

	<h2>Adults and Safeguarding Committee</h2> <h3>5 June 2019</h3>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Introducing Pre-Paid Cards for Direct Payments</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Chairman of the Adults and Safeguarding Committee</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>All</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Urgent</b></p>	<p>No</p>
<p style="text-align: right;"><b>Key</b></p>	<p>No</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>None</p>
<p style="text-align: right;"><b>Officer Contact Details</b></p>	<p>Sam Raffell, Head of Care Quality and Customer Finance,  <a href="mailto:Sam.raffell@barnet.gov.uk">Sam.raffell@barnet.gov.uk</a></p>

<h2>Summary</h2>
<p>The Council is implementing a change to the way that direct payments are managed and monitored by introducing Pre-Paid Cards.</p> <p>Currently people who receive direct payments for their eligible care and support needs are paid these funds directly into their personal bank accounts. The person is required to provide regular monitoring information, such as bank statements, to the Council. This process is time consuming for both the person and the Council and relies on full compliance for the monitoring process to be effective.</p> <p>The intention is to move all direct payment delivery and administration to Pre-Paid Cards. This will improve the experience for people with care and support needs, as well as making it easier for the Council to monitor and audit the use of Direct Payment funds.</p> <p>Pre-Paid cards work in the same way as a current account with a debit card. The card can be used to pay for services by 'chip and pin', standing order, direct debit, bank transfer, telephone or the Internet. People will be able to view all their spending online and this information is retained and available to print at the person's convenience. The Council will also have real-time access to view individual's accounts meaning that the administrative burden on people with care needs is reduced. The use of pre-paid cards will significantly</p>

improve the Council's financial monitoring and auditing capabilities, making it easier to identify and recoup surplus or misused funds and combat fraudulent activity.

The Pre-Paid Card solution also forms part of the 2019/20 Adults and Safeguarding Committee's element of the council's medium term financial strategy (MTFS), with a savings target of £250,000 in 2019/20.

## **Recommendations**

- 1. The Adults and Safeguarding Committee is asked to note the contents of the report, which supports the achievement of the council's medium term financial strategy.**
- 2. That the Adults and Safeguarding Committee supports the implementation of the pre-paid card solution in Barnet adult social care services.**

### **1. WHY THIS REPORT IS NEEDED**

- 1.1 This report is designed to give the Committee information on the implementation of Pre-Paid Cards to manage Direct Payments in Adult Social Care. This is not a change to the Direct Payment Policy but a change to the process of how people receive their Direct Payment and how Direct Payments are monitored.
- 1.2 Direct payments are payments made to people who have been assessed by Barnet Council as having eligible care and support needs under the Care Act 2014. The payments are made directly to the person with care needs, as opposed to a care provider. This means people can arrange their own services or support, giving them more choice and control, as they decide how and in what way their needs are met.
- 1.3 In Barnet there are currently 1010 service users who receive a Direct Payment. 817 receive a Direct Payment into their bank account, whilst 193 have their Direct Payment managed through a Payroll company. A Payroll company manages the employment of carers or personal assistants on the person's behalf, dealing with all responsibilities of an employer such as tax, holiday entitlement and national insurance.
- 1.4 In 2018/19, Barnet council's net Direct Payment spend was £10.460. The table below shows the breakdown of this spending.

Care Group	Number of service users	2018/19 Spend
Older Adults	398	£ 3,767,512
Learning Disabilities	236	£ 2,690,969
Dementia	37	£ 528,611
Mental Health	43	£ 311,721
Physical Disabilities	296	£ 3161473
<b>Total</b>	<b>1010</b>	<b>£ 10,460,285</b>

- 1.5 People who receive payments directly into their personal bank accounts have to provide regular monitoring information such as bank statements to the Council. This information is then monitored to ensure the person is spending the money on meeting their eligible care and support needs and that their client contribution is being used towards their care (the client contribution is the assessed amount, under the Council's Fairer Charging Policy, that they have to contribute to their care). The monitoring information is shared with the Council either through email, letter or following a visit from a Direct Payments Monitoring Officer. This process is time consuming for both the person and the Council.
- 1.6 Hence, the council will be changing the way it administers direct payments to people with care and support needs. Instead of making cash payments to individual's bank accounts, all future payments will be made into a Pre-Paid Card Account. This will reduce the administrative burden on both the person and the council and enable real-time monitoring of the use of direct payment funds.
- 1.7 70 Local Authorities, out of the 152 with adult social care responsibilities in England, use a Pre-Paid card system to administer and monitor Direct Payments. This includes many London Boroughs and specifically Haringey, Camden and Enfield in North Central London.
- 1.8 The use of Pre-Paid Cards will ensure that unspent funds are recouped more efficiently. This is a key part of the Adult and Safeguarding Committee Delivery Plan, with an MTFs target of £250,000 to be delivered through the introduction of Pre-Paid Cards enabling more effective monitoring of Direct Payment accounts in 2019/20.
- 1.9 The ability to monitor direct payment spending in real time also means that the council will be able to identify people's changing needs or any unusual situations more quickly and hence enable a timelier response by the council to potential safeguarding issues.

