

ABERDEEN CITY COUNCIL

COMMITTEE Finance and Resources
DATE 2 December 2010
DIRECTOR Stewart Carruth
TITLE OF REPORT Review of Cash Handling Arrangements
REPORT NUMBER: CG/10/184

1. PURPOSE OF REPORT

The Finance and Resources Committee of 17 June 2010 agreed that cash facilities would be withdrawn from Bucksburn and Peterculter offices from 1 April 2011, that no large volume payments would be taken at Marischal College and that the cash facilities at the Tillydrone office would be reviewed.

This report summarises the position following consultation with staff, the Unions and the public.

2. RECOMMENDATION(S)

That the Committee agrees there will be no replacement city centre cash office for the Podium and that cash facilities at the Tillydrone will cease.

3. FINANCIAL IMPLICATIONS

Proposed estimated savings are £250k for the period from 1 June 2011 to 31 March 2012 and thereafter £300k per annum. The breakdown is as follows:

<u>2011/2012</u>	<u>£</u>
Staff costs (Podium and Tillydrone)	295,886
Cash pick ups (including Peterculter & Bucksburn)	13,823
Bank Charges	<u>11,666</u>
	321,375
Less estimated Post Office/Paypoint charges based on survey results	<u>-70,833</u>
Net Savings	<u>250,542</u>

<u>2012/2013</u>	<u>£</u>
Staff costs (Podium and Tillydrone)	355,063
Cash pick ups (including Peterculter & Bucksburn)	16,588
Bank Charges	<u>14,000</u>
	385,651
Less estimated Post Office/Paypoint charges based on survey results	<u>-85,000</u>
Net Savings	<u>300,651</u>

The impact of the savings is split between the General Fund and the Housing Revenue Account.

4. OTHER IMPLICATIONS

There are 14.9 FTE posts within the Podium and Tillydrone offices with 3.43 being currently vacant and the Revenues and Benefits establishment is undergoing a restructure as part of the 5 Year Business Plan. The displaced staff members will be considered alongside the wider restructure over the coming months, subject to Union and HR consultation.

5. BACKGROUND/MAIN ISSUES

Cash handling arrangements had to be reviewed because of the closure of the Podium as part of the move to Marischal College together with the decision taken that Marischal College would not be accepting 'physical cash' in relation to large volume transactions for Rent or Council Tax. This would also extend to smaller volumes such as Business Rates and Service Income (Sundry Debts).

The review also considered the ceasing of cash facilities at the Tillydrone office subject to agreement by Housing and Environment.

During the consultation period staff in the Podium office raised concerns about not having a City centre cash office and the main issues are detailed below:

- Customers will not be able to obtain balance or payment information at Post Office/Paypoint outlets.
- Customers may not have their payment documentation with them.
- Long queues at Post Office/Paypoint outlets.

- No system alert when payment made and legal proceedings in force.
- Potential impact on collection rates.
- The distribution of petty cash imprests to other Services.

Fife Council closed their cash offices in 2007 and Moray Council closed their cash offices in 2008 and their staff raised similar concerns at the time. All operational issues were resolved by changing working practices and improving documentation to the public.

There has been no negative effect on collection rates by closing their cash offices. The public enjoy the greater flexible opening hours that Paypoint outlets have.

Highland Council is considering closing their cash offices in 2011.

Alternative accommodation within the City centre has been considered but there is no suitable ACC property that can be adapted in terms of timescale and cost. The report author and a colleague visited the empty former post office in the upper floor of the St Nicholas Centre as it was known that the teller positions and safe are still in place. Whilst the lay out is virtually unchanged and could operate as a cash office, the annual operating costs would be in the region of £120k with an additional estimate cost of £30k for repairs in order for it to be fit for purpose. At 190 square meters, the area is also far too big for it to be a cash office on its own.

A Survey was issued to 5,000 private sector households and 11,000 council households asking if they would consider paying by another method if cash offices were to close. There were 214 and 3,670 replies respectively with about 15% choosing to pay by Direct Debit or Standing Order. The other 85% would continue paying by cash if possible. There were very few comments specific to the closures but a petition from Peterculter residents with over 1,300 signatures to keep the office open has been delivered to the Head of Legal and Democratic Services.

There is a network of 118 Post Office and Paypoint outlets that currently process payments on behalf of the Council and there would need to be a Tender process because of the additional volume of payments. The Council would bear the charges of approximately 47p per transaction. The topping up of laundry cards at some Post Offices are being investigated.

Due to the annual issue of Council Tax bills and Rent cards, it is not operationally feasible to close cash offices on 1 April 2011. An

alternative date of 31 May 2011 is manageable (last day of business) and ties in more closely with the move to Marischal College.

The public will still be able to make cash payments at the Mastrick, Woodside and Kincorth Customer Access Points. Postal cheques will be processed at Marischal College.

6. IMPACT

Corporate – the public has been consulted in line with the Community Plan and a larger take up of electronic payments would help the Council's modernising agenda. The cash review is included in the 5 year Business Plan together with an option to be a "cashless" Council in the long term.

Public – by using a local network of payment outlets, the Council is not forcing the public to change their payment method. Payments can be made at a time more suitable to them.

It is recognised that the Cash Review is a major piece of work with tight deadlines. A Project team has been established and the Project Plan agreed by our auditors PriceWaterhouseCoopers. This includes a Risk Assessment/Analysis.

7. BACKGROUND PAPERS

Previous report to Finance and Resources Committee on 17 June 2010.

8. REPORT AUTHOR DETAILS

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