

LONDON BOROUGH OF CAMDEN

Ward: ALL

**Report Title**

**PREPAID CARDS FOR DIRECT PAYMENTS**

**Report of**

**BCC Project Accountant**

**Report to**

BCC PMG

**Date**

19/01/11

**Summary of Report**

**Contact Officer:** John Stansfield – BCC Project Accountant 0207 974 1412.

**Recommendations**

To note the progress on the implementation of the Prepaid Card pilot scheme for Direct Payments.

To agree to roll out the pilot to a further tranche of customers, including all new customers

To extend the current pilot contract with Prepaid Financial Services for a further six months to the end of September 2011.

To request the Direct Payments and Support Brokerage Steering Group to address the strategic questions raised in this report and to develop a strategy for prepaid cards beyond September 2011.

## **EVALUATION OF PREPAID CARDS FOR DIRECT PAYMENTS**

### **Background**

In February 2010, PMG agreed to pilot the issue of prepaid cards to around 30-50 customers who receive direct payments. The purpose of the pilot was to establish the reliability of the technology, to develop appropriate systems and procedures and to seek customer feedback prior to rolling out a scheme for all DP customers in 2011/12.

BCC PMG also approved the establishment of a project team including representatives from DISC, Age Concern, Camden Direct Payments, Finance, Care Management, Communications, and Corporate Purchase to Pay.

The anticipated benefits of prepaid cards are:

- They make Direct Payments accessible to customers who might have difficulty in opening a bank account
- They provide a range of options for customers to make payments i..e
  - through bank transfer on-line (or by telephone using the card provider's help-line)
  - at point of sale to any service provider who accepts Mastercard.
- Customers can check their transactions and balance online 24/7 (or by telephone using the card provider's help-line)
- Customers don't have to spend time providing monitoring information to the Council. The Council receives electronic monitoring information direct from the card provider.
- Electronic monitoring enables the Council to identify matters such as unspent balances more promptly and efficiently than was possible with a paper-based system.

### **Achievements to Date**

Since PMG approved the pilot in February we have:

- Appointed a card provider (Prepaid Financial Services - PFS) to work with the Council on the pilot phase of the project. The appointment was made jointly with CSF who are also piloting the use of prepaid cards with young people in schools (COO-L Project). The current contract with PFS runs to the end of March 2011.
- Produced an information leaflet for customers
- Developed procedures for loading money onto cards
- Developed procedures for the issue of cards and the provision of support through DISC and Age Concern
- Provided disability awareness training (through DISC) to PFS
- Issued cards to over 28 customers

- Invited customers to provide feedback and held an evaluation event for customers.
- Worked with PFS on the development of monitoring reports

## **Evaluation**

An evaluation event was held for customers in December 2010 and was attended by five card holders. The detailed responses received are attached. Clearly the views of five customers are not necessarily representative of all DP customers. However they do include a wide range of views, from a high degree of satisfaction in one case to one customer who had experienced significant problems in making payments.

Generally the view of the project team is that we have learned a great deal from the pilot and that PFS have been responsive to the Council's requirements and dealt well with teething problems where they have occurred both for customers and for the Council.

Two specific areas for development are:

- Payment of personal assistants. This has mainly worked well, but there have been some problems with PA bank details which have resulted in a relatively small number of missed payments. We will work with PFS to develop procedures (including guidance for customers) to minimise payment errors.
- Management reporting and monitoring is one of the key potential benefits of the prepaid scheme and at this stage we are working with the PFS to develop a report which meets all of our monitoring requirements. However, the management reports received to date have already enabled the DP monitoring team to identify a case of misuse of funds that might not have come to light under the previous system.

Overall the conclusion of the project team is that the pilot has demonstrated that we have the systems and technology in place to make prepaid cards work for direct payments. Feedback from customers has been largely positive, and we are able to recommend a roll out of the scheme to a further tranche of customers, including continuing to offer the prepaid card to all new Direct Payment customers.

