

APPENDIX H

WAVERLEY BOROUGH COUNCIL

CORPORATE OVERVIEW AND SCRUTINY COMMITTEE – 21 JUNE 2010

EXECUTIVE – 29 JUNE 2010

Title:

POST-IMPLEMENTATION REVIEW OF THE PAYMENT RECEIPTING SERVICE

[Portfolio Holder: Mike Band]

[Wards Affected: All]

Summary and purpose:

This report, which was considered by the Corporate Overview and Scrutiny Committee on 21 June 2010, sets out the findings of a post-implementation review of the replacement of the Council's cash counters with a payment collection service provided by the Post Office and PayPoint retail outlets.

The report includes the findings of a public consultation, undertaken as part of the review, which found that there was a very high level of satisfaction with the new service from customers and from the new payment outlets.

The review also found that the project has delivered a greater level of ongoing savings than anticipated and that the new payment collection service was implemented on time and within budget. The changes have also unlocked the potential to make customer service improvements to the Council's offices.

How this reports relates to the Council's Corporate Priorities:

The introduction of the new payment service is a positive development for customers and supports Waverley's value for money objectives. It has improved the choice for customers who wish to pay the Council using cash and increased the "footfall" of local businesses and post offices, particularly in rural areas.

There is also a positive environmental benefit as there has been a reduction in the need for customers to travel to Waverley's offices to make payments. (We know that over 50% of cash payers previously made a special journey to the Council's offices to make their payment.)

Equality and Diversity implications:

Existing users of the cash counter service were consulted on the changes and an Equalities Impact Assessment was undertaken. There are some access issues that have been identified and officers will seek to address these.

Resource/Value for Money implications:

The implementation of the new payment service was completed within budget and has achieved the projected revenue savings. Details are included in the report.

There is a high level of customer satisfaction which indicates that the project has delivered excellent value for money.

Legal implications:

There are no legal implications.

Background

- 1 In January 2008, the Corporate Overview and Scrutiny Committee requested a review of Waverley's payment receipting service.
- 2 Members are reminded that the drivers for undertaking the review were as follows:
 - Customer choice – Are there better ways of offering more convenient local outlets for customers wishing to pay the Council by cash?;
 - Cost savings – With significant pressure on the General Fund and HRA Budgets, handling cash is costly (for example the HRA was recharged and estimated £160,000 in 2007/08 for the payments receipting service) and high risk;
 - Efficiency gains – Could staff time be freed-up to support improvements in other customer-facing services?;
 - Investment in electronic payment methods – Can the opportunity be taken to encourage customers to pay by Direct Debit or via the website or automated telephone service?
 - Better use of assets – Cash desks require secure physical environments and take up large amounts of prime space in Waverley's offices. Could these assets be better utilised to improve customer access to services?
- 3 At its meeting held on 23 June 2008 the Committee considered alternative ways of operating this service and requested officers to investigate further the option of using bar-coded bills at post offices and a range of retail outlets and, at its meeting on 15 September 2008, commended this option to the Executive on the basis that it offered a cost-effective alternative to the current arrangements.
- 4 At its meeting on 7 October 2008 the Executive Committee recommended that Waverley cease to operate its four cash counters with effect from 31 March 2010 and adopt the use of bar-coded bills at post offices and a range of retail outlets. At the meeting of the Executive on 3 February 2009 it was agreed to bring forward the closure of the cash counters to 1 November 2009.
- 5 After going out to tender in November 2008 your officers selected Allpay Ltd to provide its payment collection service via the network of post office counters and PayPoint retail outlets.

Customer Choice

- 6 Waverley's selection of Allpay enabled customers to make payments to the Council at 53 shops and post offices in the Borough. Since the beginning of the contract one post office (Wormley) has closed but two PayPoint retail outlets (Ewhurst and Godalming High Street) have joined the network.

