

Chichester District Council

CABINET

1 December 2015

Methods of Income Collection

1. Contacts

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2. Recommendations

2.1 To cease the option to pay for service by cheque, unless in exceptional circumstances, with effect from 1 April 2016.

2.2 To actively promote alternative methods of payment to customers currently paying by cheque.

3. Background

3.1 In 2014-15 the Council received £134m in payment for services. The table below sets out the payment methods available for customers, together with the number of payments made by each method:

Payment Method	No. of Transactions received annually
Direct Debit	396,170
Bank Transfer	50,830
Cash	6,380
Cheque	20,660
Web	28,490
Phone (Manual)	26,670
Phone (Touch-tone)	13,810
Allpay*	36,290
TOTAL	579,300

* Allpay is a payment card which allows payments to be made at Post Office or Paypoint outlets

3.2 Since the closure of the cash office in 2004, only 1.1% of the Council's receipts are made by cash. Similarly, payment by cheque has seen a steady decline in the preceding five years with only 3.5% of payments being received by cheque.

This has been off-set by a significant rise in on-line card payments and since 2012; automated telephone payments (see Appendix A).

- 3.3 In response, the Council has increased the number of chargeable services available online and actively promotes payment by direct debit and the automated telephone system. These methods enable customers to pay for services 24 hours a day, 7 days per week and are the most efficient way of processing payments for the Council.
- 3.4 This financial year will also see the introduction of a new online service for Revenues and Benefits customers enabling them to:
 - View their account online e.g. amounts payable, transactions made, instalments due, benefit statements, payment dates, claim status and recovery notices
 - Update their account e.g. change of name, address or contacts
 - Register for E-billing
 - Apply for or cancel Single Person Discount
 - Complete Direct debit instructions

The service estimates this module will result in a reduction of between 10-20% of contacts in year 1 (10,000) whilst providing customers with access to their account and online service requests/payment 24 x 7.

4. Outcomes to be achieved

- 4.1 To process those service requests previously paid by cheque, faster.
- 4.2 To reduce administrative processing of payments in order to free resources to deliver front facing services.
- 4.3 To encourage other, more effective and cheaper methods of payment
- 4.4 To modernise the way in which the Council processes transactions and to deliver those transactions efficiently for the benefit of customers and the organisation.

5. Proposal

- 5.1 In response to changing customer behaviour and the need to deliver services efficiently and innovatively, this proposal is to target those customers who regularly pay for repeat services by cheque and to migrate them to one of the other alternative methods of payment available. Of the 20,660 cheques received 11,300 (55%) are in payment of Business Rates, BID Levy and Council Tax. All of these services are payable online, by the automated telephone system and, with the introduction of the new revenues and benefits module, Council Tax customers will be able to set up a direct debit online.
- 5.2 Of the remaining 45% of customers paying by cheque (9,300), customers will be offered the following alternative methods of payment:
 - Direct Debit

- On-line card payment
- Automated telephone payment
- Chip and Pin payment; or
- Bank Transfer

5.3 This proposal has benefits for both the customer and the Council. For customers paying by the above methods, the time taken to process their service request is reduced, whilst the time taken by staff to process a cheque for payment is also reduced, freeing up resources to deliver services.

5.4 It is recognised that there may be exceptional circumstances where it will be necessary to accept a cheque for the payment of a service, but this will be discouraged wherever possible.

5.5 Those customers who pay for repeat chargeable services by cheque would be contacted to advise them of the alternative methods available prior to introducing this change in April 2016.

6 Alternatives that have been considered

6.1 The Council could continue to accept cheques; however cheques are the most time consuming of all payment methods, taking staff resources and delaying delivery of the service to the customer. Continuing to accept cheques will not encourage the take up of more efficient means of payment. As other payment methods have become available and are more popular and convenient for customers, the number of cheques has diminished significantly (see Appendix A).

7 Resource and legal implications

7.1 In 2011 the Payments Council withdrew their plans to abolish cheques and undertook to maintain cheques indefinitely. Cheques (which are technically bills of exchange) are not included in the statutory definition of legal tender. There is therefore no legal obligation to accept a cheque as payment of a debt.

8 Consultation

8.1 Senior Managers have been consulted and are supportive of this proposal.

8.2 If supported by Cabinet, Managers will have three months to contact their customers regularly paying by cheque and to offer them an alternative payment method that best suits them.

9 Community impact and corporate risks

9.1 In recent years the Council has expanded the ways in which customers may pay for services and it is not the intention to discourage customers from using the Council's services. There is an acceptance that in exceptional circumstances there may be occasion when payment by cheque is the only option available and will be accepted, particularly in delivering critical services to more vulnerable members of the community.

10. Other Implications

Crime & Disorder:	None
Climate Change:	None
Human Rights and Equality Impact: Paragraph 9.1 above confirms that where payment by cheque is the only option available to the customer, it will be accepted, particularly in delivering critical services to more vulnerable members of the community.	Yes
Safeguarding:	None

11. Appendix

Appendix – Payment Trends 2010-2015

12. Background Papers

None