

Notice of Non-key Executive Decision

Subject Heading:	Authorisation to direct award a contract to Prepaid Financial Services Limited (06337638) for the provision of prepaid cards
Decision Maker:	Barbara Nicholls, Director of Adults Social Care
Cabinet Member:	Councillor Gillian Ford, Cabinet Member for Adults and Health
SLT Lead:	Barbara Nicholls, Director of Adults Social Care
Report Author and contact details:	Laura Wheatley, Senior Commissioner and Project Manager
Policy context:	Under the Care Act (2014), Service Users with capacity (or their designated Carers) can request for Direct Payment facilities that give service users the choice, freedom and independence to select their own method of support to meet their eligible support needs.
Financial summary:	Award of a 12 month contract at an estimated cost of £67,000.00 via framework call off.
Relevant OSC:	People OSSC
Is this decision exempt from being called-in?	Yes

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The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents X

Place - A great place to live, work and enjoy

Resources - A well run Council that delivers for People and Place.

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Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

It is recommended that the decision maker approves the direct award of a contract for the provision of pre-paid cards to Prepaid Financial Services Limited (06337638) for a period of 12 months commencing on 1st March 2023 at a contract value of approximately £67,000.00.

AUTHORITY UNDER WHICH DECISION IS MADE

Part 3 [Responsibility for Functions] of the Council's Constitution, para 3.4 Powers of Second Tier Managers

Contract powers

(a) To approve commencement of a tendering process for, and to award all contracts below a total contract value of £500,000 but above the EU Threshold for Supplies and Services.

STATEMENT OF THE REASONS FOR THE DECISION

Background and Context

The current contract for the provision of pre-paid cards expired on 28th February 2023. This was a call off arrangement from the NEPO505 Payment Card Services NEPO Framework Agreement which commenced in September 2022 and is live until 2026 and there is no option to extend.

When the current contract was entered into in early 2022, the original intention was for the Joint Commissioning Unit to put in place a long term arrangement for pre-paid cards for the purpose of managing direct payments.

We are now seeking to directly award the contract via the NEPO framework agreement to the incumbent provider Prepaid Financial Services for a period of 12 months from 1st March 2023 to allow the wider review to take place. The complexity of the service and the transactional data reporting requirement limits the Authority's options with regard to suppliers and the expiry of existing contract has required an agile response.

The NEPO framework agreement permits a direct award. It states that contracting authorities may enter into a call-off contract through direct award with a supplier where the contracting authority is able to satisfy themselves that the direct appointment can fully meet their requirements (including lead times, continuity of projects, management of risk) and, where more than one supplier is able to meet those requirements, offers the best value for money and meets their needs most in terms of quality and price; provided their own internal procurement and legal procedures allow for a direct award.

Direct Payments are fundamental to achieving Havering's aim of increasing our service users' independence, choice and control by allowing the user to make an informed choice as to how best they can be supported. Direct Payments offered by Havering give people with eligible care and support needs (including Carers) greater flexibility. The Council uses pre-paid cards to manage the Direct Payments system in Havering. Prepaid Financial Services pre-paid cards give us greater visibility and transparency of how each individual's finances are managed, in line with the service users' responsibilities as outlined in their Direct Payment agreement. In

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addition, we were able to improve the effectiveness of the personalisation team, who are responsible for managing all Direct Payments.

Benefits of the service

The cards are loaded by the Direct Payment team and operate in the same way as a standard UK bank account, including the ability to make regular payments, pay vendors and receive statements. There is no option to access an overdraft facility – ensuring that there are no fees applicable to the user. Utilising a prepaid card solution negates the requirement of service users needing to submit quarterly spend returns, receipts and invoices, saving the service user time and increasing efficiency in the direct payments team. Other benefits of utilising prepaid cards include:

- Efficient clawback of unspent funds;
- Streamlining of operations and resources;
- Increased control, transparency and analysis for the Authority;
- Faster responsiveness in the distribution of funds.

Utilising this method of delivering direct payments supports the personalisation agenda as set out by the Care Act (2014).

Finance

Realistically, there is only one option that we are able to pursue that would be able to continue to deliver the service.

Most notable implications of a change in supplier at this stage have been described below:

- There are over 1000 Prepaid Financial Services prepaid accounts. A change in supplier would affect not only the Direct Payments team but also the payroll providers and may adversely affect personal assistants being paid on time (where changes in direct debits are required);
- Payroll providers will have to migrate bank details and other information onto a new system. This could lead to a charge payable by the Authority to carry out the additional work of transferring approximately 600 accounts;
- Service users who are self-managing their direct payments would need to learn how to use a new system – leading to a heightened influx of queries into the Personalisation team.
- As mentioned, a change in supplier would result in the team having to adopt new staff to cover the mobilisation of the new contract. It is estimated that this task would require two staff at Grade 5 (approximately 60k).
- Utilising the incumbent provider negates costly set up fees (£2k per programme) for the services to be transferred to the new supplier.
- Change in supplier would lead to issues for those cards that fall under the corporate umbrella

During 2022/23, £9.993m of funding has been paid by the Authority to support adults via direct payments.

