

Report to Stronger Communities Select Committee



Date of meeting: 12 July 2022

Portfolio: Customer (Cllr Alan Lion)

Subject: Cash paying customers at Debden Broadway

Officer contact for further information: Susan Lewis / Robert Purse

Democratic Services Officer: R Perrin (01992 564243)

Recommendations/Decisions Required:

- 1. To issue existing council tax and Non-Domestic Rates (NNDR) cash paying customers currently using the Debden Cash Office with Allpay cards which can be used face to face in any post office (including Debden Broadway) and any Allpay PayPoint.**
- 2. Close the Debden Cash Office once the replacement Allpay service is in place.**
- 3. Following this initial roll-out, open the Allpay scheme to all Council Tax and NNDR customers as an opt-in service.**

Report:

Our current payment channels

- Direct debit.
- Website.
- Automated telephone payments.
- Assisted payments.
- Bank transfers and cheques.
- Face to face for cash, chip and pin plus contactless through Broadway cash office.
- Self-serve payment kiosks at Waltham Abbey library and Civic Office.

Key messages

- 73% reduction in cash payments year on year.
- 49% reduction in cheque payments.
- 71% reduction in chip and pin.
- 21% increase in call secure.
- 12% increase in self-serve payment line.
- 7% increase in website payments.
- 1% increase in direct bank payments.
- 8% decrease in PO/PP counter payments.
- 41% decrease in bailiff payments.
- 0.29% decrease in Revenues DDs.
- 1.87% decrease in housing DDs.

(Appendix 1: Overview and comparison of transactions via all payment channels between 2019 & 2020)

Current cash service – Broadway cash office & kiosks at Epping Forest Civic Office and Waltham Abbey Library

Currently cash and other face to face customers are served by the cash office at the Broadway, which is currently open Mondays and Tuesdays 10am until 2pm. As well as accepting payments for all funds, the office can take payment for and handover physical items such as radar keys and recycling sacks. Also, we have 2 self-service kiosks at the Civic Offices and another at Waltham Abbey Library.

Pre and Post Covid comparison

The cash office reopened in April 2021 following Covid restrictions. Since the cash office was closed for the same period in 2020, a comparison against 2019 shows income, transactions and unique visitors have all fallen by nearly 75%. Whilst the reduction in opening hours will account for some of this fall, channel shift whilst the office was closed during the pandemic probably accounts for the rest.

(Appendix Two – comparison data from Debden Broadway cash office)

Option 1: Allpay cards at Post Office Counters & PayPoints

EFDC currently has a contract with Allpay which includes the issue of plastic payment cards for housing rent and leasehold payers. The Allpay cards can be used at Post Offices and PayPoints, of which there are currently sixty-two in the district, to make cash or Chip & PIN/contactless payments.

The current contract with Allpay has been extended to August 2022. Providing there is a commitment to the Allpay contract in the longer term an additional scheme could be added to provide our customers who rely on a face to face transaction with a convenient solution.

Cost

- Each customer would require an additional card for each service they wish to pay at a cost of £2.0068 with inserts (Allpay cards issued to a customer would have a different insert design for each council service so customers can easily identify which card to use when making a payment). *Appendix 7 shows an existing EFDC Allpay card for Housing Rent.*
- A monthly charge (currently £10.84) for each new scheme along with standard transactional charges (Post office – £0.5048, PayPoints - £0.5074).
- One-off charge to update any interface with the Council's Income Management system (this would not be expected to be more than around £2K).

Dependencies

- A need to identify cash paying customers and engage them before issuing cards (*Appendix 3 shows current locations of Post Office & PayPoints. Appendix 6 shows current Council Tax users of cash office*). Customers would need individual cards for each service they wish to pay, so for example a customer paying housing rent and council tax would need 2 separate Allpay cards.
- The Post Office to remain at Debden Broadway (Opened October 2021). Post Office have confirmed that they believe they should be able to handle the additional cash transactions and footfall, however it is a new small and busy post office and they have suggested we work closely together on customer communications to encourage customers to visit other post offices as well.
- Staff resource (8 hours) currently allocated to the cash office redeployed to Payments team to support and enhance this and other payment channels.
- They only make up 2-3% of transactions in 2021, but a decision would also be required on how to service sundry debtor invoice and general ledgers payees.
- Housing have confirmed that closure of the Cash Office would also result in closure of the Housing office.
- Our contract with Allpay has a 5 working day settlement time.

- Replacement counter services would be required for counting/banking coins from automated public toilets along with payment and issuing of radar keys and rail discount cards.

Option 2: Allpay Bar coded bills

Allpay offer a bill barcoding service, whereby council bills can be taken to the Post Office and PayPoints and paid. We would need to ensure all invoice producing systems within the council could produce the barcodes or this solution will only be capable of servicing specific areas. The system for Council Tax and NNDR (Academy), already creates barcoded bills so the assumption is this could be updated to work with Allpay. Capabilities of other systems are not yet known.

