



## **Modernisation of the Cashiers Service in The Council House**

### **SUMMARY**

- 1.1 As we continue to modernise Council services we have been looking to modernise the way our customers pay their bills to the Council by encouraging them to use more efficient and cost effective payment methods.
- 1.2 In September 2008, we completed a project with the help of the Change Management Team that reviewed the feasibility of closing the cashier service in the Council House. The conclusion from the project was the recommendation that closure was feasible so long as alternative payment arrangements were in place that would minimise any inconvenience to our customers.
- 1.3 Since the project ended, we have been giving our customers a wider variety of payment options which has been steadily reducing the number of customers who make payment at the cash counter in the Council House.
- 1.4 We are satisfied that closure of the cash counter area will help us reduce costs by utilising our accommodation in the Council House more effectively in preparation for New Ways of Working with minimum inconvenience to our customers, who have been used to paying their bills to the Council by cash. Closure will also reduce the number of visitors to the Council House in preparation for the forecasted increase in customers who will be using the refurbished Council House and Derby Direct as the single customer contact point for the City.

### **RECOMMENDATION**

- 2.1 To approve the closure of the cashiers' service in the Council House from 27 February 2009 by which time customers will have been converted to more efficient payment methods for the Council with minimum personal inconvenience.

### **REASONS FOR RECOMMENDATION**

- 3.1 As well as being the most expensive mode of payment, cash payments also come with increased risks for the Council, for example, fraud, theft and misappropriation of money. To manage these risks the Council can minimise the number of cash payments in favour of more secure, electronic payments such as Direct Debit. Closure of the cash counter will enable us to adopt more efficient and safer payment methods whilst making more efficient use of resources.

## SUPPORTING INFORMATION

- 4.1 Over recent years we have continued to modernise our payment receipt methods by introducing payment by telephone and payment through the Council's website. We have also introduced a system which permits us to set up Direct Debit payments over the telephone. Direct Debit is the Council's preferred method of payment although the current system only allows payments to be made on the 1<sup>st</sup> of the month so from 15 November 2008 we are to introduce multiple payment dates in anticipation of more customers opting to pay by this method should the variable payment dates be more convenient for them. This should make Direct Debit a more attractive payment method as it will fit in better with our customers' domestic financial arrangements.
- 4.2 Direct Debit is both safe and efficient and we will continue to promote it vigorously in the next three months with a view to reducing the number of transactions taking place at the cash counter in the Council House.
- 4.3 Throughout the whole national population, we now have more people than ever before who have bank accounts which would enable them to set up Direct Debits. In 2003, as part of the commitment to modernise welfare delivery and tackle financial inclusion, the Government put Direct Payment in place as the normal method of payment for all welfare benefits and pensions. Following a customer conversion process that began in May 2004 customers were encouraged to open bank accounts and now over 97% of all benefit customers are paid through bank accounts.
- 4.4 In the mid 1990s the gas, electric and water companies all withdrew their high street cash payment offices. While this caused some short term disruption, their customers very quickly found suitable alternative payment methods.
- 4.5 In 2005 Derby Homes removed the cash payment facility from all but 3 of their Local Area offices. PayPoint cards had already been issued to all Derby Homes' tenants and guidance on how and where they could be used. The transition for those areas where offices closed went very smoothly.
- 4.6 Following the introduction of Local Housing Allowance (LHA) in April 2008, Housing Benefit payments for private tenants are now normally made direct to the tenant rather than the landlord. The Department for Works and Pensions stated aims under LHA were to promote personal responsibility, financial inclusion and to reduce barriers to work. As part of the introduction of LHA in Derby we have a list of banks and building societies which provide basic bank accounts. These types of accounts permit payments into the account and Direct Debits can be set up on them. See Appendix 2 for a summary of these accounts.
- 4.7 Currently around 5,000 cash transactions are made at the cash counter in the Council House each month. There are also approximately a further 6,800 transactions each month made by cheque or debit card over the counter. An analysis of the number of cash transactions made this year together with a description of what those payments are is at Appendix 3.

