Payment Cards in Adult Social Care

A National Overview 2017

Independent Living Strategy Group

Researched and written by In Control

Published by Shaw Trust on behalf
of the Independent Living Strategy Group

Contents

Introduction 4
Executive Summary 6
Summary of findings 7
Summary of issues and concerns 8

Background to payment cards 11
What are payment cards? 13
Why we were interested in payment cards 15

Our Research 17
What we did 18
Research questions 19
What we found 22
Recommendation 37

Appendices 39
Appendix 1 40
Appendix 2 42

Introduction

Local authorities should aim to develop a range of means to enable anyone to make good use of direct payments and where people choose other options, should ensure local practice that maximises choice and control (for example use of Individual Service Funds). Local authorities should also take care not to inadvertently limit options and choices. For example 'paid cards' can be a good option for some people using direct payments, but must not be used to constrain choice or be only available for use with a restricted list of providers.

The ability to meet needs by taking a direct payment must be clearly explained to the person in a way that works best for them, so that they can make an informed decision about the level of choice and control they wish to take over their care and support. This should mean offering the choice more than once in the process and enabling that choice by providing examples of how others have used direct payments, including via direct peer support, for example from user-led organisations.

Who are the Independent Living Strategy Group?

We are a network of disabled people's organisations and their allies. We exist to protect, promote and ensure the fulfilment of disabled people's rights to independent living in England. We have been meeting and sharing information about all aspects of independent living since 2013.

The group is chaired by Baroness Jane Campbell and includes disabled people who were part of the independent living movement from the 1970s, as well as younger activists, other individuals and organisations concerned with the future of independent living. Through coordinated action we aim to frame debates and shape new agendas, influence emerging policy and legislation, and ensure effective implementation of existing law and policy.

Executive Summary

Payment cards are a relatively new way for local authorities to manage the allocation of funding for individuals including disabled people, elderly people, and carers of disabled people, in need of adult social care.

Instead of an individual receiving a direct social care payment directly into their bank account, local authorities now have an option to load the allocated funding onto a payment card. The allocated funding is used to purchase services and support to enable direct payment recipients to manage their funding to live independently.

A member of the Independent Living Strategy Group drew our attention to possible problems for disabled people with local authorities' use of 'paid' or payment cards. We therefore issued a Freedom of Information request to all social services authorities in England. This is our report on what we found.

Summary of findings

- 69 local authorities reported that they used payment cards. Many others were introducing or considering introducing them.

- Over a million pounds a year is spent on fees and costs to operate the cards.

- An estimated £1.5 million has been spent by 71 local authorities introducing the schemes.

- Two card providers dominate the market, providing services to 78% of all local authorities using payment cards.

- Local authorities can view transactions disabled people make on the cards by accessing the client's account online.

- Local authorities may suspend the use of a paid card if they do not approve of how disabled people are using the cards.

- Some local authorities are imposing the cards on recipients of direct payments contrary to statutory guidance. In three areas, practically all personal budgets were managed using a payment card.

- There are currently at least 32,572 people using payment cards to manage their personal budget, 15% of all personal budgets in the areas using them. This figure is set to increase rapidly, as many authorities are just introducing the schemes, and some are making payment cards their default offer.

- Local authorities commonly tightly control the use of money on the cards. In particular, local authorities place blanket restrictions on cardholders using the payment cards to withdraw cash. The Department of Health issued statutory guidance which says local authorities should not place restrictions on cash withdrawals from paid cards. Despite this, a third of local authorities do not permit cash withdrawals.

Summary of issues and concerns

Practice in relation to payment cards varies substantially geographically. Their use is common, but not universal, and while there are common themes around how they operate, these are focused on restriction and control rather than promoting choice and flexibility. The cost of establishing and maintaining the cards varies widely, as does the extent to which they are a voluntary option for local people.

There is little or no evidence to suggest payment cards are being introduced to meet a growing public demand for such financial services, or that they offer any benefit to the end user that a traditional bank account cannot. Their attraction seems to lie in the ability they give to local authorities wishing to monitor spending. Some, and possibly an increasing number, of local authorities are not following statutory guidance. Margaret Wilcox OBE, Association of Directors of Adult Social Services (ADASS) President recently reminded Directors of the Care Act guidance which requires local authorities that paid cards should not be the only option, that the option of a traditional bank account should always be available and that people should be 'free to exercise choice and control'.

Disabled people's right to choice and control, operated through the mechanism of personal budgets and particularly through direct payments, was long fought for and hard won. The marketing messages of the paid card companies focus on the ability they give to local authorities to monitor the day to day actions of disabled people, and to guard against fraudulent conduct.

As they are currently operated payment cards can lead to disabled people being subjected to unfettered monitoring, with unnecessary storage of personal information. It is far from clear that disabled people are being made aware of the level of oversight and control which accompanies the use of the cards. The local authority has the unilateral power to monitor, control and to seize funds with no requirement for due process or appeal. There seems to be little transparency or accountability for actions which could have far-reaching consequences for an individual and their family.

Payment cards are justified as they make more efficient an established monitoring process. This fails to question the need for such high levels of scrutiny in the first place. Default restrictions are the norm, a blanket ban on cash withdrawals are imposed by many authorities, and in a

concerning number of cases it would seem that traditional bank accounts are not readily offered as an alternative. There is little evidence that local authorities are making people aware that payment cards must be a considered and active choice from a range of options. There are some significant indications that choice over how personal budgets are managed is being curtailed. In some areas, local authorities have block purchased payment cards, creating an internal incentive for their use. In many other areas payment cards are being imposed as the default option for managing personal budgets and are a major barrier to direct payments.
These barriers are demonstrated in the case of Cheshire East Council who launched 'Empower'. Use of the system was ceased in 2014 for reasons including:

'The Empower card not offering a true Direct Payment or personalisation solution and as a result retains some risks in terms of resources held, payments and contractual liabilities.....The platform on which the Empower product operates is not contractually robust or efficient, and requires significant resource to support it. It is not a sustainable long term product, and in the Council's considered view, alternative newer prepaid card products in the market place do not sufficiently demonstrate full compliance with existing Direct Payments legislation nor the fundamental principles of personalisation.' (see paper 'Empower Card Exit Strategy')

In contrast to the scrutiny on spending expected of disabled people, our research highlighted that many local authorities were not in a position to say how much the schemes had cost them to introduce or to run. It is therefore not clear that the additional cost of operating such systems can be justified.