### **Pre-Paid Cards**

- 1.10 Pre-Paid Cards operate in the same way as a debit card for a current account (with no overdraft facility). Direct payments will be made straight onto the card by the Council. The card allows people to:

- Use the card to pay for services by 'chip and pin', standing order, direct debit, bank transfer, telephone or the Internet
  - Make purchases if there are sufficient funds on the cards
  - View and monitor all spend activity online
- 1.11 The management and implementation of Pre-Paid Cards will be managed within the Customer Finance team within the Council's Adults and Health Directorate. The service has followed the Council's Contract Procurement Regulations to procure a third-party provider to provide the bank account, cards and payment function on our behalf.
- 1.12 The provider is Prepaid Financial Services Ltd (PFS). This decision was agreed within the Council's Contract Procedure Rules through a Chief Officer Decision in consultation with the Adults and Safeguarding Committee Chairman, Councillor Sachin Rajput. PFS currently provide a Pre-Paid Card solution to 30 Local Authorities across the Country.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The main reason for introducing pre-paid cards is the range of benefits they will bring to residents and the council.
- 2.2 People will have a better customer experience, because they will have a reduced administrative burden. They will not need to regularly send the Council bank statements and records of expenditure. The use of the cards will also assist some people to develop their life skills, promoting independence and self-sufficiency.
- 2.3 The introduction of Prepaid Cards will help improve the Council's financial monitoring and auditing capabilities, making it easier to identify and recoup surplus or misused funds, combat fraudulent activities and identify when service users are not making their assessed financial contribution.
- 2.4 Weekly reports on everyone's expenditure will be sent directly to the Council, significantly reducing the administrative monitoring burden on the Council. The use of this report enabled Surrey County Council to save 10 per cent on their direct payments spend when Pre-Paid Cards were introduced in 2015.
- 2.5 Pre-paid cards also allow the Council to block expenditure on certain merchant groups, such as gambling.
- 2.6 The use of Prepaid Cards will also improve safeguarding responsiveness by providing constant, up-to-date information on service user expenditure, helping to identify potential financial abuse. It will also enable the council to respond more quickly when a change in spending patterns is an indicator of changing care needs.
- 2.7 As outlined in paragraph 1.8 above, there is a £250,000 MTFs saving attributed to the delivery of Pre-Paid Cards. This will be achieved through more effectively monitoring Direct Payment Accounts and recouping unused funds. The

£250,000 is additional to the £660,000 income that is already projected as part of the 2019/20 adult social care budget. The total recouping of funds for 2019/20 is therefore £910,000, which sits within the high and low saving estimates outlined in the table below.

- 2.8 The table below outlines the projected savings that can be achieved over a 3-year period, based on financial modelling.

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
High	£1,439,712	£1,439,712	£1,439,712
Low	£759,848	£759,848	£759,848

- 2.9 The cost benefit analysis is based on a benchmarking exercise of other local authorities combined with insight from the council's Direct Payment Team. The range varies from a low recouping assumption of 4% to a high assumption of 10%. The gap between the low and high savings target is due to the current lack of visibility of some Direct Payment service users account balances and transactional activity, which will be rectified by the implementation of pre-paid cards

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Continuing with the current approach of administration and monitoring is not recommended, given the benefits outlined in this report.

### **4. POST DECISION IMPLEMENTATION**

- 4.1 A test phase of the Pre-Paid Card system is scheduled to commence in July 2019.

- 4.2 30 people who have a direct payment, with a range of needs, will take part in the test phase.

- 4.3 A communications plan has been developed to ensure that the changes are effectively communicated to all people with a Direct payment in an accessible manner. The communication plan seeks to advise and inform the following primary stakeholders:

- Social Care clients (Adults & Children's)
- Relatives / friends of social care clients
- Carers
- Council staff
- Elected Members
- Voluntary sector and health partners

- 4.4 Communication will be customised to reflect the communications needs of each of the different stakeholders. There will also be a range of ways that we will communicate the changes, depending on the needs of the individual and their responsiveness.