- 4.8 There are significant benefits to our customers and to the Council in bringing to a close cash payments at the Council House:
- There is a clear business case for closure which will help us to deliver efficiencies over the next 3 years. Details of the financial implications are given in Appendix 4
  - Other methods of payment are safer as they remove the need for people to carry large amounts of cash with the associated risks of losing the cash or having it stolen.
  - We are reducing the risks associated with taking cash.
  - Direct Debit is a convenient, easy and safe way to pay and it helps people to manage their money better which in turn helps promote financial inclusion.
  - Direct Debit is the most cost effective method of payment for the Council. The Audit Commission in its report 'The Efficiency Challenge' estimates that it costs between 35p and 63p cheaper per transaction, depending on overhead costs, to receive a payment by Direct Debit rather than by cash.
  - We can free up cashiering resources to enable us to improve the level of service for our customers in other areas. The very experienced customer services employees currently working at the cash counter will transfer into Derby Direct vacancies to help improve customer service and response times in Derby Direct.
  - We will be able to make better use of space in the Council House in preparation for New Ways of Working and the development of a single customer contact point for the City
- 4.9 There are some customer service risks associated with closing the cash office which we would sensitively manage to ensure minimum inconvenience to our customers. These include:
- There are approximately 11,800 customers per month who make cash, cheque or debit card payments at the cash counter who will need to pay their bills in a different way
  - The cash service in the Council House is very valued by some customers who use it and closure may generate upset and complaints in the short term until they get used to paying by alternative payment methods
  - Some customers are cash oriented and have concerns about using Direct Debit
  - Currently, some of the Council's debts such as invoices raised through the Sundry Debtors system, the recovery of Housing Benefit overpayments and some miscellaneous payments do not offer many alternative payment methods.
- 4.10 These risks will be mitigated by the following actions:
- A marketing campaign that informs and promotes viable and convenient alternatives for our customers to pay Council Tax, Rent and invoices
  - Promoting the benefits of Direct Debit to reassure customers that this is a safe and convenient method of payment
  - Extending the use of PayPoint as a payment option for sundry debts and Housing Benefit overpayments by including barcodes on invoices. This will make it easier for customers to pay these bills and improve recovery of these debts should they remain unpaid and enable the Council to collect the money more quickly.

- 4.11 Our customer consultation showed us that there was limited awareness of the range of payment methods available and that many of our customers would be happy to use a different method rather than visiting the Council House to pay by cash.

Currently there is a wide range of alternative payment methods available to the public which will depend on why they are paying money to the Council. For example, Council Tax – which constitutes 60% of the cash payments - can be paid by

- Direct Debit
- PayPoint swipe card at one of 34 Post Offices or 50 PayPoint outlets in the city – the nearest outlets to the Council House are:
  - 'GT News', 1 Victoria Street,
  - 'Supercigs' Exchange Street,
  - 'Supercigs' 21 Theatre Walk and
  - Victoria Street Post Office
- Over the internet using the 'Council Tax Online' system
- Over the phone, either
  - During office hours by ringing Derby Direct
  - 24 hours a day 7 days a weeks using our automated telephone service
- Cheque which can be posted or delivered through the post box facility in the Council House
- Payments at Derby Homes local housing offices at Mackworth, Sussex Circus and Allenton. These, together with the Peartree Home Improvement Centre can also take the same range of payments as the Council House counter.

Alternative payment methods for the other types of payment transactions are listed in Appendix 5

- 4.12 We also need to consider the implications that closure of the cash office may have on the market traders in the City. Those market traders who currently pay their stall rent at the cash counter will be able to pay at any one of the 50 Paypoint and 34 Post Offices across the City as we are introducing bar codes on the invoices sent to them. A small proportion of market rents are currently collected by the attendants in the market who then pay that money into the back office. This facility will continue after the cash office closes.
- 4.13 Direct Debit is the Council's preferred method of payment because it ensures that payments are made regularly, reliably, safely and on time. This in turn eliminates additional costs of reminders and recovery action.

To increase the number of customers paying by Direct Debit we have been:

- Writing to all customers who currently pay their Council Tax in the Council House advising them of the benefits of Direct Debit.
- Speaking to customers as they make their payments in the Council House to encourage them to pay by Direct Debit.
- Placing posters and leaflets around the City advising customers that we can help them transfer their payment method over to Direct Debit

- 4.14 We recognise that there will still be customers who prefer not to pay by Direct Debit so for these customers we are promoting the use of a PayPoint Card.

