

ANGUS COUNCIL

MEETING OF ANGUS COUNCIL – 10 SEPTEMBER 2015

SERVICE REDESIGN - PAYMENT FACILITIES AT ACCESS OFFICES

REPORT BY THE HEAD OF CORPORATE IMPROVEMENT & FINANCE

ABSTRACT

This report asks members to agree that a new model for facilitating payments by customers for Council Tax, Housing Rents and other sums due be developed to replace the payment facilities currently provided through the Council's ACCESS Office network.

1. RECOMMENDATION(S)

It is recommended that the Council:

a) agrees that a new model for enabling customers to make payments to the Council which replaces the facilities in ACCESS Offices be developed on a phased basis as outlined in Section 4 of this report;

b) agrees the approach to managing the staffing implications associated with these proposals as outlined in Section 5 of this report; and

c) authorises the Strategic Director of Communities and Head of Corporate Improvement and Finance to investigate and arrange the procurement of that new model of provision subject to a further report being brought back to members for approval of the final details, procurement authority and proposed timescales for implementation.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

The proposals in this report contribute to Local Outcome 2 - Angus is a good place to live in, work in and visit.

3. CURRENT POSITION

Background

3.1 Reference is made to Report 71/15 to Angus Council on 12 February 2015 which outlined the intention (as part of a redesign of ACCESS Office and Library services) to review and adopt more online services including the review of cash collection and alternative payment arrangements. Reference is also made to Report 55/15 which covered the 2015-18 Resources Directorate Improvement Plan. That Plan included an action to "implement new approaches for taking payments from customers including our approach to cash payments".

3.2 This report advises members of the outcome of initial work undertaken to review our current approach to payments and seeks approval to develop a new model of provision for those customers currently paying their Council Tax, Angus Council Housing Rents and other sums due at one of our ACCESS Offices.

Using Channel Shift to Help Address Our Financial Challenges

3.3 As members are aware the Council has faced, and will continue to face in the years ahead, huge financial challenges which mean that existing models of service delivery are no longer sustainable. All areas of service provision are seeking new and more efficient ways of providing services which seek to minimise any negative effects for customers. These principles are at the heart of the Transforming Angus programme.

3.4 One of the areas which can potentially deliver significant efficiencies and improve services to customers is in “Channel Shift”. Channel Shift is essentially about changing the behaviour of customers towards using methods of transacting and receiving services from the Council which are less costly for the Council to provide and potentially provide the customer with an improved service overall. Much of the focus of Channel Shift is therefore about moving to online digital service provision in place of face to face and telephone provision where this is feasible for both the customer and the Council. Although not suited to all service provision online and self-service provision is an increasingly common method for transacting business.

ACCESS Offices & Libraries – Future Arrangements

3.5 As members are aware there is a medium term strategic plan to combine ACCESS Office and Library provision across Angus to achieve a more financially sustainable model of service provision which will see the continuation of a town centre point of service access for customers.

3.6 Members will also be aware that ACCESS Offices and Libraries are intended to be part of the new Angus Alive Trust from 1 December 2015. Although ACCESS Office and Library services will be managed by the Trust it will be for the Council to determine what level of service provision it wants the Trust to provide and is willing to pay for. The proposals in this report are therefore about policy and service model choices by the Council which the Trust will be asked to implement and work with once it is up and running. The new model of service provision being proposed in this report has been under consideration for some time and is accordingly not related to the creation of the Trust.

