

<b>SUBJECT:</b>	Cash & Cheques
<b>REPORT OF:</b>	CDC Customer Services Portfolio Holder - Fred Wilson SBDC Customer Services Portfolio Holder – Duncan Smith
<b>RESPONSIBLE OFFICER</b>	Jim Burness – Director of Resources
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<b>WARD/S AFFECTED</b>	All

**1. Purpose of Report**

1.1 To discuss the Council’s approach to accepting cash and cheque payments.

**RECOMMENDATION**

**1. To agree that the Council should aim to phase out cash and cheque payments over time, taking account of customer needs.**

**2. Reasons for Recommendation**

2.1 Some customers still prefer to pay by cash or cheque. However cash and cheques are the least cost effective methods to pay for Council services, and the costs are likely to increase over time.

**3. Cash and Cheque Receipts**

3.1 The following table provides an analysis of the 2016/17 annual cash and cheque customer receipts.

3.2

Cash via Reception		Cheque via Reception		Cheque via Post	
No	Amount	No	Amount	No	Amount

**Revenues & Benefits**

Council Tax	CDC	4,034	441,598	1,038	351,966	2,491	881,851
Housing Benefit Debtors	CDC	85	7,019	5	3,719	26	13,625
NNDR	CDC	39	16,855	58	20,830	272	387,967
Northgate (CTAX, HB, NNDR)	SBDC	1,396	381,000	3,252	1,486,000	*	*

		Cash via Reception		Cheque via Reception		Cheque via Post	
		No	Amount	No	Amount	No	Amount

**Environmental Services**

Parking Fine	CDC	48	1,492	17	455	284	7,552
Parking Fine	SBDC	0	0	0	0	81	3,400
Car Parking	CDC	14	462	48	10,604	129	77,085
Car Parking	SBDC	13	205	0	0	218	66,180
Waste	CDC	1,225	13,760	654	23,763	12	2,499
Waste	SBDC	70	1,387	3	35	487	19,074
Cemeteries & Stoke Poges Mem Gd	SBDC	15	3,245	0	0	359	91,967

**Finance**

Invoice	CDC	9	2,706	25	30,038	456	175,752
Invoice	SBDC	27	2,747	0	0	274	211,840
Miscellaneous	CDC	85	899	1	204	460	52,215
Miscellaneous	SBDC	49	902	4	126	405	460,099

**Sustainable Development**

Building Control	CDC	8	1,442	11	3,680	90	26,707
Building Control	SBDC	12	2,125	5	720	476	145,745
Planning	CDC	83	2,303	312	114,586	791	408,458
Planning	SBDC	9	886	3	86	640	240,103

**Health & Housing**

Licencing	CDC	303	31,870	40	9,624	179	8,877
Licencing	SBDC	82	7,848	11	1,821	80	8,896
Env Health & Housing	CDC	4	400	0	0	9	1,010
Env Health & Housing	SBDC	9	951	0	0	8	1,465

<b>Total</b>		<b>7,619</b>	<b>922,101</b>	<b>5,487</b>	<b>2,058,258</b>	<b>8,227</b>	<b>3,292,367</b>
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\* Included in the Cheque Via Reception Figure

**4. Processing Costs**

4.1 The following table shows the total cost to the Councils of accepting cash and cheque payments. These costs are shared between CDC and SBDC.

Area	Annual Cost £	Comment
Cash collection	7,210	Cash Collections are made three times each week from both the CDC and the SBDC Council offices.
Banking costs	7,884	5p per cheque and 35p per £100 cash collected compared to 1.5p per electronic payment.

Area	Annual Cost £	Comment
Staff time – Customer Services	3,064	Time processing receipts through from cash collection to banking the receipts culminating in reconciling these receipts to the Councils' Cash Collection system (Civica) and Financial Management system (Integra).
Staff time – Finance	4,295	Time processing receipts through from cash collection to banking the receipts culminating in reconciling these receipts to the Councils Cash Collection system (Civica) and Financial Management system (Integra).
Total	£22,453	

## 5. Effect on Service Areas

- 5.1 To reduce cash and cheque payments, process changes would be needed. For instance where cheques are sent in with applications or other paperwork, primarily Environmental Services and Sustainable Development. Work has already started within Service areas to channel shift customers to electronic methods of paying for services, but further channel shift exercises need to be incorporated within the Customer Experience Strategy.

## 6. Effect on Council Tax and NDR Collection Rates

- 6.1 The following table gives the percentage of Council Tax and NDR debt currently paid by cash and cheque.