PayPoint offers a number of advantages:

- There are 50 Paypoint and 34 Post Offices across the City which are evenly spread at convenient locations across the city. A full list of these PayPoint outlets and Post Offices is attached at Appendix 6
  - Most of these outlets are open long hours and many open 7 days a week, while the cash counter in the Council House is open 6 hours a day 5 days a week.
  - 3 of the Paypoint outlets and the Post Office in Victoria Street are city centre locations and close to the Council House.
  - Should they need to, customers can pay a range of different bills from other organisations as well as Council bills at the same time using a PayPoint Outlet
  - Promoting payment by this method will encourage increased use of local businesses, making them more sustainable and helping us to build stronger communities, supporting the Council priority of 'Making us proud of our neighbourhoods'.
- 4.15 In conclusion, over the next three months we will spend time with customers as they visit the cash counter to support them through this transition and minimise any inconvenience to them. We will look at their individual circumstances and help them find the most appropriate alternative payment method that suits their individual needs.

## OTHER OPTIONS CONSIDERED

- 5.1 Do nothing and continue to take cash payments at the Council House however the business case for closure for the reasons outlined in the report are very strong.

<b>For more information contact:</b>	Name 01332 255184 e-mail kath.gruber@derby.gov.uk
<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 – Basic Bank Accounts Appendix 3 - Transaction Summary Appendix 4 – Business Case Appendix 5 – Payment options Appendix 6 – PayPoint outlets

<b>IMPLICATIONS</b>
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**Financial**

- 1.1 All costs associated with the project will be contained within existing budgets.

The cost of receiving payment by Direct Debit is much cheaper than other methods. If we can successfully convert customers to paying by Direct Debit there will be savings and associated efficiencies in collection.

**Legal**

- 2.1 None

**Personnel**

- 3.1 All staff affected will be redeployed to fill existing vacancies within Customer Services

**Equalities Impact**

- 4.1 An equality Impact assessment will be carried out.

The project encourages a wider range of payment methods at a significantly higher number of more convenient locations across the City.

**Corporate objectives and priorities for change**

- 5.1 There are links to the Council's Priorities, in particular –
- Making us proud of our neighbourhoods
  - Leading Derby towards a better environment, and
  - Giving you excellent services and value for money

## Appendix 2

### Basic bank accounts in Derby

The table below list the different banks you can find in Derby and the basic bank accounts they offer. It also lists some of the services they offer, such as a debit card and whether you can arrange standing orders or use the Post Office ® to get money out.

Name of bank	Contact details	Name of account	Standing orders	Direct debit	Cash card	Cheque book	Debit card	Post Office Access
<b>Abbey</b>	5 Market Place Derby DE1 3PY	Abbey Basic Current Account	Yes	Yes	Yes	No	No	Yes
<b>Barclays</b>	St James Street Derby DE1 1QU	Cash Card Account	Yes	Yes	Yes	No	No	Yes
<b>Halifax</b>	39 East Street Derby DE1 2BL	Easycash	Yes	Yes	Yes	No	Visa Electron	Yes
<b>HSBC</b>	1 St Peter's Street Derby DE1 2AE	Basic Bank Account	Yes	Yes	Yes	No	No	Yes
<b>Lloyds TSB</b>	7 Irongate Derby DE1 3FJ	Cash Account	Yes	No	Yes	No	Yes	Yes
<b>Nationwide</b>	66/68 St Peter's Street Derby DE1 1SJ	Cash Card Account	Yes	Yes	Yes	No	No	Yes
<b>Natwest</b>	7 Market Place Derby DE1 3Zf	Step Account	No	No	Yes	No	Solo card	Yes
<b>Bank of Scotland</b>	41 Cornmarket Derby DE1 2DG	Basic Bank Account	Yes	Yes	Yes	No	Solo card	Yes
<b>Yorkshire</b>	28 St Peter's Street Derby De1 1SL	Readycash	Yes	Yes	Yes	No	Yes	Yes

All information is correct at the time of printing but should be used for guidance only, please check with individual banks.

