

# Bolton Council

**Report to:** Corporate Issues Scrutiny Committee

**Date:** 4<sup>th</sup> February 2008

**Report of:** Director of Corporate Resources

**Report No:** 17

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**Report Title:** **Review of Cashiers**

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**Non Confidential**

This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

**Recommendations:**

The committee consider the report and comment accordingly. .

**Summary:**

This report reviews the implementation of an alternative cash collection service, gives details of payment patterns, compares the new and previous service and details the financial savings.

**Background Information**

## **1. INTRODUCTION**

In December 2006 the Executive Members approved the implementation of an alternative cash collection service in 2007/8. This followed a consultation period with customers and elected members of the Wards affected by the proposal. The Corporate Resources Department had planned to review this service during the year as part of its Service Improvement and Action Plan. The review considered the cashiering facilities that we provide in Bolton Town Hall and the Area Cash Offices.

## **2. BACKGROUND**

Many other Councils have already closed their cashiering facilities and replaced them with commercial facilities at Post Offices and shops. In April 2006 Bolton at Home decided to introduce similar payment facilities in Post Offices and shops as part of their service delivery.

Cashiers have seen a consistent decline in the number of transactions, i.e. payments received, over the last few years. This has been because of an increased take up of direct debit. Direct debit is significantly cheaper to the Council than a cashiering payment. This decline in payment transactions has increased significantly in the current year following Bolton at Home's changed arrangements for rent payments. There has been a particular reduction in the number of transactions in the various Area Offices.

The cost of collection in an Area Office varies depending on the number of transactions but on average currently stands at approximately 79p per transaction. The costs of a transaction at the Town Hall, because of its significantly higher volumes, is lower than this. This compares to a cost by using a company called Allpay who have arrangements with Post Offices and shops across the Borough of approximately 40p per transaction. As can be seen, there would be a significant saving from moving to Allpay for the Area Offices. This saving will increase as volumes of transactions reduce in subsequent years. The Allpay facilities are also a significant improvement on the service offered to customers as there will be a greater range of payment facilities available, many more convenient and with extended opening hours.

## **3. RECOMMENDATIONS AGREEDS**

- i) Payments of Council Tax using swipe cards at the payment network provided by Allpay are introduced with effect from 1<sup>st</sup> April 2007 (these include the following outlets – Post Office, Payzone and E-Pay and Paypoint).
- ii) Payments by direct debit be actively marketed and pursued wherever possible and this will be supplemented by a general publicity and awareness campaign.
- iii) The provision of a cashiers service at the central Cash Office, Bolton Town Hall, to continue, but is subject to review to ensure that this service remains financially viable. The review to take place over the financial year 2007/8, with any subsequent proposals taking effect in 2008/9

- iv) Farnworth, Westhoughton, Little Lever, Blackrod and Horwich cash collection service only be closed after a transition period of up to 2/3 months after Allpay is introduced.
- v) An enquiry service providing advice, information and dealing with customer issues is to continue within each locality but undertake a review of the actual location of the enquiry service, to optimise the service offered.
- vi) That the information/enquiry points continue to take non-cash payments only (i.e. debit card and credit card) as part of the service.

The benefits of the above arrangements would be as follows:-

- Increased numbers of payment outlets across the Borough – over 250 (numbers in each area of existing Area Offices listed in Appendix A)
- Increased available hours for payment for customers
- Many “cash” paying customers already use this network for making other payments eg Utilities, or regularly visit post offices, therefore, increased convenience
- Efficiencies generated to off set loss of income from Bolton at Home
- Better utilisation of current Council property portfolio,
- With removal of cash handling there may be greater flexibility to offer the enquiry service at different more convenient locations, with the scope to increase service provision

#### **4. FINANCIAL CONSEQUENCES**

Under the changed arrangements introduced by Bolton at Home, the Council were forecast to lose £100,000 of income in 2007/08. This was the result of a reduced number of transactions going through the Council’s cashiers as the public have switched to the Allpay facilities. (Agreement was reached with Bolton at Home that they would not seek savings in the current year to give the Council time to evaluate the impact and respond). The changes outlined above would, after meeting one-off implementation costs etc., deliver savings in the order of £100,000 to offset the loss of income from Bolton at Home. Once one-off costs have been repaid, there would be a net ongoing saving in the order of £50,000 per annum.

If the Council were not to implement these changes then savings would need to be found elsewhere to offset the loss of income from Bolton at Home.

#### **5. THE IMPLEMENTATION OF THE NEW SERVICE**

The district cash office closed in a phased programme to allow support and advice being given to customers and new payment outlets in each area. This phased closure commenced in May and concluded in July 2007.

As part of the closure for each office, staff from the Customer Services Division spent approximately 4 weeks in each office explaining to customers the change and also spending time in each outlet training staff how to operate the new system. In addition there was a localised publicity campaign giving details of the change and where the payment outlets were situated within the locality. The retailers (in particular the local Post Office’s) were very supportive of the change and contributed positively to the new arrangements.

## 6. THE EXPERIENCE OF THE NEW SERVICE

The new service has operated in line with the phased closure, customer feedback was positive in terms of the help given to support the change. Almost inevitably there was some resistance to the change, although since its introduction there has only been one formal complaint and very little anecdotal dissatisfaction with the service. As can be seen from the figures below the Allpay Network has already taken more payments to date than the five area cash offices took in total last year. The payment patterns have migrated to more cost effective channels, phone payment levels have remained constant but payment by Direct Debit and via the internet continue to increase.

Payment Method	2006/7	2007-8 as at Dec 2008	Estimated Difference at Year End
5 x Area Cash Office	147,234	14,421	-132,793
Allpay Network	5,694	157,585	+182,000
Direct Debit	507,108	546,347	+112,000
Telephone	47,488	34,692	-1,800
Internet	16,971	23,600	+11,000

The cash service at the Town Hall Bolton continues to have a significant footfall and the staff have also become involved in other service provision eg Blue Badges. This part of the service will remain under review to ensure it provides Value for Money.

## 7. FINANCIAL IMPACT .

The budget reductions identified have been incorporated within the Cashiers Budget and have therefore been achieved. In addition because of the increased accuracy of payments via Direct Debit and through the Allpay Network there has been the opportunity to make further efficiency savings in the banking and reconciliation team, a further budget option of £25,000 has been put forward for the 2008/9 budget, this is directly linked to the implementation of the Allpay service. Subject to future payment migration patterns there may be additional efficiencies generated.

**APPENDIX A**

**Breakdown of Payment Outlets in current Cash Office Locations**

<b>Locality</b>	<b>Total Pay Sites</b>	<b>Of Which are Post Offices</b>
Farnworth	25	5
Blackrod	3	1
Horwich	13	2
Westhoughton	19	5
Little Lever	9	1
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	69	
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There are a further 194 plus locations across the Borough.