	CDC		SBDC	
	Council Tax	NDR	Council Tax	NDR
Cash Payments	£441,598 <b>0.6%</b>	16,855 <b>0.08%</b>	Not currently available	Not currently available
Cheque Payments	£1,233,817 <b>1.6%</b>	408,797 <b>1.9%</b>	Not currently available	Not currently available
Total Net Debit	74,780,000	21,200,000		

- 6.2 At CDC there were approximately 4,000 revenues cash transactions in the last financial year. Therefore given that there are normally ten council tax instalments in the year the approximate number of people paying by this method would be around the 400 mark. Of this number many would have a bank account, but they just prefer to pay by cash.

- 6.3 With regards to the people who come to the offices to pay by cheque these people will have bank account (only a very limited amount pay by building society cheque). Therefore they would have the facility to set up a direct debit/standing order/fast pay /debit card payment method.
- 6.4 It is also worth noting that the average transaction value of cheque payments is approximately £350 a transaction whereas for cash it is £110. This is due to the fact that in March and April a high proportion of the cheque payments are people paying their council tax in full for the year thus raising the transaction value.
- 6.5 If payments were no longer to be taken by cash and cheque customers would be able to pay by:
- 1) Direct debit- most preferable
  - 2) Credit/debit card either over the automated telephone payment line or by telephone through speaking to a member of the Customer Services/Revenues Team
  - 3) Fast pay – By going into their bank and quoting our bank details and account number
  - 4) Via the Council website.

## **7. Impact on Customers**

- 7.1 The profile of customers who come into the council offices to pay by cash may include customers that do not have a bank account. The Financial Inclusion Annual Monitoring report 2016 states that there are 0.73 million unbanked adults in the UK. 65% of this number is in the lowest three income brackets meaning they have an annual household income of just under £14,500 and they are most likely to be in receipt of benefits. The report also states they are more likely to live in socially rented accommodation and that half of the unbanked adults has been receiving benefits for more than five years.
- 7.2 Anyone can have a basic bank account without the need for a credit check and the Council's bankers have indicated that they would be happy to work with the Council to encourage customers to open bank accounts and to enhance the digitalisation agenda that they are currently promoting in a television advertising campaign.
- 7.3 Currently 21 million households in the UK (83%) have internet access and the use of technology either on using a laptop, tablet or telephone. If any of our customers did not either have use of a computer they can utilise the PC's in the Council's reception area to transact their business. Support would be provided by the Customer Services Team where necessary.

## **8. Pay point**

- 8.1 There are only five Pay point sites in CDC and five in SBDC that customers could use. The cost and admin for using Pay point is high, so the costs for the very small percentage of customers that would use this would be prohibitive.

- 8.2 Furthermore there are already a number of payment avenues currently in place, therefore it is considered unnecessary to set up any other payment options.

## **9. Communication Strategy**

- 9.1 Any decision to stop taking cash and cheque payments would need to be effectively communicated and adequate time would need to be given to allow people to set up alternative payment arrangements.
- 9.2 As it is likely that access to bank accounts and online payment options may be more of an issue for some payees (e.g. council tax or housing benefits) than other (e.g. building control, planning, licensing) it may be that the phasing out of cash and cheques is initiated in these areas. It is likely for the foreseeable future in some service areas there will need to be the need to continue to accept cash and cheques.
- 9.3 Any communication campaign would need to involve the corporate communication team and would need to positively reinforce the change by emphasising the cost savings, digitalisation agenda and the Customer Experience Strategy as the reasons behind any change.

## **10. Conclusion**

- 10.1 A significant number of our customers still choose to pay by cash or cheque. However to reduce processing costs we should aim to phase out cash and cheque payments over time.
- 10.2 Although the Council could refuse to accept cash / cheque payments this would have a negative impact on customer choice and could negatively impact collection rates.
- 10.3 It is therefore proposed to work with our customers to help them move to other payment channels, and to target some service areas initially to eliminate cash/cheques . For instance support by customer services staff when people come in to the offices to pay by cash or cheque.
- 10.4 It is also proposed to remove information about the ability to pay by cash / cheque from the back of bills, where it is appropriate to do so.

## **11. Corporate Implications**

- 11.1 The financial benefits are detailed under section 4 of this report.
- 11.2 An Equalities Impact Assessment has been undertaken and is attached as **Appendix A**.

**12. Links to Council Policy Objectives**

12.1 This change relates to delivering value for money, cost effective services.

**13. Next Step**

13.1 Work will continue with our customers and with service areas to encourage payment by methods other than cash or cheques.

<b>Background Papers:</b>	None
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