

Report for: Cabinet

Date of Meeting:	13 th October 2022
Subject:	Cashlite Council
Key Decision:	Yes, the decision sought will affect more than 2 Wards
Responsible Officer:	Dawn Calvert - Director of Finance and Assurance
Portfolio Holder:	Councillor David Ashton - Portfolio Holder for Finance & Human Resources; Councillor Anjana Patel - Portfolio Holder for Environment & Community Safety
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix A – Paypoint locations in borough Appendix B – Equalities Impact Assessment (EqIA)

Section 1 – Summary and Recommendations

This report sets out the proposal to move the Council to a cashlite organisation, reducing the amount of cash handled by the organisation and the associated costs.

Recommendations:

Cabinet is requested to:

1. Agree the implementation of 1-hour free car parking in all council car parks except West House and the Leisure Centre car parks where the current arrangements will remain in place.
2. Agree the move towards a cash lite council by removing all pay and display machines, with the exemptions detailed in tables 1 and 2 below, to a cashless solution with options to pay by app, phone (card) or in cash at a local pay point shop within a five-minute walk.
3. Delegate authority to the Head of Highways Transport and Asset Management to take all necessary steps to make traffic management orders to implement the cashless parking requirements and to consider the consultation responses, in consultation with the Portfolio Holder for Environment and Community Safety and if appropriate implement the orders.
4. Agree the current kiosks at the civic centre are disabled as part of the decommissioning of the Civic Centre site

Reason (for recommendations):

The move to a cash lite council will reduce the significant costs incurred through handling cash and the maintenance/upgrade of all pay and display machines, whilst also ensuring effective, efficient, and sustainable services.

Furthermore, the implementation of the hour free parking in car parks, already available at on-street parking locations, delivers 1-hour free parking across the borough supporting the recovery of the local high streets and businesses in Harrow and giving our residents a little extra back in times where many costs and bills are rising.

Section 2 – Report

1.0 Introduction

- 1.1 Over the past decade the council has reduced the levels of cash it handles daily due to new technology.
- 1.2 Currently the council receives cash in three ways – directly into the Council at payment kiosks in the Civic Centre, pay and display machines

and from council services run from satellite sites such as libraries, the Arts Centre, and Headstone Manor and registrars. The council also receives payments for cashless parking, online using card transactions and Direct Debit for regular payments such as rents and council tax

- 1.3 Alternative methods for paying for parking and services continue to be popular with customers – with 65% of all parking payments and 98% of all other payments being made using alternative / cashless options
- 1.4 The global pandemic highlighted the risk in handling cash and led to many people using digital or contactless options to pay for goods and services.
- 1.5 In addition, as part of the Council's accommodation strategy, the new Council offices at the Harrow Council Hub (HCH) do not include provision for a bullion room for the counting and storage of large volumes of cash.
- 1.6 In addition to removing the need for the Council to operate a cash collection service going forward, the proposed changes will also generate efficiencies within services and avoid the significant investment required to maintain and update the infrastructure required to continue cash collection.
- 1.7 The move to providing improving provision for cashless payments for residents will provide what many residents see as a more convenient service for those who opt to pay by cashless methods. Residents will be able to pay for and extend their parking sessions remotely and pay by contactless card at all Council sites.
- 1.8 A communications and engagement plan is in development alongside the Cash lite programme to ensure that residents are aware of the changes particularly those who are most impacted by the move away from cash (identified through the EQIA - see Appendix B).

2.0 Options considered

- 2.1 Implementation of the cashlite scheme detailed in this report - Will reduce the use of cash across the Council to a minimal level while ensuring detrimental effects on residents are minimised. This approach ensures the Council avoids the future cost of providing a bullion room in future buildings and the cost of outsourced cash collections, while minimising impact on residents.
- 2.2 Outsourcing of the Council's cash collection, counting and banking service – Following soft market testing, this approach would have a significant additional revenue cost to the Council with increasing unit cost as the amount of cash received by the Council continues to fall. In addition, this would require significant investment in the Council's parking pay and display machines which would require an upgrade in connectivity in January 2023 and eventual replacement of all 229 machines as they reach their end of life.

- 2.3 Do nothing – Not a viable option as the infrastructure for cash collection will no longer be available

3.0 Background

- 3.1 The change in customer behaviour to shift away from the use of cash to other forms of payment has been accelerated by the covid pandemic. Across all the Council services no area has returned to pre- pandemic levels of cash receipts. The following sections of the report explain the current position by area and the proposals to migrate away from cash where possible.