Cost

- One off barcode implementation fee (currently £724.12).
- A monthly charge (currently £10.78) for the new scheme.
- Transaction charge of £0.0126 in additional to standard transactional charges (Post office – £0.5048, PayPoints - £0.4994).
- One-off charge to update any interface with the Council's Income Management system (this would not be expected to be more than around £2K).
- Charges to update bill generating systems. Consultancy fees expected to be in excess of £10,000 for Academy alone, plus significant staff resource.

Dependencies

- Updating bill production templates and systems to allow creation of Allpay supported barcodes. This is likely to be a costly and resource intensive project.
- The Post Office to remain at Debden Broadway (Opened October 2021). Post Office have confirmed that they believe they should be able to handle the additional cash transactions and footfall, however it is a new small and busy post office and they have suggested we work closely together on customer communications to encourage customers to visit other post offices as well.
- Housing have confirmed that closure of the Cash Office would also result in closure of the Housing office.
- Our contract with Allpay has a 5 working day settlement time.
- Replacement counter services would be required for counting/banking coins from automated public toilets along with payment and issuing of radar keys and rail discount cards.

Following discussions with the Systems and Contracts Team Manager, it is apparent there is a significant amount of complexity to this project to implement the Academy back-office system. We would need to buy in consultancy for templating Academy and the configuring the Proprint application and ensure the councils external print suppliers (PSL) are able to print these templates to required quality. We would also need to update the payment kiosks to support these new barcodes.

Alongside external consultancy, significant resource would be required. Due to the complexity and integrations a project manager would be required to manage the inter-dependencies of this project and testing of the vast number of templates would require resource within the System Admin team that is not currently available.

Conversely, the new Housing System Cx comes as standard with an Allpay barcoding schema, however consultancy and testing with the councils PSL printing service would be required.

Option 3: Bar coded paying in slips

Uttlesford District Council provide their cash paying customers with payment cards provided by

the Council's bank which allow for cash payments to be made at Post Office counters and for the monies to be received into the Council's bank account. The customer account number is used for identification and reconciliation purposes at no additional cost over and above the existing contract.

Our bank does not offer an identical scheme but are proposing that something similar could be utilised with barcoded paying-in slips for use at Post Office Counters. While not as seamless this is a potential alternative solution. The suggested option would involve an additional business account which could feed into the existing datalink file.

Cost

- £3.74 per book (50 slips per book) based on 100 books + delivery.
- Current bank charges.

Dependencies:

- Additional business account.
- Engagement with an approved printer to produce the paying-in slips required.
- The Post Office to remain at Debden Broadway (Opened October 2021). Post Office have confirmed that they believe they should be able to handle the additional cash transactions and footfall, however it is a new small and busy post office and they have suggested we work closely together on customer communications to encourage customers to visit other post offices as well.
- Housing have confirmed that closure of the Cash Office would also result in closure of the Housing office.
- Our contract with Allpay has a 5 working day settlement time.
- Replacement counter services would be required for counting/banking coins from automated public toilets along with payment and issuing of radar keys and rail discount cards.

Option 4: Payment kiosk at Broadway

We already have kiosks at the Civic Office and Waltham Abbey Library. This option would be able to serve all current service users at Debden.

Cost

- £16,089 one off fee for the kiosk.
- £1,585 per annum in maintenance.
- 16.75 per cash collection.
- Accommodation costs, however these are likely to exist whether we have a kiosk or not.

Dependencies

- Identify the ongoing demand on self-serve kiosks at other sites – the above option could be extended to all cash paying customers.

Cost Savings

- As the set-up costs for Options 1 and 2 are nominal savings they could be realised by accommodation share costs of £3,640 and salary costs of £7,130 although it would be likely that the Broadway would still be in use and the staff resource could be redeployed in improving customer service.
- Cash collection charges currently £16.75 per collection. The current contract in place provides cash collection services for Fleet Operations as well as the kiosks and cash office.

Reason for decision:

We have vulnerable groups of customers who continue to rely on cash and/or need face-to-face assistance to facilitate payments. Resourcing our own cash office is expensive and doesn't provide a district wide service. Issuing of Allpay cards is most cost-effective alternative in terms of return on investment. We already have this service for Housing so would only need to implement this for Council Tax and NNDR to pick up the vast majority of cash payers. There is a slight inconvenience to customers who would need different Allpay card for each payment service, so may hold multiple cards. This would be outweighed however by the addition of district wide face to face services 6 days a week via 20+ Post Office counters, along with the additional ability to pay via over 30 Allpay PayPoints within the district.

