

Report to the Cabinet

Report reference: C-049-2011/12
Date of meeting: 12 March 2012



Portfolio: Finance and Economic Development
Subject: Waltham Abbey Cash Desk
Responsible Officer: Rob Pavey (01992 564211).
Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That Members decide whether they wish to close the cash desk at Waltham Abbey Town Hall; and**
- (2) Should the cash desk be closed then the option of a payment kiosk is pursued at a suitable location in Waltham Abbey.**

Executive Summary:

The methods by which customers pay their bills has changed over the years. More people pay by Direct Debit and the Council has had in place for some time the option to pay over the internet and by telephone 24 hours a day and 7 days a week. This has had an effect of the numbers paying their bills at the cash desks and Waltham Abbey is the cash desk with the lowest number of transactions. Members are asked whether they wish to close the cash desk at Waltham Abbey and replace it with an alternative provision which would currently provide savings. Looking further ahead it is anticipated that due to changes to Council Tax Benefit, cash payments will increase which will increase footfall through the cash desks or increase transaction costs for other alternatives such as Allpay.

Reasons for Proposed Decision:

One of the options available to reduce the Council's overall spending is a reduction in the level of Cashiers services provided. As the information service provided in Waltham Abbey is being reviewed it is appropriate to review the cashiers service.

Options for Action:

- Leave the cash desk operating as it is currently.
- Part-time closure of the cash desk
- Full closure of the cash desk and provide no further alternative service provision.
- Full closure of the cash desk and undertake a procurement exercise for the use of payment cards for payment through the post office and other outlets.

Report:

1. The Cashiers service forms part of the Revenues division of the Finance and ICT

directorate. The service has three cash desks around the district at the Epping Civic Offices, Debden Broadway Housing Office and Waltham Abbey Town Hall. The Cashiers service provides the principal income collection point for the authority and the payments it receives are principally for Council Tax, Housing Rents, Business Rates, Sundry Debtors and other miscellaneous items. The service has 7 FTE members of staff and these are a combination of full and part-time workers.

2. Over recent years the service has introduced a range of payment methods offering more choice to customers on how to pay their bills and increased opportunity as bills can now be paid 24 hours a day, 7 days a week. This has been achieved with the introduction of card payments over the internet and by automated telephone lines. More recently, some payment functions have been devolved to individual services in the Council by taking card payments within those services which assists them with their business processes and customer service. Such an example is in Environmental Services and bookings for bulky waste collection. In addition, the number of Direct Debit payments the authority takes continues to increase. All these changes have had an effect on the types and numbers of payments the Cashiers service handles which has led to changes in the way the service operates. The table below shows how the main types of payments received have changed in the last 5 years.

Method of Payment	2006/07	2007/08	2008/09	2009/10	2010/11
Cash	62,014	64,926	60,617	57,956	55,592
Cheque	40,507	36,226	31,819	29,708	27,123
Counter Card	6,701	6,865	7,601	7,633	9,319
Postal Cheque	37,030	32,643	30,260	25,373	21,908
Internet payments	6,600	10,616	13,389	15,214	19,744
Automated telephone payments	15,745	17,292	20,686	22,532	20,451
Manual telephone payments	884	1,138	2,267	2,808	4,231

3. The above table shows a reduction in transactions that the traditional front-line cashiers office receives, namely cash and cheque which has been partially offset by an increase in card payments at the counter. In addition, the principal effect of the increase in payments being made by internet and telephone has been a reduction in the number of postal cheques.

4. The locations at Debden Broadway and Waltham Abbey are primarily front-line cash desks accepting face-to-face payments from customers. The cash office at Epping also undertakes this front-line operation but also its increasingly main role is what will be referred to as the back-office functions and this is where there has been significant change in recent years as a result of the new payment channels. The table below shows the transaction totals for each cash desk. This includes the back-office transactions at Epping:

Cash Desk	2006/07	2007/08	2008/09	2009/10	2010/11
Epping	109,854	101,837	99,661	94,448	92,191
Debden	44,760	43,134	41,345	38,874	37,205
Waltham Abbey	25,705	25,471	24,962	23,405	22,512
Total	180,319	170,442	165,968	156,727	151,908

The above figures show that the transactions at Waltham Abbey are significantly lower than those of the other two cash desks, some 40% lower than Debden which, although it has experienced falling numbers, is still reasonably busy and is an integral part of the service provision at the Debden Broadway Housing Office.