Channel Shift Metrics

3.7 Providing services to customers using buildings and people is expensive. Some services by their nature have to be provided this way but many others do not. Service provision by a member of staff to the customer (a face to face transaction) is significantly more costly than conducting the same transaction over the phone which in turn is more costly than providing that service electronically using online options. Figures vary from organisation to organisation but it is estimated by the Society of Information Technology Management (SOCITM) and accountancy firm PWC based on work they’ve undertaken with local authorities in different parts of England that costs per transaction on average are as follows:-

Table has 3 columns and 4 rows

Channel of Delivery	SOCITM Estimates	PWC Estimates
Face to Face (like ACCESS Offices)	£14.00	£10.53
Telephone (like ACCESSLine)	£5.00	£3.39
Online (like Council website)	£0.17	£0.08

End of table

3.8 Clearly some services cannot be provided through the digital channel but many services currently provided by the Council can be and the challenge of the Channel Shift programme will be to gradually move to a position where much more of the Council’s interactions with customers take place using online service provision instead of face to face. Indeed, many of these interactions do not need to take place at all if customers can be moved to payment via direct debit where this is a suitable approach. The need to make financial savings is part of the reason for such change being necessary but the development of quality online service provision also has advantages for customers by making services available 24 hours a day, 365 days a year.

ACCESS Office Transaction Data

3.9 On average around 80% of all customer transactions which take place in ACCESS Offices are payments of some form and 89% of those payments are customers paying their Council Tax or Rent. Payment of rent at the local “Housing Office” each week is such a well-established practice that hundreds of customers continue to use this approach despite the growth in availability of online banking, direct debit, etc.

3.10 The collection of regular sums due to the Council like council tax and rent through a network of local offices is one of the most expensive approaches available and in the current financial climate is no longer sustainable. A number of Councils have already stopped taking such payments through their local office networks for this reason and it is proposed that Angus Council adopt a similar approach.

- 3.11 Payment of high volume routine transactions like council tax and rent in cash or by cheque at ACCESS Offices is particularly inefficient because of all of the handling and security costs which accompany that in addition to the staffing and building overheads which exist. Payment of these sums by debit or credit card via a face to face transaction is also undesirable from a cost point of view.
- 3.12 The table below gives information on the number of payment transactions processed through each ACCESS Office in 2014/15. In total 192,800 payment transactions were processed. The information covers Arbroath, Brechin, Carnoustie, Forfar, Kirriemuir, Monifieth and Montrose ACCESS Offices.

Payment Transaction Volumes

Table has 9 columns and 2 rows

	Arb	Bre	Car	For	Kirr	Mnf	Mont	Total
No. of Payment Transactions	53,800	21,500	12,700	45,500	14,000	9,900	35,300	192,800

End of table

- 3.13 The Table below provides summary statistics on the type and method of payment transactions processed through the Council's ACCESS Offices in financial year 2014/15

Percentage of transactions by type and method of payment

Table has 9 columns and 11 rows

Payment For:	Arb	Bre	Car	For	Kirr	Mnf	Mont	Total
Rent	38	47	31	46	40	21	37	39
Council Tax	52	45	57	45	50	58	52	50
Other	10	8	12	9	10	21	11	11
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Payment Method:	Arb	Bre	Car	For	Kirr	Mnf	Mont	Total
Cash	76	70	68	72	71	66	74	73
Cheque/Giro	5	11	10	8	8	11	6	7
Card	19	19	22	20	21	23	20	20
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

End of table

- 3.14 The table highlights the scale of payments made for Council Tax and Rent (89% of all transactions) with 80% of those transactions being made by cash or cheque. A very small number of transactions are made by Giro. Bearing in mind this method of facilitating customer payment is among the most expensive available it is clear that adopting a different approach could yield significant savings.

4. PROPOSALS

Case for Change – Policy Aspirations

- 4.1 The case for change is a simple one – adopt a different model of service provision which is more efficient for the Council and which still ensures good access to payment facilities for customers. The case for change centres around a policy aspiration for the Council based on a hierarchy of preference which says to customers:-
1. We want you to pay for regular and routine transactions like council tax, rent and other services by Direct Debit – this is our preferred method for receiving these types of payments
 2. Where Direct Debit is not a feasible approach we want you to pay by debit or credit card using the Council's website or alternatively our ACCESSLine
 3. Where payment in cash or by cheque is required we want you to use payment providers other than the Council itself for this purpose – the Council will make this provision available via contracts with other payment providers

4.2 The above is a policy aspiration and the extent to which this can be achieved will depend on customer support and their individual circumstances but it's important that the Council be clear of what it is trying to achieve by way of a payment strategy.