Background to payment cards

The 2014 Care Act

The 2014 Care Act rests at the heart of a reformed social care system. The act requires that each local authority promotes the wellbeing of people needing support when carrying out any of their duties set out in the act. This is important because ensuring wellbeing requires that local authorities go much further than just meeting immediate personal care needs of disabled people. It means that the local authority must give regard to other important aspects of the person's life such as the control the individual enjoys over day-to-day life (including over the care and support provided and the way it is provided); their participation in work, education, training or recreation; their contribution to society; and personal dignity (including treatment of the individual with respect).
In addition to the idea of wellbeing, there are a number of other key principles set out by the Care Act statutory guidance that local authorities must regard. These include:

- The importance of beginning with the assumption that the individual is best-placed to judge their wellbeing.

- The individual's views, wishes, feelings and beliefs. Considering the person's views and wishes is critical to a person-centred system.

- The importance of the individual participating as fully as possible in decisions about them, and being provided with the information and support necessary to enable the individual to participate.

- The need to ensure that any restriction on the individual's rights or freedom of action that is involved in the exercise of the function is kept to the minimum necessary.

To achieve these aspirations the Care Act brings into law for the first time the requirement for all people receiving long term care and support to have control of their own individually allocated personal budget. The intention being that the person can choose both how the funds are held and the way they are used to meet the outcomes that the person feels are important to them. This includes the right to have the money from a personal budget paid as a direct payment to the individual.

What are payment cards?

An increasing number of local authorities are using a system of payment cards to manage the allocation of personal budgets. The National Prepaid Cards Steering Group supported by 'MasterCard worldwide' published a guide to their use in local government. Describing the cards as follows:

'Prepaid cards operate in a similar way to normal credit and debit cards except that funds are preloaded onto the cards by the council and then spent by the cardholder until the balance is exhausted. As they do not incorporate a credit facility, the cards cannot become overdrawn and are not linked to a bank account. Funds can be loaded onto the cards by councils or by their clients at any time. As all transactions are recorded automatically it is possible to track when uploads and subsequent spend take place and monitor how the funds are spent'.

The guide goes onto set out how the cards can be used and sets out some of their benefits:

- Budget management and monitoring: Prepaid cards provide an effective way of managing budgets such as disability allowances, travel expenses and as a replacement for traditional petty cash as all transactions are recorded and made available for analysis.
- Disbursement: As both money loaded onto the card and its subsequent spend can be effectively monitored on a real-time basis. Prepaid cards provide an ideal way of overcoming the traditional problems associated with managing disbursements using manual methods.
- Better monitoring: One of the greatest benefits of paid cards is that they provide a much more effective way of monitoring what money is spent on. As all transactions are recorded electronically and details are available for analysis it is possible to monitor spend across different programmes, monitor spend on individual cards or focus on card users that have become high profile. By accessing spend data through portals or by downloading transaction details the time and costs associated with more traditional methods such as asking for client bank statements are minimised.

In March 2017 Margret Wilcox OBE, the Director of Social Services in Gloucestershire and President elect of the Association of Directors of Social Services wrote an open letter to Baroness Campbell of Surbiton regarding the use of payment cards in her authority, again stressing the importance of monitoring: 'They are current accounts set up by commissioning rather than the service

user themselves. The card is a debit card. This enables the council to monitor the accounts online which ensures we can deliver our duties to the public purse and service users do not have to submit their personal bank accounts for scrutiny.'

Responsibilities of local authorities

The Department of Health has issued clear guidance relating to the use of payment cards. This statutory guidance places an emphasis on:

- Ensuring they are not used to restrict individual choice and control

'Paid cards' can be a good option for some people using direct payments, but must not be used to constrain choice or be only available for use with a restricted list of providers. 11.35

- As an alternative to council managed services and as a route towards not as a replacement for direct payments.

Can be a useful step from managed services to direct payments, they should not be provided as the only option to take a direct payment. The offer of a 'traditional' direct payment paid into a bank account should always be available if this is what the person requests and this is appropriate to meet needs.

Consideration should be given to the benefit gained from this arrangement as opposed to receiving the payment via a paid card. 12.58

- Where used, they should not feature blanket bans, and should be used to promote, not constrain, choice.

It is also important that where a paid card system is used, the person is still free to exercise choice and control. For example, there should not be blanket restrictions on cash withdrawals from paid cards which could limit choice and control. The card must not be linked solely to an online market-place that only contains selected providers in which to choose from. Local authorities should therefore give consideration to how they develop card systems that encourage flexibility and innovation, and consider consulting care and support user groups on any proposed changes to direct payment processes. 12.59

Why we were interested in payment cards

We were interested and concerned about three main issues in relation to payment cards.

- Their imposition by local authorities on people who would prefer their personal budget to be managed in other ways.

- Their adoption leading to an unnecessary and unwarranted invasion of privacy.

- Undue and unnecessary restrictions on choice and control.

It has become apparent that in some instances payment cards are being issued as a default mechanism in place of direct payments. In some authorities this is the case even when individual recipients have requested that existing direct payment arrangements are maintained.
Payment cards commonly record all transactions conducted on them including the amount of money and who payments were made to and when. Unlike ordinary bank cards, payment card accounts can have a range of restrictions placed upon their use, including barring whole categories of spending.

The introduction of payment cards potentially represents a gross invasion of privacy for disabled people. Unless appropriate safeguards are in place, they provide the local authority with unprecedented access to information about the personal and financial affairs of disabled people. An ordinary bank account records payment details that remain under control of the account holder until such time as they choose to disclose them. A payment card on the other hand removes this control from disabled people, who are subsequently denied the ability to choose who to share their data with and when. Additionally, the national organisation representing payment card providers fails to mention in their marketing collateral the over-riding purpose of current social care legislation - to deliver personalisation, choice and control. It is therefore no wonder that the current use of payment cards has the potential to impinge disabled people's ability to have full choice and control over their social care package.

Whilst disabled people in receipt of direct payments are used to providing the local authority funding with detailed accounts outlining their spending on social care support, the potential for automatic default access to this information represents a significant increase in monitoring. It is not clear to what extent local authorities are controlling access to this information and to what extent, if

at all, they are ensuring that the users of the payment cards are fully aware of and actively consenting to the local authorities live tracking of each and every transaction on the card.

Payment cards can also provide local authorities with the ability to withdraw cash from the card that has previously been transferred, but not yet spent. It is unclear the extent to which this practice is commonplace and what process are in place to ensure this practice is undertaken in an appropriate manner.

Payment cards have the capacity to act as a mechanism to restrict the individual choice and control disabled people have over their support arrangements, as they can easily be set up to work only with certain categories of spend, or even particular named vendors or providers of services. Councils also have the ability to remotely suspend the card.

Our Research

What we did

We wrote to all 152 local authorities in England who have social services responsibilities. We asked them about their use of payment cards for adults in receipt of personal budgets for their social care. We were clear in our letter that we were making a formal request under the Freedom of Information Act 2000, and that all responses would be aggregated and the results published. However, as we wanted to solicit the most full and frank responses, we decided not to publish named reply of individual authorities. The vast majority of local authorities quickly responded to information we asked for, and most (85%) undertook to do so within the timeframes set out for such requests.

