

# **A Guide to the Implementation of Prepaid Cards**

**National Prepaid Cards Network**



## Introduction

This guide is based entirely on the practical experiences of local authorities and clinical commissioning groups which have implemented prepaid cards to deliver direct payments. Prepaid cards are also actively used in other service areas and the same principles apply to those. It should be read in conjunction with the main guide to the use of prepaid cards which can be found on the website.

Throughout the guide there are references to the website and the online resource. The website address is [www.prepaidnetwork.org.uk](http://www.prepaidnetwork.org.uk)

The online resource has two parts; the main part containing the main guides is available to any website visitor. There is also a member's only section which is only available to people who have joined the network through the website. This section contains examples of documentation given to the network by its members.

This is a living document that will be improved and added to as the expertise and experience of the network members increases.

At the time of writing, January 2016, over 100 public sector organisations are using over 82,000 prepaid cards across over 200 different programmes

Type of Programme	No. of Programmes	No. of Accounts Created
Adults	54	40,897
Children's	40	3,928
PHB / CCG	11	827
Appointee / Deputyship	33	6,863
Miscellaneous inc. cash replacement	44	6,266
Instant Issue	25	23,376
<b>TOTAL</b>	<b>207</b>	<b>82,157</b>

## Background

With over 750 members from 150 public sector organisations, the National Prepaid Cards Network promotes the use of prepaid cards to deliver the direct payment elements of public sector services such as adults and children's services, appointeeships/deputyships and personal health budgets.

The network is independent and shares industry wide best practice through meetings, events and special interest groups. Our programs are always designed for and modelled by our members. The network is **free to join**, as are our meetings and events, and is open to anyone working in the public sector, particularly Local Authorities, Clinical Commissioning Groups (CCG's) and Commissioning Support Units (CSU's)

This guide is based entirely on the experiences and opinions of network members and I'd like to thank everyone who has contributed towards the content.

If you have any comments or recommendations for improvement, or you wish to find out more about the work of the network please contact [colin.whitehouse@prepaidnetwork.org.uk](mailto:colin.whitehouse@prepaidnetwork.org.uk)

## Before tendering – getting it right from the start

### Pre-tender discussion topics

There's a lot to be gained from holding preliminary discussions with potential suppliers well before going to tender or making a decision about which one to choose. Most organisations making a start with prepaid cards will have some knowledge and have spoken to other, more experienced network members but everyone is different and you should use these discussions to widen your knowledge and inform your decision making.

In addition, you should use these discussions to start to form an opinion of which supplier might be most suitable and to examine their approaches to dealing with your specific situation. Often these details are difficult to communicate in a tender document and this can lead to sub-optimal procurement decisions being made.

So, what might you look for in a preliminary discussion?

- A feeling that you could work well with the supplier (No. 1)
- Examples of a track record in similar organisations to your own
- A statement that everything that's being shown to you is available now and not 'under development'
- An explanation of how your funds are fully protected under an eMoney licence agreement
- Evidence that the product is being fully used by a good number of other public sector organisations
- It may be worth having a preliminary chat with other network members who use the supplier as they can often point you in the right direction on what to cover

It's also worth thinking about what makes a good customer from a supplier's point of view. Ultimately a supplier wants to provide an optimised set up tailored to the customer's needs in a timely fashion. In order to do this they want you to;

- Prepare a clear programme brief
- Be open to suggestions in order to tailor a solution that best meets your requirements
- Be timely decision makers
- Be responsive
- Have realistic go-live dates
- Have trust in the supplier's knowledge of their products and what's worked for others

Unsurprisingly, what they hate to see is largely the opposite of this;

- Going to meetings where they sit and listen to arguments
- Not getting replies to questions so progress is held up
- Hearing 'we know best' from customers who are implementing prepaid cards for the first time