5. The reduction in transaction numbers has been caused by the shift of people's preferences in paying bills. The growth has been in the electronic payment methods by telephone and internet as well as the continued increase in Direct Debit payments which remains the most cost-effective method of payment for the Council. The reductions in transaction have been principally around cash and cheque transactions. There does however remain a number of the Council's customers who prefer to pay by cash at the offices around the district but this needs to offset against the cost-effectiveness of maintaining the cashiers provision at its current level.

6. Whilst cash transaction numbers have been falling the scrapping of Council Tax Benefit with effect from 1 April 2013 could have an impact on this trend. The Benefit is being replaced by a new discount for Council Tax support from 1 April 2013 and will mean many individuals will receive a Council Tax bill for the first time, with some potentially paying 20% Council Tax or more, depending on the local scheme that is implemented. Officers are anticipating major collection problems with these accounts. Payments for these accounts are expected to be mainly in cash and therefore this has to be a consideration when reviewing the cash collection provision in the authority.

7. Given the above it is proposed at this stage to review the provision of the cash desk at Waltham Abbey Town Hall. The information services for Epping Forest District Council are planning to relocate from these offices with effect from 2012/13 which would leave the cash desk as the only District Council service provided from these premises. This distinguishes the position from Debden Broadway which retains a higher level of transactions and has a footfall in common with those visiting the offices for Housing purposes. The cashiers provision at the Civic Offices in Epping is increasingly dedicated to supporting the growing back-office functions incorporating the variety of electronic payment channels now offered to customers, as well as offering a front-line provision.

8. The cash desk at Waltham Abbey Town Hall consists of 1.5 FTEs, consisting of 1 full-time position and a 0.5 FTE part-time position. The cash desk is open to the public from 9.00 am to 4.45 pm Monday to Thursday with a 4.30 pm close on Fridays. The full-time post is filled on a temporary basis due to terminate in October 2012, pending the outcome of the review of the provision of the cash desk.

9. The CSB savings from closing Waltham Abbey cash office without offering any alternative provision would be £45,000 per annum. A part-time closure offering 50% of the current hours would save £17,000 per annum. Any part-time hours could be structured around the busier times of the week which are predominantly Mondays and Tuesdays.

10. As can be seen from the number of transactions, which although declining, do show that a significant number of customers use the cash desk. Many of these customers prefer to pay their bills in person, by cash or by card or cheque. In many cases these may be elderly residents or other vulnerable groups. There are options to provide alternative facilities but it is proposed that if full closure of the cash office was determined then a notice would be sent to the residents of Waltham Abbey who do not already pay by Direct Debit. This communication would promote the use of Direct Debit and provide the relevant means to switch to this method which is the most cost-effective solution to the Council. In addition, the notice would advertise the advantages of other payment methods available such as telephone and internet payments. It is a potential option to merely undertake this exercise upon closing the cash office

11. An option available which authorities are using when closing cash offices is the provision of a payment kiosk which would accept cash, cheque and chip and pin authorised card payments across a wide range of Council services. This solution would enable local residents to still make payments as they would have done at the cash office and thereby

mitigating against the loss of service provision in terms of equality and diversity. With regards to kiosks there a number of solutions available but as an indication of the potential cost an estimate has been provided for a kiosk solution which would integrate real-time into the Council's payment management systems. To purchase such a kiosk the initial cost would be around £25,000 including integration and set-up with on-going maintenance cost around £4,000 per annum, including card transaction fees. There would be additional requirements for the Council's cash-in-transit contractor for the counting of the coins and cheques from the kiosk and these are estimated at an additional £4,500.