Developing a New Model of Provision

4.3 Delivering the policy aspiration will take time and planning so it is proposed to take a stepped approach as follows:-

Phase 1a – Council Tax & Rents paid by Cash/Cheque/Giro

- 1) Cease cash/cheque/giro payments for Council Tax and Rent at ACCESS Offices given these are high volume and mostly low complexity transactions
- 2) Proactively work to persuade customers currently using this method of payment to move to Direct Debit, which is the most cost effective approach
- 3) Make alternative payment arrangements which are more cost effective for the Council for those customers unable or unwilling to move to Direct Debit.

Phase 1b – Cash/Cheque Payments for Other Services

4.4 Although council tax and rents make up the vast majority of payment transactions our ACCESS Offices currently provide other services which require payments to be made e.g. payment of Council invoices for services provided, payment for blue badges and payment for waste disposal among others. It is therefore recommended that cash and cheque payments for services other than council tax and rent be reviewed as part of a Phase 1b and alternative provision or arrangements made for these services if possible alongside the alternative arrangements in Phase 1a for council tax and rents.

Phase 2 – Debit & Credit Card Payments

4.5 This form of payment for council tax, rent and other services makes up a sizeable part of all payment transactions through ACCESS Offices (circa 20%) but following the Policy Aspiration outlined in paragraph 4.2 above the direction of travel for the Council should be to persuade customers currently paying by card in ACCESS Offices to switch to either Direct Debit or card payment via the Council's website. It is recognised that change in this area may be more difficult to achieve and this is why a new model of provision in respect of debit and credit card payments is recommended for implementation as a second phase.

4.6 For the avoidance of doubt this Phase 2 work is related to ACCESS Offices only and there is no intention to change card payment arrangements at other facilities like leisure centres. Part of this Phase 2 work will also consider the use of mobile card payment devices for e.g. arrears officers working in the field.

Alternative Provision

4.7 Although payment of costs like council tax and rents via Direct Debit is easily the most cost effective solution from the Council's perspective it is recognised that some customers may be unable or unwilling to adopt this approach and it is therefore appropriate and necessary to put in place alternative arrangements for those customers.

4.8 Officers are currently investigating how best to procure those alternative arrangements but the intention of the new model would be to enable payment of council tax and rent in cash or by cheque through a network of other payment providers. Examples of other providers include the Post Office and Paypoint facilities provided through a variety of shops and other premises. There are 22 Post Offices and 56 Paypoint facilities across Angus at present so this or an equivalent approach with other providers would give customers a wider range of options and opening times than is available through our own ACCESS Offices. The ability of other providers to deliver a suitable service would need to be confirmed.

Implementation Timescales & Transition to New Model

4.9 Given the need to procure alternative payment arrangements the timescale for implementation of the new model of provision for Phase 1a (council tax and rents) cannot be confirmed at this stage. It was initially hoped that this change could be implemented fairly quickly, perhaps as soon as the end of this calendar year, but subsequent investigation of the alternative payment options and how these could be put in place suggests that a longer period will be required before the new model could be deployed. There is also a need to ensure customers have sufficient time to respond to any change in how they can make payments to the Council which minimises the risk of falling collection levels.

- 4.10 On this basis members are asked to authorise the Strategic Director of Communities and the Head of Corporate Improvement & Finance to investigate and procure the new model of provision subject to a further report being brought back to members for approval of the final details and proposed timescales for implementation. For clarity no changes to current arrangements will be implemented without a further report and member approval. Contractual arrangements for alternative payment methods will also be addressed in that further report
- 4.11 One of the key issues in implementing the new model will be ensuring a smooth transition that maintains customer confidence and allows time for staff to work with customers to promote Direct Debit and other forms of payment. A detailed project plan and timetable will therefore be prepared.

