

Report

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Report to:	Housing and Technical Resources Committee
Date of Meeting:	12 October 2011
Report by:	Executive Director (Housing and Technical Resources)

Subject:	Council Cash Collection Services
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise of the outcomes of the consultation exercise and risk assessment undertaken in relation to initial proposals to discontinue the collection of cash at the Council's Cash Halls.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the content of the report be noted
- (2) that the proposals in the report to continue to accept cash payments at local offices and to continue to promote alternative payment methods and further review the service in the future be approved.

3. Background

- 3.1. As part of the Council's 2010/2011 annual savings exercise, a proposal was presented and approved that the Council review the provision of the cash collection service with a view to making cost reductions of £0.25million per annum.
- 3.2. This saving was based on undertaking a full review of the service with a view to increasing the number of transactions made over the telephone, Post Offices and indeed through the Council's Web site.
- 3.3. The promotion of other payment methods was based on the fact that the cost per transaction for using the Council's Cash Offices was greater than all other currently available payment options.
- 3.4. Cost reductions would be based on reducing the number of offices where the Council would accept cash payments with the specific saving coming from reductions in security charges, insurance and staffing costs.
- 3.5. During the planning process to discontinue the acceptance of cash, two factors were uncovered which resulted in the closures not progressing within the previous timetable.
- 3.6. The first factor related to feedback that the Council received from various Tenants Groups that the proposed actions required to realise the savings may cause undue inconvenience and concern to a significant number of them and in particular, elderly residents.

- 3.7. On this basis, it was decided to undertake an extensive consultation exercise, via a survey of users of the Cash Offices and with assistance from Craigforth, the Resource's appointed independent consultation contractor, an extensive exit survey of the cash hall users was undertaken.
- 3.8. The aim of this exercise was to improve our understanding of motivations and experience for customers using South Lanarkshire Council Cash Offices, specifically to focus on the reasons for customers using Cash Offices rather than other methods of paying Council bills and to establish what the concerns were of using other payment methods.
- 3.9. The second factor related to the potential impact of the Welfare Reform and specifically Universal Credit.

4. Survey methodology and response numbers

- 4.1. A survey form was jointly developed with Craigforth and forms were handed directly to customers using all 8 Council Cash Offices between the 3 and 27 May 2011.
- 4.2. Customers were asked to complete the forms and return them directly to Craigforth using a reply paid envelope which was provided.
- 4.3. The survey could also be completed electronically using Standpoint terminals which had been placed specifically in the Cash Offices.
- 4.4. A total of 15,000 forms were handed out during the period in question and 3,344 completed forms were returned with 121 responses received from the Standpoint terminals.
- 4.5. The number of returned surveys represents a response rate of 23% against the number of forms issued during the exercise and this is rated as a high response rate in terms of confidence levels with the results.

5. Summary of survey findings

- 5.1 Detailed below is a summary of the key findings of the survey, copies of the full survey report have been made available in the members' lounge.

Key points:-

- ◆ Council Tax was by some margin the most common reason for respondents' most recent use of the Cashiers Service (81% of respondents). Rent was the only other transaction mentioned by a substantial number of respondents - as many as 93% of all respondents had a Council Tax and/or Rent related enquiry.
- ◆ Cash was by far the most common type of transaction – more than 3 in 4 made their payment by cash. Indeed more than 70% of all respondents indicated that their transaction had involved a cash payment of Council Tax and/or Rent. Most respondents indicated that they had not required any additional information to help complete their transaction (around 2 in 3). Where additional information had been required this was typically a balance enquiry.

