

CABINET

16 April 2013

Title: Modernisation of Cashiering Services (Phase 2)	
Report of the Cabinet Member for Finance	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Jonathan Bunt, Divisional Director of Finance	Contact Details: Tel: 020 8724 8427 E-mail: jonathan.bunt@lbbd.gov.uk
Accountable Divisional Director: Jonathan Bunt, Divisional Director of Finance	
Accountable Director: Graham Farrant, Chief Executive	
Summary: <p>The cashiering service has been implementing a modernisation strategy designed to reduce the use of cash and promote electronic methods of payment both internally within the Council and by its customers. The objective of the modernisation strategy is to create a more cost-effective service and one which will provide alternative means of making payments for customers which does not require attendance at a council building, allowing them to pay bills by direct debit, by phone, or at local shops close to their own home.</p> <p>In April 2012, Cabinet approved Phase 1 of the project which saw the withdrawal of the face-to-face cashiering service at the Barking Learning Centre (BLC) from Friday 1st June 2012. In the light of lessons learned in Phase 1, Phase 2 of the project is proposed to close the remaining face-to-face cashiering service at the Civic Centre, leading to the cessation of back office cash transactions and activities in the borough. This will result in savings to Elevate of c£185,000 as part of the savings they are contractually committed to realise, and free up further valuable office space at the Civic Centre, contributing to the fulfilment of the Council's Asset Management Strategy.</p>	
Recommendation(s) <p>The Cabinet is recommended to agree that Phase 2 of the Cashiers Modernisation Strategy, namely the withdrawal of face-to-face cashiering services at the Civic Centre and the internal cash-van collections/deliveries, is completed by the end of August 2013.</p>	
Reason(s) <p>To contribute toward the Council's Policy House aim to be a well run organisation which is innovative, leaner and more efficient with lower support costs and which uses technology to modernise working practices.</p>	

1. Introduction and Background to Phase 1

- 1.1 In April 2012 Cabinet approved a report recommending the withdrawal of the face-to-face cashiering service at Barking Learning Centre (BLC) as the first phase of the Cashiers Modernisation Strategy.
- 1.2 An analysis of customer's channel shift behaviour since the withdrawal of the face-to-face service at BLC is presented at appendix 2. This shows that overall the impact of the closure has been positive with customers successfully making the transition to alternative payment channels without any reduction in income collection rates.
- 1.3 Phase 2 of the strategy will focus on internal users that have continued to use cash services at the Civic Centre and/or cash-van collections and deliveries.

2. Proposal and Issues for Phase 2

- 2.1 A small number of internal users require access to cash for operational purposes and some external customers continue to use the face-to-face cashiering service at the Civic Centre. These residual users of the cashiering service can be split into four main categories as follows;

	Category	Proposed Solution
1	Users requiring ongoing access to cash for vulnerable clients	Pre-paid voucher/card system
2	Users requiring cash collection services	Contracted cash collection
3	Users requiring cash/cheque deposit service	Current drop safe/use of High Street Banks
4	Customers using cashiers' window at the Civic Centre	SCAN COIN machines at Dagenham OSS

- 2.2 It is likely that the closure of the Civic Centre cashiers office will act as a further catalyst for customers to switch to Direct Debit (the most cost efficient method of payment) realising further savings that would contribute to a reduction in the target cost bringing further savings for the council.
- 2.3 The closure of the cashiers' service at the Civic Centre will free up valuable office space on the ground floor. Although there is no proposal to sub-let the area used by the cashiers at the Civic Centre, the space freed up would make a substantial contribution to the council's asset strategy and could help the council rationalise building use in other areas thereby realising further savings.

Pre-paid Voucher/Card Solution

- 2.4 This will be delivered though a PayPoint 'Cash Out' service at shops within the borough. Many local shops already offer a PayPoint / AllPay payment facility and this service allows staff to provide printed barcode vouchers to vulnerable clients which can be cashed at local shops displaying the PayPoint logo. Vouchers can also be emailed or sent via SMS to a client's smartphone thus saving a visit to a council building.

- 2.5 Elevate is proposing to introduce this over a two-month period running from May 2013 to June 2013 for the 120 vulnerable clients. This will be a carefully supported process, with the close involvement of Adults and Community Services to ensure all detailed issues are fully addressed.

Contracted cash collections

- 2.6 The internal cash-van currently makes 558 collections per month. From 1 April 2013 this will reduce to 346 as schools become cashless.
- 2.7 For those services requiring secure cash collection, such as Leisure Centres and Parking Machines, a contracted cash collection service can be put in place with commercial operators. Contracts with a commercial cash carrying firm are already in place for collecting cash from the Civic Centre and taking it to a central clearing depot.

Cash/cheque deposit service

- 2.8 Cashiers currently receive cheques from various services such as Penalty Charge Notice (PCN) payments. A 'drop safe' is provided in a secure room at the BLC which allow internal users to deposit cash/cheques.
- 2.9 It is proposed that the drop-safe service remains in place for as long as it is needed to deposit cheques/cash but that emptying the safe is carried out by a contracted collection service.
- 2.10 A further option for services requiring a cash/cheque deposit service is to use one of the High Street banks, although this is only proposed for small amounts of cash that do not require cash-van collections as described above. Using banks for cheque deposits and small amounts of cash would be much more efficient than the drop-safe method and will save money if fewer contracted collections are required.