## Transaction summary

## Cash only transactions at the Cash Counter in the Council House since April 2008

	Description	Average monthly transactions	Total this year to date
<b>Council Tax</b>	Council Tax payments	3197	19181
<b>Rent</b>	Derby Homes rent payments	1173	7036
<b>Debtors</b>	Sundry debt payments cover a range of debts including things like, residential care home fees, care link fees, market traders fees, trade waste, Nursery and Sure Start fees.	217	1301
<b>Housing Benefit overpayments</b>	Repayments of Housing Benefit that have been overpaid.	91	545
<b>NNDR</b>	National Non Domestic Rates collected from shops and businesses	79	473
<b>Bulky waste payments</b>	Payment for the removal of domestic bulky waste e.g. furniture	72	431
<b>Penalty Charge Notices</b>	Car park and on street parking violations	44	263
<b>TV licences – Derby Homes</b>	Tenants of Derby Homes warden controlled properties who pay a share of the cost of a TV licence	10	59
<b>Housing Options Rent</b>	Weekly charges for temporary accommodation arranged by Housing Options – usually Bed and Breakfast accommodation.	8	47
<b>Housing Advances</b>	Council mortgages	4	24
<b>Cattle Market fines</b>	Parking fines for the cattle market car park	2	13
<b>Legal</b>	Court costs charged to debtors etc covering cost of pursuing them for unpaid debt	1	9
<b>Others</b>	Bailiff fees, payments for dropped kerbs, photocopying charges, sale of civic memorabilia, e.g. ties etc	14	65
<b>Totals</b>		4919	29491



## Closure of Cash Office Counter – Business Case Costings

	2009/10	2010/11	2011/12
<b>Savings</b>			
Employees	(51,551)	(52,840)	(54,161)
Hire of PDQ machines and IT (See note 1)	(4,200)	(4,200)	(4,200)
Secure cash collection	(4,300)	(4,300)	(4,300)
Accommodation cost savings	(10,000)	(10,000)	(10,000)
<b>Costs</b>			
Purchase of 9,000 additional PayPoint cards. (See note 2)	16,020	-	-
Max cost of processing payments through the Post Office (See note 3)	30,717	30,717	30,717
Loss of external income from recharges fees (Derby Homes and Environmental Services) (see note 4)	14,296	14,296	14,296
<b>TOTAL COST / (SAVINGS)</b>	<b>982</b>	<b>(16,327)</b>	<b>(17,648)</b>
Note 1	The PDQ (Process Data Quickly) machines are the debit card reading machines we use to take switch payments which cost £3,000 per year to hire. The other £1,200 is the cost for support and maintenance of the computers on the cash counter.		
Note 2	<p>There are currently still 9,000 customers who continue to pay their Council Tax in the Council House. We are trying to increase the number of customers who pay by Direct Debit which will reduce this down number down.</p> <p>We will issue a PayPoint card for any customer who continues to pay at the cash counter. There is a charge of £1.78 for each card. This cost represents the maximum possible cost to the Council of issuing 9,000 cards.</p>		
Note 3	This represents the maximum possible additional expenditure if all transactions taken over the counter chose the most expensive alternative which is the Post Office at 0.41 per transaction. The equivalent transaction through a PayPoint outlet costs 0.39p. Many will choose cheaper options such as Direct Debit , telephone or internet payments		
Note 4	Derby Homes and Environmental Services pays a recharge fee for each transaction made at the cash counter for payments relating to their service		

## Appendix 5

### Current payment options available for Council debts paid at the cash counter

	<b>Direct Debit</b>	<b>PayPoint</b>	<b>Internet payments</b>	<b>Telephone payments</b>	<b>Cheque by post/ post box in the Council House</b>
<b>NNDR</b>	Yes	No but this will be introduced with next year's annual bills	Yes	Yes	Yes
<b>Sundry Debtors</b>	Yes	No but this will be introduced by January 2009 as part of the cashiers project	Yes	Yes	Yes
<b>Derby Homes debts</b>	Yes	No but this will be introduced by January 2009 as part of the cashiers project	Yes	Yes	Yes
<b>Council Tax</b>	Yes	Yes	Yes	Yes	Yes
<b>Rent</b>	Yes	Yes	Yes	Yes	Yes
<b>Penalty Charge Notices</b>	No	No	Yes	Yes	Yes
<b>Housing advances</b>	No	No	No	No	Yes
<b>Bulky waste payments</b>	No	No	No	No	Yes
<b>TV licences – Derby Homes</b>	No	No	No	No	Yes
<b>Housing Options Rent</b>	No	No	No	No	Yes
<b>Cattle Market fines</b>	No	No	No	No	Yes
<b>Legal</b>	No	No	No	No	Yes
<b>Others</b>	No	No	No	No	Yes
<b>Housing Benefit overpayments</b>	No	No but this will be introduced by January 2009 as part of the cashiers project	Yes	Yes	Yes