- ◆ The overwhelming majority of survey respondents use the Cashiers Service every month; as many as 97% indicated this. Most of these respondents indicated that they use the service once a month, although there remained around 2 in 5 who use the service at least once a fortnight.
- ◆ Nearly half of all survey respondents did not mention using any other payment methods for Council bills, suggesting that a large proportion of respondents use the Cashiers Service to pay all of their Council bills. Amongst those who do use other payment methods for Council bills, the Post Office and Pay Points were the most common, suggesting a preference for face to face transactions.
- ◆ Respondents identified a range of reasons for their choosing to use the Cash Office, rather than other payment methods. The most significant were... *speed with which payments are received by the Council* (and the extent to which this enables customers to better manage their finances); *convenience and location of the Cash Office* (including queuing times being shorter than other options); *quality or service and friendliness/attitude of staff* (including a general preference for in-person transactions).
- ◆ Most respondents may be likely to use alternative payment methods rather than visiting a Cash Office - 79% would “possibly” do this, although only around 1 in 3 would “definitely” do this. Willingness to use alternative payment methods was related primarily to Post Offices or Paypoints, again suggesting a preference for face to face transactions.
- ◆ The majority of respondents reported that they used face to face payment methods for their utility bills; nearly 2 in 3 use Post Offices or Paypoints with a little more than 1 in 3 using direct debit. Relatively few expressed a willingness to pay rent or Council Tax in the same way as their utility bills, with any interest in this primarily relating to face to face transactions (eg Post Office, bank).
- ◆ Interest in paying rent or Council Tax by direct debit was relatively limited, with only 1 in 10 respondents expressing any willingness to do this.
- ◆ 45% of cash hall users were over 65 years of age.

6. Potential impact of Welfare Reform

- 6.1. The current planned changes to the way benefits are administered include a proposal known as Universal Credit.
- 6.2. At present the rent accounts of tenants in receipt of Housing Benefit are automatically credited with their rent and the Council reclaims the monies due from the Department of Work and Pensions (DWP).
- 6.2. Universal Credit means that in the future all Council tenants currently in receipt of Housing Benefit will instead receive the actual money for the rent as part of their overall Benefit payment.
- 6.3. From the combined payment they receive, tenants will then be required to actually pay their rent to the Council as the DWP will solely administer all Benefits.

- 6.4. It is anticipated that many of the client group concerned will require assistance in dealing with this change as many will never have had to handle such responsibilities before and as such require support from the cashiers for details on balances outstanding etc.
- 7. Conclusion from the survey and the risks associated with Universal Credit**
- 7.1. From the survey results it has been concluded that there is insufficient evidence at present that current cash hall users will transfer to the alternative channels to pay their bills.
- 7.2. The survey results also indicate that a very high proportion of the current users are elderly.
- 7.3. An assessment of the risks associated with Universal Credit indicates that there is a high level of risk of non payment of Council bills due to the impending changes.
- 7.4. On the basis of the findings of the survey and the risk assessment noted in 7.3 it is proposed that the Council continues to accept cash payments at all 8 local Council offices.
- 7.5. It is further proposed that the Resource continues to promote more effective payment methods (channel shift) and undertakes a further review of payment facilities in the future, dependant on the results of the channel shift exercise.
- 8. Financial Implications**
- 8.1. During 2011/2012 the Resource identified other areas of saving to replace the £250,000 saving and as such there will be no additional costs as a result of the content of this report.
- 9. Other Implications**
- 9.1. The impact of Welfare Reform/Universal Credit has been scored in the Resource Risk Register as a 9 (out of 10) and is described as 'failure to maintain high levels of income collection and generation'.
- 9.2. There are no issues in terms of sustainability arising from this report.
- 10. Equalities Impact Assessment and Consultation Arrangements**
- 10.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 10.2. Extensive consultation with residents affected has been undertaken throughout the course of the survey.

Lindsay Freeland
Executive Director (Housing and Technical Resources)

1 October 2011

Link(s) to Council Values/Improvement Themes/Objectives

- ◆ Accountable, effective and efficient
- ◆ Develop services for older people
- ◆ People focused

Previous References

- ◆ Executive Committee (Special), 1 February 2010

List of Background Papers

- ◆ Survey Forms>Returns

Contact for Further Information

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