



## Committee report

Committee	<b>EXECUTIVE</b>
Date	<b>8 SEPTEMBER 2016</b>
Title	<b>TO APPROVE A PROVIDER TO DELIVER A PREPAID CARD SOLUTION FOR ADULT SOCIAL CARE</b>
Report to	<b>EXECUTIVE MEMBER FOR ADULT SOCIAL CARE AND INTEGRATION</b>

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### EXECUTIVE SUMMARY

1. At its meeting on 12 May 2016, a report was presented to Executive to consider the procurement of a prepaid card solution for Adult Social Care.
2. Executive approved the procurement process and requested a further report be brought back to the Executive to approve any confirmed provider and costs.
3. This report sets out the outcome of the procurement process and seeks approval to purchase a prepaid card solution for Adult Social Care at a cost of £30 per card per annum from Prepaid Financial Services Ltd (PFS). The contract is for a 3 year period with an option for a two year extension.
4. Based on the council requiring a maximum of 650 cards for existing direct payment recipients and approximately a further 170 for new recipients during each year of the contract, the gross cost to the council will be approximately £24,600 per annum.
5. It is projected that savings will be achieved through the period of the contract by an increased recovery of unspent funds and reduced staffing costs. In summary, it is estimated that by purchasing a prepaid card solution for adult social care from PFS there will be a net saving of just over £100,000 for each year of the contract if the majority of existing direct payment recipients are issued with a prepaid card.

### BACKGROUND

6. A full background to the proposal to procure a prepaid card solution for Adult Social Care was given in the report provided to Executive on 12 May 2016.
7. In summary, the Isle of Wight Council has offered direct payments as part of its budget for adult social care assessed needs since 2010. There are currently 650 service users receiving the funding for their support in this way and the gross annual outturn for direct payments is approximately £9 million.

8. The current delivery method for direct payments, i.e. paying funds into a dedicated bank account, has not proved to be ideal. It excludes certain service users who are unable to open a bank account and also places a burden on the service user to comply with requests for bank statements and other evidence in order to comply with the audit process.
9. Prepaid cards provide a solution that is more cost effective for the Isle of Wight Council in the following ways:
  - Expenditure can be monitored in “real time” supporting the early detection of poorly managed funding.
  - Clear management and commissioning reporting will enable the Isle of Wight Council to identify and monitor exactly how the £9 million direct payment budget is being spent.
  - The process for identifying and recovering surplus unspent funding will be quicker and simpler (£1.3 million was recovered during 2015/16).
10. The tendering process used was based on the framework established by Surrey County Council in accordance with the Public Contracts Regulations 2006.
11. Three tenders were received and all tenderers gave a presentation of their bid to the council on 29 July 2016. The bid from PFS was chosen as the most economically advantageous tender.

## STRATEGIC CONTEXT

12. As reported to the Executive on 12 May 2016 this proposed change supports the priorities set out in the Isle of Wight Council's Corporate Plan 2015-17 in the following ways:

### ***Supporting growth in the economy, making the island a better place and keeping it safe***

- Ability to monitor the use of Isle of Wight Council funds in “real time” resulting in savings attached to improved audit process and more accurate allocation of funding only where it is needed.
- Safeguarding of support workers who are currently required to handle cash on behalf of the service users they support.
- Improved management and commissioning data which can be used to ensure that cost effective services are developed to best meet the needs of vulnerable service users.
- This proposal meets the criteria of the Personalisation Agenda and supports the Isle of Wight Council to be compliant with the requirements of the Care Act 2014 by providing a choice of delivery methods for direct payments.

### ***Protecting the most vulnerable with health and social care, investing in support, prevention and continuing care***

- Provision of companion cards in order to support service users to gain the optimum benefit from the prepaid card solution.

- Safeguarding issues can be quickly identified where service users are failing to access vital support.