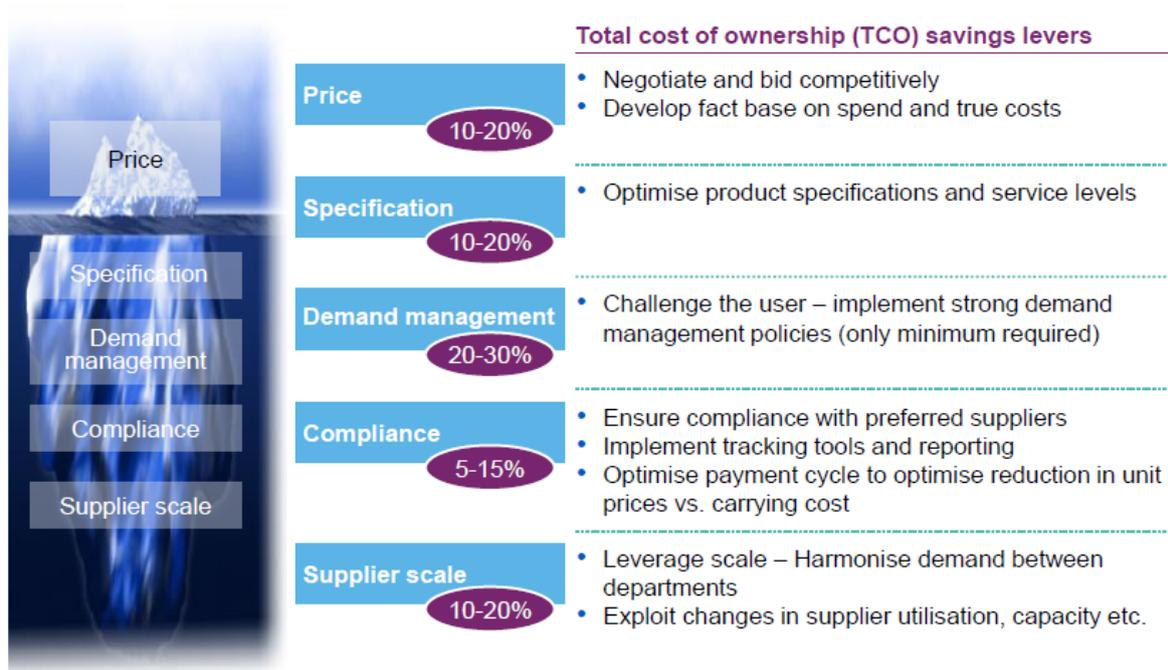
Often the process is kept deliberately simple. One supplier has a tried and trusted start up document that a new customer is asked to complete, you can find it on the website. A half-day training session is arranged a week prior to going live and then away you go. This works for a very large majority of people as it's based on the suppliers' experience of over 100 implementations.

Remember that the most important factor in maximising the benefits of prepaid cards is choosing the most suitable supplier for your needs with whom you develop a first-class working relationship.

**Top members tip:** Choose the most suitable supplier, the one you are most comfortable working with and best suits your requirements, not the cheapest. You may save a few pounds upfront but you will lose out massively on the savings you make. Cheapest does not equal best value.

This view was supported by Sally Collier, Chief Executive Officer of Crown Commercial Services in a recent presentation looking at modern procurement

## Using the full range of commercial levers to deliver savings requires a partnership approach



## Getting the right people on board

Network members always stress the importance of getting the right people involved in the project from the outset. Most do this, the others in retrospect wish they had.

Doing this has several advantages;

- It provides an opportunity to create a positive spirit before people have had an opportunity to form negative views
- You can establish with the realities of using prepaid cards rather than people creating their own views based on incomplete, historical or incorrect information
- An early view of who might be 'difficult' is very useful. It's much easier turn people around earlier than later
- It shows you mean business, that this is going to happen and that you're being inclusive
- It also helps to establish roles and responsibilities within the implementation process. Everyone, including the supplier, then knows how to liaise with over specific issues

