

REPORT TO: FINANCE COMMITTEE – 13 NOVEMBER 2006

REPORT ON: REPLACEMENT OF COUNCIL TAX PAYMENT CARDS AND NEW PAYMENT PROVIDER

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 638-2006

1.0 PURPOSE OF REPORT

- 1.1 To seek the Council's authorisation to use the payment facilities available through the auspices of Co-op Bank.
- 1.2 To seek the Council's authorisation to replace the current Council Tax plastic cards to facilitate 1.1 above.

2.0 RECOMMENDATIONS

- 2.1 That the Depute Chief Executive (Finance) be authorised to enter into a contract with Co-op Bank for the provision of payment facilities including the use of Post Offices and payment outlets in stores, etc. through 'Pay Point' for the collection of both Council Tax and rent payments
- 2.2 That the Depute Chief Executive (Finance) be authorised to replace the current Council Tax plastic cards.
- 2.3 That the Depute Chief Executive (Finance) be authorised to enter into a contract with Custom Cards for the provision of plastic cards.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The one-off cost of replacing the existing plastic cards will be £27,496 and this will be contained within the department's 2006/07 Revenue Budget.
- 3.2 There will be an annual saving to the Council of £26,931 against the current contracts for card provision and transactions costs. Changes in the payment period between the payment provider and the Council will result in additional interest income of £14,784.
- 3.3 There is no additional financial implication to Housing Rent Account

4.0 SUSTAINABILITY POLICY IMPLICATIONS

- 4.1 The use of external payment outlets will reduce fuel consumption due to a reduction in customers travelling to payment offices.

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 Maintaining the maximum number of payment outlets will allow easier access to payment facilities for those persons who presently have difficulty in travelling.

6.0 BACKGROUND

- 6.1 Report 512-2004 to Finance Committee on 13 September 2004 recommended the replacement of Council Tax payment books with plastic cards and to use the payment facilities available through the auspices of Allpay.

By entering into a contract with Allpay for the provision of payment facilities, this allowed Council Tax payers to use of Post Offices and payment outlets in stores, etc. through 'Pay Point' and Pay Zone. Allpay also produce and issue our payment cards.

- 6.2 After the initial issue of plastic cards in March 2005, it was envisaged that no further cards would require to be issued whilst a Council Tax payer remained at the same address (subject to wear and tear or loss of the card). A new plastic card would therefore only be issued if the payer changed address, lost the card, or until the end of the card's life, which was anticipated to be between 5 - 7 years.
- 6.3 In July 2006, Allpay contacted the Council to advise that after 31 March 2007 the Council would no longer be able to make use of Paypoint outlets for council tax payments. This is due to Allpay and Paypoint ceasing to work in partnership, so any new contracts with Allpay would be for use of Post office and Payzone outlets only. This Council's current contract ends on 31 March 2007.
- 6.4 There are approximately 61 Paypoint outlets in the Dundee area available for use by Council Tax payers and during 2005/06 43,000 payments amounting to £2M were received from Paypoint outlets, so this was cause for concern to the Revenues Division. The Revenues Division immediately began considering its options making contact with the other providers in this market – Co-op Bank and Alliance & Leicester.
- 6.5 Subsequently, Allpay contacted the Council again to advise that in addition to the loss of the use of Paypoint outlets there would be a requirement to re-issue all plastic cards as the branding and referencing on these must be changed if a new contract was signed. The cost of this exercise was quoted at £31,249.

7.0 MAIN TEXT

- 7.1 After careful consideration of the options available, it was concluded that negotiation of separate contracts for payment provision and for plastic card production was the way forward with Co-op Bank and Custom Cards, respectively.
- 7.2 Changing payment provider from Allpay to the Co-op Bank provides the following benefits:
- a) the use of Paypoint outlets is secured until at least 31 March 2010
 - b) increase in maximum transaction value (MTV) will result in fewer transactions, with a resultant decrease in charges to the Council
 - c) a joint contract involving both Revenues and Housing will secure a reduction in the charge per transaction as detailed below
 - d) the timing difference from the transaction date to receipt by the Council will reduce from 12 to 5 days
- 7.3 Based on the level of transactions for 2005/06, it is estimated that the changes referred to at 7.2 b) and c) will result in a saving of £12,200 per annum. In addition it is estimated that the change referred to at 7.2 d) will increase Interest on Revenue Balances by £14,784 per annum.
- 7.4 The cost of replacing all existing payment cards with Allpay is £31,249 and £38,981 with Co-op Bank. Negotiations with Custom Cards produced a figure of £27,496.
- 7.5 There is an ongoing need for new and replacement cards each year. Based on current requirements, the cost with Allpay would be £27,984, with Co-op Bank £26,400 and with Custom Cards £13,253. The saving from using Custom Cards instead of the existing supplier is £14,731 per annum.
- 7.6 The change over from Allpay to Co-op Bank will take effect from 1 April 2007 and to aid this transition, the Revenues Division intends to:-
- a) issue a letter to all Council tax payers who currently use plastic cards to make payment advising them of the changes and how it will affect them.
 - b) place a notice in the local press prior to the issue of the 2007/08 Council Tax demands
 - c) agree a transition period with current payment provider Allpay to ensure payments are not refused if old cards are used initially

8.0 CONSULTATION

The Chief Executive, Depute Chief Executive (Support Services) and Director of Housing have been consulted in the preparation of this report.

9.0 BACKGROUND PAPERS

None

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