

Cash payment facilities

Report of the Cabinet Member for Customer Services and Innovation, Cllr Andy Smith

Date:	3 December 2019
Agenda Item:	8
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Key Decision?	YES
Local Ward Members	None specifically



CABINET

1. Executive Summary

- 1.1 The Council currently provides payment boxes at its offices in Lichfield and at Burntwood Library, to allow residents and others to deposit cash and cheques to pay for items like council tax, business rates or licensing fees.
- 1.2 This is a costly and outdated way of receiving payments and there are easier and more convenient ways for customers to pay their bills.
- 1.3 Many outlets, such as shops and post offices, offer the facility to pay council bills by cash, cheque and card. As a consequence customers can pay their bills without having to go to Burntwood library or the council offices at Frog Lane.
- 1.4 With the choices available it is proposed to remove the payment boxes and promote the alternative ways to pay. Customers will still be able to pay their council tax, rates and BID levy bills in cash but not at the Council House or Burntwood Library.
- 1.5 In the year to January 2019, the Council received approximately 6,222 cash payments through its cash boxes, predominantly for council tax and business rates.
- 1.6 Residents/businesses who choose to pay their council tax/business rates by cash will do so for each instalment that they pay, so the number of people using the cash box facilities is lower than the number of cash payments.
- 1.7 Cabinet is being asked to approve the removal of the cash boxes from May 2020.

2. Recommendation

- 2.1 It is recommended that Cabinet approves the removal of the cash payment boxes from Frog Lane and Burntwood Library from 1 May 2020.

3. Background

- 3.1 Through its two cash boxes, the Council received 6,222 cash payments in the year to January 2019 totalling over £530,000. Payments are predominantly for council tax and business rates. Some cheques were also posted into the boxes but this proposal does not impact on the council's future acceptance of cheques. The council will still accept cheques received through the post or through Connects.

3.2 The table below shows the cash received for the year:

Service	Cash received	Transactions
Council tax, business rates and Business Improvement District (BID) levy	£432,054	4,875
Sundry debt invoices	£49,810	370
Licensing applications and other related costs	£18,126	213
Garden and Bulky Waste	£16,363	473
Planning applications and other related costs	£2,132	29
Building Control and Land Charges	£532	3

3.3 Accepting cash is not the most efficient way to collect payments because of the costs associated with cash handling. According to CIPFA, (the Chartered Institute of Public finance and Accountancy), cash payments for council tax for 2017/18 were around 1.58% of payments made to councils across the country. For the same period, Lichfield took 2.51% of payment transactions in cash, nearly 60% higher than the national average.

3.4 CIPFA data also indicates that council tax payments made via other payment outlets e.g post offices, banks and other payment locations, nationally is 11.1%, with Lichfield well below this average at 4.5%.

3.5 72% of council tax transactions are paid to the council by direct debit, compared to a national average of 63.6%.

3.6 Since the introduction of garden waste charges, 98% of these subscriptions are paid by debit/credit card. Around £12,000 was paid in cash, which represents around 1% of the total income in this area.

3.7 The regulatory services team are re-designing their work processes such that payments can only be made by credit or debit card.

Current process

3.8 Anyone who wishes to pay their bill by cash is provided with a printed envelope to complete with details of their payment. The cash/cheque payment is sealed inside the envelope and placed in a cash box. There is a 'tear-off' strip on the envelope for the customer to complete and retain as their 'receipt'. At this point there is no intervention/checking by a council officer.

3.9 The cash from the box situated in Burntwood Library is collected by a cash courier firm and the cash taken to the cash office at Frog Lane the same day. The box situated at Frog Lane is emptied by two cashiers and the envelopes taken to the cash office.

3.10 The cash envelopes are opened by two people, the cash is counted and credited to the cash receipting system. This system integrates with the relevant financial systems.

3.11 Cash is collected and banked daily by a cash courier firm.

Issues with the current process

- 3.12 Once the payment envelope has been put in the box, it cannot be retrieved unless the box is unlocked.
- 3.13 Whilst customer service advisors will explain the process and provide an envelope to the customer, they do not check the payment or provide a receipt. There have been a small number of disputes with customers who have said that they have placed money in the cash box and it has not been found there and also the amount that has been credited to their account is not what they say they have paid. Whilst robust procedures exist in the cashiers' team to collect, count and allocate the money, there is no check/receipt issued by any officer of the council at the time of payment.
- 3.14 There are costs associated with cash handling both in terms of employees and for the security firm.
- 3.15 Residents do have the ability to pay council tax and business rates bills by cash at other outlets including post offices and payzone outlets. There are approximately 50 such outlets in the district.