Transaction Fees

- 4.12 Customers do not currently incur any fees for paying through ACCESS Offices whether this is in cash, cheque or by card. Payment using alternative provision such as the Post Office or the network of Paypoint facilities would however incur a transaction fee from those providers. These transaction fees vary from provider to provider and would only be confirmed as part of procuring these facilities but in broad terms a charge of between 20p and 50p might arise.
- 4.13 The new model of provision is about asking customers to move to Direct Debit as a means of paying their council tax and rent or to use the Council's website for card payments and those methods of payment would continue to be free. The new model of provision envisages that customers opting to pay by cash or by cheque would meet the transaction fees levied by the alternative providers themselves rather than these being borne by the Council.
- 4.14 The level and treatment of transaction fees will be confirmed as part of developing final proposals which will be covered in the further report seeking final member sign off.

Learning from Other Councils

- 4.15 Further work is required to confirm the detail of how the new model of provision (Phases 1a, 1b and 2) would work but Angus Council is not the first Council to make such a change. Dialogue and if necessary visits to other Councils will be organised to ensure we develop a model for Angus based on learning and experience elsewhere.

5. STAFFING IMPLICATIONS

- 5.1 As outlined earlier in this report 80% of all business transacted by customers through ACCESS Offices is payments (mainly for Council Tax and Rent). The proposed new model of provision outlined in this report will therefore mean a significant reduction in the volume of transactions being conducted through ACCESS Offices and therefore a reduction in the number of staff required to provide those services.
- 5.2 Work to restructure the staffing arrangements of ACCESS Offices and Library Services as part of that separate combined model initiative has been ongoing for several months but clearly the final staffing structure is heavily influenced by the approach to be taken to payment facilities. In anticipation of member approval to the proposals in this report a new staffing structure for a combined ACCESS and Library Service based on no cash/cheque transactions being taken via ACCESS Offices has been developed. That structure will require refinement and is still being consulted upon with staff and unions but at this stage it is estimated that the specific proposals in this report on payment arrangements will result in a reduction of around 6 FTE staff. This reduction in staff is likely to require redeployment and possibly redundancies.
- 5.3 There is a specific issue of timing with these proposals because ACCESS Office staff are due to transfer to the Angus Alive Trust on 1 December 2015. Assuming members approve the recommendations in this report it would be unfair to both the staff and the Trust for that transfer to be based on existing payment arrangements, staff numbers and structures only to shortly thereafter have to change them.

- 5.4 Members are therefore asked to agree that officers finalise and implement the staffing structure for the combined ACCESS and Library Service on the basis that cash and cheque payments through ACCESS Offices will be discontinued. This new structure would be implemented for the start of Angus Alive on 1 December 2015. Those staff who are not successful in finding a position within that new structure would not be transferred to the Trust and would remain as Angus Council employees. These employees would therefore remain eligible for redeployment within the Council or be offered early retirement/voluntary redundancy under their existing terms and conditions with the Council.
- 5.5 Implementation of that new structure on 1 December 2015 will in all likelihood be prior to alternative payment arrangements being put in place so there will be a gap period during which those staff not transferring to the Angus Alive Trust will still be required to process payments. It is proposed this be achieved by seconding these staff from the Council to the Trust for a temporary period. This will help maintain service provision to customers and also give affected staff more time to find alternative employment either within the Council or elsewhere.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications arising from the proposed new model of provision will only be confirmed once details of the alternative payment facilities are available and decisions are made around transaction fees but cessation of cash and cheque payments through ACCESS Offices and the consequent reduction in staff will generate significant financial savings. A full assessment of the financial implications will be provided in the further report which will be brought forward seeking final sign off by members.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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