

Meeting:	Cabinet
Meeting date:	Thursday 18 January 2018
Title of report:	Pre-Paid Cards Tender
Report by:	Cabinet member health and wellbeing

Classification

Open

Decision type

Key

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose and summary

To agree the procurement of a financial pre-paid card service to support both the council's adults and wellbeing and children's wellbeing directorates, and the Clinical Commissioning Group, if required, and authorise the director for adults and wellbeing to award a new five year contract implemented from 1 July 2018.

Pre-paid cards are currently used by adult social care clients who have been assessed as having eligible needs and who have chosen to take a direct payment and make their own arrangements to meet those needs. Pre-paid cards provide a more cost-effective way of distributing and monitoring use of allocated funds. The current contract comes to an end in June 2018, and the opportunity has been taken to ensure any new service is also able to meet the needs of children's social care clients.

Recommendation(s)

That:

- a) a financial pre-paid card service available to adults' and children's social care clients, and certain Clinical Commissioning Group clients if required, is awarded through an open procurement and a contract to be issued for a period of up to five years effective from 1 July 2018;
- b) the Director for Adults and Wellbeing is authorised, following consultation with the Director for Children's Wellbeing, to take all operational decisions necessary to implement the above recommendation, including award of contract at a total cost of not more than £132k.

Alternative options

1. To extend the current contract with the existing provider. This is not recommended as when the current provider, PFS, was directly awarded a 12 month contract from 1 July 2017, this was subject to a full competitive tender being undertaken through an open procurement for the period thereafter.
2. To not offer the service. This is not recommended as it removes an element of choice about how adult direct payments are delivered, and the service provides good financial governance for the council. Without the service, adults with a direct payment would have to revert back to a more traditional manual process and this would be cumbersome for both customers and the council and would incur greater costs to the council.
3. For the council to issue a purchase card instead of the pre-paid card for social care customers. This is not recommended as the card would have Herefordshire Council's name on it and not the name of the customer. This is not in line with the personalisation agenda. It also presents an audit risk around disclosure agreements. It is a credit card which is inflexible as customers cannot pay into their account to top it up e.g. personal contributions.

Key considerations

4. The pre-paid card operates as a virtual bank account. Pre-paid cards are issued to eligible customers and the council transfers identified money onto it to meet assessed social care needs. The card can be set up with spend controls and does not allow the customer to overspend beyond their budget.
5. The current pre-paid card service is delivered by PFS, which was directly awarded a 12 month contract from 1 July 2017 to 30 June 2018. A review across both adults' and children's services has identified the opportunity for both directorates to utilise the pre-paid card system for their customers.
6. The card allows real time online auditing to provide additional scrutiny and financial governance by the council for both children's and adults' services. Currently the direct payment team monitor and audit expenditure, this will be made easier across all the

schemes brought into the pre-paid card contract, through the itemised transaction data and customised reports which will ensure proper use of council funds.