Existing Customers using Civic Centre Cashiers' Window

- 2.11 It is proposed that the remaining customers using the face-to-face window service at the Civic Centre should be encouraged to channel shift to alternative payment methods such as direct debit or AllPay (payment at shops), or else use the automated SCAN COIN machines at the Dagenham Library and One Stop Shop. This is the approach taken for Phase 1 of the strategy.

3. Options Appraisal

- 3.1 The following options were considered:
- I. Proceed with Phase 2 of the Cashiers Modernisation Programme as outlined in the headline project plan shown at appendix 1; this will allow the council to deliver on its Customer Access Strategy by the end of August 2013.
 - II. Retain the Dagenham Civic Centre cashiering service. Although the Civic Centre cashiers office has been kept open for a short while after the BLC closed, keeping it open long term is not a practical option as the reduced

staffing level will be insufficient to service the new SCAN COIN machines and provide the public service for an extended period. Moreover, this would result in an imbalance of service provision between Barking and Dagenham and would fail to deliver the aims to the cashiering service modernisation strategy.

3.2 It is recommended that option 1 is approved for the reasons stated.

4. Consultation & Equalities Impact

4.1 A full equalities impact assessment was carried out with the assistance of the Equalities Unit as part of Phase 1 of the Project. This found that the preferred method of payment for customers varied between individuals but that the proposals did not appear to have any major disadvantages for any particular group.

5. Financial Implications

Implications completed by: Martin Henwood, Deputy S151 Officer

5.1 The proposed changes in this report are part of providing a better service at a lower overall cost. The changes approved in April 2012 have now been implemented, and the lessons learned from that experience have been reflected in the further proposals in this report.

5.2 The responsibility for providing this service now rests with Elevate. They have a contractual commitment to deliver agreed services and realise significant recurring savings as part of the target cost the Council pays them each year – £3.475m by 2014/15.

5.3 The proposals here are part of the changes to realise these savings whilst providing a similar or better service. The current cost of this service is just over £300k, and the revised service will cost £115k. The net impact is therefore a saving of £185k as part of the overall target of £3.475m.

5.4 The cost of the cashiering function is charged to Services as part of the Council's Support Services' recharge during the year. The Council pays Elevate and then allocates their costs according to the demand by Services. The charges are determined at the start of the year, and a key assumption has been that savings will be realised in line with budget projections. Therefore the charge to Services has already been reduced to reflect the implementation of these changes.

6. Legal Implications

Implications completed by: Eldred Taylor-Camara (Legal Group Manager)

6.1 This report sets out proposals for the next phase of the Modernisation of the Cashiers service. It is anticipated that in developing the service in accordance with proposals set out in the report, there may be some contract extensions and/or new contracts entered into. Officers need to ensure that they take legal advice from the Legal Service before agreeing any extensions or entering into new agreements to ensure that such actions do not breach any EU or national procurement laws or the Council's Contract Rules.

7. Other Implications

- 7.1 **Risk management** Phase 1 of the Modernisation Programme has demonstrated that the risk of income collection levels dipping following the closure of the cashier offices was not as high as first thought though it will obviously continued to be monitored during Phase 2. The work undertaken to encourage customers to use alternative payment channels will continue and further communication activity will be planned for each step of the programme.
- 7.2 **Staffing issues.** Staffing levels in the cashiering service across the Borough had already reduced from 22.5 to 10 at the start of Phase 1 of the Modernisation Programme. Current restructure plans will see this establishment figure reduce to eight. If the recommendations of this report are agreed the posts currently providing cashiering functions may be redeployed or else made redundant if no suitable redeployment is available.
- 7.3 **Customer Impact.** A detailed Equalities Impact Assessment was carried out before Phase 1 of the project was put in place and found there would be no negative impact on any grouping of our customers. The existence of over 90 Allpay facilities across the borough at many shops and at post offices allows customers who prefer to deal with a person to do so. Other customers may choose to use electronic alternatives which are cheaper for the council and more convenient for many customers. It will still be important to communicate further changes to the customer carefully emphasising the benefits of alternative methods of payment.
- 7.4 **Crime and disorder Issues.** During the 2010/11 financial year almost £12m was paid over the cashier counters in cash and there is still a substantial amount being moved around the borough from building to building. As well as encouraging customers to use safer methods of payments, this proposal will 'put the council's own house in order' and set an example by eliminating unnecessary cash carrying around the borough.
- 7.5 **Property / Asset Issues.** The accommodation occupied by cashiers at the Civic Centre will become available for use by the council as part of its wider Property Asset Management Strategy.

Background Papers Used in the Preparation of the Report:

Cashiers Modernisation Report - 24 April 2012

List of appendices:

Appendix 1 – Headline project plan
Appendix 2 – Phase 1 Analysis