12. Officers have been exploring the use of kiosks and there are issues which would need to be overcome. Firstly, there is the location of the kiosk and secondly, there is the issue of the day to day management of the kiosk. Officers are currently looking at options for the location of the kiosk. The current site of the cash desk at Waltham Abbey Town Hall has been rejected due to security concerns after normal office hours as the premises continue to be used for meetings and functions and the kiosk would need to be located in the public area. Officers preference is to maintain the link with information services which are potentially re-locating to Waltham Abbey library. This would provide a continuity of the type of service available at Waltham Abbey Town Hall. Essex County Council have indicated that they would be agreeable to its location at the library. There would need to be some limited day-to-day operational duties for the County Council staff to perform such as assisting customers with the use of the kiosk and reporting to EFDC staff any operational problems with the machine. Officers are therefore including the potential provision of a payment kiosk at the library as part of the on-going negotiations with Essex County Council regarding information services. This option would mean that payments for the kiosk would not be available on Thursdays as the library was closed but Saturday payments could be made. An indicative re-charge from Essex County Council for the siting of the kiosk and day-to-day operational support is £1,000 per annum. The County Council would like to review this amount after a six-month period in the light of actual usage and the required support from their staff. Officers had looked also at the potential for the location of the kiosk at Waltham Abbey museum but there were some structural concerns in relation to the building and the positioning of the kiosk.

13. The provision of a payment kiosk at Waltham Abbey library would therefore require a formal agreement to be in place with Essex County Council and a procurement exercise would be required for the purchase of the kiosk. In addition, the first part of each financial year is the busiest for a cash desk and it is strongly recommended that any changes affecting Waltham Abbey cash desk are not introduced until the end of the second quarter of 2012/13 to allow the procurement exercise to be completed and for the implementation and full testing of the kiosk to take place in order to minimise the disruption to service and any potential effect on cash flow to the Council.

14. There are alternative options that could be considered. Currently Housing has a contract with Allpay which allows payment of bills through the post office and similar outlets and this could be extended to Council Tax and Business Rates. The Council pays the transaction fee and the costs of the issue of payment swipe cards to customers. This would need to be fully costed in light of the increased numbers involved, particularly for all non-Direct Debit Council Tax payers with cards currently costing around £1.20 each and transaction fees of around 50p per transaction, although a procurement exercise could reduce these amounts as could the potential use of barcoding instead of cards. A disadvantage is that settlement times for payment are around one week, unlike other card payments which are next-day, and this would affect cashflow. More work would need to be undertaken looking at how many funds could be available for payment as if this was limited it could mean less types of payment would be available. Also in recent years the numbers of transactions through Allpay has been decreasing from 39,022 in 2009 to 34,052 in 2010. Given the work and availability of resource that would be involved in implementing this option it would likely mean that the go-live date would be beyond the second quarter of 2012/13.

15. Officers have taken HR advice with regard to the welfare of staff involved should there be any change to the service provision and Unison and the staff involved have been consulted as to the options under consideration.

Resource Implications:

Potential savings up to £45,000 dependant on the preferred option. The staff affected by a closure of the cash desk would be handled under the Council's Redeployment procedures to minimise any risk of redundancy.

Legal and Governance Implications:

Processes and procedures to be in place to ensure the secure collection and banking of Council income. A Service Level Agreement would need to be in place with the appropriate organisation for the operation of the payment kiosk.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

Staff
HR
Unison
Information Services
Essex County Council Library Service
Rochford DC to view kiosk operation

Background Papers:

None.

Impact Assessments:

Risk Management

There is a risk with regards to the collection levels should the preferred option reduce an individuals access to make a payment, particularly by cash. The Benefit changes from 1 April 2013 are likely to increase cash payments in what will be a problematic collection environment.

Equality and Diversity

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? Yes

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?

There is potentially an impact on those payers who do not have a bank account and pay their bills by cash. Other people who do have a bank account can pay their bills through a variety of ways: by Direct Debit, cheque or debit and credit card.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
There are courses of action which could mitigate against the impact.