### Ok, who should we include from our own organisation, and why?

Who?	Why?
<b>Service Area Managers</b>	If they don't get it, it won't happen Try to explain it to them in terms of solving the problems they face
<b>Finance</b>	They can be your greatest allies when others are dragging their feet The financial case for using prepaid cards is overwhelming and they're a rare and relatively easy way to save significant amounts while improving service delivery
<b>Commissioners</b>	They can help to promote the use of the card amongst the local provider market and give useful feedback on what subsequent management information might be useful to them in helping to deliver the Care Act requirement to shape the local market. If service providers realise that this is really an account, not just a card, they can help service users to set up their payments
<b>Audit/Legal</b>	They shouldn't be a problem as the legalities are well established and have been dealt with by existing network members Auditors should be delighted that every incoming and outgoing transaction is recorded, it makes their job much easier By including them at the outset you stop others saying audit and legal won't like it when they're just trying to mask their own opposition
<b>Social Workers</b>	Social workers are the key to getting prepaid cards accepted by your service users. If you can convince them of the benefits and establish that they need to be 'mandatory' then they'll do a great job of selling the benefits. If you don't, they won't and you'll end up trying to do it centrally
<b>Procurement</b>	Likely to sulk if you don't include them. The better they understand what you're setting out to achieve the less likely they'll deliver the wrong supplier by relying on cost alone We encourage people to have a chat with potential suppliers in advance of tendering to broaden their knowledge, and a large majority do this happily. Some procurement sections try to stop this happening but it doesn't in any way compromise the tender process

<b>IT</b>	so try to resist this, you can always invite them to come along Nobody has integrated prepaid card systems with their existing IT systems. Life's too short. IT will need to be reassured about this and provide basic secure access to the organisation
<b>Project Manager</b>	Members report that the smoothest way to implement prepaid cards is to use a dedicated, specialist project manager. Give them a fighting chance by involving them from the outset

### ...and what about Service Users?

Network members universally comment that you need to involve Service Users right from the start in order to make things run smoothly. You should communicate effectively with them to inform and reassure them, and to outline what they have to do to prepare.

<b>How?</b>	<b>Why?</b>
<b>Via Social Workers</b>	The importance of social workers was outlined in the previous table. They'll have the best idea of who might be the ideal Service Users to work with, and it's a great way of making them feel part of the delivery team
<b>Using existing groups/networks</b>	Why not, it's easy. Most members have regular meetings scheduled to provide feedback and discuss issues. Again, it's useful to make these groups feel involved in delivery
<b>Hold meetings (include supplier)</b>	Even if you have these groups it's definitely worth holding specific meetings with Service Users to tell them about your plans, explain the benefits that apply to them, and stop them feeling scared about the change. The more people you involve the quicker the word will spread. Some members have involved their supplier to provide demonstrations aimed at showing how easy the portal is to use
<b>Look for 'squeaky wheels'</b>	Never easy but it's a great truism that if you can convince your biggest critics then they'll become your greatest advocates. Very well worth the effort, it's better to have the loudest people shouting with you rather than at you.
<b>Introductory letters &amp; newsletters</b>	There are some examples of these on the website. A simple and effective way of introducing the change, setting the correct tone and establishing deadlines. Get it right and you're off and running.
<b>FAQ's</b>	Service Users will always ask the same questions, and they're the same questions that have been asked by other's Service Users. Generate a Frequently Asked Questions document, send it out to everyone and put it on your website. Don't forget to update it regularly

Try to use examples from other organisations where Service Users have reported how they have benefitted from using prepaid cards. Evidence shows that 80% of Service Users will be very keen to start using the cards as soon as possible.

Think about publicising a 'hotline' telephone number for queries.

Above all, be open, honest and transparent about why you're doing this and remember that you're informing Service Users of your plans, not consulting them.

## Using benefits to overcome objections

When planning to implement prepaid cards it's worth spending time identifying the benefits to different groups of people, both internal and external. While people may verbally support the project they'll only truly buy into it if they can see what's in it for them.

### Benefits to internal stakeholders

We've used the most of the same list of internal stakeholders as previously.