4.0 Kiosk payments

- 4.1 Over the last twelve months, payers at the kiosk account for 2% of payment transactions, with all customers using the kiosk to make credit and debit card payments that could have been made by alternative channels.

During this time 53% of payments have been made over the internet and 45% via the automated payment telephone line.

Throughout the year the Customer Service staff have engaged with residents to discuss alternative payment methods and as a result kiosk users have fallen by 52% over the last 6 months.

- 4.2 As part of the decommissioning of the Civic Centre, the kiosks will be disabled. From this point, Access Harrow frontline staff will be available to support residents using online payments and the automated payment line at Greenhill Library via a drop-in service Monday to Friday. All payments available on the kiosks are also available online and via automated telephone payments.
- 4.3 93% of the payments via the kiosks currently are for Council tax and Housing rents. Work is already underway to promote the use of other forms of payment (specifically Direct Debits) to those currently using the kiosks for Council tax and housing payments.
- 4.4 The impact of these changes will be monitored and reviewed 6 months after implementation.
- 4.5 Consideration was given to introducing handheld payment machines at satellite sites to take general Council payments. This was however dismissed as handheld payment machines are set up to use a single merchant number which does not allow for customers reference numbers regarding different categories of payment. As such, whilst this could work as a kiosk replacement, the amount of administrative work which would need to be carried out manually to reconcile payments made these potential solutions unviable.
- 4.6 Kiosks need will be reviewed after the initial implementation period and if required, card only kiosks will then be considered at Greenhill library.

5.0 Parking

- 5.1 Currently customers can pay for parking using pay and display machines across the borough and a cashless option using an app, text, telephony system or via the web, using our cashless supplier.
- 5.2 Cashless parking payments are already at 65% across the borough using our cashless provider.
- 5.3 The proposed strategy is to remove all pay and display machines across the borough and replace them with a cashless option. This will mean customers can pay using a telephony option, a text, an app, or the website.
- 5.4 In addition to this, prior to the machines being removed, we will implement pay point locations across the borough where customers can also pay by cash in a local shop for their parking.
- 5.5 A table of all the current and proposed PayPoint locations for the whole borough can be found at Appendix A.
- 5.6 However, not all locations are suitable and would impact on some residents with particular protected characteristics. Therefore, to ensure all customers come with us on this new journey, we will be installing seven new pay and display machines with a contactless card option only on the machines. This means customers can pay by debit or credit card using the contactless feature on their card. This option has been chosen as we do not have the ability to facilitate any PayPoint options to pay by another means as these locations are remote and do not have any local shops nearby.
- 5.7 Table 1 below sets out the 7 parking bay locations where the new contactless payment machines will be installed to take payment for parking:

Machine Number	Machine Location	PayPoint Y/N	Charging Days & Hours	Comments / Proposals
20	20 - Peterborough Rd	N	Mon-Sat 08:30 - 18:30 & Sun 10:00 - 18:00	Due to no PP at location retain contactless P & D machine
34	34 - Bethacar Rd, o/s doctors	N	Mon-Sat 08:00 - 18:30	Due to no PP at location retain contactless P & D machine
40	40 - Crystal Way	N	Mon-Sat 08:30 - 18:30	Due to no PP at location retain contactless P & D machine
45	45 - Grove Hill, Bottom	N	Mon-Sat 08:30 - 18:30 & Sun 10:00 - 18:00	Due to no PP at location retain contactless P & D machine
58	58 - West Street	N	Mon-Fri 10:00 - 14:00	Due to no PP at location retain contactless P & D machine
761	761 - Whitmore Rd, opp #18	N	Mon-Fri 08:00 - 18:30	Due to no PP at location retain contactless P & D machine
762	762 - Whitmore Rd, opp #48	N	Mon-Fri 08:00 - 18:30	Due to no PP at location retain contactless P & D machine

- 5.8 Furthermore, another 4 sites, cannot accommodate the PayPoint in a shop option and the locations are underused for a cost-effective enforcement of paid for parking, so it is proposed that these will be amended to free parking bays with a maximum stay of 1-2 hours free or

charge and a maximum stay / no return period implemented. Table 2 below sets out these sites:

Location	Proposed Max Stay	No return Period
O/S Hatch End Station Uxbridge Road, Hatch End	2 Hours	4 hours
S/O 2 Butler Road in Vellacott Road, West Harrow	2 Hours	4 hours
Opp 40-46 Flambard Road, Harrow	2 Hours	4 hours
Opposite Whitmore High School Porlock Avenue, West Harrow	2 Hours	4 hours

- 5.9 Finally, the council is also proposing to implement 1-hour free parking in all council car parks except West House and Leisure Centre car parks where the current arrangements will remain in place.
- 5.10 For Registrars and Libraries, cash will continue to be accepted but only where necessary, and other methods will be promoted. The reason for this is that the equality impact assessment has identified that there is an adverse equalities impact on certain protected characteristics such as older adults, and disabled persons. For the Civic amenity site contactless payments will be taken.

