

DUNDEE CITY COUNCIL

REPORT TO: POLICY & RESOURCES COMMITTEE – 13 FEBRUARY 2014

REPORT ON: FEES FOR USE OF CREDIT CARDS

REPORT BY: DIRECTOR OF CORPORATE SERVICES

REPORT NO: 113-2014

1 PURPOSE OF REPORT

This report reviews the level of credit card charges being levied on the Council for accepting this method of payment and considers whether they should be recharged to the payer.

2 RECOMMENDATIONS

It is recommended that a standard 1.5% charge is levied on all credit card payments but no charge is added to debit card payments.

3 FINANCIAL IMPLICATIONS

The level of charge being borne by the Council on credit cards is approximately £50,000 per annum and rising. Changes in systems have allowed a reduction in transaction costs which has saved £7,000 and the balance of £43,000 would be recouped through the charge.

Although the number of transactions is increasing, more importantly so are the value of payments being made. The proposed charge would not allow a profit but would recoup this charge and significantly reduce the cost borne by the Council. Whilst credit cards only account for approximately 10% of the volume of card transactions, these transactions account for over 65% of card charges.

4 BACKGROUND

All payments made to the Council by debit or credit card carry a processing fee which is charged to the Council. These fees vary for different transaction types. The charges are higher for credit card payments taken over the counter or by 24 hour telephone service.

There has been a concerted effort to channel shift and move payments from cash offices to online. This has resulted in increased numbers of card payments being made which has increased the level of charges.

To alleviate this, improvements to payment systems have been implemented which have already reduced these levies so ensuring the lowest transaction costs possible. This has reduced the cost of credit cards to approximately £43,000 and of debit cards to approximately £22,000.

Many organisations levy charges for credit cards and controls have now been put in place to ensure these should not exceed the charges they have incurred. Rather than attempting to fully mirror each individual charge it is proposed a set rate is used for all credit cards.

There is no significant cost to adding this mechanism into Council systems, and minimal administration costs of updating external suppliers systems (24 hour telephone payment system).

5. POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti Poverty, Equality Impact and Risk Assessment. There are no major issues.

6. CONSULTATIONS

- . The Chief Executive and Head of Democratic and Legal Services have been consulted on this report.

7. BACKGROUND PAPERS

None.

**MARJORY M STEWART
DIRECTOR OF CORPORATE SERVICES**

JANUARY 2014