To ensure the fullest possible response rate a number of subsequent letters were sent to those local authorities failing to provide the requested information. The initial email requesting information and subsequent communication pursuing the matter are set out in Appendix 2.The follow-up communications and repeated requests for information led to a 100% response rate.

Information was gathered between February 2017 and May 2017. Responses were eventually received from all of the 152 local authorities with social services responsibilities. Not all local authorities responded to all the questions. Some said they did not hold the information requested and some said the information was commercially sensitive.

Research questions

1. For how many adults does your local authority area currently fund long term care and support?

Local authorities in England vary significantly both in terms of their overall population and in terms of the numbers of people who they fund long term care and support for. We wanted to be able to see whether and to what extent the use of payment cards varied from area to area.

2. How many of these receive a personal budget as defined in the Care Act statutory guidance?

The Department of Health provides statutory guidance to local authorities in relation their duties under the Care Act 2014. This guidance is clear that individuals who receive long term care and support must also be provided with a personal budget.
Everyone, whose needs are met by the local authority, whether those needs are eligible, or if the authority has chosen to meet other needs, must receive a personal budget as part of the care and support plan, or support plan.
We wanted to know the extent to which local authorities believed they were fulfilling this expectation, and to what extent payment cards were being used as the mechanism to manage personal budgets. We were also interested to know whether payment cards were more common in some areas than others.

3. How many people receive funding for their support using a payment card?

We wanted to understand the extent to which payment cards were being used in practice and whether they were more common in some areas than others.
By comparing the number of personal budgets holders and the number of payment cards issued, we could monitor any geographical variance in the use of payment cards. We could also use this information to check whether the use payment cards was a genuine and active choice or whether they were being implemented as a default option by the local authority.

4. Does the local authority consider these to be direct payments?

Local authorities should ensure direct payments are readily available as an option for disabled people who are eligible for support. The proportion of people receiving direct payments has been a target against which local authority performance has been measured, and consequently direct payments have acquired a strategic importance with the care and support system. Direct payments are a cash payment in lieu of services and as such it is debatable as

to whether payment cards should be included in this count. We wanted to understand whether local authorities were including payment cards in their count of direct payments and whether their inclusion was consistent across different areas. We also had some indications that people who had formerly received a direct payment as cash in lieu of services were now being provided with a payment card instead.

5. Are cash withdrawals allowed using the payment card?

It is also important that where a paid card system is used, the person is still free to exercise choice and control. For example, there should not be blanket restrictions on cash withdrawals from paid cards which could limit choice and control.
In line with the idea that direct payments are the provision of cash in lieu of services, we were interested to know whether and to what extent local authorities were restricting the ability of payment cardholders to exercise the full flexibility of cash payments.

6. Is spending on the card limited to particular services or care providers?

'However the person chooses to have their needs met, whether by direct payment, by the provision of local authority-arranged or directly provided care and support, or third-party provision, or a mix of these, there should be no constraint on how the needs are met as long as this is reasonable.'
We wanted to understand what if any restrictions local authorities were placing upon the use of funds held on payment cards and in particular whether individual recipients were able to freely choose care providers.

7. Are any payment cards held by care providers and not by the individual themselves? If so how many?

We had anecdotal indications that in some instances payment cards were being maintained by care providers rather than by individuals receiving support.
We wanted to understand whether local authorities believed this to be happening in their area and to what extent this may be happening.

8. What other restrictions if any are placed on the usage of money on the payment card?

We wanted to understand what restrictions, if any, were being placed on the usage of money that was contrary to the Care Act Guidance 10.47

9. Are direct payment recipients offered the opportunity to have their direct payment paid using alternative options, including into a

bank account?

We wanted to understand if direct payment recipients were being offered alternative options as set out in Care Act Guidance 12.58

10. Are direct payment recipients informed that use of the payment card is voluntary and they should have a choice of how their personal budget is managed?

Care Act guidance states that an individual having choice over how a personal budget is managed is a key prerequisite to having a personal budget. This element of choice is even highlighted in the Care Act's definition of what a personal budget is and how it is managed:
'...being able to choose from a range of options for how the money is managed, including direct payments, the local authority managing the budget and a provider or third party managing the budget on the individual's behalf (an individual service fund), or a combination of these approaches. 11.3'
'Whilst the use of such cards can be a useful step from managed services to direct payments, they should not be provided as the only option to take a direct payment. The offer of a traditional direct payment paid into a bank account should always be available if this is what the person requests and this is appropriate to meet needs. Consideration should be given to the benefit gained from this arrangement as opposed to receiving the payment via a paid card. 12.58'
We wanted to know whether and to what extent local authorities believed they were meeting this requirement.

11. How much money has the authority spent on the introduction of payment cards?

We wanted to understand how much individual authorities were spending on introducing the payment cards. In particular, we were interested in the cost of introducing a payment card scheme, and the ongoing running costs of the scheme.

12. What fees and operating costs have been incurred by the local authority in providing payment cards in the last year?

We wanted to understand the cost of introducing and operating payment cards and whether these costs varied geographically.

13. What bank or organisation(s) provide the payment cards?

We wanted to understand the range of providers who had entered the market and had arrangements in place with local authorities to provide payment card services.

What we found

All local authorities with social services responsibilities for adults responded to our freedom of information request.

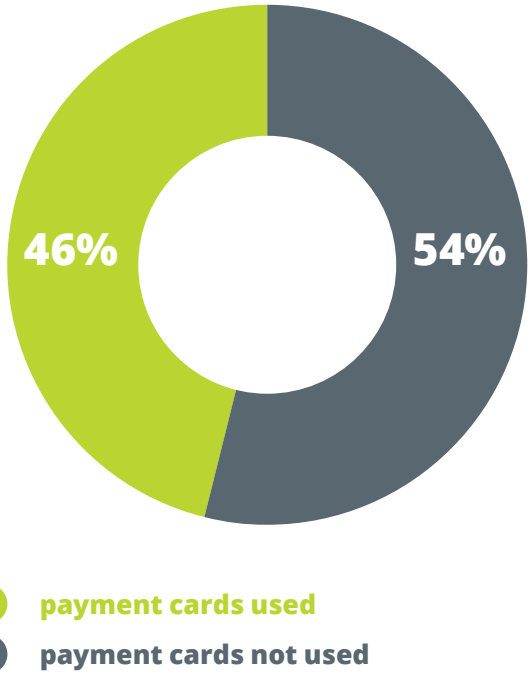
Just over half, 82 local authorities (54%), said that no one they funded used a payment card, and just under half, 70 local authorities, (46%) said the cards were used in their area.

Across the 152 local authority areas, 629,989 people received long term care and support. Over two thirds of these people were in receipt of a personal budget.