## Appendix 6

### Pay Point and Post Office outlets in Derby

<b>Polling District / Area</b>	<b>PayPoint Outlet</b>	<b>Address</b>	<b>District</b>	<b>Post Code</b>
Abbey	Co-Op - Midlands	493 Burton Road		DE23 6FQ
Allenton	Boulton Lane Store	368 Boulton Lane	Allenton	DE24 9DJ
Allestree	Co-Op - Midlands	187 Blenheim Drive	Allestree	DE22 2GN
Alvaston	Island Self Service	2 Raynesway	Alvaston	DE24 0DU
Alvaston	Manns Mini Market	629 Harvey Road		DE24 0EL
Alvaston	Crayford Stores	23 Crayford Road	Alvaston	DE24 0HL
Alvaston	Thresher Group	15 Shardlow Road	Alvaston	DE24 0JG
Alvaston	Alvaston News	25 Shardlow Road	Alvaston	DE24 0JG
Alvaston	Cornish News	95 Holbrook Road	Alvaston	DE24 0LX
Alvaston	Dillons	Keldholme Lane	Alvaston	DE24 0RY
Alvaston	M 1	Bembridge Drive	Alvaston	DE24 0UG
Alvaston	Co-Op - Midlands	1270 London Road		DE24 8QP
Alvaston	Kwik Stop	1248 London Road	Alvaston	DE24 8QP
Alvaston	Wilmorton News	647 London Road		DE24 8UQ
Arboretum	GT News	1 Victoria Street		DE 1 1ES
Arboretum	Supercigs	Exchange Street		DE 1 2DU
Arboretum	Supercigs	21 Theatre Walk		DE 1 2NG
Arboretum	K & A News	6-10 Monk Street		DE22 3QB
Arboretum	Spar	81 Monk Street		DE22 3QN
Arboretum	Jacksons Stores	77 Farm Street		DE22 3UJ
Arboretum	Lowerdale News	82 Northumberland Street		DE23 6UB

<b>Polling District / Area</b>	<b>PayPoint Outlet</b>	<b>Address</b>	<b>District</b>	<b>Post Code</b>
Arboretum	Loudon News	228 Normanton Road		DE23 6WA
Arboretum	Jolly Fagman	54 St. Thomas Road		DE23 8SU
Chaddesden	Co-Op - Midlands	Wollaton Road	Chaddesden	DE21 4HW
Chaddesden	T & T Newsagents	4 Beaufort Street	Chaddesden	DE21 6AX
Chaddesden	The Co-Op Group	497 Nottingham Road		DE21 6NA
Chaddesden	Londis	127 Reginald Road South	Chaddesden	DE21 6NJ
Chaddesden	6 Mays	4a Cavan Drive	Chaddesden	DE21 6TW
Chellaston	Sandhu Stores	48-50 Queensferry Garden, Shelton lock		DE24 9JS
Chellaston	Ridgeway Stores	83 Ridgeway	Chellaston	DE73 1UJ
Darley	Jacksons Stores	12 Nuns Street	Darley	DE 1 3LL
Darley	Jacksons Stores	125 Kedleston Road		DE22 1FS
Derwent	Co-Op - Midlands	Scarborough Rise		DE21 4DG
Derwent	F R Greens	6 Scarborough Rise		DE21 4DG
Derwent	,Newsagents			
Derwent	Chets Store	2 Berwick Avenue		DE21 6BL
Derwent	Broomholds Off			
Derwent	Licence	80-82 Wiltshire Road		DE21 6EZ
Derwent	Co-Op - Midlands	Sussex Circus		DE21 6GR
Mackworth	Jacksons Stores	10 Morley Street		DE22 3DH
Mackworth	Co-Op - Midlands	69 Prince Charles Avenue		DE22 4BG
Mackworth	Newsagent	Prince Charles Avenue		DE22 4BG
Mickleover	Jacksons Stores	55 Station Road	Mickleover	DE 3 5GJ
Normanton	Sunnyhills Food Store	257a Stenson Road		DE23 1JN
Normanton	Londis	Browning Circle		DE23 8AR
Normanton	Mahal News	8 Upper Dale Road		DE23 8BN

