

USING PREPAID CARDS FOR DIRECT PAYMENTS - 4 YEARS ON

The National Prepaid Cards Network

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National Prepaid Cards Network

- Created in May 2011
- Independent network
- Regular network meetings and events held across the country
- Over 550 members including DWP, HMRC & NHS England
- Assesses sector requirements and captures best practice
- Shares best practice, issues and problems for mutual benefit
- Acts as an interface between the public sector and the suppliers
- Prepaid cards are now being used by;
 - 83 Councils
 - 15 CCG's
 - 12 Housing Associations
 - 5 Charities and Social Enterprises
 - 1 Police Force
- Many of the councils are now using prepaid cards in multiple areas
- Another 20-25 councils (and the Scottish Prison Service) are currently looking to implement prepaid card programmes

Some of the many direct payment issues

- How will we transfer funds to service users?
- Will they need to open a separate bank account to receive funds– and are they able to?
- How can we monitor & audit that money is being spent in accordance with the agreed support plan?
- What will we do about reclaiming any unspent money, could be;
 - a care issue – capability and capacity
 - the care plan isn't right
 - the recipient is 'saving' up the money
 - a recipient dies
- How can we more effectively safeguard service users?

What Councils & CCG's usually do

- Insist that service users open separate bank accounts to receive payments
- Transfer the funds, usually via BACS
- Try to track client contributions – difficult to do (not CCG's)
- Service users send in paper bank statements which are then checked by monitoring staff – looking for a needle in a haystack
- Most councils report a six month statement backlog (and have to securely manage all that paper)
- If discrepancies are raised the service user usually 'can't remember'
- Lots of time is wasted chasing missing statements
- Unspent funding is difficult/impossible to reclaim
- If a patient dies the unspent funds disappears into the estate and are subject to probate processes

How Prepaid Cards are used in the public sector

- Funds are uploaded onto card by organisation(s) and/or service user
- Cards can be then used in a similar way to credit/debit card, but:
 - ATM/cashback use is often blocked
 - spend can be restricted (or not)
 - exact configuration is decided during implementation
- Funds can be uploaded, taken back and cards blocked, in an instant
- Cards have account numbers and sort codes (Bank A/C lite)
 - allows direct payments and standing orders – 80% spent this way
 - anyone who has a bank account can be paid
- Card balance cannot fall below zero – no credit facility
- Carers can have companion cards if required
- Service Users can monitor transactions and balances online
- Telephone support is usually provided by supplier – 10% of transactions
- Organisation has full access to transaction level details

So what's in it for a Council/CCG?

- Much easier monitoring of spend
 - automated daily alerts
 - portal shows real time spend information
- Easy to clawback funds
- Spend can easily be monitored against care plan, and data used with service user during reviews
- Improves safeguarding capability
- Automates the audit trail
- Good management information
 - spend data available for further analysis and reporting purposes
- The prepaid card remains the property of the council
- Replaces cash handling - faster, safer and more secure
- Can be fully implemented within 2-4 weeks of sign off
- Authorities report **savings of 5% - 10%** of DP budget from using prepaid cards

....and what's in it for the recipient?

- Prepaid cards are generally available to all, regardless of financial circumstance
 - many potential benefits to those financially excluded (20% of pop.)
- Removes considerable worry of sending in paperwork
- Access to better services and lower online prices (15% lower)
- No need to carry and manage cash
- Promotion of life skills / social inclusion
- Receipts can be notified by text or email
- Early notification of probable direct debit failure
- Easier budgeting with household cards and multiple wallets
- Can more easily track spend and manage their own finances
- Improved and more timely safeguarding

How Councils and CCG's are now using prepaid cards

- They no longer ask service users to open separate bank accounts
- Money is loaded on to the prepaid cards via BACS, telephone, online, Post Office and PayPoint
- Missing client contributions automatically notified (not CCG's)
- Monitoring officer work very effectively in a targeted way
- Any spend not in accordance with the care plan is addressed in a timely fashion
- Emergency payments can be made instantly
- No time wasted chasing missing statements
- No need to securely manage paper bank statements
- Easy to handle (clawback) excess balances
- If a patient dies the card is frozen and any accrued care bills paid – money doesn't just disappear into a probate process

