

REPORT TO: FINANCE COMMITTEE - 13 SEPTEMBER 2004

REPORT ON: REPLACEMENT OF COUNCIL TAX PAPER PAYMENT VOUCHERS WITH PLASTIC CARDS

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE) & HEAD OF INFORMATION TECHNOLOGY

REPORT NO: 512- 2004

1.0 PURPOSE OF REPORT

- 1.1 To seek the Council's authorisation to replace Council Tax paper payment vouchers with plastic cards
- 1.2 To seek the Council's authorisation to use the payment facilities available through the auspices of Allpay

2.0 RECOMMENDATION

- 2.1 That the Depute Chief Executive (Finance) be authorised to replace the Council Tax payment vouchers, presently contained within the "council tax books", with a plastic card.
- 2.2 That the Depute Chief Executive (Finance) be authorised to enter into a contract with Allpay for the provision of plastic cards.
- 2.3 That the Depute Chief Executive (Finance) be authorised to enter into a contract with Allpay for the provision of payment facilities including the use of Post Offices and payment outlets in stores, etc. through 'Pay Point' and Pay Zone
- 2.4 That the Depute Chief Executive (Finance) be authorised to enter into a contract with SX3 for the provision of the necessary interface software.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The net cost of introducing plastic cards in 2004/05 is £40,814. This cost will be met from the general contingency within the 2004/05 Revenue Budget.
- 3.2 The net cost in the year 2005/06 and future years is £58,050 and will be included in future years Revenue Budgets.

4.0 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 The introduction of plastic cards will result in a reduction in the amount of paper being used. 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 The increase in payment outlets will allow easier access to payment facilities for those persons who presently have difficulty in travelling.

6.0 BACKGROUND

- 6.1 Council Tax payers who presently pay by cash or cheque use the payment vouchers contained within the Council Tax demand/payment books or which are attached to documentation such as reminder/final notices.

- 6.2 Each time a person's liability changes a revised payment book is required under the law to be issued with the requisite number of payment vouchers included.
- 6.3 Payment using these vouchers can be made at 6/7 City Square and Area Housing Offices of charge. The vouchers can also be used at Post Offices and Banks but a fee is payable by the Council Tax payer.
- 6.4 It is intended to issue a plastic card to all existing Council Tax payers (other than existing Direct Debit and Standing Order payers) towards the end of this financial year in anticipation of the 2005/06 demand notices being issued. The number of cards issued at this time will be approximately 50,000. No further cards will require to be issued while that Council Tax payer remains at the same address (subject to wear and tear or loss of the card). A new plastic card will therefore only be issued if the payer changes address, loses the card, or until the end of the card's life, which is anticipated to be between 5 - 7 years.
- 6.5 The cards will be provided and distributed by an external company.
- 6.6 Three companies were invited to tender, namely, All Pay, Alliance & Leicester, The Co-operative Bank. The respective quotes are as follows:-

	2004/05	2005/06 onwards
All Pay	£32,414	£4,550
Alliance & Leicester	£33,114	£4,050
Co-operative Bank	£36,536	£4,550

The Allpay quote is recommended for acceptance as although not the cheapest quote over a five year period they provide the service closest to our requirements and have a proven track record in integrating their systems with those used by this Council.

- 6.7 Payment at Council offices will remain free after the introduction of plastic cards. Payment at banks will no longer be an option unless the payer completes a manual Bank-Giro paying-in voucher and pays the appropriate fee. Payment at Post Offices will only be available if the Council, and not the payer, pays the appropriate fee.
- 6.8 It is considered unacceptable for the facility to make payment at Post Offices to be withdrawn and therefore the recommendation is made that the facility should continue with the consequence that the City Council pays the administration fee.
- 6.9 The recommended company that can administer the payment by plastic card at Post Offices can also provide within the same contract the facility for payment at outlets of local stores, etc. These facilities are known for example as "Pay Zone", "Pay Point", etc. Again an administration fee is payable by the Council.
- 6.10 By contracting for this enhanced service many more payment outlets become available to the Council Tax payer. Also the Pay Point and Pay Zone outlets have extended opening hours.
- 6.11 Three companies were invited to tender for providing 'additional' payment outlets to those provided at Council offices, namely All Pay, Alliance & Leicester, The Co-operative Bank. Alliance & Leicester can only offer outlets at Post Offices, not Pay Point or Pay Zone, only Allpay can offer outlets through Pay Zone. The cost to the Council will be a flat fee per transaction.

All Pay	44.0p per transaction
Alliance & Leicester	43.5p per transaction
Co-operative Bank	45.0p per transaction

Allpay has been chosen as the recommended provider as they can offer the most payment outlets. The number of payers who will use these services is to a large extent unknown but it is hoped that at least 150,000 payments would be made.

- 6.12 The present payment vouchers contains detailed information which allows the payment to be allocated to the correct account of the payer automatically. This will no longer be possible with the use of plastic cards as each card will be used for more than one financial year. It is therefore necessary to contract with our supplier of the Council Tax computer system to provide additional software which will allocate payments using a set of rules provided by this Council. If this additional software was not purchased many thousands of payments would be required to be manually allocated and posted to the correct account and additional staffing resources would have to be provided for this purpose.
- 6.13 In addition separate plastic cards will be issued with payment arrangements made under the Council's new Recovery Initiative approved in report 335/2003.
- 6.14 Over the next five years the possibility of the Council Tax being paid by way of the Council's Discovery Card will be further investigated. The Discovery card cannot presently be used by external agencies as the technology required is not available at payment outlets. However the proposal detailed in this report and the associated processes are consistent with the Discovery Card developments.
- 7.0 **CONSULTATION**
- 7.1 The Chief Executive, Director of Housing and Depute Chief Executive (Support Services) have been consulted on the contents of this report. Interested groups in the community will be consulted to ensure that the implementation of plastic cards runs as smoothly as possible.
- 8.0 **BACKGROUND PAPERS**
- None.

D K Dorward
Depute Chief Executive (Finance)

David White
Head of Information Technology

6 SEPTEMBER 2004