***Ensuring that all resources available to the Island are used in the most effective way in achieving the Island's priorities***

- Instant online monitoring will simplify the direct payment audit process and reduce staff resource requirement.
- Service users will receive funding in a more timely manner.
- Clear visibility of individual card account balances will enable the Isle of Wight Council to suspend payments when adequate funding has already accumulated to meet the service user's needs. This more efficient method of funding will enable resources to be directed only where they are needed and will result in less need to reclaim accumulated balances at a later date.

## CONSULTATION

13. On 12 May 2016 the Executive was informed that an equality impact assessment completed in November 2015 identified that no formal consultation process was required. The EIA recognised that the proposed change to a more electronic method of managing direct payment funds could be unsettling for some service users with protected characteristics who are unfamiliar with or do not have access to online banking. However, it also recognised that most of these service users currently have a family member or independent account manager that manages the direct payment on their behalf. Internet banking is only one of the options for managing prepaid card payments as a dedicated telephone banking service is also available. The Isle of Wight Council would also provide support and guidance during the transitional period to assist service users in setting up regular payments and ensuring that they know how to use their prepaid card. Overall it was felt that the change would have a positive effect on affected service users as they would receive the same amount of funding but will not be required to open a new bank account and will no longer have the burden of providing evidence of their expenditure for audit purposes.
14. The council worked with its user led organisation, People Matter IW, to develop an engagement plan that sets out how the council is making sure that service users and carers are supported through this change. The Engagement Plan is attached as the Appendix.

## FINANCIAL / BUDGET IMPLICATIONS

15. The successful provider costs are based on an all-inclusive fixed fee model at a cost of £30 for each card issued per annum. Assuming all 650 current and potential 170 new direct payment recipients each year are using the scheme annual costs would be approximately £24,600.
16. £1.3m was reclaimed from direct payment recipients during 2014/15 when the audit process identified that the funds had either been misused or remained unspent and were surplus to requirements. By using the prepaid card solution offered by PFS, if the current recovery level is maintained, it is projected that this will result in a ten

per cent increase in the recovery of unspent funds each year creating an additional saving of £130,000 per annum.

17. In addition it is anticipated that a staff resource saving could be possible once the new process is established and the majority of service users are using prepaid cards. Therefore a possible reduction from 4.22 to three FTE could be achieved which would generate an ongoing saving of £30,362.
18. A further unidentified saving could potentially be made by using the prepaid card solution offered by PFS to reduce payments being made to a direct payment recipient if early detection of their balances show a significant surplus. In addition, the prepaid card solution will offer the ability to recover money from the estate of a deceased service user in a more timely way.
19. Additional one off costs relating to the initial promotion and stakeholder engagement events etc. will be approximately £5,000.

### LEGAL IMPLICATIONS

20. The Care Act 2014 states that a choice of delivery methods for direct payments must be offered. Introducing prepaid cards will increase flexibility and reduce the existing barriers to direct payments.

### EQUALITY AND DIVERSITY

21. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
22. Under the Equality Act 2010 we are required to have due regard to our equality duties when making decisions, reviewing services, undertaking projects, developing and reviewing policies.
23. An equality impact assessment was completed in November 2015. The EIA recognised that the proposed change to a more automated method of managing direct payment funds could be unsettling for some service users with protected characteristics who are unfamiliar with or do not have access to online banking. However, it also identified that most of these service users currently have a family member or independent account manager who manages the direct payment on their behalf.
24. Internet banking is only one of the options for managing prepaid card payments as a dedicated telephone banking service is also available. The Isle of Wight Council would also provide support and guidance during the transition period to assist service users in setting up regular payments and ensuring that they know how to use their prepaid card. Overall it was felt that the change would have a positive effect on affected service users as they would receive the same amount of funding

but will not be required to open a new bank account and will no longer have the burden of providing evidence of their expenditure for audit purposes.

25. The EIA has been reviewed in light of the proposal to procure a prepaid card solution from PFS. The review has concluded that this proposal does not change the impact that was completed in November 2015. The equality impact assessment undertaken in November 2015 is shown as a link within background papers to this report.

