



Leicester
City Council

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

13th March 2008

**Adults & Housing Scrutiny – Commentary on
'Procurement of External Cash Collection Facilities'**

Report of Councillor Joshi, Task Group Leader

1. Summary

- 1.1 This report provides a commentary on the attached Report (Appendix A).
- 1.2 The Adults & Housing Task Group agreed to consider whether the proposal to introduce an external cash collection facility meets the needs of the customer and if it is the best option for the Council, following a referral from Cabinet on 17th September 2007.
- 1.3 The Task Group have reviewed the report and in particular the following three areas have been considered as part of the process, because they are likely to have the greatest impact on customers and the future provision of services:
 - 1) To explore the implications of introducing an external payment facility, including the likely impact it will have on the Cash Offices at the Local Neighbourhood Housing Offices.
 - 2) To contact other Authorities using the scheme to determine the benefits it has had on tenants and taxpayers using the system and to identify the impact on local Cash Offices and on the Council's overall balances and money management systems.
 - 3) To consult Council tenants or tenants' associations on the proposals.

2. Membership of the Task and Finish Review Group

- 2.1 The members involved in this Task Group are: Councillors Allen, Aqbany, Lloyd-Harris, Marriot, Potter and Joshi as the Task Group Leader.
- 2.2 The task group met on 3 occasions during the review period from November 07 to February 08.

3. Methodology

- 3.1 The Task Group discussed the above issues in detail with officers of the Council and requested a range of information to support the process, including the following:
- a) Presentations and reference information relating to the procurement of external cash collection facilities
 - b) Consultation with Council tenants or Tenants & Residents Associations on the proposal through a questionnaire survey
 - c) Members requested to visit an Authority that operated both local cash offices and the use of an external cash collection agency. For this purpose, Nottingham City Council was selected to determine the impact on local cash offices and the Councils overall balances.

4. Commentary

- 4.1 Presentations were given to the Task Group, outlining the proposal, potential benefits to customers, likely suppliers, potential impact on current arrangements, cost implications and savings. This process was supported by extensive discussions with officers to gain a full understanding of the issues relating to the scheme.

Members of the Task Group made the following comments on the proposal:

- a) They are broadly supportive of the procurement of an external cash collection facility to increase the opportunity for customers to pay at an increased number of outlets, with some being available 24/7. The local cash offices are currently restricted in opening times to 4.30pm (Monday to Friday) with only a few being open on Saturdays. Finally the ability to pay at a range of external cash collection facilities allows our customers to pay at more convenient and local facilities (e.g. the corner shop, petrol station)
- b) They accept it will not be possible to determine the full impact on the cash offices until the scheme is fully operational, although it is agreed that a reduction in the use of the cash offices is inevitable
- c) They ask for an assurance that the scheme will run for an initial 12 month period in conjunction with the cash offices, and request any future proposal to close any Neighbourhood Offices to be supported by a business case, including options for re-configuring the available space to accommodate other services for tenants, and that any such proposal should be referred to Cabinet for a decision
- d) They request the promotion of other payment methods like Direct Debit and Standing Order, together with advice being provided to customers on access to, and how to open bank accounts

- e) They ask that special consideration be given to elderly/disabled customers to ensure they are not unduly affected by the introduction of the scheme long term, and that assistance is given to help them through the change process

4.2 Outcome of Consultation with Leicester City Council Tenants

A questionnaire, which had been agreed by the Task Group, was sent out to 1630 individual tenants and tenants groups across the city. A total of 811 (50%) were duly returned. The questions were designed to identify:

- a) The methods by which rent and Council Tax payments are made
- b) The preferred methods of payment
- c) The level of payments at the local cash offices
- d) The potential usage of an external cash collection facility

Members of the Task Group note:

- a. 83% of tenants and residents surveyed, used the local decentralised housing office to make payments for Council Tax and Housing Rent
- b. 71% of tenants and residents surveyed, paid by cash
- c. 69% of tenants and residents surveyed, would like the option to pay at a number of locations including their local housing office
- d. 59% of tenants and residents surveyed, wanted a choice to pay after the local housing office closed (after 4.30 pm)
- e. 78% of tenants and residents surveyed, would still use the local housing office, even if they had a number of other facilities available to them to pay
- f. 53% of Tenants and Residents surveyed, wanted a choice to pay on Saturday and Sunday
- g. The Task Group noted that the majority of tenants and residents surveyed expressed a preference for greater choice, and an increase in the methods of payment facilities currently available to them. They viewed this as an enhancement to the current methods of payment and would use this facility in conjunction with the local housing office. They also expressed a preference to be able to make payments after the local cash office had closed and a preference to be able to make payments at the weekend.

4.3 Outcome of visit to Nottingham City Council

Members of the Task Group note:

- a) That Nottingham has 10 decentralised Neighbourhood Housing Offices serving 35,000 tenancies undertaking the full range of housing advice services and payments collection. Two offices were closed on economic grounds due to the high cost of processing payments there (£2.00 each). The closures were unrelated to the

external cash collection facility, and no redundancies occurred due to officers being transferred to other roles

- b) That tenants in Nottingham were informed rather than consulted on the change
- c) That no formal tender was required due to procurement rules at that time. The Co-op provided the most competitive quote in relation to the Council's business case, offering 90 outlets including post offices across the city. The service is in addition to rather than in place of cash offices, and its introduction was driven purely by economic reasons (40 pence rather than £2.00 transaction costs), and increased customer choice of payment location and time
- d) That 100,000 transactions occur annually, 25% of which relate to Rent and 75% Council Tax, which equate to 480 Rent and 1442 Council Tax each week, and costs the Housing Rent Account £10,000, and the General Fund £30,000 annually. Transaction numbers are not considerable due to other payment methods still being offered, and 67% of the tenants being on benefit
- e) That the loss of interest on balances was minimal as it only takes three days for the payment to be in the Council's bank account, and the Co-op is also the Council's banker, enabling them to benefit from their existing business association. Costs for the three-month implementation did not exceed £40,000; the main charges being incurred through IT system integration. Costs were kept down by using bar code rather than plastic card technology, which enabled the process to be kept in-house, and the scheme has been extended to include 24 invoice types.

5. Recommendations

- 5.1 On behalf of the Task Group, OSMB is asked to endorse the following recommendations and forward these to cabinet.**
- 5.2 The task group would like their comments to be considered as the proposal for procurement is developed further.**
- 5.3 The task group are broadly supportive of the proposal to procure an external cash collection facility.**

6. Contact

- 6.1 Councillor Rashmikan Joshi, Task Group Leader (Adults & Housing)

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