- 7 One of the anticipated benefits of the project was an increased number of customers at local businesses and post offices. The table at Annexe 1 shows the top 40 most used outlets over the first six months of the new service. Interestingly it includes outlets outside of the Borough (in Aldershot and Woking). Several customers have taken advantage of the ability to make payments at any post office or PayPoint in the country including locations as far afield as Cardiff, Manchester and Belfast.
- 8 A questionnaire was sent to all post offices and PayPoint outlets in the Borough in February 2010. The results (set out in detail at Annexe 1) suggest that the payment service has brought in new customers to over 90% of the outlets. In addition customers coming in to make a Waverley payment had also purchased other items at over 50% of the post offices and PayPoint shops that responded to the survey.
- 9 At the same time a separate questionnaire was sent to 1,000 Waverley customers who use the new payment service. 443 were completed and returned. The details of the response to the survey are set out in Annexe 2. In summary the findings were as follows:
 - 97% satisfaction with the new arrangements with over half (56%) of those who responded rating the customer service at Post Offices and PayPoints as "very good" and 41% as "good" or "satisfactory";
 - 3% (11 respondents) thought the service was "poor" or "very poor". The reasons are varied but include PayPoints not taking cheques or cards, queuing at post offices and disabled access;
 - 80% (356) of customers have paid at the post office - 47 of which have also used a PayPoint outlet. 17% (75) have used only PayPoint;
 - Those customers who found the service to be "poor" or "very poor" were spread equally over the Post Office and PayPoint users;
 - 49% of the respondents were aged 65 years or older - only 10% were under 45 years; and
 - 37% of the respondents pay both rent and council tax at the post offices and PayPoints, 14% pay just rent and 42% pay just council tax.
- 10 There were four comments with respect to disability access (three with respect to parking near to the shop or post office and one commenting on the problems presented by high counters). A Disability Access Scheme is currently being established in Waverley which will carry out access audits of many retail outlets. Although it is a voluntary scheme it is intended that all the post offices and PayPoint outlets will be invited to join the scheme to improve disabled access.
- 11 As stated in the report that went to Corporate O&S in June 2009, PayPoint retail outlets only accept payments by cash. Retailers that accept payment by cheque or card do so at their own risk. We have been aware of a handful of outlets adding a surcharge to cheque and card payments and have reported them to PayPoint via Allpay. Customers who wish to pay by cheque or debit card have been directed to their nearest post office where these methods of payment are accepted at no cost to the customer.

Cost Savings and Efficiency Gains

- 12 The estimated capital and revenue costs set out in the report to Corporate O&S Committee in September 2008 are shown in Annexe 3 alongside the actual implementation costs and the estimated revenue costs for 2010/11.
- 13 The initial estimated capital cost was £23,500 which was reduced to a budget of £21,000 for the project. The actual expenditure was £17,540. Much of the reduction in cost was due to being able to develop the barcoding software for housing rents, miscellaneous income and debtors invoices in-house.
- 14 The annual revenue costs of operating the Allpay payment collection service (transaction charges, system support and maintenance fees and loss of bank interest due to delay in cash flow) was originally estimated at £62,000 per annum. Multiplying the actual costs, since the system went “live” at the beginning of November 2009, up to a full twelve months suggests that the actual revenue cost will be approximately £60,000. The difference between estimated and actual costs is due primarily to
 - achieving a reduced transaction charge as a result of going out to tender; and
 - a lower volume of transactions than originally expected.
- 15 The savings in staffing costs arising from the changes set out in the report to Corporate O&S in September 2008 were all delivered as planned. Overall the changes in Waverley’s payment collection arrangements have achieved an annual cost saving of over £130,000.

Payment Patterns

- 16 The graphs at Annexe 4 compare the number of payments made by cash, cheque or credit/debit card since the closure of the cash counters in November 2009 with the number of payments made during the same period in the previous financial year. They show that, following the closure of the cash counters:
 - The overall volume of transactions has reduced slightly (coinciding with an increase in number of direct debit payments – see below);
 - There has been a movement away from paying by cash or cheque to paying electronically either direct to bank or by debit or credit card. There has been a near two-fold increase in the number of payments made via the automated telephone system.
- 17 The graphs at Annexe 5 analyse the same comparative figures by Fund. As can be seen the vast majority of payments (87% since the closure of the cash counters) are for Council Tax and Housing Rent.
- 18 The experience of other authorities suggested that there would be an increase in the number of customers choosing to pay by direct debit following the closure of the cash counters. This would also appear to be the case at Waverley. The following table compares the value of payments made by direct debit and by cash, cheque, card etc. since the closure of the cash counters in November 2009 and the payments made during the same period in 2008/09:

	Value of Payments from November to March (£)	
	Direct Debits	Cash, Cheque, Cards etc.
Rent		
2008/09	1,902,000	3,150,000
2009/10	2,137,000	2,950,000
Difference	£235,000	-£200,000
Council Tax		
2008/09	17,040,000	5,440,000
2009/10	17,701,000	4,990,000
Difference	£661,000	-£450,000

- 19 Although there has been a drop in value of payments made by cash, cheque, debit/credit card etc since the closure of the Council's cash counters there has, at the same time, been an increase in the value of payments made by direct debit.
- 20 This trend would appear to be set to continue. In the case of Council Tax, over 700 additional customers opted to pay their 2010/11 Council Tax by direct debit at the beginning of the new financial year.

