

PART 1 - PUBLIC

Decision Maker: **Adult and Community Portfolio Holder
for pre-decision scrutiny by Adult & Community Policy
Development & Scrutiny Committee**

Date: **2nd November 2010**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **PRE-PAID CARDS FOR DIRECT PAYMENT RECIPIENTS**

Contact Officer: Lesley Moore, Executive Assistant
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Chief Officer: Terry Rich, Director, Adult & Community Services

Ward: Borough Wide

1. Reason for report

To inform the Policy Development and Scrutiny Committee on the proposed development of a pre-paid card in Bromley and to seek endorsement from the Portfolio Holder.

The pre-paid card provides an effective mechanism for assisting recipients of Direct Payments to manage their budget and purchasing of social care services.

2. RECOMMENDATION(S)

The PDS Committee are asked to:

2.1 Comment on the development of the Bromley pre-paid card.

The Portfolio Holder is asked to:

2.2. Agree to the development of a pre-paid card for use by Direct Payments recipients.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Supporting Independence.
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Financial

1. Cost of proposal: Estimated cost the net cost of £500 in 2010/11 rising to £20,500 in the full year will be met from a reduction in the overall service users going to Inspire for support and advice and also by passing across the Inspire costs to service users in their personal budget.
 2. Ongoing costs: <please select>.
 3. Budget head/performance centre: Transforming Social Care - Programme Manager - Jean Penney
 4. Total current budget for this head: £2.1 m over two years
 5. Source of funding: Social Care Reform Grant
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Staff

1. Number of staff (current and additional): 1
 2. If from existing staff resources, number of staff hours:
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Legal

1. Legal Requirement: Non-statutory - Government guidance. Government guidance. Grant conditions required to secure Social Care Reform Grant as above. Transforming Adult Social Care, LAC (DH) (2009) 15th March, 2009. Putting People First 10th December, 2007
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The transformation agenda will impact upon all who require publicly funded adult social care as well as shaping the wider social care market for those who self-fund. Currently 10,000 adults per annum receive support and social care services in Bromley.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments:

3. COMMENTARY

Introduction:

3.1 The Supporting Independence in Bromley programme has been designed to promote the independence, health and wellbeing of service users and carers by focusing on prevention, early intervention, re-ablement and high quality personally tailored services. This is in line with the strategic direction articulated in the Putting People First concordat (December, 2007) which set out:

- a new direction for care services;
- A new relationship between citizens and their public servants
- A shift from crisis intervention towards re-ablement and early intervention to promote independence.
- The need for support and services to be built around the specific needs and aspirations of individuals; to fit into their lives

3.2 **Universal and Targeted Offer:** The Programme is developing two “offers” i.e. two ways that services can be provided to residents of Bromley.

1. The ‘universal offer’ - services available to all adults living in Bromley and relates to peoples widest needs i.e. public health, housing, recreation, transport. The aim is to enable people to remain independent and active within the community for as long as possible, delaying the point at which they may need more targeted social care services or support.
2. The ‘targeted offer’ which represents the services delivered to those adults who need to engage very directly with social care services.

Personal Budgets and Direct Payments

3.3 In the future every person will know how much money is available to spend on their care/support needs at the time of assessment. People can choose the level of responsibility they wish to have in managing the budget and support. Some people will choose to have total choice and control and manage the budget and support themselves i.e. receive a direct payment. The current system requires that those people choosing a direct payment must have a separate bank account exclusively for the use of their payment.

3.4 The numbers choosing to take their personal budget as a Direct Payment is increasing and will continue to do so. It is estimated that this could rise to in excess of 1000 service users over the next 2 years.

The Pre Paid card Proposal

3.5 The pre-paid card provides a cost effective option for people who choose to receive their personal budget as a direct payment or choose to manage their own support but want LBB or an agency to manage the money on their behalf.

3.6 The introduction of a pre-paid card will provide an effective and simplified tool to assist service users in the management of their Direct Payment and care service purchasing. It simplifies the process and therefore makes direct payments a more attractive option. People previously unable to open a bank account because they can not meet the current ‘know your customer’ requirements can have a pre-paid card. The pre-paid card will also achieve efficiencies system through more streamlined monitoring and reconciliation arrangements.