Options considered and rejected:

- 1. Allpay bar coded bills** – All invoicing systems within the council would need adapting involving high costs and complexity, particularly to adapt Academy system with consultancy required for templating and configuring. Update to Kiosks would be required to read new barcodes. No resource available for the significant amount of testing required across multiple back office systems.
- 2. Bar coded paying in slips** – Payment cards issued by some banks can be issued to customers for payments to be made at Post Office Counters, however EFDC's bank do not offer this service. They have proposed a similar scheme where bar coded paying in slips could be issued to customers to use at Post Office Counters. This would involve an additional business account to feed into datalink file. Complex with high set up and resourcing costs. Open to customer error through incorrect completion of slips. Ongoing costs not much lower than Allpay card option.
- 3. Payment Kiosk at Broadway** – Would serve all existing DCO customers but is the most expensive alternative and would require accommodation, customer support and servicing whilst continuing to maintain a cash handling risk for the council.

Moving forward, our cash paying customers need a solution that is easy to use and that they can trust.

Consultation undertaken:

Customer survey

During October 2020 we spoke to customers paying cash at the Debden Broadway cash office to understand the challenges and reasons why they still choose cash.

Key facts

- 75 customers engaged.
- 50%+ did not feel confident or competent in using alternative methods, relying on assurance of face-to-face support.
- Reasons included no bank account, paying for someone else, for some people disability was a factor.
- Mosaic customer segmentation data backs up this survey indicating we have residents in this area of an ageing population and/or on modest incomes.

Information from external sources also backs up our findings: -

- **The Rowntree Foundation** published research based on focus groups to understand the impact of financial exclusion. Those at highest risk include the elderly (over 70),

people who do not have a secure job, women who become mothers at an early age and minority ethnics with language or understanding barriers.

- **‘Which?’** ran a campaign to support those struggling as a result of reduced access to cash. They hi-light stories from people with disabilities and those who use cash to budget and manage their money to get out of debt. Their research shows that some of the most vulnerable are at risk of being excluded.
- **The Treasury** the government announced at the March 2020 budget that it would legislate to protect access to cash and ensure that the UK’s cash infrastructure is sustainable in the long-term to protect access for everyone who needs it. Following this, in October 2020, the Treasury published a call for evidence to inform its future strategy.
- **John Howells, CEO of LINK** (cash machine network in the UK) says that the Coronavirus has accelerated changing habits, but they are pleased the Government will be putting forward legislation to protect these customer segments reliant on cash.

To explore all options and identify the best solution we have reached out to neighbouring District and Borough councils as well as our bank, Allpay and the Post Office.

Our findings

Most Councils consulted have external off-site additional cash payment options in place. The most popular of these are contracts with Allpay which facilitate counter facilities in Post Offices and at PayPoints.

Resource implications:

Summary of option costs

The following table tries to enable comparison of year 1 set-up costs and ongoing costs. To enable comparison there are several estimates on transaction numbers and assumptions on costs where values are not known. This should therefore only be used as a guide for comparison purposes and not a reflection of actual costs.

Option	Year 1 estimated cost	Ongoing yearly cost	Ongoing costs per transaction	5 year costs	5 year savings	10 year costs	10 year savings
Allpay cards at Post Office Counters & PayPoints	6,570.24	2,899.58	0.6069	18,168.54	46,998.96	32,666.42	97,668.59
Allpay Bar coded bills	27,449.20	2,725.08	0.5635	38,349.52	26,817.98	51,974.92	78,360.08
Barcoded paying in slips	6,850.86	2,808.84	0.5808	18,086.22	47,081.28	32,130.42	98,204.58
Payment kiosk	23,577.50	7,488.50	1.5485	53,531.50	11,636.00	90,974.00	39,361.00
Relocate 1 kiosk from Epping	7,488.50	7,488.50	1.5485	37,442.50	27,725.00	74,885.00	55,450.00
Existing cash office	13,033.50	13,033.50	2.6950	65,167.50	0.00	130,335.00	0.00

Note that accommodation costs have been included in the Payment kiosk option, and both accommodation and staffing costs within the existing cash office. I’ve also included a consideration of relocating one of the kiosks from Epping to Debden, saving the cost of purchasing a new kiosk.

(Appendix Five – data used for cost comparison)

Legal and Governance Implications:

This proposal meets with all requirements.

Safer, Cleaner, Greener Implications:

The introduction of post office counter services Allpay PayPoints for council tax and NNDR customers provides local face-to-face cash payment locations throughout the district, reducing car journeys and with longer opening hours enables these customers to choose off-peak and weekend times to pay their bills.