## OPTIONS

26. Option 1 – To agree to procure a prepaid card solution from PFS as a method of making direct payments to eligible service users and carers.
27. Option 2 – To continue with the current system which requires a service user to open a dedicated bank account for direct payments. This option would not achieve any identified savings.

## RISK MANAGEMENT

28. If option 1 is approved, it is planned to introduce prepaid cards in a staged and controlled way. Prepaid cards will be offered to all new direct payment recipients. Existing direct payment cases will transition over in stages as quickly as possible. It is essential that the implementation is managed to ensure that it is completed in as short a timescale as possible, as operating two delivery methods will be inefficient and will reduce the ability to realise the cost benefits for the Isle of Wight Council.
29. If option 1 is approved, it is important to ensure that as many direct payment cases as possible use the prepaid card solution. This will enable to Isle of Wight Council to operate a more efficient and cost effective service. It is therefore essential that service users understand how the prepaid cards can be used and the benefits to them of using a card. For this reason, it is planned to have a comprehensive service user engagement programme with assistance from People Matter IW, the Island's user led organisation.
30. If option 2 is approved and we continue to use the existing delivery method for direct payments, funds will continue to accumulate in many direct payment bank accounts and cases where funding is misused or mismanaged will only be identified when an audit is completed. Reclaiming unspent monies from deceased estates will still be a time consuming operation which requires liaison with family and solicitors. However, the Direct Payment Finance Team will maintain their work in minimising these risks to ensure that as much funding as possible is returned to the Adult Social Care budget.

## EVALUATION

31. The introduction of prepaid cards using the service offered by PFS provides those people who receive a direct payment to meet their eligible care needs with an efficient and well-supported payment solution and removes the current demands of complying with the audit process.

32. The projected savings realised through increased recovery of funds and eventual reduction in staffing costs significantly outweigh the costs associated implementing and operating a prepaid card solution from PFS.
33. Savings will be achieved via the council's ability to manage and monitor service user accounts with "real-time" data. This will significantly improve our financial processes in two ways:
34. Reports will identify when further funding is not required, enabling the Isle of Wight Council to suspend payments until surplus balances have reduced.
35. Cases of non-compliance with the audit process will be eradicated as the need to provide bank statements is removed.
36. Initially two systems of service delivery will need to be maintained until all service users can be transferred onto the prepaid card solution offered by PFS. However, streamlined processes and instant access to data will speed up and simplify the audit process for direct payments and this will eventually lead to a reduction in staffing levels with associated savings.

#### RECOMMENDATION

37. Option 1 – To agree to procure a prepaid card solution from PFS as a method of making direct payments to eligible service users and carers.

#### APPENDICES ATTACHED

38. [APPENDIX](#) – Engagement Plan

#### BACKGROUND PAPERS

- Care Act 2014 – Care and Support Statutory Guidance  
<https://www.gov.uk/guidance/care-and-support-statutory-guidance>
- Guide to the use of Prepaid cards in Local Government  
<https://www.mastercard.com/uk/business/en/prepaid/commercial/downloads/guide/A-Guide-to-the-Use-of-Prepaid-Cards-in-Local-Government-Supported-by-MasterCard.pdf>
- Equality Impact Assessment dated 20 November 2015  
<https://www.iwight.com/documentlibrary/view/eia-introduction-of-prepaid-cards-for-adult-social-care-stage-1->

Contact Point: Matt Porter, Group Manager – Finance Income and Individual Commissioning, ☎ 01983 821000 e-mail [Matthew.Porter@iow.gov.uk](mailto:Matthew.Porter@iow.gov.uk)

CLAIRE FOREMAN  
*Interim Direct of Adult Social Care*

COUNCILLOR STEVE STUBBINGS  
*Deputy Leader and  
Executive Member for Adult Social Care  
and Integration*