The proportion of people said to be receiving a personal budget was slightly higher in areas that used payment cards. 73% of people receiving long term care and support were said to have a personal budget in payment card local authorities, compared to 64% in areas that did not use payment cards.

As Figure 1 shows, the proportion of people receiving long term care and support using a personal budget varied considerably across local authority areas.

Local authority areas where...



629,989

people received long term care and support in total across the 152 local authority areas.

Fig. 1.

The proportion of people receiving long term care and support who were said to be in receipt of a personal budget.

Figure 2 shows both the proportion of people in receipt of long term care and support who had a personal budget in those areas where payment cards were used and how many of these personal budgets were managed through a payment card.

In the 69 local authority areas using payment cards:

- 304,190 adults received long term social care and support.
- 222,718 received personal budgets.
- 32,572 used a payment card.

This means that 15% of all personal budgets in these areas were managed with a payment card. As Figure 2 shows, the proportion of personal budget holders using payment cards varied considerably geographically.

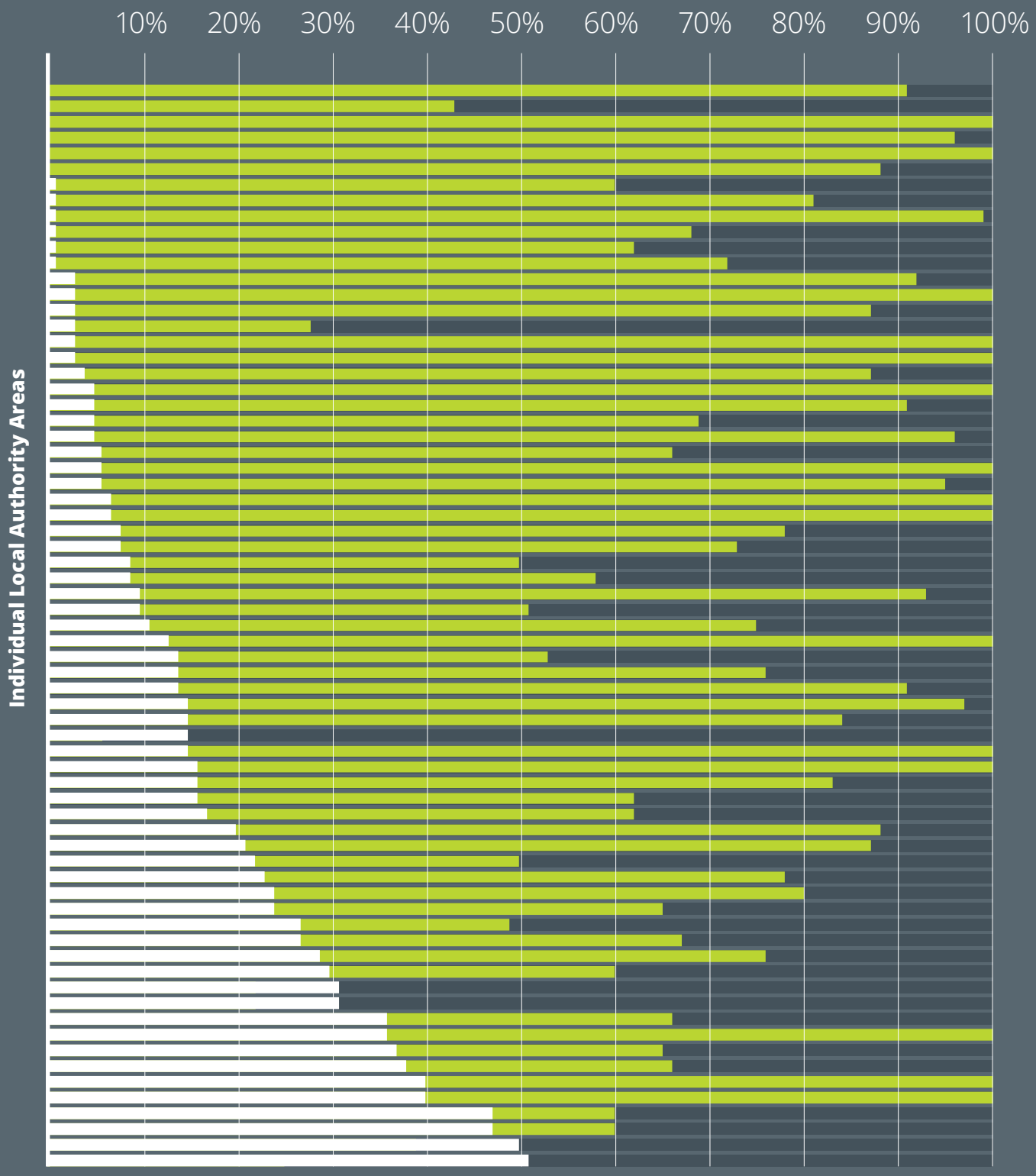
15%

of all personal budgets in these areas were managed with a payment card

Fig. 2.

In Local Authority Areas where payment cards are used

- **The proportion of people in receipt of long term care and support who are receiving a personal budget**
- **The proportion of people in receipt of long term care and support who are receiving a personal budget managed through a payment card**



As can be seen in Figure 3, the proportion of personal budgets being managed by the use of a payment cards varied significantly from area to area. In three areas all, or virtually all, personal budgets were managed using a payment card.

Figure 3. The proportion of personal budgets being managed by use of a payment card

Does the local authority consider these to be direct payments?

Nearly all of the local authorities who use payment cards said they count these as direct payments for their performance management. Two said they did not.

Are cash withdrawals allowed using the payment card?

There was a mixed picture in terms of the practice of allowing cash to be withdrawn from payment card accounts. Arrangements varied considerably geographically and from person to person within areas, with roughly a third of local authorities saying cash could not be withdrawn, a third allowing cash to be withdrawn and a third allowing cash to be withdrawn by exception.
Arrangements for exceptions or limitations varied.

Typical exceptions included:

- Cash not usually being available but permitted in exceptional circumstances.
- Cash withdrawal is enabled where required.
- Option to transfer funds to another account where a cash withdrawal can be made.
- Agreed amount on the support plan only.
- Up to £250 per day from an ATM displaying the MasterCard Acceptance Mark, providing that this has been authorised.
- Cash withdrawal is available but needs to be agreed and only used in exceptional circumstances.

Where cash withdrawal was an option some local authorities reported other restrictions including:

- A restriction to maximum of £50 per day.
- Cashback is not permitted.

Figure 3.

- **The proportion of people in receipt of long term care and support who are receiving a personal budget managed through a payment card**

Local authorities also reported having the ability to choose which restrictions apply to different individuals. One local authority reported that there are currently three options in place for cash withdrawals. Either up to £100 or £200 can be withdrawn, or there is no cash withdrawal at all depending on the circumstances of the service user.