The existing contract with Prepaid Financial Services operates on a fixed fee model and the annual cost for a one year contract based on current volumes is approx. £67K.

Recommendation

It is recommended that the Council authorises the direct award of a contract to Prepaid Financial Services for a period of 12 months commencing on 1st March 2023 through the NEPO framework.

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OTHER OPTIONS CONSIDERED AND REJECTED

Option 1: Do nothing and allow the contract to expire

This option was considered and rejected. Allowing the contract to expire will mean the supplier will cease supplying cards and managing the accounts linked to the cards, leading to the Authority having to revert to the manual task of requesting paper evidence for transactions. Utilising a model of pre-paid cards allows the Authority to audit £11m worth of spend and enables any issues to be identified and funds clawed back as necessary.

This would have large resource implications for the Direct Payment team who do not have the capacity to carry out this type of work. All direct debits and standing orders that Service Users have would need to be cancelled. There is a high risk of fraudulent behaviour during this transition which would affect the opportunity to claw back unspent funds.

Option 2: Recommission service via open or mini competition on the NEPO framework

This option was explored and rejected. It is impractical, in the current circumstances, to implement the required lengthy mobilisation should a new supplier win the contract by 1st March 2023 for the reasons are outlined above.

PRE-DECISION CONSULTATION

None

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Laura Wheatley

Designation: Senior Commissioner & Project Manager

Signature: *LWheatley*

Date: 22/05/2023

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

Officers seek approval to award a contract from the [NEPO505 Payment Card Services] Framework for the provision of prepaid cards.

The Council has a statutory duty under the Care Act 2014 to provide direct payments to meet the assessed eligible needs of those residents who meet the conditions set out within Sections 31 & 32 of the Act.

The value of the proposed contract is well below the threshold for Services as set out in the Public Contract Regulations (PCR) 2015. The Council is therefore under no obligation to advertise the contract opportunity on the UK e-notification service, 'Find a Tender'.

The use of a Framework is compliant with Regulation 33 of the PCR. The [NEPO505 Payment Card Services] Framework (Contract Award Notice 2022/S 000-026287), commenced on 20 September 2022. Participating authorities therefore have until September 2026 to call-off from this Framework.

The Council's Contract Procedure Rules confirm that all subsequent purchases under a framework shall either not require further competition (if a single supplier) or, if there are two or more suppliers for those goods or services on the framework, follow the express framework provisions for choosing a supplier.

The framework allows direct award and mini competition options. As set out in the body of this report, Officers propose to directly award a contract to [Prepaid Financial Services Limited 06337638].

FINANCIAL IMPLICATIONS AND RISKS

The current cost of Prepaid Cards is met from cost centre A34060 - Adult Community Commissioning, within the Strategy and Commissioning service of the Adults Directorate.

This contract operates on a fixed term model and the annual fee is estimated to be £67,000 based on current volumes of pre-paid cards. The expenditure in the 22/23 financial year was approximately £55,000, the new estimated contract value is an increase of £12,000. This increase is due to an increase in the number of pre-paid cards being used. A budget of £32,600 currently exists for this contract which is funded from the Better Care Fund, the 22/23 shortfall was funded from within the Strategy and commissioning service area core budgets.

The £12,000 increased cost of the new contract will also be funded from within the Strategy and Commissioning activity.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no human resources implications or risks associated with this contract extension.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

Havering has a diverse community made up of many different groups and individuals. The council values diversity and believes it essential to understand and include the different contributions, perspectives and experience that people from different backgrounds bring.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the council, when exercising its functions, to have due regard to:

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I.the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

II.the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;

III.Foster good relations between those who have protected characteristics and those who do not.

Note: 'protected characteristics' are: age, gender, race and disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The council demonstrates its commitment to the Equality Act in its decision-making processes, the provision, procurement and commissioning of its services, and employment practices concerning its workforce. In addition, the council is also committed to improving the quality of life and wellbeing of all Havering residents in respect of socio-economics and health determinants.

It is important to the council to ensure that direct payments for social inclusion are relevant to our community's needs.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

There is no specific health implication related to the change in the supplier of the direct payment mechanism. Nonetheless, ensuring direct payment can continue will allow the service users the continuity and control of their care.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

There are no environmental and climate change implications or risks associated with this contract extension.

BACKGROUND PAPERS

None

APPENDICIES

None

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed



Name: Barbara Nicholls

Head of Service title: Director of Adult Services

Date: 02/06/2023

Lodging this notice

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____