Project timetable

- 21 At its meeting on 7 October 2008 the Executive recommended that Waverley cease to operate its four cash counters with effect from 31 March 2010 and adopt the use of bar-coded bills at post offices and a range of retail outlets. At the meeting of the Executive on 3 February 2009 it was agreed to bring forward the closure of the cash counters to 1 November 2009 in order to realise cost savings sooner.
- 22 The actual sequence of events was as follows:
- Bar-coded invoices issued and payments received via Allpay July 2009
 - Bar-coded Council Tax bills issued and payment received via Allpay August 2009
 - Bar-coded Housing Rent payment cards issued and payment received via Allpay September 2009
 - Bar-coded NNDR bills and miscellaneous income documents issued and payment received via Allpay October 2009
 - Cash counters closed 30 October 2009

Other Issues

- 23 A particular concern of Members during the early stages of the project was how Waverley would continue to handle small value miscellaneous payments that had

previously been made at the cash counters. Waverley's service teams worked hard throughout the project to ensure robust alternative payment arrangements were put in place including bar-coded documents and greater use of online and telephone payments.

- 24 Members were also concerned about the communication to customers of the changes leading up to and following the closure of the cash counters. The project team included a representative of the Communications team and a range of leaflets, posters, press releases and targeted mail-shots were distributed in consultation with service managers alongside face-to-face dissemination of information by cash office and locality office staff and "question and answer" sessions run by Allpay.

Conclusion

- 25 In summary the project was delivered on time, within budget and has delivered a greater level of ongoing savings than anticipated. There is a high level of satisfaction from customers and from the new payment outlets and no formal complaints have been received about the changes in the service. The changes have also unlocked the potential to make customer service improvements to the Council's offices.

Corporate Overview and Scrutiny Committee

- 26 Any comments made at the Corporate Overview and Scrutiny Committee on 21 June 2010 will follow or be reported orally at the meeting.

Recommendation

It is recommended that the Executive:

1. commends the project team on the successful delivery of this project within the agreed timescale, acknowledging the very high level of customer satisfaction and the significant cost savings achieved; and
2. endorses the work being undertaken in response to the customer feedback received in the consultation exercise.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICERS:

Name:	Graeme Clark	Telephone: 01483 523236
		E-mail: graeme.clark@waverley.gov.uk
	Lawrence Heath	Telephone: 01483 523084
		E-mail: lawrence.heath@waverley.gov.uk

