



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
17 JANUARY 2017

DIRECT PAYMENT CARDS

REPORT OF THE DIRECTOR OF ADULTS AND COMMUNITIES

Purpose of Report

1. The purpose of this report is to update Members of the Committee on the progress and outcomes of the Council's decision to implement (pre-paid) Direct Payment Cards (DPCs) as the Council's preferred mechanism for the delivery of Direct Payments (DPs).

Policy Framework and Previous Decisions

2. A previous report was presented to the Committee on 1 September 2015. This report introduced the card scheme and the methodology that was to be employed by the Council to implement it.

Background

3. Within the current Medium Term Financial Strategy (MTFS), the two projects - Review of Personal Budget Allocations and Effective Management of Direct Payments are expected to contribute £1.5m of savings. £500,000 of this saving is planned to come from reviews of DPs and the use of the DPCs.

Direct Payments

4. In line with the Government's emphasis on a personalised approach to service delivery, the Adults and Communities Department has continued to promote DPs as the preferred way of delivering Personal Budgets. Currently 96% of service users have a Personal Budget and 52% of them receive it as a DP. The roll out of DPCs over the last 12 months has allowed for a substantial increase in the number of DPs being delivered to service users by the Department.
5. When the business case for the DPCs project was approved by the Departmental Change Board in October 2014, it was anticipated that the use of the DPCs would:
 - simplify the process for service users and carers;
 - allow the Council to monitor more robustly the spending of DPs;
 - allow any unwanted/excess funds to be reclaimed quickly and efficiently from the accounts;
 - provide more choice for service users and their carers about where to purchase the services they need in line with their support plan;

- provide accurate information for staff when conducting a social care review about how the DP was being spent compared to what had been agreed in the individual's support plan;
- contribute significantly to the departmental savings targets.

Direct Payment Cards (DPCs)

6. The approach to the launch of the DPCs was agreed in June 2015 and involved:
 - sending out briefing packs offering specialist support to DP holders and their representatives to set up their new card;
 - requesting that all existing balances in DP accounts were transferred to the new card account for review by the newly appointed Direct Payments Support Team.
7. The Direct Payments Support Team was established within Corporate Finance in autumn 2015.
8. The Direct Payments Support Team, the provider of the cards - Prepaid Financial Services (PFS), and the project team undertook the roll out of DPCs as the preferred delivery method for DPs starting in December 2015. At the start of the project there were 1,243 people with a DP already in place. They were divided into cohorts and the roll out process took place over the course of the next six months with a further 'mop up' cohort being migrated in September 2016.
9. Additionally, all new DPs established since the start of the roll out have been set up with DPCs except for a very small minority whose personal circumstances were such that they needed to have their DP delivered via another bank account arrangement.
10. Letters and information packs were sent to all DP holders, or their representatives, ahead of the planned card issue date. As well as introducing the cards and the plans for migrating existing DPs on to DPCs, letters were sent to them asking them to return any balances that had accumulated in their DP accounts in excess of eight weeks' worth of DPs. To date clawback of just over £1m has been achieved.
11. Engagement exercises took place with groups of service users and carers particularly with service users with learning disabilities and their carers. Information was made available in Plain English and Easy Read formats. Information sessions were also held for the staff team to ensure that they knew how the cards operated. Additionally guidance was developed for the staff team and published on the Adults and Communities A-Z of policy and guidance on the intranet.
12. Most people responded positively to the introduction of the cards. Out of the initial cohort less than 300 chose to remain with their existing arrangements. The Council will respect the wishes of the people who do not wish to change their current banking arrangements.
13. Reviews of support plans were scheduled to commence in tandem with the activities of the Direct Payments Support Team to ensure that support plans were revisited and where appropriate Personal Budgets adjusted to reflect better the needs of the service users.