7. For people with eligible social care needs, the council can either commission a service itself, or the customer can request a direct payment and then arrange their support themselves. A direct payment is the amount of money that the council pays to the customer to enable them to purchase services to meet their assessed needs.
8. 256 adults use a pre-paid card for their direct payment, which was introduced in 2014. The pre-paid card provides a user friendly mechanism and a greater level of security for the council.
9. The number of direct payment customers grows year on year. The council has a target for 40% of service users to take a direct payment. At the end of March 2017, 38.3% of service users in the community were in receipt of a direct payment. Over the last two years the number of direct payments has increased by 9% per annum and the pre-paid card provides a simple mechanism to support this trend.
10. Of the current adult direct payments (DP), 40% are delivered through the pre-paid card service. The pre-paid card's functionality simplifies the processes and delivers more robust financial monitoring and streamlined mechanisms to reclaim unspent money. With additional cards introduced into current schemes, this opportunity will increase the financial benefits to the council and simplify operating systems to both children's and adult social care customers.
11. A five year contract is recommended due to the complexity of transferring the customer contracts and the internal systems within the council. It is anticipated that this will also bring efficiencies through robust financial monitoring and consolidation of back office functions, whilst encouraging interest from the market.
12. The pre-paid card will offer the council transparency of accounting via online real time access to all direct payments which operate with the pre-paid card. It enables the council to monitor usage (including any misuse). The security of the use of the cards is greater than dedicated bank accounts, as the cards can be set within parameters, and can decline certain transactions, rather than having to pick up inappropriate expenditure after the event. Spend patterns and surpluses can be immediately identified. In addition, any surpluses identified can be reclaimed much more easily than other methods, and the council (after a process of authorisation) has the capability to draw the funds back into its account.
13. The pre-paid card will provide the same mechanism for a direct payment across both children's and adults' social care and so will support effective transition from a customer and family perspective.
14. Pre-paid cards have also proved to be a popular choice for customers as a simple mechanism to operate a direct payment, as the pre-paid card acts as a virtual bank account and can be set up quickly and efficiently.
15. The council can be appointed as a deputy by the Court of Protection to manage the financial affairs of people who lack mental capacity, to ensure that vulnerable clients are not exposed to risk of financial abuse. Herefordshire currently delegates its duty under a contract with Hoople. At present, the process for administering this function uses manual processes. To bring this in scope of the new service will afford greater governance and financial audit to this process, ensuring additional safeguards are in place. This extension

of the use of pre-paid cards has been taken into account when calculating the required contract value.

16. The Clinical Commissioning Group (CCG) currently administers direct payment accounts and has expressed an interest, due to increased scrutiny and audit, in the council carrying out the administration and monitoring of the accounts, potentially by way of a service level agreement. Operational processes and recharges will need to be agreed to enable this to sit within the council's brief and would be subject to the relevant governance processes being agreed at a later date. The contract will be drafted such as to allow this to be done, if required.
17. The council has developed an approved provider framework of contractors who can deliver a back office function to support people to manage their direct payments. This is frequently used where the customer has complex arrangements such as employing a personal assistant. These managed account providers will be strongly encouraged to use the pre-paid card to support this function as it can be operated as a virtual bank account, which will bring the additional benefits of the pre-paid card to customers whilst providing greater financial control to the council.
18. The table below indicates the potential take up of the pre-paid card:

Type of service	Directorate	Numbers in current scheme (1/10/17)	Number of current customers with a pre-paid card	Number of cards per scheme and current numbers / Projected numbers 2018-2019	Total value of spend per scheme per annum based on current numbers
Direct payment-adults/carers	Adults and wellbeing (AWB)	633	162	182	£8,921,254
Direct payment-carers	AWB	101	92	94	£55,283
Direct payment-children	Children's wellbeing (CWB)	64	0	80	£353,000
Targeted short breaks	CWB	78	0	100	£27,300
Court of Protection	AWB	50	0	75	£260,000
Health direct payment	CCG	8	0	20	£480,000
Totals		934	254	551	£10,096,837

19. The pathway re-design for operational processes ahead of utilising the contract will take place within children's wellbeing. This will ensure that internal processes are aligned and there is clarity of roles. Training will be required on the new system and internal awareness training for social work teams to assist the promotion of the pre-paid card to families.

20. The current contract to existing adults and wellbeing pre-paid card holders will run until 30 June 2018. A new provider will be required to start from 1 July 2018; however mobilisation is complex due to data transfer and card set up, so the mobilisation will need a lead in time of two months.
21. Children's schemes for direct payments and targeted short breaks predict an additional 200 cards will be needed, totalling a possible 551 customers. The contract will specify the initial provision of up to 1,000 cards and the initial number transferring to the new contract will be 254. The contract will specify the option to increase as the demand grows.
22. Procurement timetable;