- 4.5 Following the test phase, the plan is to roll out Pre-Paid Cards to all with a direct payment from 1<sup>st</sup> October 2019. Preparation for the wider rollout has already begun but the exact plan will be agreed once the test phase is complete to ensure all learning from the test phase is included in the wider rollout.
- 4.6 Communications will be via a range of methods, including letters, telephone calls and visits from a Direct Payment Monitoring Officer or Advisor if further support or advice is required. If there is an identified need for a social care review then this will be referred to the reviewing officers who are part of the project team. To ensure this is completed in a timely manner and that there is front-line social work expertise, there are 3 Reviewing Officers involved in the project.
- 4.7 Once the exact approach and timings are confirmed a briefing will be shared with Committee Members to ensure they are aware of the timing and final approach.
- 4.8 The table below summarises the key milestones of delivery;

Commence test phase	27th July 2019
Review test phase outcomes	30th August 2019
Commence roll out	1st Oct 2019

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.□.1 The implementation of Pre-Paid Cards helps support the Council to deliver the Adult and Safeguarding Committee priority ‘Supporting those with disabilities, older, and vulnerable residents to remain independent and have a good quality of life’.
- 5.1.□.2 As it will enable more people to benefit from direct payments, it also is in line with the “principles of choice and control which underpin the Care Act 2014 and the Council’s aim that all adults will be given the opportunity to live well, age well and stay well.
- 5.1.□.3 It supports individuals to have choice and control over how their Direct Payment is used and ensuring they have easy access to the funds they need to provide their own care.

### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.□.1 The majority of the work to deliver Pre-Paid cards will be managed within the Customer Finance Team. However, to achieve the £250,000 target and effectively implement Pre-Paid cards there has been recruitment of a Project Manager and 3 additional Direct Payment Monitoring Officers

for a 6-month period. This will be funded through £130,000 worth of transformation reserves.

### **5.3 Social Value**

- 5.3.□.1 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

### **5.4 Legal and Constitutional References**

- 5.4.□.1 The Terms of Reference for the Adults and Safeguarding Committee are set out in the Council's Constitution (Responsibility for Functions, Appendix A). The Adults and Safeguarding Committee has the following responsibilities:

- To be responsible for those powers duties and functions of the Council in relation to Adult Social Care.
- Promoting the best possible Adult Social Care services.
- To ensure that the Council's safeguarding responsibilities are taken into account.
- To consider for approval any non-statutory plan or strategy within the remit of the Committee that is not reserved to Full Council or Policy and Resource.
- Authorise procurement activity within the remit of the Committee and any acceptance of variations or extensions if within budget in accordance with the responsibilities and thresholds set out in Agreement Procedure Rules.

### **5.5 Risk Management**

- 5.5.□.1 It is anticipated that introducing Pre-Paid cards will reduce the risk of misuse of direct payment funds and enable a swifter response to changing needs or potential financial abuse, reducing risk to individuals. Pre-paid cards will enable the Council to have direct access to individuals accounts to ensure that the money is spent correctly and meeting the needs of the service user.
- 5.5.□.2 There is a robust risk management and governance in place to manage project risks and ensure mitigating actions are taken when required.
- 5.5.□.3 The biggest project risk is lack of service user engagement to ensure a smooth transition to Pre-Paid Cards, reducing the potential for the Council to recoup funds and meet the savings targets as part of the 2019/20 MTFS. This has been mitigated by the recruitment of additional

Direct Payment Monitoring Officers and involvement of Social Care Reviewing Officers in the project group.

## **5.6 Equalities and Diversity**

- 5.6.□.1 A Pre-Paid Card solution will have a positive impact on people with protected characteristics by supporting people with disabilities or age-related frailty to have choice and control over the services and support they need to meet their need. As pre-paid cards simplify the administrative process for the person, it is hoped that they will enable more people with care and support needs to consider taking a direct payment.

## **5.7 Consultation and Engagement**

- 5.7.□.1 The proposal to implement pre-paid cards was consulted as part of the council's budget consultation.
- 5.7.□.2 As part of the test phase there will be workshops with a range of people who use care and support services to ensure effective implementation of Pre-Paid Cards in a way that supports the people of Barnet. The test phase is purposely designed to ensure a range of people can take part, so the council can get a range of feedback and perspectives.

## **5.8 Insight**

- 5.8.□.1 This proposal has used a review of data from Barnet's Adult Social Care Systems and Direct Payment Monitoring Records to develop the proposals and plan the project.

## **6. BACKGROUND PAPERS**

- 6.1 None