Who?	What's in it for them?
<b>Service Area Managers</b>	<ul style="list-style-type: none"> <li>Much easier to monitor expenditure against the agreed care plan</li> <li>Easy to claw back funds</li> <li>Monitoring staff work efficiently and use their time to monitor, not chase bank statements</li> <li>Emergency and one-off payments can be made instantly</li> <li>Improves safeguarding capability by providing constant, up-to-date information</li> <li>Bank statements don't have to be securely stored</li> <li>Can be implemented within 2-4 weeks of sign off</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>Local authorities report savings of 5% and 10% of their direct payments budget from using prepaid cards. Savings are typically made by reducing allocations in support plans and by clawing back excess balances. The initial clawbacks can be huge, and continue once the service user uses their funding 'properly'</li> <li>Easier to demonstrate where/how the budget has been spent</li> <li>Aids compliance with the Care Act requirement to better manage the local supplier market</li> <li>Data on expenditure can be analysed alongside other financial information to give a rich picture of social care finances</li> </ul>
<b>Commissioners</b>	<ul style="list-style-type: none"> <li>Analysis of spend data allows commissioners to see exactly what the funding is being spent on, and with which suppliers (Care Act issue)</li> <li>Easier to spot under and over provision of supply</li> </ul>
<b>Audit/Legal</b>	<ul style="list-style-type: none"> <li>Use of the framework contract ensures that all contract and legal matters are dealt with properly</li> <li>Security of over 100 public sector bodies using prepaid cards without any problems</li> <li>As all incoming and outgoing transactions are automatically recorded and made available the audit trail is automated</li> </ul>
<b>Social Workers</b>	<ul style="list-style-type: none"> <li>Much more timely and higher quality of information on what a Service User is actually spending</li> <li>Early notice on anomalies and situations that need investigating</li> <li>No need to waste time fetching and carrying cash, with the attendant security issues</li> <li>Real time information on expenditure can be used in one-to-one meeting with the Service User</li> <li>The prepaid card remains the use of the council which allows a wider range of sanctions to be applied tactically where required</li> </ul>

## Benefits to Service Users

Similarly, when communicating with Service Users it's useful to keep a list of the benefits to them in mind;

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<b>Benefit</b>	<b>Reason</b>
<b>They don't have to send in paperwork</b>	This is Service Users' number one worry identified by focus groups and something that causes a great deal of worry and stress.
<b>Prepaid cards are generally available to all</b>	For financially excluded Service Users they provide a way of managing money and paying bills in a more contemporary fashion. They also create a banking history which helps with future mainstreaming.
<b>Access to lower prices</b>	Reports show that an inability to use online services and pay for bill online costs an extra 15% as a 'poverty gap'.
<b>No need to carry and manage cash</b>	Far safer and more secure.
<b>Can more easily track their expenditure and manage their own finances</b>	This helps Service Users to take responsibility for managing their own financial affairs. Receipts onto the card can be notified by text or email and possible failure of direct debits can be notified in advance. This helps Service Users to help themselves.

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## Bringing on board new recipients and migrating existing users

This topic is often seen as the most difficult hurdle to face but in reality, with a little forethought and planning, is straightforward and one of the easier tasks to complete.

### To mandate or not to mandate?

An important decision you face which will shape your strategy is whether or not you are going to 'mandate' the use of prepaid cards. In reality you can never truly do this as some service users simply won't be suitable and the Care Act ensures that you must always have a choice in your back pocket.

The vast majority of network members have drawn a line in the sand after which all new claimants must have a prepaid card and then dealt with progressively migrating existing users. Those who have been forced, often by local political decisions, to always offer prepaid as a choice report that implementation has been difficult as they've had to persuade each service user one-by-one of the merits of using prepaid cards. They always wish they'd been able to mandate their use.