Is spending on the card limited to particular services or care providers?

Only 3 local authorities said that the use of payment cards had been restricted to particular providers of goods or services. No restrictions were reported in 42 local authority areas. Some restrictions were in place in 21 areas, the main restriction being that spending had to be as stated on the individual's care and support plan.

What other restrictions if any are placed on the usage of money on the payment card?

Nearly all local authorities had some kind of restriction in place on the usage of the funds allocated onto payment cards. However, there were large differences between local authorities creating a postcode lottery of controls. Most common was a stipulation that the funds must be used as described in the individual care and support plan and to meet assessed eligible needs. Blanket bans were common, and default restrictions on spend included barring particular types of services or products such as alcohol, gambling, dating or adult services. Cash withdrawals using ATM or cash back facilities were also commonly barred or restricted.

Some local authorities also mentioned that the cards could not be used to pay family members; for support to buy gas or electric; for illegal activity; debt repayment, making financial investments; paying money owed to the council and things that could bring the council into disrepute. Drugs, food, drink, and clothing, were also listed as proscribed spend as were pawn shops, dating and escort services. Cards were also blocked by local authorities from being used in casinos or massage parlours, on video games or in arcades. Other restrictions included funding bail bond payments and buying tobacco, as well as spending in major high street retailers. Spending was also banned in night clubs, in spas, at petrol pumps, toll roads and bridges.

Where cash withdrawals were permitted in some areas they were restricted to weekly amounts. In one area the local authority said that it placed restrictions only in response to individually identified risk.

Local authorities also mentioned the ability to monitor spend and suspend cards if they were not happy with the transactions. They stated that the payment cards:

- Can be used to purchase support in many ways as long as it does not bring the Council into disrepute (i.e. not used for alcohol, drugs, etc.) and it is legal. It also cannot be used to pay for everyday things like food and drinks, clothing, housing related expenses such as rent, utility bills or repairs etc.

- Service users are advised that the paid current account must not be used for the purposes of gambling, debt repayment or financial investment, illegal activities or goods e.g. drugs, paying for shopping or other ordinary household bills such as gas or electricity, buying alcoholic drinks or cigarettes for anybody, anything that would be funded by another agency, for example the NHS, Education or Employment Services, a service directly provided by this Council, employing a family member who lives in the same house. However, there are some exceptions to this. The service user would need to discuss with the person helping them with the Support Plan i.e. member of the Social Services Department, long term care in a Residential or Nursing Home.

- The card will be restricted at pubs, nightclubs and off-licences, as well as for betting and gambling (including lottery tickets and casinos), dating and escort services, massage parlours and health spas, pawn shops and tobacco stores etc. The card cannot be used at self-service petrol pumps.

- If there are any issues with the use of DP-monies, in conjunction with the social work team/manager, specific “merchant blocks” can be applied, e.g. if they have paid for a meal at a restaurant and this is not in the support plan, a block on restaurants can be applied so no further inappropriate transactions can take place.

- If there are concerns over transactions when established as part of an audit/ financial review or monitoring of accounts, the Payment account can be moved to “deposit-only” status as part of an operational decision with the allocated worker/team/manager. This means that further payments cannot be made from the account until the issues identified have been investigated/ resolved by the social worker/team/ manager.

- We may suspend the use of a paid card if the Council considers that the card is being used for anything other meeting individual customer eligible needs.

Are direct payment recipients offered the opportunity to have their direct payment paid using alternative options, including into a bank account?

41 local authorities who use payment cards said they offered the option of a direct payment into a bank account. A small minority (5) said that this option was not available in their area and a larger minority (17) of local authorities using payment cards said that this was their preferred or default offer for making direct payments, and that direct payments to a person's bank account were an option only available on request or under specific circumstances. Typical responses included:

- The preferred payment method for all new direct payment cases is a prepaid card. However, in exceptional circumstances an individual can use a bank account instead.
- We do not offer an alternative option but this can be requested.
- If a payment card was not appropriate for someone alternative options would be explored.
- Prepaid cards are the preferred method of payment. However, if after using a prepaid card for an agreed amount of time, a service user wishes to open a separate bank account instead, this is allowable.

Are direct payment recipients informed that use of the payment card is voluntary and they should have a choice of how their personal budget is managed?

46 local authorities that used payment cards said they did explain the scheme was voluntary. However, two of local authorities did the specify that their payment card scheme was in fact a preferred or default offer. The remaining local authorities took the opportunity to describe practices in their area.
A variety of arrangements were described:

- Direct payment recipients being informed that they have a choice in how their personal budget is managed and if they choose to receive a direct payment how that is managed.
- Having a friend or relative hold the card for them.
- Third party organisations holding direct payment and payment cards.
- Payment cards being the default option unless there is a valid reason not

to have one.

- The choice between use of a paid card or the Council managing all financial transactions relating to the direct payment.

- The default offer of a paid card or managed accounts, followed by a transfer of a separate bank account after an agreed time.

- The preferred payment method for all new direct payment cases is a prepaid card. However, in exception circumstances an individual can use a bank account instead

Are any payment cards held by care providers and not by the individual themselves?

The practice of allowing payment cards to be held by providers was reported to be allowed in 7 local authority areas and not allowed in 53 areas. Some local authorities briefly described the position in their area, practices included:

- The council themselves holding the card, particularly where the person is deemed to lack capacity.

- The option being considered as a mechanism for introducing individual service funds.

- Cards being held by local user led organisations or other third parties.

- A `virtual' payment card being held by a Direct Payment Support Service.

- payment cards being used to hold a personal allowance held by the care provider as the person lacks capacity to manage their finances.

One local authority recognised a potential conflict of interest

'The Council is not currently providing care providers with payment cards, mainly because of possible conflict of interest and where choice and control may be reduced. However, we are exploring 3rd Party providers and the possibility of Individual Service Funds.'
In those 7 areas where the practice of care providers holding cards was allowed the extent to which this was happening varied considerably. In two areas nearly half of all cards were held by providers.

Table 1. How many payment cards are being held by care providers?

Care providers holding cards	No. of cards in use	Proportion held as PPC
537	2	0%
561	126	22%
203	85	42%
637	300	47%
425	2	0%
197	32	16%
1817	637	35%

What bank or organisation(s) provide the payment cards?

69 local authorities identified 6 different organisations providing payment cards, with 2 providers dominating the market and between them providing services to three quarters of local authorities using payment cards.

Table 2. types of local authority payment cards

Organisation	No of LA's
Advanced Payment Solutions	24
All pay Ltd.	5
Aquarium Card Management Solutions	6
Citibank	3
PFS - prepaid financial services	30
VISA and Credit card.	1

How much money has the authority spent on the introduction of payment cards?

To ensure consistency of response we provided short guidance on what costs should be included here.

