

<b>Report To:</b>	Cabinet	<b>Date:</b>	19 January 2017
<b>Heading:</b>	CONSIDERATION OF THE FUTURE OF CASH COLLECTION FOLLOWING BUDGET CONSULTATION		
<b>Portfolio Holder:</b>	CLLR JACKIE JAMES - CORPORATE SERVICES		
<b>Ward/s:</b>	ALL		
<b>Key Decision:</b>	Yes		
<b>Subject To Call-In:</b>	Yes		

### **Purpose Of Report**

To consider the future arrangements for collecting the cash which is due to the Council, in carrying out its duties as both a district council and a billing authority.

### **Recommendation(s)**

- 1. That Cabinet agree that cash collection should be modernised, to make full use of the most efficient channels, including Direct Debit, cash payments via Pay Point, electronic and telephone payments.**
- 2. That a timetable be developed for the ending of direct cash collection through Council offices.**
- 3. That the Project Team set up to implement this project ensure that residents are supported through the process, so that the transition is easy to manage for residents who have been used to paying cash at Council offices.**

### **Reasons For Recommendation(s)**

The Council's Medium Term Financial Strategy has identified the need for the Council to reduce its net General Fund Revenue Budget by £670k in 2017/18. This initiative is forecast to save £64k annually from the General Fund, with an additional saving of £28k per year from the Housing Revenue Account.

### **Alternative Options Considered (With Reasons Why Not Adopted)**

The Council could continue to provide direct cash collection facilities, either staffed or by automatic telling machines. However, this would not achieve the level of savings required, and cuts to other service areas would have to be considered.

## Detailed Information

### Making Sure That Council Systems and Processes are Fit For Purpose

The Council has been working towards an annual target for efficiency savings throughout the current decade. It has critically examined a wide range of service areas and, in many instances, has redesigned or restructured a service, to provide the same or better results, at a cheaper cost.

A range of formerly manual processes have been converted to electronic delivery, with no detrimental effect on the Council's customers.

Cash is a significant issue for the Council because, as a Billing Authority, it is responsible for far more than its own financial resources. On behalf of the Government, Preceptors and itself, the Council will collect £66 million in Council Tax and £36 million in Non-Domestic (Business) Rates, as well as £25 million of rental income from its Housing tenants each year.

Most utility companies, such as Gas, Electric and Telephone companies use wholly cashless payments, mainly Direct Debit, and have pulled back from having a high street presence. Because councils mostly still retain high street offices, cash desks within these offices tend to have survived into the digital era.

With the advent of On Line Banking, many residents now organise their personal finances via this method, with most payments, and their wages, being dealt with via cashless bank transactions.

It is important that the Council continues to examine how systems and processes can be made more efficient, without any detriment to the customer, and this proposal is the result of one such study.

It is critically important that residents whose preference is still to pay their bills by cash are supported by the Council to transfer to the more modern methods with as little confusion and inconvenience as possible. The Project Team will identify the best ways of doing this, and implement them.

### Making Better Use Of Technology

Most councils now collect cash via methods other than directly staffed cash desks within council offices. With the exception of Nottingham City Council, all of the district councils in the County have now moved to the more modern methods of cash collection, which usually include the promotion of Direct Debit, and the use of Pay Point cards which can be used to pay by cash in Post Offices and many convenience stores including most Co-ops.

As well as Pay Point cards, which are robust and can be used for many transactions before wearing out, Council Tax bills can now be printed with bar codes, which can work in the same way as a Pay Point Card; typically these would only need to be used to make ten payments, and therefore production of a plastic card may be avoided.

### Direct Debit

This is the industry standard and is the Council's preferred, and cheapest form of cash collection. Most banks do not charge their customers for using this service. When new residents move into the district, the Revenues and Customer Services Team will explain the

benefits of Direct Debit and try to persuade the customer that this is the most convenient means of making the transaction, for both parties.

Equally conveniently, Council staff can pay their ten instalments via a direct deduction from their salary.

### Pay Point and Post Offices

The Council has been successfully using the Pay Point system from the end of 2011/12. This method of payment was introduced mainly for the benefit of residents in the Rural areas, where the cash office (Selston) only opens for 20 hours per week. However this system is available to all residents. The Pay Point Card is presented at Post Offices or other Pay Point outlets, and cash can be paid towards the account to which the card relates. Separate cards are required for Rent and Council Tax, and these are easily distinguishable.

Cash and Debit cards can be used at no cost, but the outlets may add a charge for the use of credit cards, because of the charges they incur from banks. Many shops no longer accept cheques, but the Council will need to continue to be able to deal with cheques, because these are still occasionally received through the post.