Current Situation

14. Since the start of the project 3,053 new cards have been issued to DP holders or their representatives and as of 12 December 2016 there are 2,570 cards in current circulation and only 310 people are having their DP delivered via another banking arrangement.
15. Business processes have been developed for ensuring that there is communication between the Review Team and the Direct Payments Support Team as the review of DP support plans commenced.
16. Work has taken place between the PFS and Corporate Finance to understand how the reports on the card system can be used to provide alerts for monitoring and control. Most of the available reports are now in place and, as a result of using them to monitor card activity and spend, the Direct Payments Support Team has managed to successfully clawback £200,000 unwanted surplus from DP accounts as part of the total £1m sum clawed back.

Provider Managed Accounts

17. A Provider Managed Account (PMA) is where a service user has either been assessed as not being capable of managing, or do not want to manage a DP themselves, and so their personal budget is handed to a third party provider to manage on their behalf.
18. The decision to end all PMAs was taken by the Adults and Communities Department's Departmental Management Team (DMT) in May 2016. The setting up of all new PMAs had been halted earlier in the year. DMT recognised that these arrangements needed to come to an end because:
 - there was some evidence that PMAs (which were a form of DP) were being used inappropriately to support people who did not have the mental capacity to agree to the arrangements;
 - there was no clear audit trail in place for either the Department or providers who were managing the DP on behalf of service users;
 - the low levels of accountability on PMAs had allowed excess balances to accrue on accounts;
 - providers had used the availability of PMAs to commission outside of the Department's framework and/or framework prices – driving up the costs of commissioning.
19. Engagement took place with PMA service users, carers, providers and staff in October 2016 about the Department's intention to end all PMAs permanently. They were informed that a programme of reviews would be undertaken between November 2016 and September 2017 to ensure that PMA holders' needs were addressed effectively, that they have an appropriate support plan in place with a sufficient Personal Budget to meet their eligible needs. Those with the mental capacity to request a DP would be offered a choice of either a DPC or a managed service. Those service users without the mental capacity or someone to act on their behalf as the "Authorised Person" (Direct Payment Regulations) would have their services delivered via a managed service.

20. A schedule of PMA reviews for the Review Team was established. A prioritisation process took place to identify the most vulnerable service users for early review and reviewing started as part of the Care Pathway Improvements Programme in November 2016.
21. At the same time work has commenced with providers of PMAs to establish and clawback unspent balances on their accounts. So far this has achieved a figure of £448,500.

Resource Implications/Savings

22. From the start of the project (2015/16), through a review of Personal Budgets, the introduction of DPCs was forecasted to achieve a total savings figure of £750,000 by 31 March 2019.
23. Actual cumulative savings achieved by reductions in Personal Budgets up to October 2016 are £283,000, net of provider and staffing costs (£338,000 – full year effect). Additionally £1m was clawed back as a one-off saving. Work remains ongoing to deliver the savings in 2016/17.
24. These savings are net of the provider costs involved in providing the card service. The provider costs are dependent on the number of cards in circulation. Initially the provider costs amounted to £56,000 per annum. This is set to increase to £66,000 in 2016/17 and £95,000 in 2017/18 as the number of cards in circulation has increased to over 2,000.
25. The cost of the Direct Payments Support Team amounts to:

Post	Number	Grade	Cost
Team Leader	1 x FTE	8	£27,600
Finance Assistants	2 x FTE	6	£43,900

26. These costs have been incorporated into the Corporate Finance budget.

Background Papers

- Report to Adults and Communities Overview and Scrutiny Committee: 1 September 2015 – Direct Payment Cards and Customer Journey Simplification
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1040&MId=4273&Ver=4>

Circulation under the Local Issues Alert Procedure

None.

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Relevant Impact Assessments

Equality and Human Rights Implications

27. As part of the project work an Equalities and Human Rights Impact Assessment screening exercise was undertaken and approved by the Departmental Equalities Group. This was presented to the Committee on 1 September 2015 and as outlined above further work to enhance and refresh this is currently underway.

Partnership Working and Associated Issues

28. The Council will continue to work co-operatively with the provider of the DPCs (PFS) to operate and manage the system.
29. Work continues with the providers of care services to transition people on to DPCs from PMAs including the clawback of any unspent balances
30. There are plans to engage with providers of care services about the effectiveness of the DPCs as part of a wider engagement exercise.

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