Background Papers: None

Impact Assessments: None

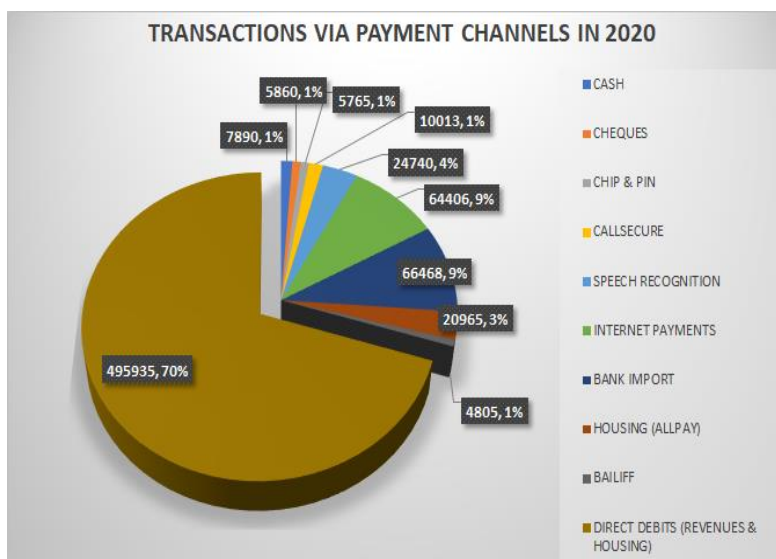
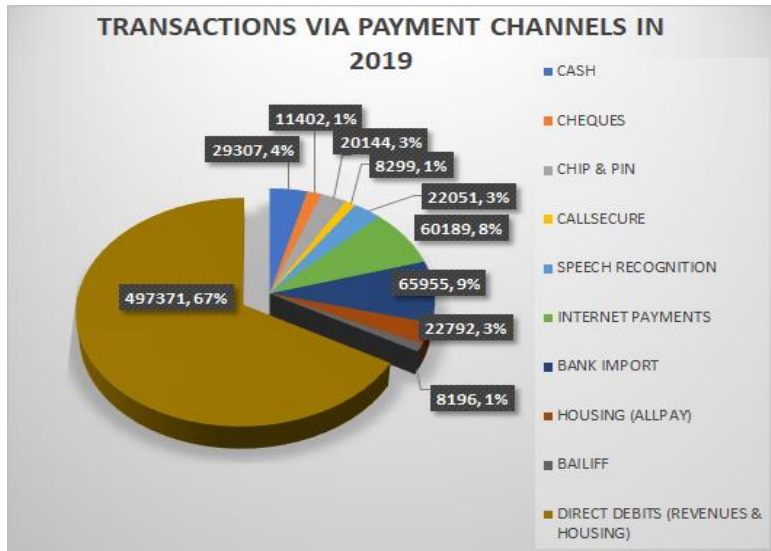
Risk Management:

Projects of this nature are developed and managed under a project management system which includes risk management.

