> <p>Having access to a Social care Costing Tool will support strategic objectives of improving cost transparency as the tool uses benchmarking costs nationally and locally, support fair negotiations by enabling consistent and defensible pricing discussions with providers, whilst enabling the Council to meet statutory duties by ensuring care packages are appropriate, sustainable and compliant with Care Act responsibilities. The financial impact would be of cost avoidance i.e. preventing overpayment by aligning costs with benchmarked rates, enhances budget control as the tool would support negotiation of uplifts and interim payments, and funding clarity which would support resolving disputes between HWICB and council funding responsibilities. It is important to note both HWICB and Herefordshire and Worcester already use Care Cubed and therefore The Council would create a level playing field locally for both individual and joint funded packages of care.</p>
Details of any alternative options considered and	<p>Alternative Options considered</p> <p>Option 1 - Pay the uplift rates providers have requested.</p>

rejected:	<p>Commissioners are aware some providers are trying to maximise the price Herefordshire Council pays as fee uplift requests, in particular for learning disabilities and autism care packages. Requests this year range from 6.7%-32% above the 8% already given. What is unique about Herefordshire Council is that we paid 8% under the Unified Contract this financial year for placements out of area as well, where other Councils did not pay as much. This option was rejected as it would mean the Council increases its costs for adult social care to an additional £782k per year, without any evidence that these costs are reasonable and fair.</p> <p>Option 2 – Negotiate on price There are some known industry accepted standards for fee uplift requests on breakdowns for profit, management costs and non-staff costs. However, negotiating on these alone will only yield some leverage for the Council. This option was rejected as is not scientific and therefore will not provide an equitable playing field, nor does it provide an evidence base and nor does it enable the Council to control costs due to the inability to scale up into different service types. Many providers are starting to invite Consultants to negotiations because they are actively looking for cost savings and increasing their profit margins. Many are also using a specific pricing tool making it difficult for commissioner to negotiate without knowing what data is being put into the tool.</p>
Details of any declarations of interest made:	None

Signed: Date: 18th December 2025