

SUBJECT: CONSULTATION ON THE FUTURE OF CASHIERING FUNCTIONS

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

1.1 To consider the future of the Cashiering function as part of the savings proposals included in the Medium Term Financial Plan (MTFP) presented to Council on 25th February 2010, whilst improving choice and convenience to the public.

2. THE REPORT

2.1 The Authority collects annually an estimated £150m in respect of Council Tax, NNDR, Rents and Sundry Debtor bills. Of this amount £36m is collected via the Authority's cash offices, generating over 395,000 of receipts.

2.2 The Authority currently provides a number of payment methods to enable residents and clients to pay their bills. These are:-

- (i) On line payment via website
- (ii) Payment via direct debit
- (iii) Payment via cheque sent to cash offices by post (postal remittance)
- (iv) Door to door for some public housing residents using the rent collection service
- (v) Payment over the telephone using a debit or credit card, this is also offered as an automated service
- (vi) Payment by cash/cheque at one of the Authority's cash offices

2.3 It is generally accepted that any payments made in cash represent the highest cost of collection per transaction.

2.4 Cash/Cheque Collection

2.4.1 The Authority since 1996 has provided a cashiering service at the following locations:-

- Caerphilly
- Bargoed
- Pontlloftyn
- Blackwood
- Ty Penallta
- Newbridge
- Risca
- Pontllanfraith Civic Centre

2.4.2 Some locations handle more cash transactions than others, the table below gives details of the number of cash transactions dealt with by each full time equivalent (FTE) cashier at each of the above locations in 2009/10. The table also shows where the location provides a Customer First Service. The cashiering function was transferred to Customer First in March 2009.

Location	FTE Staff	No. Transactions per annum	No. Transactions per FTE	Customer First	Opening Times
Caerphilly	2.0	101590	50795		Please see Appendix A for opening times
Bargoed	1.3	44117	33936		
Pontllytyn	0.6	34364	57273	✓	
Blackwood	1.0	67868	67868	✓	
Ty Penallta	1.0	38840	38840	✓	
Newbridge	0.76	23596	31047		
Risca	1.0	36111	36111		
Pontllanfraith Civic Centre	0.64	25662	40097		
Postal Remittances		23000			

There are 2 additional FTE's in addition to the above, a team leader and a relief cashier. The cashier posts along with the relief cashier are graded a 5, the team leaders are graded an 8.

2.5 **Provision of an alternative service to enable payment via a swipe card at a number of locations including Post Offices**

2.5.1 **How it works**

The swipe card is an electronic means of payment that allows cash/cheque collection at a significant number of locations, including Post Offices, Petrol Stations and Local Shops (i.e. Payzone Outlets). The card is issued from a bank via the Authority. It has a unique identifier to the individuals account. A number of Authorities offer this type of payment method.

2.5.2 **What it Costs**

A meeting has been held with one bank to determine likely costs, although the service, if offered would need to be procured in accordance with Standing Orders. Based on this meeting estimated costs could be:

- 75p for each generic card issued. Cards with CCBC logo could be issued at a higher cost.
- 43.5p for each individual transaction relating to payment to CCBC.

The above costs are charged to the Local Authority, the service is free to the payee.

Using a full financial year a potential 15,800 cards would need to be issued if take up was 100% amongst those residents currently using cash offices or postal remittances (cheques). The additional costs of offering this service as an alternative to the cashiering function are detailed below:-

	£000
1 FTE staff member to deal with additional footfall and postal remittance work	25
1 FTE staff member to deal with increase in calls relating to enquiries, added value contracts and additional phone payments	25
0.4 FTE staff to issue cards, deal with file transfers, reconciliations and enquiries	10
All of the above could be reviewed after first year of introduction, albeit that it is likely that there will be a need for some additional staff resource in the longer term.	
Cost of transactions per annum of 'swipe' card based on 80% take up	<u>145</u>
Total additional costs based on up to 80% take up	<u>205</u>

2.5.3 Total estimated saving if the swipe card is offered as an alternative to the cashiering function

The current cost of the cashiering function is detailed below:-

	£000	
Staff (10.3 FTE's)	280	
Non staff related costs (includes Securicor Contract of £54k per annum)	64	
	<u>344</u>	

