

REPORT TO: POLICY & RESOURCES COMMITTEE – 22ND FEBRUARY 2018

REPORT ON: REVIEW OF CASH OFFICE OPERATIONS AT WEST DISTRICT OFFICE

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 66-2018

1. PURPOSE OF REPORT

This report reviews the transaction levels at the West District Office and provides recommendation on future service delivery.

2. RECOMMENDATIONS

This report recommends closure of the West District Cash Office with the introduction of a kiosk, maintained by existing Council Cashier Services with fully supported transition and assistance, and utilising Paypoint outlets within close proximity to the West Office should customers wish a further alternative for cash transactions.

3. FINANCIAL IMPLICATIONS

The following would be applicable dependent on option choice, based on existing staff resource costs of £33,000 p.a.:

- Kiosk – initial outlay of £21,190 with annual maintenance charge in following years of £1,465. This presents a resource efficiency of £11,810 in year 1 and ongoing annual efficiencies of £31,500 p.a. (£106,400 by 2020/21)
- Paypoint –

Year	Projected Cash Transaction	Transaction Costs (£0.42)	Estimated Efficiencies
2017/18	27,440	11,525.00	21,475.00
2018/19	25,794	10,833.50	22,166.50
2019/20	24,246	10,183.49	22,816.51
2020/21	22,792	9,572.48	23,427.52
Total		42,114.48	89,885.52

- There may be also a potential of alternative use of site in the future for external partners which could provide additional income for the Council, although not considered within this report.

4. BACKGROUND

In recent years, there has been a noted reduction in footfall at the West District Office which has been attributed to the following factors:

- Successful channel shift to alternative payment methods (online, telephone, direct debit)
- Use of alternative payment locations (supermarkets, convenience stores and post offices)
- The changed service delivery model at the West District Housing Office (housing services now coordinated from East District Office)
- Loss of parking facilities, affecting convenience

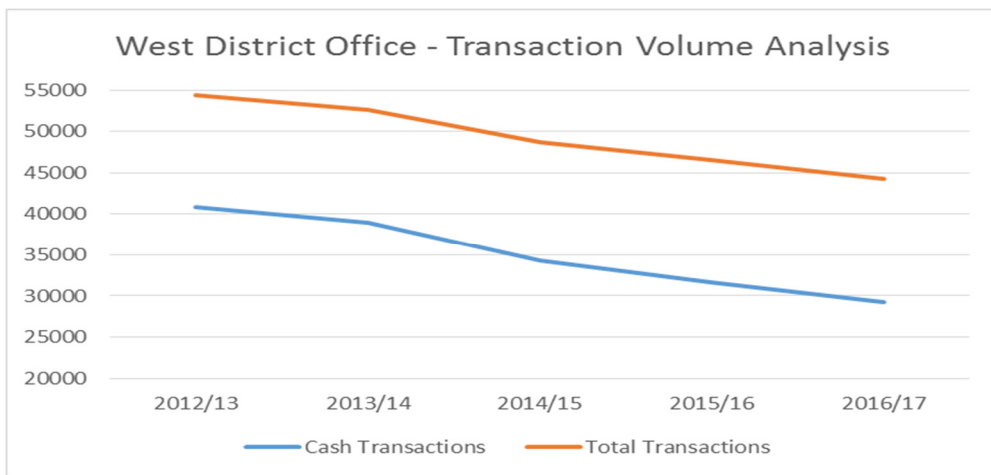
In seeking efficiencies and effective resource allocation, a recent analysis has been undertaken to assess whether the case for continuing service delivery from this location remains viable.