We asked that all 'additional' costs incurred by the local authority, reasonably associated with the introduction of the use of cards, but excluding the cost of officer time that the authority would have incurred whether the introduction of cards had proceeded or not. We also asked that the additional costs attributable to the introduction of the cards be included, along with any fees or charges made by the provider and any internal costs associated with the introduction of the scheme to cover things such as training and publicity or the development amendment of policies on the use of the card.

11 local authorities said they did not know how much money their scheme had cost to introduce. 37 local authorities provided a figure saying how much they had spent specifically on the introduction of payment cards. Typically these costs were for the 3 or 4 year life of the scheme. 12 local authorities said there was no cost to introduce the scheme.

In total the 37 local authorities who provided figures had spent £1,112,126 on the introduction of the scheme, an average cost to the authority of £30,057. On average each scheme provided cards to 453 people meaning a set up cost per person in these schemes of £66.28.

The average setup cost (including those areas who did not incur setup costs) was £21,806 per scheme meaning that an estimated £1,504,640 has been spent on setup fees across all 69 areas using payment cards.

One local authority clarified their set up costs saying they had acquired a stock of payment cards which were purchased approximately every 12 to 18 months by the local authority. The cost of this to the authority was £12,000 for 500 cards. The last order was placed 13/4/15 and provision has been made in the budget for 17/18 for another order to be made. In addition each month the local authority received an invoice from the provider for fees that may have been incurred in relation to transactions on the card.

The approximate yearly cost of these fees to the authority was £34,000. Internal costs associated with the introduction of the scheme such as training, publicity and policy changes are in addition to this figure

What fees and operating costs have been incurred by the local authority in providing payment cards in the last year?

In order to ensure a level of consistency across different areas and to be able to compare costs, local authorities were asked to only include costs paid to card providers directly associated with the provision of the card and fees associated with their operation and to exclude costs that would have formed part of their normal operations.

In total the 37 local authorities who provided figures had spent

£1,112,126

which represents

£66.28

average set up cost per person

Figure 4.

Average cost per card user across the 69 local authorities.

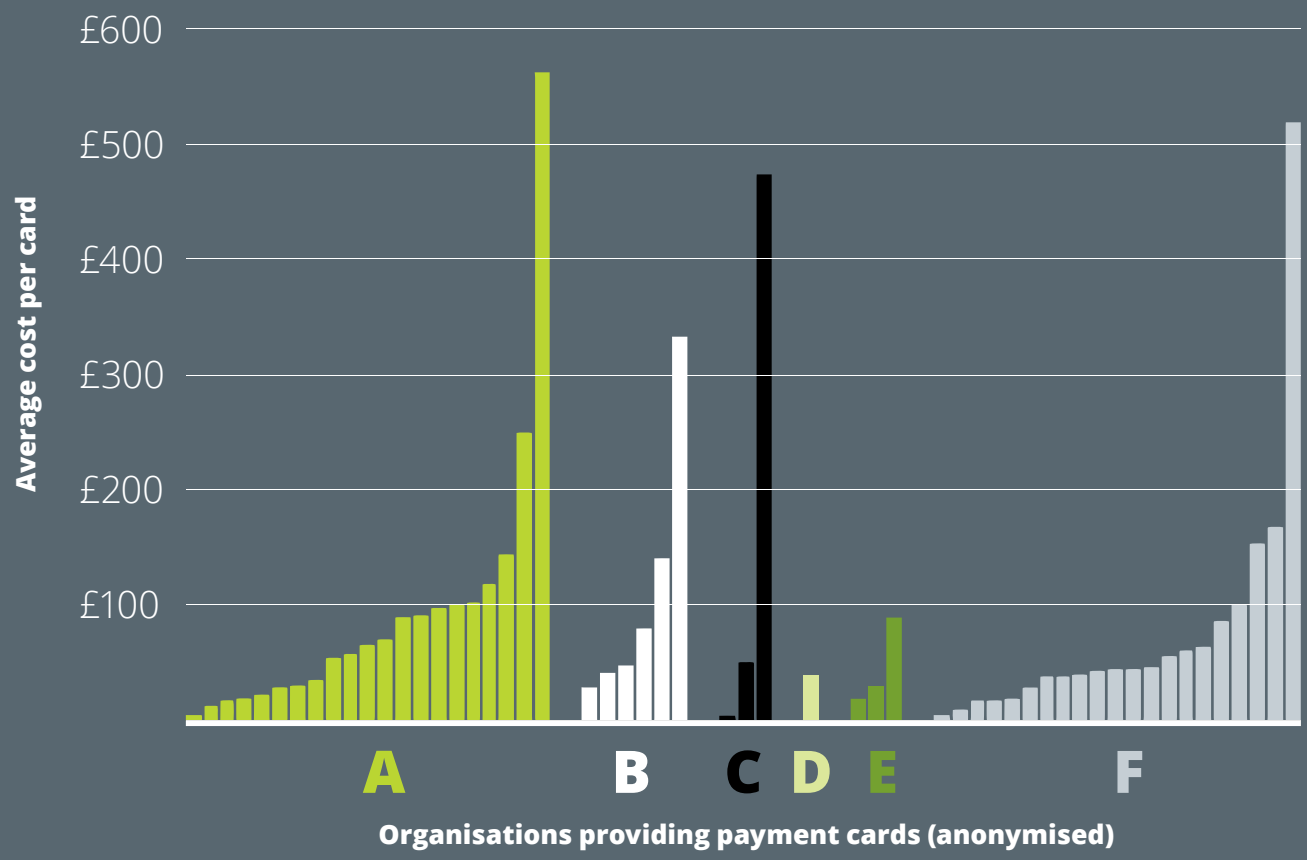
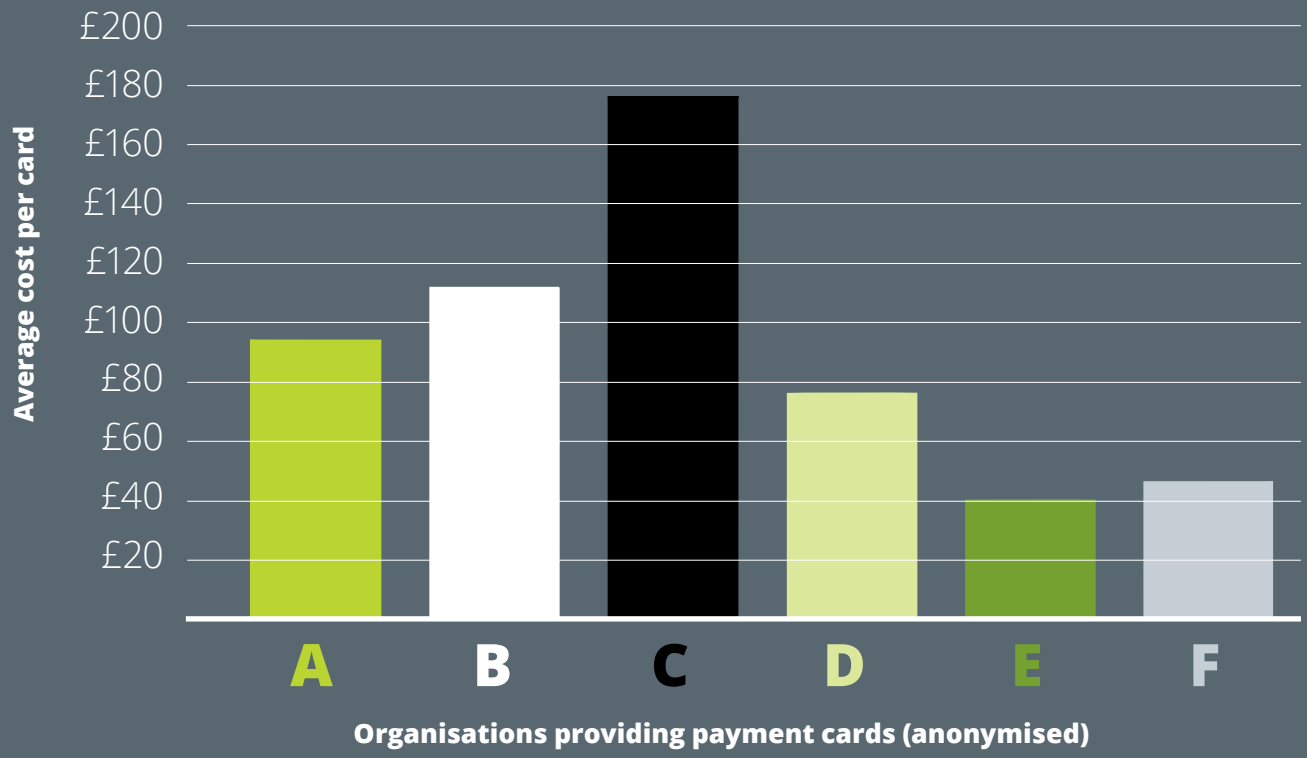