Capita acts as the Council's agent, in collecting the money from these transactions from the Pay Point outlets and transferring it into the Council's bank account, typically in 7-8 days. The Council pays a transaction charge, and a charge when new cards need to be issued.

Currently 40,000 transactions are made via Pay Point and 150,000 via cash desks each year. This proposal assumes a 10% increase in Direct Debit users and that the remaining cash desk transactions transfer to Pay Point. The Pay Point system will be able to deal easily with this increased volume. There are more than 60 Pay Point outlets in Ashfield (see Appendix).

### Savings

The tables below sets out the forecast savings, offset by some additional costs, resulting in a net saving of £92k annually.

#### Reduced Expenditure

<b>Item</b>	<b>Estimated amount (£ 000s)</b>
Salary savings (assuming the retention of 1FTE Cashier)	118
Savings from the cash collection contract	16
Ending of the lease at Selston (Health Centre)	8
IT Savings (reduced broadband width)	5
Savings in bank charges (coin collection and cheque processing)	5
<b>TOTAL SAVINGS</b>	<b>152</b>

#### Increased Expenditure

<b>Item</b>	<b>Estimated amount (£ 000s)</b>
Pay Point transaction costs, assuming a 10% additional take-up of Direct Debit	58
Purchase of additional payment cards	1
Cost of separate cash collection contract for car parking machines	1
<b>TOTAL ADDITIONAL COSTS</b>	<b>60</b>

## Working With Customers

A project team has been set up, which will make detailed recommendations for the timetable to be followed for the modernisation of cash collection. Team members will explain the initiative to customers as they attend council payment points, and will provide them with information and guidance on the new arrangements.

A number of service issues will need to be resolved, including the sale of dog bags. A future report will identify the most practical solution to this issue.

## Budget Consultation

Residents were consulted on this initiative and a range of other proposals from 31 October to 12 December 2016.

Of the 770 respondents, 41% strongly agreed with the proposal, 32% agreed, 11% neither agreed nor disagreed, 8% disagreed and 8% strongly disagreed.

## Implications

**Corporate Plan:** The Medium Term Financial Strategy underpins all of the Corporate Plan objectives.

**Legal:** The Council is legally obliged to collect

- Council Tax on behalf of its preceptors and itself
- Non Domestic Rates on behalf of the Government, preceptors and itself
- Overpaid Housing Benefit

And also collects on behalf of its own functions

- Housing Rents, and a range of other fees and charges

How this income is collected is not specified in legislation.

## Finance:

It has not yet been determined when these changes to cash collection will be made. In a full year, this proposal has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	A saving of £64k.
General Fund – Capital Programme	No implication.
Housing Revenue Account – Revenue Budget	A saving of £28k.
Housing Revenue Account – Capital Programme	No implication

## Human Resources / Equality and Diversity:

The District Cashiers and Cashiers sit within the Revenues and Customer Services Team, and the structure comprises of a total of 5.50 FTE, currently there is a total of 4.15 FTE in post on either permanent or fixed term contracts It is envisaged that there may be a requirement for an Officer (FTE and Grade to be determined through the review) to be required to deal with the small number of instances where cash will still be received into Council offices. This post will need to be reviewed under the current JE scheme prior to consultation.

If this report is agreed, formal consultation will commence with all of the affected employees. All relevant council policies will be applied and adhered to. Voluntary Redundancy will be offered, and the Council's Redeployment Policy will apply. In this way it is hoped that any compulsory redundancies can be avoided or kept to a minimum.

At January 2017 there are 1.35 FTE vacant posts which have been covered by agency.

An Equality Impact Assessment will be undertaken to ensure that the system which replaces direct cash collection does not disadvantage any of the service's customers.

## Other Implications:

Trade Union colleagues have commented as follows:

The Trade Unions do not support the closure of the Cash Offices however, we are aware of the difficult financial situation.

We note the comments in regard to avoiding compulsory redundancy.

The Trade Unions believe that in order to maximise the potential for redeployment of "at risk" employees the Council should begin a process of identifying employees across all

departments who wish to take voluntary redundancy or reduced hours of work.

This should be done sooner rather than later, given the economic situation.

Whilst it is appreciated that not all employees who ask will be able to take voluntary redundancy, having an appreciation of which employees are interested will not only assist with redeployment but will also inform work force planning and re-training issues which may help the Council cope with future funding problems.

If a decision is taken to close the cash offices, depending upon the agreed timetable, re-training for jobs vacated by voluntary redundancy should be considered.