<b>Polling District / Area</b>	<b>PayPoint Outlet</b>	<b>Address</b>	<b>District</b>	<b>Post Code</b>
Normanton	Newdigate News	6 Newdigate Street		DE23 8UY
Sinfin	Osmaston Convenience	468 Osmaston Road		DE24 8AH
Sinfin	Sangra Stores	43 Handel Street		DE24 8AZ
Sinfin	Nightingale News	38-40 Nightingale Road		DE24 8BG
Sinfin	Ekta General Store	12 Cromarty Close	Sinfin	DE24 9NB
Spondon	Sandhu Stores	63 Borrowfield Road	Spondon	DE21 7HE

### **Post Offices**

<b>Polling District / Area</b>	<b>Post Office</b>	<b>Address</b>	<b>District</b>	<b>Post Code</b>
Abbey	Bedford Street	1 Stockbrook Road		DE22 3PL
Abbey	Abbey Street	17 Abbey Street		DE22 3SJ
Allenton	Elton Road	60-62 Elton Road	Allenton	DE24 8EF
Allenton	Allenton	2 Chellaston Road	Allenton	DE24 9AE
Allestree	Park Farm Centre	12 Park Farm Centre	Allestree	DE22 2QN
Alvaston	Harvey Road	631 Harvey Road	Allenton	DE24 0EL
Alvaston	Alvaston	Shardlow Road	Alvaston	DE24 0JG
Alvaston	Wilmorton	707 London Road		DE24 8UQ
Arboretum	Derby	Midland Road		DE1 1AA
Arboretum	Victoria Street	Victoria Street		DE1 1DD
Arboretum	Normanton Road	300 Normanton Road		DE23 6WE
Blagreaves	Sunny Hill	252 Stenson Road		DE23 1JL
Boulton	Holbrook Road	93 Holbrook Road	Alvaston	DE24 0LX
Chaddesden	Sussex Circus	Chaddesden		DE21 6GR

<b>Polling District / Area</b>	<b>Post Office</b>	<b>Address</b>	<b>District</b>	<b>Post Code</b>
Chaddesden	Chaddesden	478 Nottingham Road	Chaddesden	DE21 6PF
Chaddesden	Cherry Tree Hill	635 Nottingham Road	Chaddesden	DE21 6RU
Chellaston	Chellaston	5 Derby Road	Chellaston	DE73 5SA
Chellaston	Shelton Lock	211 Derby Road	Chellaston	DE73 5SE
Darley	Mansfield Road	164 Mansfield Road		DE1 3RA
Darley	Kedleston Road	123 Kedleston Road		DE22 1FS
Darley	Ashbourne Road	130 Ashbourne Road		DE22 3AG
Erewash	Little Eaton	160 Alferton Road	Little Eaton	DE21 5DE
Erewash	Breadsall	2 Rectory Lane	Breadsall	DE21 5LL
Littleover	Oaklands Avenue	119 Oaklands Avenue	Littleover	DE23 2QL
Littleover	Littleover Prince Charles Avenue	544 Burton Road	Littleover	DE23 6FN
Mackworth		83 Prince Charles Ave		DE22 4BG
Mickleover	Mickleover	13 The Parade	Uttoxeter Road, Mickleover	DE3 0GB
Mickleover	Devonshire Drive	50 East Avenue 157-159 St Thomas Road	Mickleover	DE3 9HN
Normanton	Pear Tree		Pear Tree	DE23 8RH
Normanton	Walbrook Road	149 Walbrook Road		DE23 8SF
Oakwood	Oakwood	Danebridge Crescent	Oakwood Sinfin District Centre	DE21 2HT
Sinfin	Sinfin Centre	Unit 13		DE24 3DS
Sinfin	Sinfin Lane	44/46 Kingsley Street	Sinfin Chapel Street, Spondon	DE24 9GR
Spondon	Spondon	9 Chapelside		DE21 7JQ