

**Wiltshire Council**

**Council**

**8 November 2011**

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### **Petition – Council Tax Payments via Paypoint**

Cllr Jon Hubbard (Melksham South Division) will present a petition with 105 signatories which states:

**‘We the undersigned wish the Council to enable us to be able to pay our council tax by Pay Point at any shop with this facility. At present we pay our council tax at a pay zone point which only exists at the Post Office which always means long queues and delays and a journey of several miles’.**

The following information has been prepared by officers to assist Council in its consideration of the petition:

#### **Introduction**

The council operate a number of payment methods which enable the majority of council tax payers a variety of choices that are administratively straight forward and relatively cheap per transaction.

With over 200,000 properties registered for council tax and over 120,000 homes paying by direct debit, the bulk of the monthly transactions are managed using this most cost effective method at around 5 pence cost per transaction, levied by the banks upon the council. It is this method which the Council has, for the last fifteen years, promoted. Every other transaction type is considerably more expensive and requires more administration to ensure it reaches the correct destination. The Council received £244 million in council tax alone in 2010-11 and with so many transactions being processed, consideration has to be given to ensure there is sufficient choice but also to minimise both administration and transaction costs.

#### **Current Payment Methods**

<b>Current Payment Method</b>	<b>For those with a bank account, credit or debit card</b>	<b>For those without a bank account</b>
Direct Debit	The paperless direct debit facility now in use means that payment can be arranged over the phone	
Via telephone, using a credit or debit card on an automated line	Customer services and revenues officers can accept payments during working hours or be directed to the automated	

	payment line 24/7	
By post	Cheques can be posted to any council hub where they will be processed and banked usually within 48 hours	
Via the internet	By accessing the council's website	
By Bank Standing Order, or online banking	Where the customer can arrange payment either electronically or by completing a standing order form at their bank	
Via the Post Office		Payments can be made in cash (or cheque) at any post office as long as the payer holds an appropriate payment card issued by the council.
Via Payzone ( a variety of shops as well as Post Offices display the Payzone sign enabling a variety of transactions to be made)		Payments can be made in cash (or cheque) at any Payzone outlet as long as the payer holds an appropriate payment card issued by the council.
In person, in cash* ( the amount of cash received in hub offices varies greatly)		Cash will be accepted in any main council hub where it will be processed and banked usually within 48 hours

Payments can be made via the internet or via the telephone but again these methods require processing and staff to manage them; as a result costs per transaction can vary depending on how long each call lasts.

The Council accepts payment by cheque which by the time it is handled and delivered securely to the bank costs between £1 and £2 per payment, typically the most expensive payment type other than cash which historically has been discouraged in most of the former districts\*.

Bank standing orders at 27 pence per transaction remain another cheap alternative for those uncomfortable with direct debit. Internet banking allows customers to manage their payment to the council however both methods do require the customer to set-up the facility.

Another popular choice is the post office payment card which can be used in any post office in the country or any shop displaying the Payzone facility. The card identifies the transaction as council tax or housing rents due to Wiltshire Council.

The payment is then carried electronically into the council's bank account three days after the payment is made. The cost to the council is £1.00 for each card issued, plus post and packaging and a further 49 pence per transactions at the post office or 41 pence in a Payzone. This cost is based on a large number of transactions per

annum (around 235,000) and is carefully negotiated to keep it as low as possible. The card is only replaced if lost and the majority have been in circulation for many years. This choice is popular for those whose payments may vary during the year or who have arrears to pay and use the card in conjunction with a written payment plan. The card can also be used by a representative or family member. The use of post offices also encourages our customers to frequent the local post offices or Payzone outlets which have always been seen as an important facility for our rural communities and worthy of our support. The success of the scheme has however depended upon a comprehensive network of post offices and it is accepted that this network has been eroded, despite council support.

### **Other payment options and enhancements**

If the council were to consider including Paypoint then in addition to the post office card payment system there are a number of costs that have to be considered and these include the setting up of the bank accounts with the agencies behind Pay Point who are either the Co-Op Bank or a company called All-Pay. Further costs would include the reissue of cards, were we to adapt the current scheme to include Paypoint and consideration would have to be given to their future production costs. In the past it was the post office who had the majority of branches where payment could be made, whilst Paypoint's coverage had been inconsistent. Whilst this position has been rectified by Paypoint over the last few years, there has been no appetite on the part of the former districts to promote payment cards whilst it remains ten times more expensive, per transaction, than direct debit. To improve direct debit take-up the revenues department has recently introduced paperless direct debit which enable direct debits to be arranged over the phone. The cost of setting up the facility involves considerably less cost than preparing a payment card however another scheme is being introduced enabling the council to produce payment cards, in-house. This will significantly lower production costs.

Dealing specifically with payment cards, in terms of performance, Paypoint appears to offer little advantage when, regardless of the scheme, the council must wait a minimum of two nights between the payment being made on a Monday morning and arriving on our accounts on the Thursday.

It is estimated that there are currently some 20,000 cards in circulation, produced by the post office card service for the post office. It is not known whether these cards would be accepted at Payzone, however with the introduction of the in-house production method, the cost of reissuing all cards, whilst still a significant expensive, would not be out of the question. It is estimated that a desk top printer using specialist stationary will reduce card production costs to around 15p rather than £1.00.

### **Conclusions**

There are already a number of very successful systems for the collection and administration of monies due to the council. Council tax collection rates in Wiltshire have always been high as have the number of residents paying by direct debit which equate to 72% of all liable households.

Whilst Paypoint may prove a popular choice for the minority of payers, the move to this additional method will require reengineering of the processes in terms of card production and payment administration. In order to attain the minimum cost per transaction, Paypoint have in the past suggested the exclusion of Payzone and the Post Offices as payment points which runs contrary to the support currently given by the council to post offices who provide such a vital role in many rural communities.

With the introduction in December, of a new revenues system and the review of council offices which historically have accepted payments, this may seem an opportune time to consider a review of payment methods, however careful consideration needs to be given to a variety of issues, including set up costs, costs per transaction and particularly why customers chose to use one payment as opposed to another. This research needs to be undertaken across Wiltshire.

## **Conclusion**

Rather than simply add another option onto a lengthy list it is suggested that information be gathered from customers and that a review is undertaken on all aspects of payment to the Council. There has not been a significant review of payment methodology since Wiltshire Council achieved unitary status. With the imminent arrival of a unified revenues computer system and the harmonisation of payment dates and collection methods it would seem a good time to coordinate a complete review of payment methods that considers transaction cost, suitability, convenience and efficiencies. If we were to analyse the substantial data we hold on transaction numbers and costs and consider customer views we can better design payment methods which suit both the Council's objectives and the customer's needs.

## **Proposals:**

### **That Council**

- (a) receives and note the petition and**
- (b) requests the Cabinet member for Resources to undertake a review of all aspects of payment to the Council.**