An Equality Impact Assessment will be undertaken as part of this review. This will aim to ensure that any negative impacts identified are mitigated within the re-design of the service.

**Reason(s) for Urgency (if applicable):**

None

**Background Papers**

None

**Report Author and Contact Officer**

Dave Greenwood  
DEPUTY CHIEF EXECUTIVE (RESOURCES)  
[d.greenwood@ashfield-dc.gov.uk](mailto:d.greenwood@ashfield-dc.gov.uk)  
01623 457201

## Appendix – Pay Point Locations in the Ashfield District

Dan's Mini Market	45 Hayden Lane	Hucknall	Bargain Booze	69 Church Street	Sutton-in-Ashfield
Jay Jays	6 Barbara Square	Hucknall	One Stop	143 Kirkby Road	Sutton-in-Ashfield
Tesco Express	161A Annesley Road	Hucknall	ASDA - PFS	Asda Petrol	Sutton-in-Ashfield
R & D News	4 Annesley Road	Hucknall	ASDA - SUPERSTORE	Priestsic Road	Sutton-in-Ashfield
Select & Save	86 Watnall Road	Hucknall	Post Office	Asda, Priestsic Road	Sutton-in-Ashfield
Post Office	57 Nabbs Lane	Hucknall	Krish Off License	52 Carsic Lane	Sutton-in-Ashfield
Post Office	59 High Street	Hucknall	Huthwaite Service Station	Huthwaite Road	Sutton-in-Ashfield
Post Office	37 Hayden Lane	Hucknall	Costcutter	1 The Oval	Sutton-in-Ashfield
Co-op	288 Watnall Road	Hucknall	Post Office	3 The Oval	Sutton-In-Ashfield
Co-op	141 Portland Road	Hucknall	Local 4 U	59 Northwood Avenue	Sutton-in-Ashfield
Post Office	1-3 Lowmoor Road	Kirkby in Ashfield	Co-op - HUTHWAITE	17-25 Main Street	Sutton-in-Ashfield
Post Office	114 - 116 Victoria Road	Kirkby In Ashfield	Huthwaite News	12-14 Main Street	Sutton-in-Ashfield
Post Office	Nuncargate Post Office	Kirkby-in-Ashfield	Nazran Stores	Main Street	Sutton-in-Ashfield
Post Office	170 Nuncargate Road	Kirkby In Ashfield	Huthwaite Post Office	19 Market Street	Sutton-in-Ashfield
Post Office	184 - 186 Forest Road	Annesley Woodhouse	Post Office	9 Market Street	Huthwaite
Nottingham Best Food and Wine	19 Station Street	Kirkby-in-Ashfield	Skegby Mini Market	21-23 Forest Road	Sutton-in-Ashfield
Victoria Wine 4 U	44 Victoria Road	Kirkby-in-Ashfield	Greenfield Cash & Carry	38 Greensfields	Sutton-in-Ashfield
Costcutter	32 Vernon Road	Kirkby-in-Ashfield	Post Office	225 Mansfield Road	Skegby
MCColls	40 Kingsway	Kirkby-in-Ashfield	The Co-op	Mansfield Road	Sutton-in-Ashfield
Tesco Express	Lowmoor Road	Kirkby-in-Ashfield	K.J. Convenience	44 Mansfield Road	Sutton-in-Ashfield
Co-op	7 Chapel Street	Kirkby In Ashfield	Co-op - STANTON HILL	High Street	Sutton-in-Ashfield
Post Office	31 Main Road	Underwood	Nazran Food & Wine	101 Outram Street	Sutton-in-Ashfield
Post Office	19 Main Road	Jacksdale	Fair Price	37-39 Downing Street	Sutton-in-Ashfield
Post Office	60 Portland Road	Selston	Costcutter	1-3 Mansfield Road	Sutton-in-Ashfield
Post Office	8 Lindley Street	Selston	Polo Mini Market	25A Mansfield Road	Sutton-in-Ashfield
Co-op	Nottingham Road	Selston	Select & Save	146 Dalestorth Street	Sutton-in-Ashfield
Co-op	2 Selston Road	Jacksdale	the local choice	160 Outram Street	Sutton-in-Ashfield
			Eastfield Stores	30 Eastfield Side	Sutton-in-Ashfield
			Garden Lane News	1 Lucknow Drive	Sutton-in-Ashfield
			Post Office	Leamington Drive	Sutton-in-Ashfield
			Your Choice	12 Leamington Buildings	Sutton-in-Ashfield
			Post Office	88 Station Road	Sutton-In-Ashfield
			Co-op	Huthwaite Road	Sutton-in-Ashfield
			Co-op	Mansfield Road	Skegby