Activity	Key dates
Specification complete	19/1/18
Tender documents prepared	19/1/18
Cabinet decision	18/1/18
Tender opens (4 weeks)	23/1/18
Tender closes	22/2/18
Evaluation (2 weeks)	26/2/18
Letter of intention to award issued	16/3/18
Standstill	16/3/18
Officer decision to award	30/3/18
Award of contract	06/4/18
Mobilisation commences	09/4/18
Start of new service provider	01/7/18

Community impact

23. The pre-paid card is currently offered to all adults taking a direct payment and will be offered to children's social care customers under their set of procedures. In addition, a small number of clients receiving payments from the CCG might be offered the cards, should agreement be reached on handling.
24. The pre-paid card service will enable people to live as independently as possible, in line with the corporate plan 2016-2020 and the adult's wellbeing plan 2017-2020, promoting independence and choice.
25. The corporate plan 2016-2020 has four strategic priorities; the pre-paid card promotes autonomy, choice and control and enables access to universal services, all of which supports the strategic priorities below:
- Enable residents to live safe, healthy and independent lives.
 - Keep children and young people safe and give them a great start in life.
 - Support the growth of our economy.
 - Secure better services, quality of life and value for money.

26. In particular, the extension of the pre-paid card scheme to children will promote and enable access to universal opportunities and services for children with disabilities and their families and ensure a range of provision to meet identified need, as it currently does for adult social care customers.
27. The extension of the pre-paid card into children's services is in line with the corporate plan by "improving commissioning and procurement to deliver greater revenue efficiencies and savings" and "regulatory controls, whilst improving customer experience and access to online services." There are no direct implications for looked after children.
28. The health and wellbeing plan 2017-2020 focuses on "helping people to help themselves" by "re-designing services through collaboration with customers". Ways of working that are grounded on the principle of enablement and micro-commissioning via direct payments form the foundation of this.

Equality duty

29. The pre-paid card scheme and any conclusion of the procurement process will have due regard to:
 - Eliminate discrimination, harassment, victimisation and any other conduct prohibited under this Act;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it in terms of service delivery and in commissioning the service themselves, including the contract monitoring and management.
30. The council is committed to equality and diversity using the Public Sector Equality Duty (Equality Act 2010) to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.
31. An Equality Impact Assessment has been completed for the proposed service, attached to the report as appendix 1.

Resource implications

32. The indicative value of this contract over five years is £132k. Of this, £120k will be from the adults and wellbeing base budget and £12k from children's wellbeing. Since this builds on an existing scheme, there are no significant staffing implications.
33. The pre-paid card also enables greater financial governance and improves visibility and streamlines the systems for the return of unspent money.
34. Reporting of underspends will be one of the key deliverables within the specification. Underspends are investigated to ensure eligible needs are being met and where appropriate the money is brought back into the council budget.
35. The value of the contract is cost neutral when measured against the savings incurred in staff time in handling individual payments through its internal finance function.

36. If the CCG were to become a party to the contract with the provider, this would be on the basis on that organisation meeting the full cost of that element of the service, such that there would be no additional cost to the council.

Legal implications

37. The Care Act 2014 places a duty on councils to provide adults with a personal budget, and an obligation on social services authorities to provide direct payments (sections 31-33 Care Act 2014). Direct payments involve councils transferring money to an individual or someone on their behalf to enable the individual to make arrangements themselves to meet some or all of the individual's eligible care and/or support needs. The Carers and Disabled Children Act 2000 extended direct payments to certain carers and parents of disabled children. Individuals are not assessed for direct payments, however once a council decides that care and support is required then, unless one of the exemptions apply, the council is required to provide direct payments in lieu of services. The council is under a legal duty to comply with the Care Act 2014 and failure to do so may result in legal challenge.

38. Paragraph 4.6.12 of the council's contract procedure rules requires that any contract with a lifetime value of between £50,001 and the EU threshold of £164,176 is to be let following the formal tendering procedures set out in paragraphs 4.6.13 to 4.6.13.71 inclusive of the contract procedure rules. As this is a high value contract, open tendering procedures must be followed.