Occasionally a challenge arises based on a service user's perceived ability to 'choose'. The standard riposte is to explain that choice applies to their ability to choose who delivers the services they require. They do not have the right to choose how the council most effectively transacts its business. You'll find an example letter used by one council in response to a challenge in the online resource.

### Putting the pieces in place

Before you start to enrol service users you'll need to make a few decisions and have a few things in place;

- A cardholder agreement which the council and service user/companion will sign to say they agree to the terms and conditions you're setting. These are relatively straightforward and a few examples can be found in the online resource
- Rules – the do's and don'ts. These are a useful, less formal addition to the cardholder agreement and can explain the best ways to use the cards and how to minimise the charges. You might also explain what to do about lost cards and forgotten PINs here
- You need to decide what you're going to do if the cardholder dies. Common practice is to immediately freeze the card, take back the existing balance and then ask the administrators of the estate to send in any bills for accrued care. This way the money doesn't just 'disappear' or become part of the overall estate. Create a procedure and (sensitively) let the service users know what will happen

### Thick or thin front end?

Councils have adopted two quite different strategies in dealing with service users who are receiving prepaid cards for the first time.

In the 'thin front end' model initial contact between the council and the service user is kept to a minimum. Instructions and cardholder agreements are dealt with by post and the cards themselves are delivered directly to the service user. Service users use the online portal or telephone banking to set up direct debits and standing orders.

Conversely, the 'thick front end' involves far greater initial contact. Service users are invited in to have the agreement explained and then sign it, receive the card and if they've brought details with them helped to set up their initial standing orders and direct debits. When a service user leaves you can be confident that they know what they're doing.

So, what are the advantages and disadvantages of these two approaches? Obviously the 'thin front end' approach takes less time and is therefore initially cheaper, and you can process more service users at a time. However, members report that this approach leads to a great number of follow up telephone calls asking for help and may result in a meeting in any case.

The 'thick front end' on the other hand is more resource hungry at first but leads to a greater number of satisfied, un-worried service users. You can be sure that they understand their responsibilities, have signed all necessary agreements and are ready to go.

Around 70% of councils have chosen to adopt the 'thick front end' and feel that their overall costs have been lower by taking this route.

Whichever route you choose it's sensible to prepare a list of the documents a service user will need (eg bank statements) and of what they have to do to set everything up. You will, of course, need service users to continue to send in their bank statements up until the point at which they start using a prepaid card.

### **Communicate, communicate, communicate!**

Network members always report that regular and effective communications, right from the start, are vital in ensuring that the implementation goes as smoothly as possible. Try to use every opportunity to tell people what's going to happen and to stress the advantages of the cards to the first people to receive them. Some ideas;

- Mailshots. Tell service users what's going to happen, what is happening, what they need to do and where to go to for help if they run into difficulties. Again, you'll find examples to adapt in the online resource. Set up a helpline early and use the number everywhere.
- Use existing newsletters. Some councils produce direct payments newsletters to keep their service users informed. Use them too.
- If you've taken steps to get the right people on board then you will have user groups or be speaking to existing groups.
- Create A5 leaflets with a few bullet points on, put them in public areas and give them to social workers
- One of the most important things to tell people are the timescales involved, and it's important you stick to them

### **Don't forget your staff**

Whichever route to implementation you decide to take staff capacity will need to be assessed and staff trained to take on the new duties.

It's just always a good idea to tell all staff what you're doing in terms of communicating to service users, no one likes to be caught unawares is they're asked a question.

## Changing your processes

You've planned your implementation, got some existing service users on board and are putting all new applicants onto prepaid cards. Great! Now how are you going to use these cards and the portal for the benefit of you and your service users.

You could just try to layer prepaid cards on top of your existing working procedures but you're not going to maximise your potential returns and benefits that way.