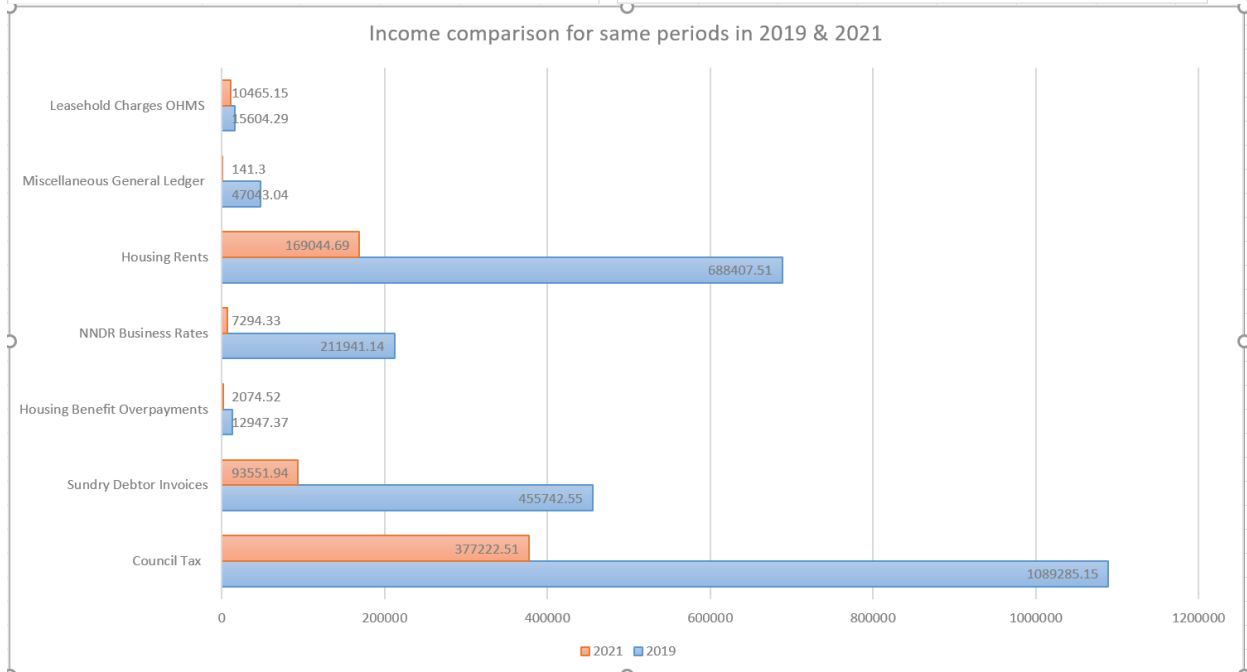
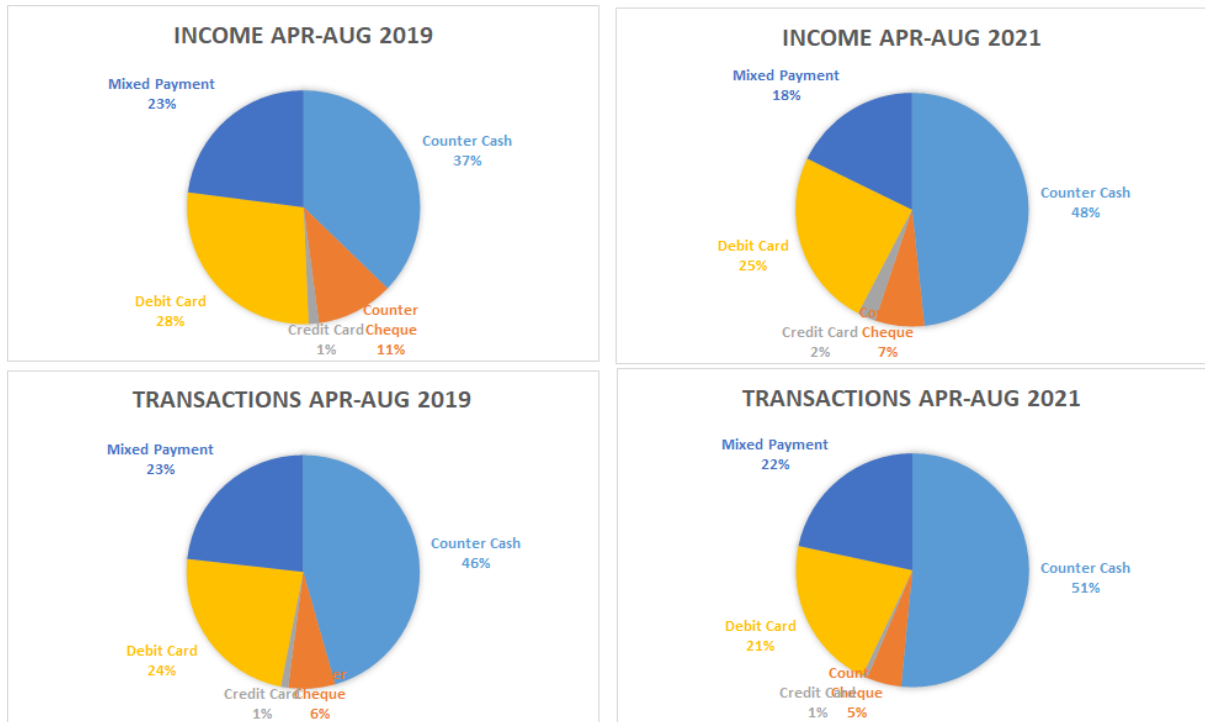
Equality:

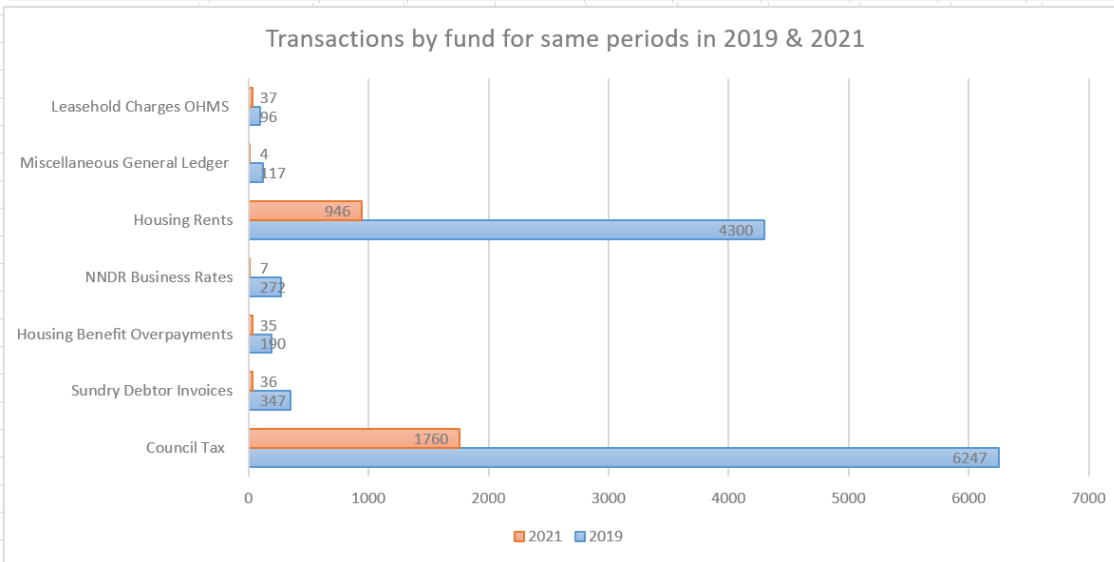
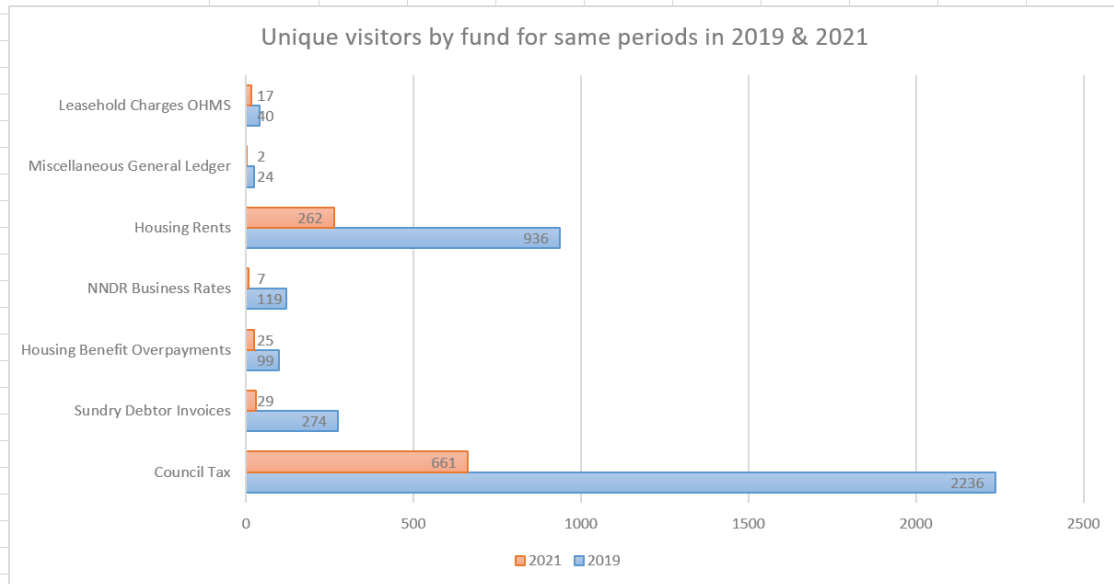
It's recognised that cash payments will remain going forward. Our district has pockets of deprivation and primarily these customers will choose to pay by cash. We must ensure from an equality perspective that we do not exclude this group of customers.

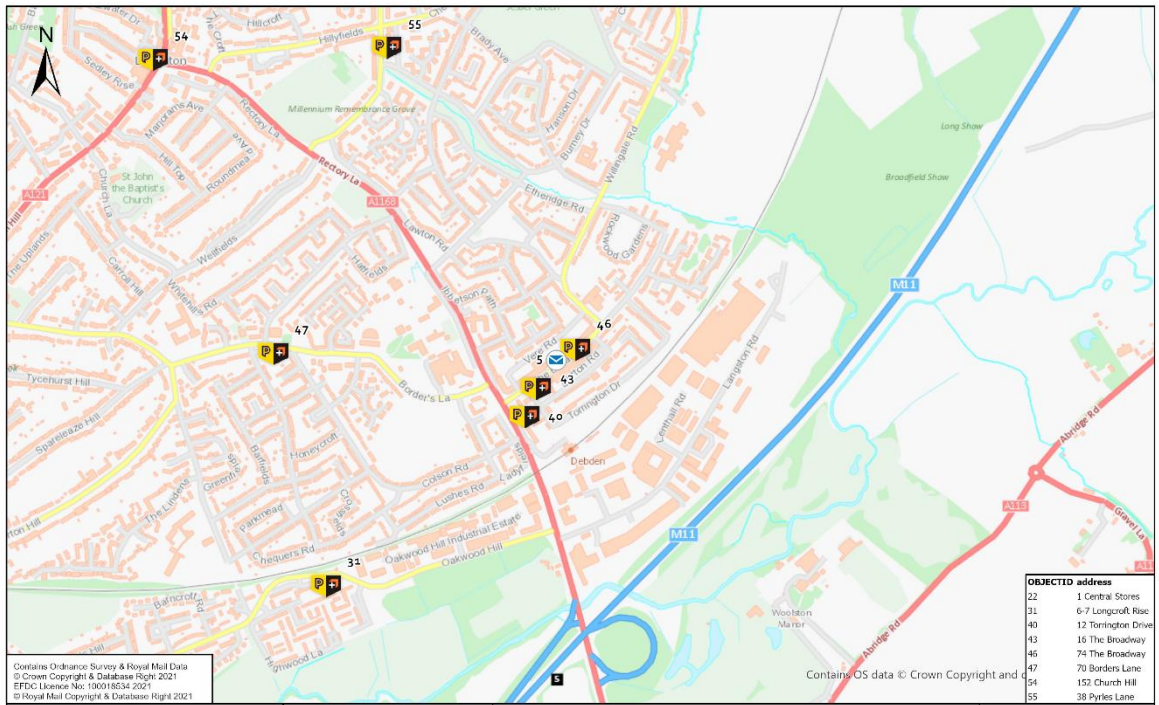
Appendix One - Overview and comparison of transactions via all payment channels between 2019 & 2020