ANNEXE 1

POST-IMPLEMENTATION REVIEW OF THE PAYMENT RECEIPTING SERVICE POST OFFICE AND PAYPOINT OUTLETS – ANALYSIS AND SURVEY

Top 40 most used payment locations – November 2009 to April 2010

			<i>No. of Payments</i>
Post Office	68-70 High Street	Godalming	4,380
The Co-op (PayPoint)	Village Way	Cranleigh	3,320
Post Office	The Co-op - Lion Green	Shottermill	3,107
Post Office	41 High Street	Cranleigh	3,013
Post Office	West Street	Farnham	2,233
Post Office	20 Farncombe Street	Farncombe	1,903
Post Office	Portsmouth Road	Milford	1,833
Post Office	3 West Street	Haslemere	1,504
Krisco News (PayPoint)	11 The Woolmead	Farnham	1,429
Quarry Hill Stores (PayPoint)	17 Quarry Hill	Godalming	1,136
Post Office	3 School Hill	Wrecclesham	1,038
Post Office	12 Weybourne Road	Weybourne	994
Cranfields (PayPoint)	48 Binscombe Crescent	Godalming	956
Post Office	107 West Street	Farnham	779
Sun & Moon (PayPoint)	14 Firgrove Hill	Farnham	643
Costcutter (PayPoint)	4 Green Lane	Godalming	601
Post Office	High Street	Bramley	536
Post Office	Thursley Road	Elstead	514
R & V Newsagents (PayPoint)	7 Meadrow	Godalming	477
Nisa (PayPoint)	High Street	Bramley	473
Londis (PayPoint)	38 Hale Road	Farnham	462
West Street News (PayPoint)	77 West Street	Farnham	458
One Stop (PayPoint)	1 Alfold Road	Cranleigh	437
T E Francis (PayPoint)	Petworth Road	Witley	428
Post Office	Pockford Road	Chiddingfold	399
McColls (PayPoint)	3 School Hill	Wrecclesham	397
Post Office	63-68 Wellington Centre	Aldershot	383
U & S News (PayPoint)	43 Weybourne Road	Farnham	368
Post Office	Beacon Hill Road	Hindhead	367
Post Office	The Common	Dunsfold	287
Arnolds Garage (PayPoint)	Shottermill Ponds	Haslemere	272
Bestway (PayPoint)	The Green	Chiddingfold	259
Rads (PayPoint)	1-3 Park Parade	Cranleigh	256
Post Office	31 Frensham Road	Lower Bourne	238
Hazelbank (PayPoint)	The Street	Ewhurst	196
Highlane Stores (PayPoint)	13 Parsons Green	Haslemere	192
Post Office	The Street	Wonersh	181
Post Office	4 The Square	Rowledge	165
Post Office	6 Tilford Road	Hindhead	156
Budgens (PayPoint)	1 Chertsey Road	Woking	141

Survey of Post Offices and PayPoint Outlets – February 2010

A questionnaire was sent to all payment outlets in the Borough. 26 were completed and returned.

	<i>Zero - 10</i>	<i>11 – 50</i>	<i>51 - 100</i>	<i>Over 100</i>
On average how many customers make payments to Waverley Borough Council at your shop/post office per week?	27%	38%	27%	8%
	<i>None</i>	<i>A Few</i>	<i>Many</i>	
Has Waverley’s introduction of this service brought new customers to your shop/post office?	4%	65%	31%	
	<i>Yes</i>	<i>No</i>	<i>Don't Know</i>	
Do customers purchase other items at the same time as making payments to the Council?	52%	30%	18%	
In your experience are customers well-informed about how to make payments using barcoded cards or bills?	77%	12%	11%	
Are the barcoded documents provided by Waverley easy for you and your staff to scan?	88%	12%	-	

POST-IMPLEMENTATION REVIEW OF THE PAYMENT RECEIPTING SERVICE CUSTOMER SURVEY

Top 40 most used payment locations – November 2009 to April 2010

A questionnaire was sent to 1,000 Waverley customers in February 2010 who use the new payment service. 443 were completed and returned. The table below gives the percentage response to each question.

Q1	Before they closed did you use the cash counters at any of Waverley Borough Council's offices to make payments to the Council?	
	Yes	96%
	No	4%
Q2	In which of the following ways do you currently make payments to the Council?	
	<i>Post Office – paying with Cash</i>	47%
	<i>Post Office – paying with a cheque</i>	31%
	<i>Post Office – paying with a Debit Card</i>	17%
	<i>PayPoint Shop – paying with Cash</i>	28%
	<i>Direct Debit</i>	2%
	<i>Standing Order</i>	1%
	<i>Cheque in the post</i>	2%
	<i>Over the Internet</i>	1%
	<i>Over the Telephone</i>	2%
Q3	What Council services do you pay for at Post Offices / PayPoint shops.	
	<i>Rent</i>	51%
	<i>Council Tax</i>	80%
	<i>Business Rates</i>	1%
	<i>Invoice</i>	0%
	<i>Parking Fines</i>	0%
Q4	How frequently do you visit Post Office / PayPoint shops to make a payment to Waverley Borough Council?	
	<i>Weekly</i>	17%
	<i>Fortnightly</i>	20%
	<i>Monthly</i>	57%
	<i>Less than monthly</i>	2%
	<i>Never</i>	1%