As you might imagine we've talked about this quite a lot in network meetings over the years and here are some of the common processes that people put in place;

### IT/ERP changes

Remember that the only IT/ERP change you need to make is to change the BACS payments so that they are made to the account numbers and sort codes on the prepaid cards instead of to the old bank accounts

### General daily monitoring

This replaces the constant chasing and searching through bank statements. From certain suppliers you'll receive an email showing where certain tolerances have been exceeded, such as balance is zero, balance exceeds 30 days payments, attempted foreign currency transaction. A full list can be found in the online resource

- Client contributions

It's an easy matter to pick up when client contributions aren't being made. What's your process for dealing with this and when will the process be triggered? You need to design a process that's right for you and it may be based on existing procedures.

A popular procedure involves immediately suspending the card and informing the social worker to trigger a case review. If, on review, it appears that the client contribution is not needed in order to provide a full care package then the funding levels would be reduced to reflect this.

For example, a care package costs £1,000 per month, £800 from benefits and £200 via means tested client contribution.

Client contribution hasn't been made for two months but care received is deemed as adequate on review.

Package is therefore reassessed at £800 per month, now £600 from benefits as means tested client contribution would remain at £200.

Mark the case for re-examination in three months.

### Handling excess balances

If you find a card has an excessive balance (you have to decide what's deemed excessive) then what are you going to do about it?

- Tell the social worker?
- Approach the service user directly?

- How are you going to decide if it's legitimate (eg saving for seasonal spend)?
- Are you automatically going to clawback any excess balance? Do you want to automatically trigger a case review to look at whether the benefit levels are too high and adjust them downwards if necessary, as for missing client contributions?
- Who's going to take responsibility for seeing this through?

The most common and successful approach is to automatically clawback the excess money as a precaution, trigger a case review and then either put some money back or adjust the funding levels according to what you find. It helps if you have a set of general rules for this, you may already have.

### **Social worker visits**

It pays to look creatively at how the information you're gathering as a natural part of the prepaid cards process might be used to make better, timelier decisions. One way of achieving this is to ask how the information can be used by social workers in one-to-one meetings with the service users.

- In general, better monitoring ought to lead to fewer visits as if everything is seen to be in order the frequency of visits can be reduced
- Could the social worker take an up to date copy of the service user's spend information and use that to have better conversations about their care package. Ideally a social worker could have access to such information via a tablet to use onsite.
- Example: If the social worker can see recent spending trends and sees that the service user is no longer attending, say, a day centre, they can either reduce the cost of the package or recommend another more appropriate activity. Unsurprisingly service users don't tend to admit that they underuse their services

### **Helping & safeguarding Service Users**

The use of prepaid cards is as least as much about safeguarding and helping service users as it is about saving money. By being able to examine spend on a real time basis rather than examining old bank statements monitoring officers will be able to quickly develop a checklist of the things to look out for. If issues are raised then they can be dealt with as they arise rather than being identified many months after they occur.

Here are some of the things that monitoring officers have reported as deserving attention;

- A sudden drop in balance

Most service users have fairly static and predictable patterns of spend. A sudden and out of the ordinary drop in the card balance may indicate that, at best, something unusual has happened which required emergency expenditure or, at worst, someone else has taken control of the card

- Generally unusual spend patterns

Similar to the above, you would expect regular payments to be made at regular times. If that changed there'll be an underlying reason

- Money not being spent

This is a real red flag.

What if the opposite happens and no money is being spent. Could it be a care or incapacity issue? Has there been a sudden change in circumstances and do you know about it? It's often an indicator of something major

- Money not being paid onto the card by others, or the council

Again, what you're looking for here is something out of the ordinary. Are regular payments continuing to be made? We have had some examples of council non-payment being flagged in this way. If the social worker is using spend information with the service user then it's quite easy to establish what's 'normal' between you

- Identifying things the service user may be doing incorrectly

Now we're in the realms of mandatory pensions and auto enrolment, and service users are paying their own service providers either directly or indirectly it can help them if you point out a few 'missed tricks';

- Has the PA not been paid all of a sudden?
- Is the service user attracting higher costs by paying a PA weekly rather than monthly?
- Has the service user 'not got round' to doing mandatory things like paying HMRC, or are they using a bureau to do this?
- Paying for services in cash to avoid paying tax and national insurance
- Taking out employers liability insurance and then cancelling it a couple of weeks later and claiming a refund

Catching things early is always less problematic for everyone than dealing with the longer term consequences

In general try to make all of this more carrot than stick and always stress that you're trying to help rather than interfere.

