



Havering
LONDON BOROUGH

Notice of Non-Key Executive Decision

Subject Heading:	Authorisation to Direct Award a 5-year + 1-month contract to Prepaid Financial Services Limited (06337638) for the provision of prepaid cards.
Decision Maker:	Barbara Nicholls, Strategic Director of People.
Cabinet Member:	Councillor Gillian Ford, Cabinet Member for Adults and Health
SLT Lead:	Barbara Nicholls, Strategic Director of People
Report Author and contact details:	Faith Nare, Commissioner and Project Manager. T: 01708 31432 E: faith.nare@havering.gov.uk
Policy context:	Under the Care Act 2014, individuals with care and support needs or carers eligible for support (Service users) with capacity 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 5-year + 1-month contract at a cost of £340,583.33 via NEPO505 framework call off Lot. 1. Year 1: £72,583.33 (incl additional month) Year 2: £67,000.00 Year 3: £67,000.00 Year 4: £67,000.00 Year 5: £67,000.00
Relevant Overview & Scrutiny Sub Committee:	People OSSC

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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.

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

For reasons detailed in this report, the Strategic Director of People is recommended to:
approve the Direct Award of a contract for the provision of prepaid cards via the NEPO505 Framework, Lot 1: Prepaid Card Account to Prepaid Financial Services Limited (06337638) for a period of 5 years + 1 month from 1st of March 2024 to 31st March 2029 at a total value of £340,583.33.

AUTHORITY UNDER WHICH DECISION IS MADE

The Havering Constitution:

Part 3: Responsibility for Functions,

3.3 Powers of Members of the Senior Leadership Team

General powers

(a) To take any steps necessary for proper management and administration of allocated portfolios.

Contract powers

(b) To award all contracts with a total contract value of between £500,000 and £5,000,000

STATEMENT OF THE REASONS FOR THE DECISION

Background and Context

The current contract for the provision of pre-paid cards expires on 29th February 2024. This was a call off arrangement from the Framework Agreement NEPO505 Payment Card Services Lot 1 which commenced in September 2022 and is live until September 2026 (subject to extensions). In the NEPO Framework there is no minimum call-off period and the service deemed it reasonable to seek the duration now recommended in this report.

When the current contract was entered into in early 2023, 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 a 5-year period from 1st March 2024. The complexity of the service and the transactional data reporting requirement limits the Authority's options with regard to suppliers and the expiry of the 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

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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 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:

- 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

Another important benefit of the service is the efficiency to clawback / recoup any unspent or overpayments of funds. Table A below provides a synopsis of the amount clawed back between April 2023 and January 2024.

Table A: Sum of Refund Value

Month	Grand Total
April	78,116.64
May	175,563.73
June	263,152.82
July	151,017.89
August	168,504.68
September	150,796.54
October	173,062.84
November	83,047.62
December	168,195.54
January	197,398.51
Grand Total	1,608,856.81

The above total clawback amount was a total from Adults Services which had an amount of £1,442,775.06 and Children's an Education Services with a total £166,081.75.

Considerations

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Realistically, there is only one option that we are able to pursue that would enable 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.

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. £67,000.00. LBH have been further advised by the incumbent service provider that there will be no change to the current costs for the prepaid cards for a 5-year contract under the NEPO framework.

Benchmarking

A benchmarking exercise was completed in September 2023 to establish what other local authorities were using to provide the direct payments prepaid cards service. The data below show the results of the benchmarking:

A total of 19 Local Authorities were approached and 6 sent back their responses with all of them confirming that they were using EML-PFS as their service provider.

Another trend identified in the benchmarking was the performance where 1 was for the lowest performance and 5 was excellent service, 4 out of 7 gave EML a rating of 5 suggesting that they were happy with the service provider and the service they were getting.

Table A:

Local Authority	Provider	Contract length	Performance Rating (1 – 5)	Recommissioning
Lambeth	EML - PFS	TBC	5	Currently reviewing
Bexley	EML - PFS	5 (+2)	5	Yes
Barnet	EML - PFS	5	Not given	Yes
Hackney	EML - PFS	4 (1+1+1)	5	No
Hillingdon	EML - PFS	Ends - 03/24	5	Yes
Sutton	EML - PFS	3	3	TBC

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Westminster (outsourced in Hampshire)	EML - PFS	rolling	4	Yes- will be merging direct payments with managed account from Nov 23.
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Recommendation

It is recommended that the Council approves the direct award of a contract to Prepaid Financial Services for a period of 5 years + 1 month commencing on 1st March 2024 through the NEPO framework. For the purposes of continuity, it is also in the best interest of the Council and service users to use the current provider as there will be minimal disruption to the service and there is also a guarantee that there will be no financial increases to the service that may impact the Council's finances for the next 5 years from this contract.

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 manual reconciliation. 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 has been explored and rejected due to the cost to the Council linking systems should a new provider be successful. Furthermore, since the current framework allows for a direct award, this was considered as a good option which would be the most economically prudent option for the Council. Additionally, the current provider has quoted and confirmed a fixed pricing for 5 years under the NEPO framework.

PRE-DECISION CONSULTATION

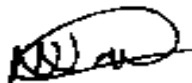
None

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

Name: Faith Nare

Designation: Commissioner and Project Manager

Signature



Date: 13/02/2024

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

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 and 32 of the Act.

The Council has the power to award a contract for these services under Section 111 of the Local Government Act 1972, which allows the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

Additionally, through its general power of competence under Section 1 of the Localism Act 2011, the Council can do anything that individuals generally may do, subject to statutory limitations.

Officers seek authorisation to make a direct award to Prepaid Financial Services Limited via NEPO505 Payment Card Services Lot 1 Framework agreement for the provision of prepaid cards to service users and to comply with the above duties.

The use of a Framework is compliant with Regulation 33 of the PCR. The NEPO505 Payment Card Services Framework, commenced on 20 September 2022. Participating authorities therefore have until September 2026 to call-off from this Framework.

The value of the proposed direct award contract of £340,583.33 is above the threshold for services of £214,904 as set out in the Public Contract Regulations (PCR) 2015.

The framework allows direct award and mini competition options. For the reasons set out in the body of this report, it is proposed to directly award a contract to Prepaid Financial Services Limited.

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.

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

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

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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:

- 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.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The recommendations made in this report do not give rise to any identifiable environmental implications or risks.

BACKGROUND PAPERS

None

APPENDICES

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

Cabinet Portfolio held:

CMT Member title: Strategic Director of People

Head of Service title

Other manager title:

Date: 19/02/2024

Lodging this notice

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

For use by Committee Administration

This notice was lodged with me on _____

Signed _____