Q5	Please indicate how helpful you have found any of the following when making payments to the Council at a Post Office or PayPoint shop			
		<i>Helpful</i>	<i>Not Helpful</i>	<i>Don't know</i>
	<i>It is easy to get to the Post Office / PayPoint shop from where you live or work</i>	84%	7%	1%
	<i>You can make payments at a location you frequently visit for other purposes</i>	52%	10%	3%
	<i>You can make payments at Post Offices / PayPoint shops outside of the Borough</i>	29%	11%	13%
	<i>Post Offices and PayPoint shops are open on Saturdays and many PayPoint shops are open on Sundays</i>	50%	7%	5%
	<i>Many PayPoint shops are open early in the morning and in the evening</i>	35%	10%	9%
Q6	Have you experienced any problems making payments at Post Offices / PayPoint shops when making payments to Waverley? Please give details. <i>See summary of the answers to this question below.</i>			
Q7	Please rate your experience of customer service at Post Offices / PayPoint shops when making payments to Waverley.			
	<i>Very good</i>			56%
	<i>Good</i>			24%
	<i>Satisfactory</i>			17%
	<i>Poor</i>			2%
	<i>Very poor</i>			1%
Q7	Gender			
	<i>Male</i>			50%
	<i>Female</i>			50%
Q8	Age group			
	<i>Under 18</i>			0%
	<i>18 – 24</i>			1%
	<i>25 – 34</i>			2%
	<i>35 – 44</i>			7%
	<i>45 – 54</i>			17%
	<i>55 – 64</i>			19%
	<i>65 – 74</i>			21%
	<i>75 +</i>			28%
Q9	Which best describes what you are doing at present?			
	<i>Working</i>			31%

<i>Full-time student</i>	0%
<i>Looking after the home</i>	4%
<i>Retired</i>	50%
<i>On a training scheme</i>	0%
<i>Unable to work – sick/disabled</i>	8%
<i>Unemployed</i>	3%
<i>Other</i>	4%
Q10 Do you have any long-standing illness, disability or infirmity?	
Yes	28%
No	62%
Q11 If yes, how does this illness, disability or infirmity affect you?	
<i>Vision</i>	4%
<i>Hearing</i>	3%
<i>Speech</i>	1%
<i>Movement</i>	19%
<i>Mental Health</i>	4%
<i>Learning Difficulty</i>	1%
<i>Other</i>	6%
Q12 To which of these groups do you consider you belong?	
<i>White British</i>	94.2%
<i>White Irish</i>	1.2%
<i>White Gypsy or Traveller</i>	0.2%
<i>White Other</i>	0.2%
<i>Black or Black British Caribbean</i>	0%
<i>Black or Black British African</i>	0%
<i>Black or Black British Other</i>	0%
<i>Mixed White and Black Caribbean</i>	0.2%
<i>Mixed White and Black African</i>	0%
<i>Mixed White and Asian</i>	0%
<i>Asian or British Indian</i>	0%
<i>Asian or British Pakistani</i>	0%
<i>Asian or British Bangladeshi</i>	0%
<i>Chinese</i>	0%
<i>Any other ethnic group</i>	4.0%

Analysis of responses to Question 6 of survey

Of the 443 respondents 221 took the opportunity to respond to the question " Have you experienced any problems making payments at Post Offices / PayPoint shops when making payments to Waverley" -

- 131 said that they had had no problems with the service, 10 of which made a compliment (e.g. "Very good service", "Brilliant", "Excellent");
- 11 made the statement that they missed the service they used to receive from the locality office staff; and
- 4 took the opportunity to complain about the Council and public sector services in general terms (e.g. late bin collection in the snow, potholes, reminder letters)

The problems experienced by the remaining 65 fell into the following categories:

- Long queues at post offices (21)
- PayPoints only accept cash (10)
- Account details, such as outstanding balance, cannot be provided by Post Office/PayPoint counter staff (8)
- Bar-code reader problems (6 - five of which were PayPoint customers)
- Concerns over privacy at post offices and shops (4)
- Lack of information, e.g. cheques should be made out to "Post Office" (3)
- Access for disabled - Unable to park near to Post Office/PayPoint (3)
- Access for disabled - High counters (1)
- Delays between making a payment and its posting it to customer's account (2)
- Actual or threatened Post Office closures (2)
- PayPoint imposing a cheque/card handling charge (2)
- PayPoint maximum payment of £200 (1)
- Credit cards not allowed (1)
- Paying Council Tax using Rent bar-coded card in error (1)

Of the 80 respondents who missed the locality offices, reported a problem or made a general complaint 43% still thought the service was good or very good, 36% thought it was satisfactory and only 14% thought the service was poor or very poor (the remaining 7% did not give a rating).