Alternative methods of payment

- 3.16 As well as the cash boxes the council already offer a number of different ways for customers to pay:
- Direct debit
 - BACS transfers
 - Credit and debit card at Lichfield Connects
 - Online by credit and debit card
 - By cash, cheque or card at Post office/Pay zone outlets with an individualised payment card
 - Cheque

Proposals

- 3.17 To improve the customer experience and to reduce administration costs, it is proposed to encourage customers to make payments using one of the following methods:
- Direct debit
 - BACS transfers
 - Online transactions by credit and debit card
 - Credit and debit card at Lichfield Connects
 - Post office/Pay zone by cash, cheque or card
 - Cheque
- 3.18 Council tax, business rates and BID bills will be barcoded so that customers can make their payments at any Post Office, paypoint or payzone outlets. There will be no need for a personalised payment card when bills are barcoded. There are post offices close to both council offices and Burntwood Library.
- 3.19 A campaign is being prepared that will promote alternative ways to pay including direct debit and online by credit and debit card.
- 3.20 The cash boxes will not be removed until May 2020 to allow customers to complete payments for their 2019/20 bills. Council tax, business rate and BID bills issued in March 2020/21 will include bar codes for payment at post offices and payzone outlets.
- 3.21 The only service that regularly accepts cash that cannot be accommodated by these proposals is garden waste. Work has commenced to ensure that cash payments for this service can be accepted at the Tourist Information Centre.

Alternative Options	To keep the cash boxes but this is an inefficient way for both the customers and the council to deal with payments.																																																												
Consultation	<p>Whilst there has been no formal consultation with customers, over the last couple of months the Connects team have been talking to those using the cash boxes and asking them a series of questions.</p> <p>Of the 55 respondents, the vast majority were paying council tax. 45 of them (73%) knew that there were alternative ways to pay.</p> <p>There was no 'typical' customer by age or gender.</p>																																																												
Financial Implications	<p>The following costs/savings have been identified:</p> <table border="1" data-bbox="405 663 1414 1137"> <thead> <tr> <th></th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> <th>2022/23</th> </tr> </thead> <tbody> <tr> <td>Existing Costs</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bank Charges</td> <td>1,230</td> <td>1,230</td> <td>1,230</td> <td>1,230</td> </tr> <tr> <td>Cash Collection</td> <td>10,880</td> <td>10,880</td> <td>10,880</td> <td>10,880</td> </tr> <tr> <td>Collection Network Costs</td> <td>11,460</td> <td>11,460</td> <td>11,460</td> <td>11,460</td> </tr> <tr> <td>Total Existing Costs</td> <td>23,570</td> <td>23,570</td> <td>23,570</td> <td>23,570</td> </tr> <tr> <td>Proposed Costs</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bank Charges</td> <td>1,230</td> <td>4,330</td> <td>4,330</td> <td>4,330</td> </tr> <tr> <td>Cash Collection</td> <td>10,880</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Collection Network Costs</td> <td>12,260</td> <td>9,690</td> <td>9,690</td> <td>9,690</td> </tr> <tr> <td>Total Proposed Costs</td> <td>24,370</td> <td>14,020</td> <td>14,020</td> <td>14,020</td> </tr> <tr> <td>(Savings)/Costs compared to Budget</td> <td>800</td> <td>(9,550)</td> <td>(9,550)</td> <td>(9,550)</td> </tr> </tbody> </table>		2019/20	2020/21	2021/22	2022/23	Existing Costs					Bank Charges	1,230	1,230	1,230	1,230	Cash Collection	10,880	10,880	10,880	10,880	Collection Network Costs	11,460	11,460	11,460	11,460	Total Existing Costs	23,570	23,570	23,570	23,570	Proposed Costs					Bank Charges	1,230	4,330	4,330	4,330	Cash Collection	10,880	0	0	0	Collection Network Costs	12,260	9,690	9,690	9,690	Total Proposed Costs	24,370	14,020	14,020	14,020	(Savings)/Costs compared to Budget	800	(9,550)	(9,550)	(9,550)
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Contribution to the Delivery of the Strategic Plan	This proposal contributes to the aim that we have a Council that is fit for the future.																																																												
Equality, Diversity and Human Rights Implications	An equality impact assessment has been undertaken and it does not impact on people with protected characteristics. The assessment was informed by a survey completed in September 2019.																																																												
Crime & Safety Issues	Removing the cash boxes will remove the risk of theft.																																																												
GDPR/Privacy Impact Assessment	The data between payzone and the council will be transferred by Secure File Transfer Protocol, which is a secure method of transferring data and as a consequence there should be no impact on GDPR.																																																												

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Customers may choose not to take services if the ability to pay by cash is removed	<p>Most cash transactions are as a consequence of the council tax or business rate bills and these will be barcoded so that customer can still pay by cash at another location</p> <p>For other debts, alternatives will be promoted and the tourist information centre may take cash if there is no alternative</p>	Green
B	Decrease in the council's income	Ensure that all available options are communicated and customers informed	Green
C	Customers insist on paying by cash	It is recognised that in extreme circumstances customers may demand to pay by cash. Whilst customers will be treated sensitively and advised that payments can be made at any post or payzone outlet, there will be a process for Connects to follow to accept and process cash payments.	Green

Background documents

Relevant web links