Things do go wrong, not always due to deliberate fault and it's sensible to have a gone wrong process in order to help the service user get back on track. Obviously this also helps to position the council on the side of the service user as a helpful resource.

### **Asking for receipts**

We often get asked whether it's still necessary to request receipts from service users. In essence a prepaid card is no different to a bank account in this respect so you may think it reasonable to continue to do so.

In practice members find that the better and more timely monitoring usually means that receipts are not required. A quick straw poll found no councils using prepaid cards who ask for receipts as a matter of course. The sensible approach seems to be to keep it in reserve for a time when you have suspicions that you want to investigate in more detail and then ask for receipts as a shot across the bows that the account is under examination. Making service users aware of the better monitoring capability of prepaid cards usually sees a fall off in attempted fraud attempts due to the higher likelihood of being caught.

## Teething troubles and tips

We thought you might find it useful if network members told you about some of things that happened to them which, despite their best efforts to cover everything in their plans, they didn't expect. Stuff happens!

- Some groups of customers can't be trusted with cash, counter this by selectively blocking ATM use
- Customers may have fluctuating capacity and periodically become unable to deal with their own finances. The prepaid card remains yours and you can make payments on their behalf by taking control when necessary
- Solicitors who have deputyship for customers have to submit proof of expenditure annually to the Court of Protection and were unwilling to share it with us in direct payments. We compromised by allowing them to submit once a year the statement they provide to the court. (If you want to get tough, point them towards the DP agreement and if they still don't provide the information then refer them for investigation)
- The names of 'approved persons' have to be preauthorised, some customers see this as unnecessary, particularly parents of children with learning disabilities. Explain why it has to be done
- Despite our initial hand-holding some customers still found it hard to take in and use with ease. We introduced 'drop in' surgeries which have proved to be very popular and we now appear to be complaint free. At a recent surgery we received a vote of thanks for introducing prepaid cards as an effective way of managing direct payments
- Some people need more training and coaching than others, you need to explain clearly and simply how to use the cards well (setting up DD's, using the telephone service etc)
- Use initial assessment meetings to sell the benefits of prepaid cards to new users and community based social workers to promote them at annual assessment meetings
- If you choose to use branded cards make sure you keep enough in stock so you don't have to use non-branded cards whilst waiting for a delivery
- Don't assume you speak the same language as your supplier, they won't necessarily understand all of your assumed terminology. Double check you both have the same understanding of what's required
- Don't assume that all cardholders will transfer their old card/bank account balances or stop paying their client contribution to the old card/bank account. Have a plan B for those customers who need more support and reminders to do so
- Keep your own accurate and quality checked list of card holders in case you ever switch suppliers

## Conclusion

At the time of writing over 100 public sector organisations are using prepaid cards as an integrated part of their day-to-day operations. The cards are now longer 'new' or 'untried' and there is a whole network's worth of experience and expertise on hand to help those new to the party. The early pathfinders are using prepaid cards in all of their departments and have used them as a central plank in their drive to become entirely cashless.

The most successful people using prepaid cards have just got on with it, learned from the network and had a go. They've now been reaping the substantial rewards for a number of years.

One or two are still trying to dot all of the I's and cross all of the T's over three years after first deciding prepaid cards were a good idea and haven't made any real progress. We do struggle sometimes just to get out of our own way and get on with things.

The benefits of prepaid cards to both the funding organisation and service users are widely accepted and well documented, and it's unlikely that any organisation looking at them for the first time is going to face fundamentally different issues than those who have gone before.

This guide and all of the network resources are here to help.

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[www.prepaidnetwork.org.uk](http://www.prepaidnetwork.org.uk)