ANNEXE 3

POST-IMPLEMENTATION REVIEW OF THE PAYMENT RECEIPTING SERVICE COMPARISON OF ESTIMATED AND ACTUAL EXPENDITURE

Capital			
	<i>(Indicative costs included in report to Corporate O&S September 2008)</i>		
	Pre-Cash Counter Closure	Initial Estimate	Actual
Link to payment network		2,500	2,300
Bar-coding software		18,500	10,900
Initial issue of cards ^{NOTE 1}			1,500
Publicity and promotion ^{NOTE 2}		1,500	2,400
Deposit boxes in reception		1,000	0
Hardware / Software / stationery	^{NOTE 3} 10,000		^{NOTE 4} 440
Total capital (£)	10,000	23,500	17,540

Revenue cost of the over-the-counter payments service			
	<i>(Indicative costs included in report to Corporate O&S September 2008)</i>		
	Pre-Cash Counter Closure	Initial Estimate	Estimate 2010/11
<i>Costs of new service</i>			
Maintenance, transaction charges, cash flow ^{NOTE 5}		62,000	60,000
Ongoing issue of cards		62,000	60,000
<i>Recharges to the payments receipting service</i>			
Staffing – cash receipting ^{NOTE 6}	222,000	61,000	53,000
Secure cash collection service ^{NOTE 7}	28,000		5,000
Bank charges for cash handling	2,000		
Total revenue (£)	252,000	123,000	118,000
Revenue saving (£)		129,000	134,000

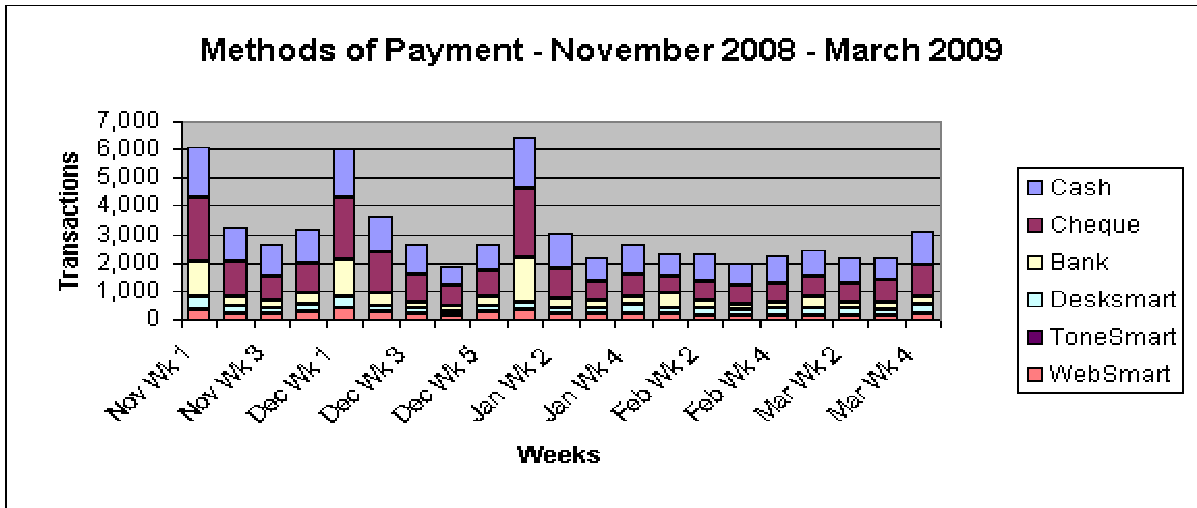
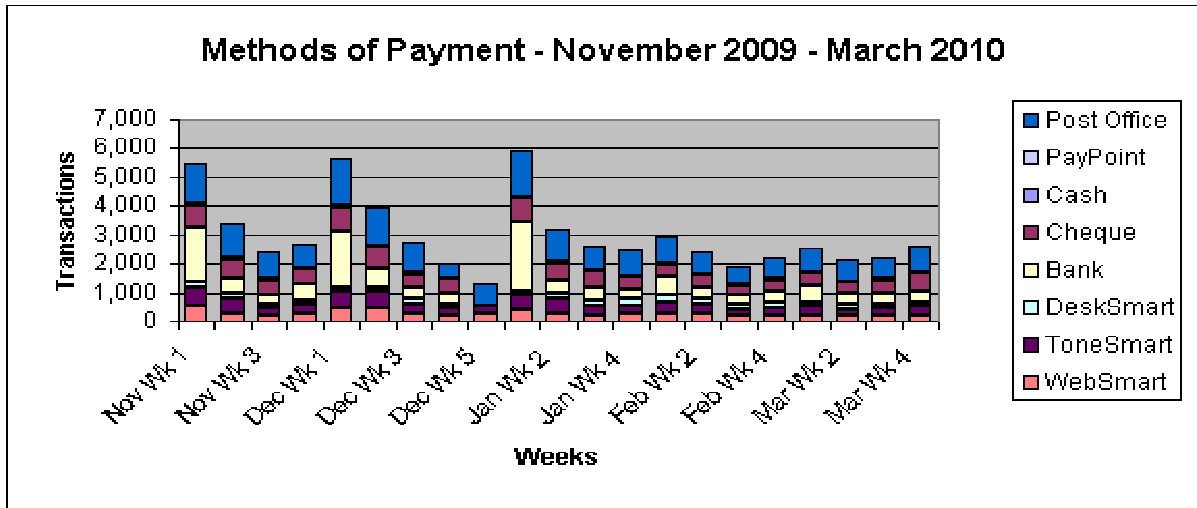
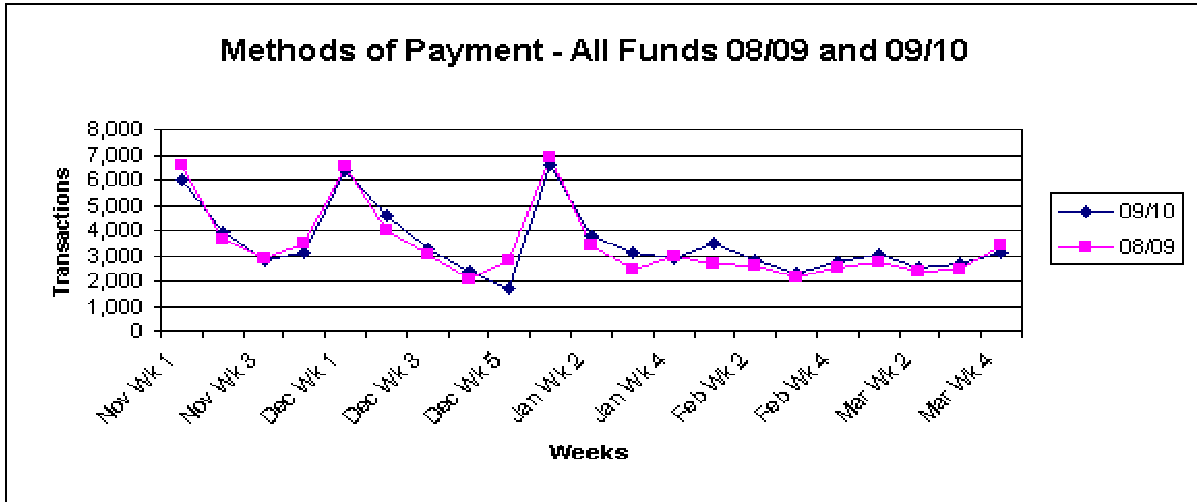
Note 1: During implementation it became apparent that a better service could be provided to regular customers (Housing Rent and Council Tax) by providing them with a credit-card sized payment card. This figure represents the purchase of a stock of special “pop-out card” stationery.

Note 2: It was recognised early in the implementation that the success of the transition would be dependant upon the level of customer awareness. This figure represents the costs of publicity material (posters and leaflets) and targeted mailshots.

Note 3: This figure represents the investment in hardware that would have needed to have been made if the Council had retained its cash counters.

- Note 4: With the closure of the cash counter at Godalming it was necessary to investigate alternative methods of payment for Borough Hall cinema tickets. This figure represents the cost of purchasing an online ticketing system.
- Note 5: The estimated annual revenue costs of the payment collection service provided by Allpay are based upon actual expenditure since November 2009 multiplied up to a full twelve months.
- Note 6: These costs represent the salary costs (salary, NI and superannuation) apportioned to the cash receipting function.
- Note 7: Although the cash counters have been closed there is still a residual amount of cash handled within the organisation (canteen sales, Borough Hall bar sales, vending machines, etc.) The figure of £5,000 represents the cost of a reduced cash banking service from Securicor.

COMPARATIVE VOLUMES OF TRANSACTIONS (EXCLUDING DIRECT DEBITS) ANALYSED BY METHOD OF PAYMENT



COMPARATIVE VOLUMES OF TRANSACTIONS (EXCLUDING DIRECT DEBITS) ANALYSED BY FUND