Figure 5

The average cost per year per user by card provider.



One local authority said that they had not incurred any cost as the cost of the card had been 'passed onto the end user'. Two local authorities could not provide financial information as disclosure of fees and operating costs incurred would affect commercial interests. Two local authorities said they did not know how much they had spent. Three said they had only just started operating payment cards so were not in a position to say.

One local authority set out the costs associated with their card providing a breakdown of costs per transaction. Charges were incurred each time money was put on the card or the card was used. Fees were as follows:

Loading money onto the card £1.15
Monthly charge per card 15p
Card to card payment 50p
Card to bank payment 50p
SMS load notification 10p
SMS balance notification 6p
Card issue fee per card £2.00

The total cost to operate the cards across the 55 authorities who provided figures was £1,217,573 per year. This has resulted in an average spend on fees and charges in each of the 55 areas of £22,138, leading to an estimated total cost of £1,527,500 across the 69 areas. This equates to £91.03 per person per year.

Cost varied significantly across local authorities, ranging from £3.81 per card to £562.50 per card user. Figure 4 shows the average fees paid per card user per year by local authorities to each of the card providers.

Figure 5 shows the cost per card per year by provider. The average cost per card ranged from £40 per card user to £176.

Recommendation

10 things to remember if you are using or thinking of using payment cards.

Payment cards should be used as a tool that can aid a financial transaction between parties. Their use should be characterised by partnership and trust. Misappropriation of funds by people in receipt of direct payments is exceptionally rare and should be seen as such. Schemes should not be structured in ways that are dominated by the assumption that public money is being placed at undue risk. Payment card schemes should not involve intrusive monitoring, unreasonable restrictions and lack of redress.

The operation and use of payment card account should be under the control of the budget holder. They should offer the benefits of a traditional direct payment. The best way of achieving this is to mimic the degree of control and privacy offered by a traditional direct payment into a person's bank account.

1. Payment cards should be an active choice made by the person from a range of meaningful options, including a traditional direct payment paid into an account managed by the person or their representative.

2. In line with statutory guidance, it is important that where a payment card system is used, the person is still free to exercise full choice and control. There should be no blanket restrictions on cash withdrawals from payment cards. Due diligence is necessary. Therefore, accounting for cash withdrawals should be subject to the same returns and receipts policies that direct payments are subject to.

3. There should be no default restrictions on the places in which and services for which the card can be used.

4. Any restrictions on the card should be individually placed and be a proportionate to specific, identified, documented and assessed risk.

5. Prior to placing individual restrictions on a person's card, it should be considered whether this represents a deprivation of liberty and as such whether due process has been followed.

6. The information held on the accounts is sensitive personal data. The process for accessing and monitoring of accounts must be open and transparent. Access and monitoring of accounts cannot be unfettered and must be undertaken

in a way that respects the individual's dignity. Access should be restricted to a named monitoring officer of the council, declared to the personal budget holder. When access is required, the budget holder should grant the monitoring officer access to the account, (unless serious misuse of funds is detected and brought to the attention of the account holder first). Monitoring should be limited and proportionate with the budget holder being notified in advance each time access is to be made to the account. A record should be placed on the account indicating they have been accessed.

7. Full notice should be given to cardholders setting out what information is held on the account, who has access to it and how long it will be stored for. The cardholder should also be told in writing and in an accessible format under what circumstances and after what process any restrictions might be placed upon the use of the card.

8. Suspension or closure of accounts and recouping of funds.
Changes to the money available in the account are akin to changing a support plan and should thus only be made following appropriate review or re-assessment process that the personal budget holder has been central to. In the event of the death of the budget holder local authorities will need to close the account and seek to recoup any uncommitted surplus money. They should first communicate their intention to do so to the next of kin or other appropriate person dealing with the estate of the deceased budget holder, so a final account position can be agreed. Unilateral suspension or closure of accounts should happen only in the most exceptional of circumstances and in order to prevent a known fraudulent misappropriation of funds.

9. In circumstances where the local authority wishes to suspend or place restrictions on the card they should follow published written procedures that detail the investigation process, timescales and the arrangements in place for sharing findings with the subject of the investigation. People subject to investigation should be provided with a copy along with the procedures followed, in an accessible format. They should also be informed of the arrangements for considering and acting upon findings and what mechanisms for hearing an appeal are

10. Each year the local authority should publish each year a statement detailing the numbers of people they provide personal budgets to, the proportion who use payment cards, and the fees incurred for using the cards. They should also publish a clear and comprehensive explanation of their policy and practice concerning payment cards.

Appendices

Appendix 1.