The pilot has also raised some strategic questions about how the scheme should be developed in the future, and these are outlined below. To provide more time for these strategic questions to be addressed, it is recommended that the existing pilot contract with PFS should be extended for a further six months to the end of September 2011. It is also recommended that the future strategy is taken forward by the Direct Payments and Support Brokerage steering group.

## **Strategic Questions**

In terms of developing the scheme in future it will be important to address the following questions.

- How do prepaid cards fit with the overall strategy for encouraging take-up of direct payments?
- Do we see prepaid cards as the primary option for the administration of direct payments? Are there any customers for whom prepaid cards are not suitable?
- Should prepaid cards be the only option for receipt of a direct payment, and what are the implications?
- How do they fit with other initiatives that aim to make it easier for customers to manage their direct payments e.g. the DISC managed payroll service?
- Are there other areas where the Council needs to transfer funds to customers where prepaid cards would be a viable solution? (This question is not for the DP and SB Steering Group – it will require a corporate lead to be identified for prepaid cards).
- What are the options for continued joint working with CSF? CSF have commissioned an external evaluation of their COO-L scheme which ASC may wish to participate in.
- Are there benefits in jointly procuring a card provider with other Councils? London Councils has recently developed a framework contract for prepaid cards, and a meeting is due to take place on 4<sup>th</sup> Feb to report on progress to date.

## **Financial Implications**

The cost of the scheme in the pilot stage (other than officer time) has been minimal. There is an agreed schedule of charges with the card provider of £8.95 per card issued, £1.00 maintenance charge per month for each active card, and £0.25 for each time we load money on to a card. Overall payments to the card provider for the pilot stage are likely to be less than £500. If we were to roll the scheme out to 500 DP customers for a full year then costs will be in the region of £12,000.

The scheme has the potential to contain the cost of monitoring as the number of DPs increases. There may also be savings due to the ability to identify customers who are holding balances which are greater than the level specified by our DP scheme.

Setting up new customers as card holders should require no more support service and administration resource than setting up a traditional bank account. However, if we are to transfer the existing 500 DP customers onto prepaid cards then there will be a need to identify some additional resource for support services and administration to handle that one-off additional workload.

## **EVALUATION OF PREPAID CARD FOR DIRECT PAYMENTS SUMMARY OF CUSTOMER RESPONSES**

Five customer responses were received to the questionnaire that was distributed in December

### **1. How easy was it to register for the Camden Direct Payment card?**

Easy	Could be improved	Difficult
4	1	0

### **2. How long did it take for you to receive the card?**

Two customers responded that they received the card straight away. The others did not comment.

### **3. Were there any problems with the card when it arrived?**

All 5 customers reported no problems

### **4. How easy was it to activate the Camden direct payment card?**

Easy	Could be improved	Difficult
4	1	0

### **5. Did you have any problems making payments with the card?**

Three customers reported no problems. One customer reported that there were insufficient funds on the card but that this was sorted out by a phone call to the card provider. One customer reported that wrong amounts had been taken from her card and that carers had not been paid. This was raised with the card provider when the comments were made in evaluation and has now been corrected.

### **6. What did you think of the prepaid card website?**

Two customers reported that the website was fine/OK. Two reported that they hadn't used it, and one did not comment.

### **7. What was your experience of using the call centre like.**

Three customers reported that they found the call centre very helpful/positive. One customer had not used the call centre and one reported "not good".

### **8. What did you like most about the Camden prepaid card**

"How much easier it was to use"

"Not having to submit statements and quarterly returns"

"In theory very good, needs fine tuning. No more returns to Camden in future"

“Paying Fish Insurance”

**9. What did you dislike most about the Camden Prepaid Card?**

“So far nothing”

“Could be improved by providing emails stating how much money has been put on the card and when. Could also be improved by providing default bank details of payees”

“Paying wages – it’s not working”

**10. How would you rate the overall experience of having the Camden prepaid card (1= very bad, 10 = excellent)**

Customer 1	10
Customer 2	8
Customer 3	5
Customer 4	8
Customer 5	1

**11. Would you consider carrying on with the card after the pilot in March or will you go back to having a bank account?**

Four customers indicated that they will carry on with the card. One will (probably) revert to a bank account.