Some examples of current use

- Adults
 - Direct payments
 - Appointeeships / Court of protection orders
- Children's
 - Fostering
 - Young people leaving care
- Personal Health Budgets
- Asylum seekers
- Cash replacement (travel, visiting staff, maintenance, food)
- The Cashless Council
- Universal Credit

What people in the focus groups say

- *“Prepaid’s so much better for me, I don’t have to worry about it at all. I used to get real anxiety attacks, I couldn’t deal with the paperwork.”*
- *“for us it’s been a plus, ‘cause to manage it for my dad, I can show him statements show him how everything’s paid”*
- *“you can chose your own support. If don’t like the agency you can move or find someone privately”*
- *“If I have any problems I always phone LBM [Merton Council]. They’re brilliant.”*

..... the evidence is that people really like using prepaid cards

Ok....how much?

- Different Programme Managers charge in different ways
- Costs *may* include
 - set up cost per scheme
 - annual cost per card
 - transaction charges (ATM is the most expensive)
 - most councils absorb these charges
- Some charge by component, others bundle charges up
- Charges are applied in bands, the more cards you have (across all programmes) the lower the unit cost

- Either way, the cost per annum of a typical Adult Social Care direct payments scheme is £30-£35k
- Needs to be offset against savings of 5%-10% of DP budget, depending on how effectively you monitor now
- Choose the PM who best meets your needs, not the cheapest
 - BIG tip from network members

WHAT'S BEING BOUGHT?

Sum of Value	Column Labels		
Row Labels	12/13	13/14	Grand Total
assistive technology	8955	1467	10422
cleaning	5436	5993	11429
Domiciliary Care	781032	(1162828)	1943861
electrical equipment	16557	3458	20015
employment support	41273	69335	110608
furniture	9828	3644	13473
groceries	9766	6567	16333
hotel / motel / holiday resort	12642	12321	24963
nursing care	150		150
other/misc	86561	199335	285895
Personal Assistant	501664	(588206)	1089871
rent	4508	10811	15319
residential/nursing home	12466	5047	17513
restaurant	3762	1838	5600
Shared Lives	2822	4373	7195
sports / activities	99326	240257	339583
Supported Living care	98719	107343	206062
tax/NI	57672	62411	120083
transport	20489	26138	46627
tv		98	98
Grand Total	1773628	2511469	4285097

Supplier choice

	assistive technology	cleaning	Domiciliary Care	employment support	Personal Assistant	residential/nursing home	Shared Lives	sports / activities	Supported Living care	transport
No of Suppliers	17	7	104	9	8	15	1	140	10	80
Total Spend	10,422	11,429	1,943,862	110,608	1,089,871	17,513	7,195	339,583	206,062	46,627
Average Spend	613	1,633	18,691	12,290	136,234	1,168	7,195	2,426	20,606	583

Surrey CC framework contract

- Available to all UK councils and health organisations
- All of the current prepaid card providers are included;
 - Advanced Payment Solutions (APS)) These two supply over
 - Prepaid Financial Services (PFS)) 90% of DP organisations
 - Allpay
 - Aquarium
- Access fee of £350 - compared to an estimated £25k to run a tender
- Access is dependant on your local financial regulations;
 - Mini tender
 - Direct call off
- Further details and contact information available on the website

Prepaid Cards – 4 Years On

- ***“Prepaid cards are a great way to get things done, they’re easy to use and safer and more secure than cash”***
 - ***– London Borough***
- ***“Prepaid cards allow us to focus on monitoring high-value processes, they allow all departments to manage more effectively”***
 - ***– London Borough***
- ***“I’ve been able to take responsibility for my entire budget by using the prepaid card for activities and equipment”***
 - ***– County Council Care Leaver***

www.prepaidnetwork.org.uk

- Up to date news and events programme
- Our main guidance document
- A guide to using management information
- Details about the national framework contract
- FAQ's
- In the Members Only section (site registration required):
 - Case studies
 - Contract documentation
 - Policy documents
 - Service user agreements
 - Tender documents
 - Discussion forum

What the network can do for you

- Answer your questions after today
 - either directly or 'ask the network'
- Visit to discuss requirements and explore opportunities with you and your team
- Set up events for your team and others in your local area
- Provide contact details of others who are already successfully using prepaid cards
- Put you in touch with Programme Managers
- Help you with your business strategy
- Provide more and more help – new implementation guide soon

YOU DON'T NEED TO DO THIS ON YOUR OWN

Questions?