The independent living strategy group are:

Baroness Jane Campbell, Chair
Baroness Tanni Grey-Thompson
Baroness Celia Thomas Beatrice Barleon, Mencap
Sue Bott, Disability Rights UK
Gary Bourlet, Learning Disability England
Philipa Bragman, CHANGE
Don Brand
Steve Broach
Kevin Caulfield, Hammersmith and Fulham Campaign Against Cuts
Ellen Clifford, Inclusion London
Neil Crowther
John Evans
Lorraine Gradwell, Greater Manchester Coalition of Disabled People
Clare Gray, Shaw Trust
Catherine Hale, Spartacus Network
Mark Harrison, Equal Lives
Chris Hatton
Richard Huggins, Justice for LB
John Kelly, Merton Centre for Independent Living
Simon Legg, Spinal Injuries Association
Ian Loynes, Spectrum
Becki Meakin, Shaping Our Lives
Jenny Morris
Martin Routledge
Michelle Scattergood, Breakthrough UK
Andrew Shipley, Aspire
James Taylor, Scope
Philipa Thompson, Independent Lives
John Waters, In Control
Oliver Lewis, Mental Health and Disability Advocacy Centre
Alicia Wood (supporting Gary Bourlet)
Andrew Shipley, Aspire
Lyla Adwan-Kamara, Merton CIL

ShawTrust

disability
HORIZONS
GIVING YOU A VOICE

Equal Lives
Free from disabling barriers

SPECTRUM
Centre for
Independent
Living CIC

CIL
Cheshire Centre For
Independent
Living
The Key to Independent Living

Shaping
Our Lives
A National Network of
Service Users and Disabled People

Independent
lives

Appendix 2

First email sent to directors - 17th February 2017

Dear

RE: Freedom of Information Request relating to payment cards

Along with the Independent Living Strategy Group we are conducting a review of the use of payment cards with in local authorities relating to adult social care. We are keen to understand what to what extent and how payment cards are used.

We are particularly interested in responses to the following questions:

- For how many adults does your local authority area currently fund long term care and support?
- How many of these receive a personal budget as defined in the Care Act statutory guidance?
- How many people receive funding for their support using a payment card?
- Does the local authority consider these to be direct payments?
- Are cash withdrawals allowed using the payment card?
- Is spending on the card limited to particular services or care providers?
- Are any payment cards held by care providers and not by the individual themselves? If so how many?
- What other restrictions if any are placed on the usage of money on the payment card?
- Are direct payment recipients offered the opportunity to have their direct payment paid using alternative options, including into a bank account?
- Are direct payment recipients informed that use of the payment card is voluntary and they should have a choice of how their personal budget is managed?
- How much money has the authority spent on the introduction of payment cards?
- What fees and operating costs have been incurred by the local authority in providing payment cards in the last year?
- What bank or organisation(s) provide the payment cards?

We aim to review, analyse and publish our findings in the spring and would be happy to provide you with our evaluation of the information that is submitted to us. We hope you will see this as a helpful opportunity for a review from an independent angle. We will publish general findings but will not 'name and shame' areas but would like to point towards areas of good practice.

If it is easier you could submit your answers through the link here, or you could complete and return the attached form which lists the questions to admin@in-control.org.uk or post to:

Admin
In Control Partnerships
Carillon House
Chapel Lane
Wythall
Birmingham
B47 6JX

We look forward to receiving this from you by Friday 24th March 2017.
With thanks in anticipation for your cooperation.

Julie Stansfield
CEO for In Control Partnerships

Second email sent to FOI addresses where Directors not already responded - 22nd February 2017 (with question 14 added)

Dear Director

Along with the Independent Living Strategy Group we are making a freedom of information request as we are conducting a review of the use of payment cards with in local authorities relating to adult social care. We are keen to understand what to what extent and how payment cards are used.

We are particularly interested in responses to the following questions:

- For how many adults does your local authority area currently fund long term care and support?
- How many of these receive a personal budget as defined in the Care Act statutory guidance?
- How many people receive funding for their support using a payment card?
- Does the local authority consider these to be direct payments?
- Are cash withdrawals allowed using the payment card?
- Is spending on the card limited to particular services or care providers?
- Are any payment cards held by care providers and not by the individual themselves? If so how many?
- What other restrictions if any are placed on the usage of money on the payment card?
- Are direct payment recipients offered the opportunity to have their direct payment paid using alternative options, including into a bank account?
- Are direct payment recipients informed that use of the payment card is voluntary and they should have a choice of how their personal budget is managed?
- How much money has the authority spent on the introduction of payment cards?
- What fees and operating costs have been incurred by the local authority in providing payment cards in the last year?
- What bank or organisation(s) provide the payment cards?
- What information about transactions made on individual cards is visible to the local authority?

We aim to review, analyse and publish our findings in the spring and would be happy to provide you with our evaluation of the information that is submitted to us. We hope you will see this as a helpful opportunity for a review from an independent angle. We will publish general findings but will not 'name and shame' areas but would like to point towards areas of good practice.

If it is easier you could submit your answers through the link here, or you could complete and return the attached form which lists the questions to admin@in-control.org.uk or post to:
Admin
In Control Partnerships
Carillon House
Chapel Lane
Wythall
Birmingham
B47 6JX

We look forward to receiving this from you by Friday 24th March 2017.
With thanks in anticipation for your cooperation.

Julie Stansfield
CEO for In Control Partnerships

Email sent 21st March - Gentle reminder of closing date

Just a gentle reminder that we are waiting to hear from you regarding our freedom of information request, we look forward to receiving a reply soon, please see further detail below.
Kind regards
Gaynor Cockayne

Email sent 29th March - Deadline now passed

Please note that the deadline date has now passed for responding to our freedom of information request, (please see detail in previous emails below) if we do not hear back from you by 12pm on 30th March we will assume that you are declining to take part.
We have had an excellent response to our request with 144 out of 152 Local Authorities providing the information requested so far.
Kind regards
Gaynor Cockayne

Email to LA's who did not provide a respond – 30th March 2017

We have noted that you have not provided a response to our freedom of information request, which was initially sent to 'director inserted' on 17th February and then again on 22nd February 2017 to 'Freedom of information department inserted'.
Please could you provide your local authorities reasoning for not responding to our FoI request.
Kind regards
Gaynor Cockayne

The Independent Living Strategy group exist to protect, promote and ensure the fulfilment of disabled people's rights to independent living in England.

Shaw Trust is a national charity working to create brighter futures for the people and communities they serve. Their vision is for a society in which everyone has the opportunity for employment, inclusion and independence.

shaw-trust.org.uk

@shawtrust

facebook.com/shawtrust

Shaw Trust Registered Charity No. England and Wales: 287785, Scotland: SC039856

disability confident LEADER

INVESTING IN VOLUNTEERS™

Alternative formats

Please call **01179 989110** or email **studio@shaw-trust.org.uk** to receive this information in a different format.