Appendix Two - Data from Debden Broadway cash office








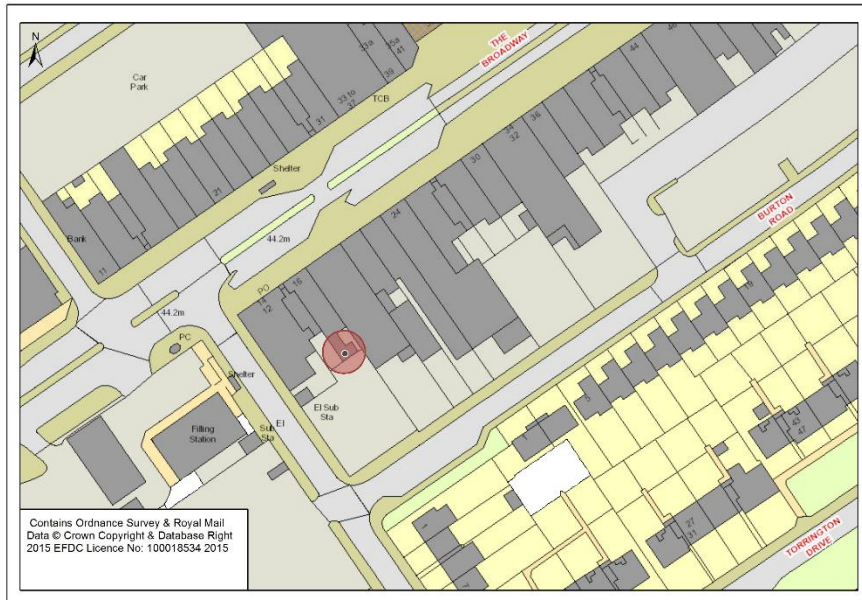
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	Project	Content	Date: 21/06/2021
	Drawing No. 202103002 C	PayPoints and Post Offices Near The Broadway, Loughton	Scale: 1:12,000 @A4 Name: agardener