The above cost is funded as follows:-

	£000	%
General Fund	188	55
Housing Revenue Account (HRA)	<u>156</u>	<u>45</u>
	344	100

2.5.4 Therefore the net saving of using swipe cards as an alternative to cashiering is estimated at £139k per annum (£344k - £205k). This saving should be applied as follows:-

	£000	
Saving to General Fund (55%)	76	
Saving to HRA (45%)	<u>63</u>	
	<u>139</u>	

2.5.5 The above excludes the one-off costs of providing up to 15,800 cards.

2.5.6 A 50% take up would reduce the annual swipe card costs by £54k, but this would likely lead to an increase in postal remittances and telephone payments.

2.5.7 The introduction of the above would require a transitional period where for up to 6 months cash offices remain open to promote the swipe card and ensure cash income is unaffected. There would likely be a lead in time in any case to enable the redeployment of up to 8 staff.

2.5.8 The issue of cards in the first year would generate a one-off cost ranging from say £9.6k (80% take up) to £12k (100% take up). A small annual budget of approximately £0.5k would need to be established to cater for replacement cards and further demand.

2.5.9 It would be prudent to assume that revenue savings would occur in the second financial year after introduction, to allow for a phasing in period to ensure collection rates are unaffected.

2.5.10 The take up could increase if residents who currently use other methods of payment i) to vi) in para 2.4 choose to use this new very flexible means of payment.

2.5.11 Cashiers also deal with housing benefit evidence transactions. For example typically Caerphilly deal with 71 per month. There would need to be an alternative arrangement, although the numbers are small compared to the total housing benefit transactions per month.

2.5.12 Minor bankings made by service departments will also need a swipe card.

2.5.13 In summary therefore the cashiering function could be replaced by a swipe card system generating £76k of savings per annum to the general fund. This full year saving would likely occur in year 2. There would be a need to redeploy up to 8 staff.

2.5.14 Although this section of the report does not refer to the HRA door to door rent collection service, consideration could be given to using the swipe card system as an alternative to that service. An analysis of the anticipated savings that could be achieved in the HRA will be prepared.

3. LINKS TO STRATEGY

- 3.1 The Council has a number of corporate strategies and this report deals with the use of resources in the achievement of those strategies.

4. FINANCIAL IMPLICATIONS

- 4.1 These are dealt with in the main body of the report. There is no provision for the costs associated with redundancy and redeployment of staff in any of the options.

5. PERSONNEL IMPLICATIONS

- 5.1 Dependant on the option chosen, up to 10 staff would need to be redeployed, 2.5 posts would be available centrally, as detailed in the additional estimated costs para 2.5.2. This would leave a further 8 potential redeployments.

6. RECOMMENDATIONS

- 6.1 Members consider the proposals and give views on the following options:-

6.1.1 Removal of all or part of cashiering function.

6.1.2 Use of swipe cards to replace cashiering function.

6.1.3 Whether the use of swipe cards should be restricted to post offices only or available at all "payzone" type outlets. The later would give significantly more flexibility to residents in respect of the payments to the authority.

6.1.4 If proposals are accepted, the administration of the swipe cards and remaining cash/cheque related functions are transferred to Corporate Finance.

6.1.5 That a further report be submitted on the option to use the swipe card payment system as an alternative to the current door to door rent collection service for Council tenants.

Author: Nicole Scammell, Head of Corporate Finance
Tel: 01443 863022 E-mail: nicolescammell@caerphilly.gov.uk

Consultees: Anthony O'Sullivan, Chief Executive
Nigel Barnett, Deputy Chief Executive
Phil Evans, Head of ICT and Property
Councillor Colin Mann, Deputy Leader/Cabinet Member – Policy & Resources
Councillor Alan Pritchard, Deputy Leader/Cabinet Member – Human Resources
Councillor John Taylor, Chair – Policy & Resources Scrutiny Committee
Councillor M.E. Sargent, Vice-Chair – Policy & Resources Scrutiny Committee
Sandra Isaacs, Senior Rents Officer
Graham North, Public Sector Housing Manager
Terry Thomas, Principal Incomes Officer
Dave Titley, Customer Services Manager

Appendices

Appendix A

Opening Hours