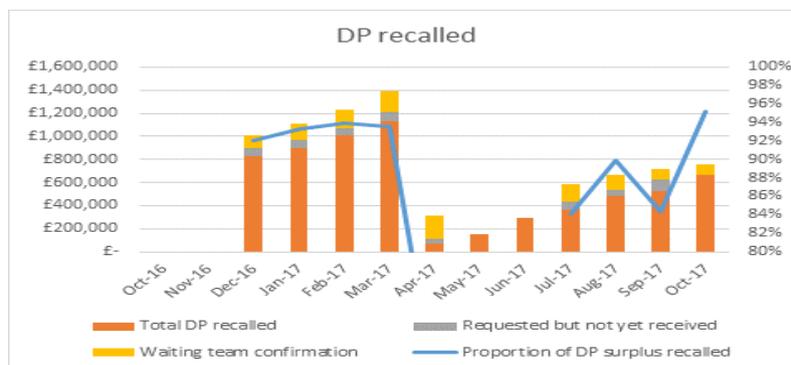
39. The value of the contract of £132k over a five year term is such that an Official Journal of the European Union (OJEU) advertisement is not required, as it's below the threshold of £589,148.

40. Under public procurement law, the council has considerable flexibility in the procurement procedure it should follow in letting this contract because the subject matter is within the "light touch" regime of the Public Contracts Regulations 2015. The council must conduct a procedure that meets EC Treaty principles (e.g. fairness, equal treatment, transparency) and basic publication requirements.

41. By referencing the CCG as a contracting party when the council procures this service allows the CCG to be able contract with the council's selected provider. Any future agreement reached between the council and the CCG is currently outside of the remit of this report.

Risk management

42. The table below demonstrates the direct payment surpluses:



43. Risk has been identified and will be mitigated as below:

Risk	Mitigation
The implementation of a new way of working will require a re-design of operational pathways in children's wellbeing.	A project manager has been allocated within children's wellbeing and this work is programmed to start in December 2017.
Embedding new processes will have a short term resource implication in terms of staff capacity to implement the new scheme.	A project manager has been allocated within children's wellbeing and this work is programmed to start in December 2017. The pre-paid card will have medium to long term benefits in staff resource utilisation through greater monitoring functions.
The outcome of the pathway work will inform the new workflow in children's wellbeing.	The new pathway will identify any gaps and an action plan will be created to meet training needs and any role re-design.
Implementation of the new pre-paid card contract in children's wellbeing will take time to embed.	Children's wellbeing plan to launch the pre-paid cards within its short breaks service in the first instance, which constitutes simpler administration processes.
Implementation of the new pathway may take some time to deliver and embed into the children's wellbeing direct payment workflow. This may be beyond the start date of the new pre-paid card contract.	The start date for implementation for children's wellbeing pre-paid cards to support direct payments is not interdependent with the contract date, and can be implemented at a later date.
Providers within this marketplace are few in number, which increases the risk of providers failing to tender.	To offer a five year contract provides a more sustainable offer for providers within the market.
Risk of provider sustainability.	The tender process will require the applicant to complete a financial workbook and the council will also undertake a credit check.
Ensuring sound financial control and flexibility to customers as set against the service specification.	This will be achieved through robust contract management.
The tender process needs to keep to time to ensure the new provider is in place by 1 July 2018.	A robust tender process across directorates will also ensure the learning from adults and wellbeing is shared into the children's wellbeing directorate and that the new contractor is fit for purpose and for future growth. The timetable is set out in item 22 above.

Consultees

44. Customers have not been consulted as they will be informed once a new contract is awarded as the intention will be to minimise any disruption to them as much as possible. Other than the change in card provider, customers should not experience any change in the way in which the system operates.
45. Group leader's consultation document was circulated on 16 October 2017. No comments or objections were received.

Appendices

Appendix 1 Equality Impact Assessment

Background papers

None