

ABERDEEN CITY COUNCIL

COMMITTEE Finance and Resources

DATE 17 June 2010

DIRECTOR - Stewart Carruth

TITLE OF REPORT: Review of Cash Handling Arrangements

REPORT NUMBER: CG/10/103

1. PURPOSE OF REPORT

To advise members of the progress being made with regard to the review of the Council's cash handling arrangements.

The review will seek to reduce the Council's operating costs whilst still providing alternative payment options for customers.

This report outlines the first stages in the rationalisation of venues at which payments can be made.

2. RECOMMENDATION(S)

That the committee agree:-

- (i) That the cash offices at Bucksburn and Peterculter cease to operate as such with effect from 1 April 2011 to meet the proposed aim of rationalising the Registrar function within Aberdeen.
- (ii) That no 'physical cash' in relation to Rent or Council Tax payments are expected at Marischal College. This would also extend to smaller volumes such as Business Rates and Sundry Debts.
- (iii) That the Head of Finance and Head of Housing and Community Safety and the Head of Customer Services examine the options as to whether, in terms of best value, the cash office at Tillydrone remains open, given the development of the Customer Access Point at Woodside.
- (iv) To receive a further report in September 2010 outlining progress and confirming the savings to be achieved as a result of this proposed reconfiguration.

3. FINANCIAL IMPLICATIONS

It is expected that, as a minimum, circa £200,000 savings will be achieved, to be shared by the General Fund and Housing Revenue Account. This relates to staffing costs at the Podium and Tillydrone plus cash in transit and bank charge savings totaling £300k. If all cash paying customers were to pay by electronic card there would be an additional cost of approx £100k.

This does not include any further property savings that could be achieved as a result of ceasing to use Peterculter and Bucksburn cash offices. Additional savings may be achieved through property rationalization and additional reduced 'cash in transit' costs.

4. SERVICE & COMMUNITY IMPACT

These proposals seek to reduce operating costs at the Council and yet still provide avenues for taxpayers and tenants who wish to continue to pay cash. They can do so within the city boundaries at 85 Paypoint outlets and 34 Post Offices - no adverse impact is anticipated. Payments can also be made in Aberdeenshire outlets.

5. OTHER IMPLICATIONS

(i) Staffing

It is expected that the main savings will be achieved by a reduction in staff costs and further details will be confirmed in the September 2010 report.

Once proposals have been confirmed, formal consultation with staff and unions will take place.

(ii) Consultation with Tenants

As part of this process, consultation with Council Tenants will be undertaken and it is proposed that the Head of Finance and Head of Housing and Community Safety take this matter forward and report back at the September meeting.

(iii) Publicity

A key factor in achieving success will be the development of a targeted publicity strategy to advise taxpayers and council tenants of the proposals and alternative payment options available to them. Once details are finalised, the service will work closely with the Corporate Communications Team.

(iv) Property

The Head of Asset Management and Operations and the Head of Legal and Committee Services have been consulted and are aware of the proposals and will be considering options for the future use of the Bucksburn and Peterculter offices.

Should the proposals not be accepted, further dialogue will be required with Asset Management in terms of whether or not the Podium can remain as a central cash office or if another venue is required. The proposed savings would not be achieved and additional operating costs may be incurred.

6. REPORT

Given the continued pressure on Council budgets there is an opportunity to seek to reduce our operating costs by reviewing its 'cash handling' arrangements. It is widely acknowledged that 'handling cash' is expensive and in terms of the Council's priority budgeting approach, it could be argued that this is "not a priority" as alternative means are widely available. In view of this it is recommended that the Council cease to provide a city centre cash office.

Our customers will still be able to make cash payments at the afore mentioned outlets and at the Mastrick, Kincorth and Woodside Customer Access Points.

This must also be seen as part of the continued expansion of the Council's modernisation agenda by seeking to encourage and promote payment by:

- Direct Debit
- Electronic payment via website or telephone
- By payment card

As a first stage, it is proposed that to seek to rationalise the number of venues held by the Council at which the payment of cash can continue, especially in relation to Rent and Council Tax payments. It is therefore recommended that the cash payment service already located at the Podium is not transferred to Marischal College.

Due to time limitations it is not possible to reconfigure and rework all processes that have a cash payment outcome, therefore there will be some cash payments at Marischal College, mainly those currently collected at The Point. The aim would be to reduce such transactions. Electronic payments will also be accepted and will be the preferred payment method.

In view of the recent opening of the Customer Access Point in Woodside and provides cash facilities, it is suggested that the Head of Finance and the Head of Housing and Community Safety examine the options, in terms of best value, as to whether or not the cash office at Tillydrone remains open. The outcome of these discussions will form part of the September 2010 report.

Should these proposals not be accepted, further dialogue will be required with Asset Management in terms of options as to whether the Podium can remain as a central cash office or whether another venue is required. The proposed savings will not be achieved and additional operating costs may in fact be incurred.

Summary

The proposal should be seen as part of the Council's modernising agenda and priority budgeting exercise by seeking to reduce our operating costs circa £200,000 per annum whilst still providing a mechanism by which Council tenants and taxpayers who wish to continue to use cash, have a network of locations to do so. This move away from 'cash handling' is being mirrored in other parts of Scotland.

A further report will be submitted to the September 2010 Committee.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

None.