Appendix Four – New Post Office

New Post Office opened Tuesday 12th October 2021

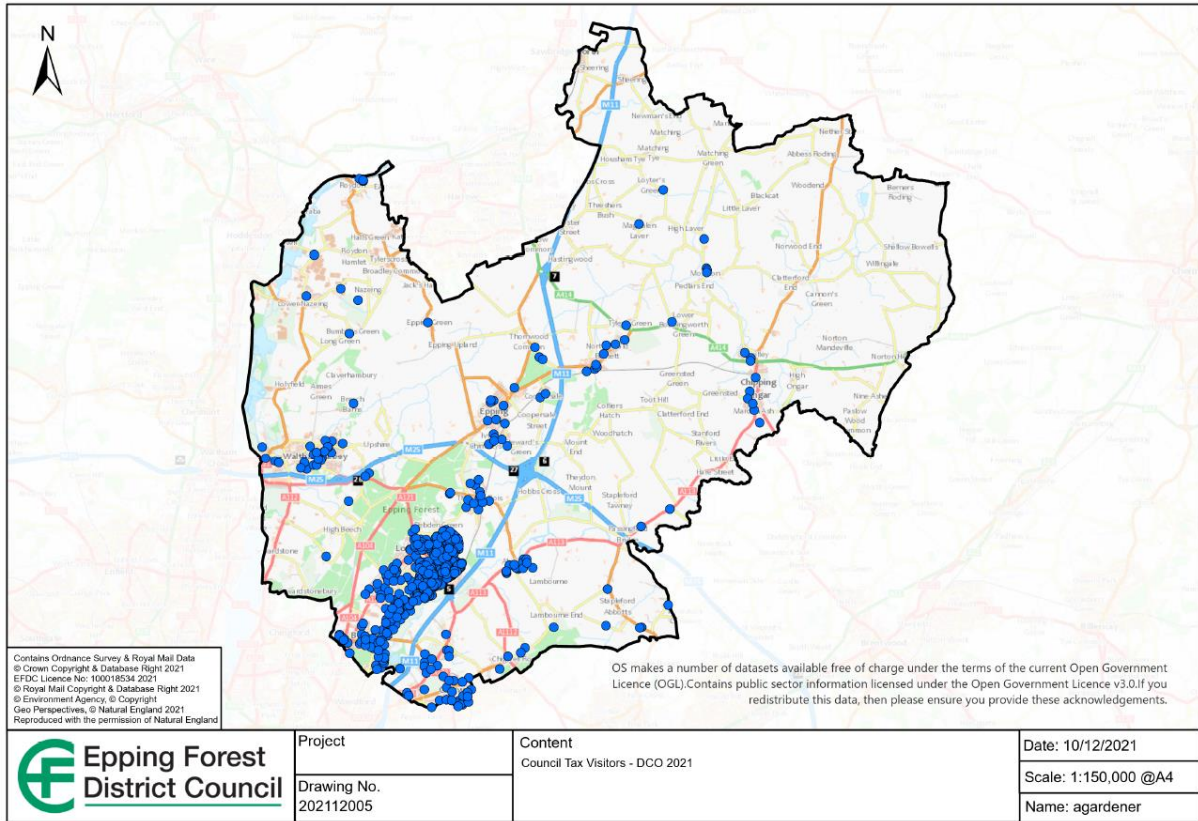


<https://www.postofficeviews.co.uk/national-consultation-team/the-broadway-ig10-3sx-213026-1/>

Appendix Five – Breakdown of comparison data used.

Option	Item	Price per item	No of items	Year 1 cost	Ongoing cost	Notes
Allpay cards at Post Office Counters & Pay Points	Estimated cost of cards for unique customers	2.0068	925	1856.29	185.629	Card price plus delivery. Estimated 10% new/lost card replacement
	Monthly charge (assume Council Tax, NNDR services)	10.84	24	260.16	260.16	assumed 2 services * 12 months
	Estimated transaction charges (Council Tax+NNDR)	0.5074	4836	2453.7864	2453.7864	
	Estimated IM System update cost	2000	1	2000	0	
	Total			6570.24	2899.58	
Bar coded bills	Barcode implementation fee	724.12	1	724.12	0	
	Monthly charge (assume Council Tax, NNDR services)	10.78	24	258.72	258.72	
	Estimated transaction charges (Council Tax+NNDR)	0.51	4836	2466.36	2466.36	
	Est. IM System update cost	2000	1	2000	0	
	Adding barcodes to invoices (Academy for CT and NNDR)	15000	1	15000	0	Estimated
	Adding barcodes to invoices (forthcoming Cx system for Housin)	5000	1	5000	0	Estimated
	Charges to update Kiosks to support new barcodes?	2000	1	2000	0	Estimated
	Total			27449.20	2725.08	
Barcoded paying in slips	Book costs (would need to supply a book per unique customer)	4.74	925	4384.5	2192.25	Book price plus delivery. Based on estimate 50% of customers would need new book each year
	Estimated transaction charges (Council Tax+NNDR)	0.51	4836	2466.36	616.59	
	Est. IM System update cost	2000	1	2000	0	
	Total			6850.86	2808.84	
Payment kiosk	Hardware cost	16089	1	16089	0	
	Accommodation	3640	1	3640	3640	Kiosk will need locating
	Maintenance	1585	1	1585	1585	
	Estimated transaction charges (Council Tax+NNDR)	0.5	1043	521.5	521.5	Est 55 credit cards + 988 debit. Cheque transaction charges?
	Cash collections	16.75	104	1742	1742	Estimate 2 collections per week * 52 weeks
	Total			23577.50	7488.50	
Cash Office	Salary	7130	1	7130	7130	
	Accommodation	3640	1	3640	3640	Accommodation cost will remain with the council but the office could be repurposed if cash office was closed.
	Estimated transaction charges (Council Tax+NNDR)	0.5	1043	521.5	521.5	Est 55 credit cards + 988 debit. Cheque transaction charges?
	Cash collections	16.75	104	1742	1742	2 collections per week * 52 weeks
	Total			13033.50	13033.50	

Appendix Six – Unique Council Tax users of Debden Cash Office since reopening on April 2021.



Appendix Seven – Example Allpay card