5. FINDINGS

5.1. Transaction Analysis – Reduction in Collection Transactions

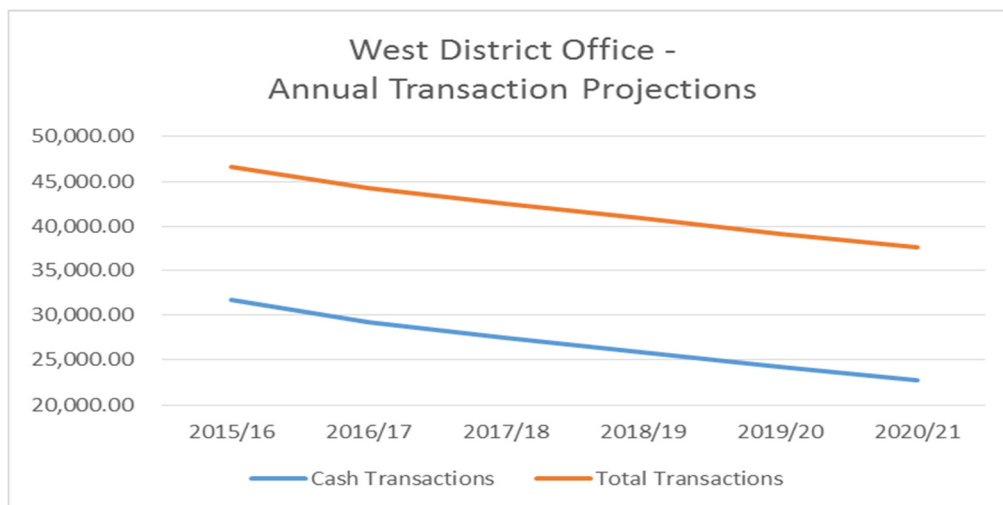
Based on annual figures (November to October), over the last 5 years, the West District Cash Office has experienced a significant reduction in counter transactions and in particular, a reduction of 28% in cash transactions over the 5 year period as demonstrated below:

West District - 5 year Transaction Analysis				
Year	Cash Transactions	Total Transactions	Cumulative Reduction (cash)	Cumulative Reduction (total)
2012/13	40,819	54,456		
2013/14	38,970	52,643	-5%	-3%
2014/15	34,284	48,718	-16%	-11%
2015/16	31,657	46,596	-22%	-14%
2016/17	29,192	44,325	-28%	-19%



5.2. Staffing Requirement and projected cost of collection

- Whilst overall staffing levels across the service have been reduced by 20% over the last 3 years, there still remains a requirement for 1.5FTE staff to provide services to the West Office.
- In the last 2 years, transactions have reduced year on year by 6% for cash transactions and 4% overall. Based on the stabilised trend, the following projections are expected:



- Cost of collection is currently estimated at 74p per counter transaction at that location (based on staff costs alone). Based on the projections above, this would increase to 88p per counter transaction by 2020/21.

5.3. Counter Service Alternatives for Cash Payments

5.3.1. Kiosk

- Introducing a kiosk would cost approximately £21,190 at the outset with an additional £1,465 annual maintenance costs.
- The facility would also accommodate card transactions, however the solution is not yet PCI compliant, but this is due to be resolved by time of proposed installation.
- Online access points are available at the West District Office, enabling facilities to make card payments online for services which cannot be accommodated by kiosk such as bulky uplifts.
- Local Paypoint outlets would be available for fuel top up services.

5.3.2. Paypoint

- Whilst there are channel shift alternatives for card payers via either internet or telephone, there are 3 alternative cash payment locations for customers who wish to maintain this as their preferred option:
 - Party Discount, 147-149 High Street, Lochee, DD2 3DB (<100m)
 - Lochee News Plus, 149 High Street, Lochee, DD2 3DZ (<150m)
 - Haqs, 63-65 High Street Lochee, DD2 3AT (350m)
- Whilst card charges will remain regardless of the payment outlet, in relation to cash, the cost charged by Paypoint as an alternative for cash payments is 42p per transaction.
- Online access points are available at the West District Office, enabling facilities to make card payments online.

6. **CONCLUSIONS**

- The West District Office Cash Office has no facility to accommodate other services currently provided at other cash offices, and maintaining staffing requirement severely limits resource utilisation across to other 2 facilities.
- Over the last 5 years, cash transactions at the West District Office have reduced by 28%, thus questioning the rationale for ongoing counter service provision at the west office location.
- Transaction level reduction has demonstrated successful channel shift to alternative payment methods and this trend is expected to continue, however there are adequate cost effective alternatives to accommodate customers who wish to retain cash as preferred payment option.

7. **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.

8. **CONSULTATIONS**

The Council's Management Team have been consulted on this report.

9. **BACKGROUND PAPERS**

None.

GREGORY COLGAN
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

8TH FEBRUARY 2018