- 3.7 The pre-paid card is a Chip and PIN VISA which allows Direct Payments to be made to the recipient, within a predetermined limit. The Card allows the service user choice and control without having to manage a bank account, or carry large amounts of cash. They simply use the Card to purchase services face to face, using their unique PIN number, over the internet, or on the telephone.
- 3.8 The card also has a cash withdrawal facility available only across the counter of the bank or through cash machines that display the VISA symbol if the card is activated to do so. As a default position this facility is usually not activated unless specifically requested on the application form.
- 3.9 The card will initially be offered to all service users who have met the criteria for social care and have chosen Direct Payments as the method to get their support. Its use will be closely monitored to determine the level of efficiencies delivered and its benefits in reducing risks to determine future development and the potential to make this a default service.
- 3.10 The bank issues monthly statements showing all payments made using the Card, which can also be accessed securely online. The Council has access to the online banking tool, but in addition the bank provides monthly transactions report.
- 3.11 Benefits to the Client:
- Ease of use and flexibility
 - Easy access to a bank account
 - Service user control and empowerment
 - Removes need to negotiate opening of a bank account
 - Monitoring through on line banking tool – eliminates paper-based reconciliations.
 - On-line statements and access to past 13 mths statements saves on archiving and storage
 - Regular statements from card provider make it easier to organise support within budget.
- 3.12 Benefits for LBB:
- Improved control and monitoring
 - Provides administrators with reliable real time access to detailed transactions information.
 - Real time payment information including monthly electronic statements and current balances on a daily basis, weekly or monthly.
 - Cash withdrawal facility (on request)
 - Additional cardholder facility for nominated persons
 - Certain merchant groups can be blocked at any stage to prevent misuse
 - Removes need for staff to allocate time to opening bank accounts
 - Makes direct payments a more attractive option

3.13 Benefits to the Provider:

- Improved cash flow as payments received within 3 – 5 working days, and greater competitive edge
- Providers payments secured

3.14 Next Steps:

Following Portfolio Holder endorsement, it is intended that a procurement process is followed to select an appropriate card provider and subject to contractual issues that the facility is made available during the early part of 2011.

4. FINANCIAL CONSIDERATIONS

- 4.1 There is a one-off set up charge of £15 for each pre-paid account established. There is also a £25 per annum charge. It is proposed that these charges are payable by the card holder.

Similarly a 1% transaction charge is made for any cash transactions. This would be payable by the card holder.

- 4.2 There will be costs to the providers as follows:

Set up cost - approximately £150 set up costs for Visa

Monthly rental charges

Transaction charges – 1% charge on payments

- 4.3 The table below provides a breakdown of the financial impact of rolling our pre-paid cards assuming a maximum of 800 people being on direct payments and therefore using the pre-paid card option. In reality the numbers may not be as high as this:-

	2010/11	2011/12	2012/13	Full Yr
Target for DP	900	1,200	1,500	1,500
Estimated take up of Pre paid card	50	500	800	800
	£	£	£	£
One- Off costs				
Set up costs - £15	750	3,600	2,700	0
Training	500	1,000	500	0
On-going costs				
Card Holder Charge £25 p.a.	1,250	12,500	20,000	20,000
Transaction charge for cash 1% (will be limited use) - say	100	500	1,000	1,000
Administrator - 1 ftes	0	20,000	20,000	20,000
Total Costs	2,600	37,600	44,200	41,000
Recovery of costs for Pre paid card (£15 set up and £25 etc)	-2,100	-16,600	-23,700	-21,000
Net Cost	500	21,000	20,500	20,000

- 4.4 Should the number of service users opting for a pre-paid card exceed the 800 assumed, then the net cost to the council will increase as another administrator will be needed.
- 4.5 The costs of administering the scheme can be managed within the overall resource currently used for administration of Direct Payments. The Council currently has a contract with Inspire to provide assistance to recipients of Direct Payments. It is envisaged that for many Direct Payment recipients the use of a Pre paid card will negate the need for assistance from Inspire resulting in reduced volumes and costs which will cover the net cost of the Pre Paid card scheme.

5 POLICY IMPLICATIONS

The Supporting Independence in Bromley programme is supported by the Building a Better Bromley key aim Supporting Independence and is the key theme within the Adult and Community Portfolio Plan 09/10. The programme is in line with national developments to transform social care and supported by specific 3 year funding through the “social care reform grant”. This funding supports the vision as laid down in “Our Health, Our Care our Say” and the “Putting People First” Dec. 2007

The Audit Sub Committee has recently endorsed use of pre-paid card within LBB Children and Young People’s service.

6 LEGAL IMPLICATIONS

Government circulate LAC(DH) (2009) has the effect of Mandatory Guidance and thus will need to be complied with to enable monies to be released contingent to section 31 of the Local Government Act 2003. The Social Care Reform Grant is a specific grant for a limited period of 3 years. All expenditure is of a temporary nature and any posts are either short term project

management posts or will only continue at the end of the programme where compensating savings have been identified elsewhere as a consequence of the change programme. The expenditure plan is overseen by the Programme Board.

Non-Applicable Sections:	Personnel
Background Documents: (Access via Contact Officer)	[Title of document and date]