6 Performance Issues

- 6.1 New performance measures will be put in place to monitor and record the take up of the one-hour free parking. This will also be monitored to ensure they meet the customer needs regarding ease of usage and deliver the objectives of the new policy; to support local businesses, via increased footfall.

7 Environmental Implications

- 7.1 The implementation of the strategy will have some benefits regarding environmental impacts as the new model will reduce cash in transit journeys, paper receipts issued to motorists as well as the need to build a bullion room.
- 7.2 Regarding the increasing the free parking from 20 minutes to 1 hour, this may have some environmental benefits as residents will not need to move their cars as often therefore reducing emissions.

8 Procurement Implications

- 8.1 The Services to be procured are subject to change controls to existing contracts. As such the arrangements being put in place do not appear to be subject to the full application of the Public Contracts Regulations 2015. Any variation to this will go through the Council's contract procedure rules.

9 Risk Management Implications

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? No – **A project risk register will be established and maintained for this project.**

The following key risks should be taken into account when agreeing the recommendations in this report:

Risk Identified	Mitigations	Rag Status
Residents still expect to use kiosks / pay cash at key front office locations leading to dissatisfaction and potentially complaints	Mitigations are that Access Harrow staff will be deployed to Greenhill library to assist public pay via internet or automated telephone line. Cheques will also be accepted at that site. A communications campaign will be undertaken to encourage residents to adopt alternative methods of payments to cash, such as direct debit, online and telephone payments.	Yellow
Insufficient awareness of the changes confuses public and results in cash collection performance deteriorating	Mitigated by awareness campaign and targeting of potential residents who tend to pay cash or use kiosks.	Green
1 Hour free period in car parks reduces parking income	<p>The part year loss of income in 2022/23 will be met from the specific 1-hour free parking reserve set aside from 2021/22 outturn. The data collated in 2022/23 will help to estimate the annual loss of income, which will have to be funded from efficiencies within the 2023/24 annual budget setting process.</p> <p>Removing the need for the Council to operate a cash collection service going forward, the proposed changes will generate efficiencies within services and avoid the significant investment required to maintain and update the infrastructure required to continue cash collection (approx. £1m).</p> <p>Helps avoids the cost of providing a bullion room in future buildings and the cost of outsourced cash collections.</p>	Green
Residents who do not pay / register via appropriate method receive PCN's leading to dissatisfaction and potential complaints	A communications plan is being put in place to inform and make residents aware of changes. Civil Enforcement Officers will be briefed to ensure discretion is used so no one is penalised in first few weeks of cashless parking going live.	Yellow
Relevant Traffic Management Orders not implemented to allow for changes for 1-hour free parking and changes to free parking bays	Traffic Management Orders are a key part of the project. As such, they will be implemented as part of project so changes are legal.	Green
Residents who are not digitally "savvy" cannot pay for parking. leading to dissatisfaction and potential complaints	Full EqIA carried out and will be updated post implementation to take account of feedback. Mitigations already considered include PayPoint cash payments at locations nearby with multiple signage informing residents where to go.	Yellow

	Communications plan will also ensure changes are advertised prior to implementation so residents are aware.	
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10 Legal Implications

- 10.1 Subject to statutory consultation requirements, the council has powers to introduce, implement and change Traffic Management Orders' under the Road Traffic Regulation Act 1984, The Local Authorities' Traffic Orders Procedure) (England and Wales) Regulations 1996 and The Traffic Signs Regulations and General Directions 2016.
- 10.2 Section 122 of the Road Traffic Regulation Act 1984, under which the council has a duty to secure free movement of vehicular and other traffic (including pedestrians) and maintain the provision of suitable and adequate parking facilities on and off the highway.

11 Financial Implications

11.1 Cashlite

There are clear savings by implementing the cashlite strategy. Large savings come in the form of cost avoidance as the capital costs of replacing the existing on street and car park cash payment machines as well as the upgrade to 4G. There are also other immediate cost avoidance savings by not building a short-term bullion room at HCH and longer term by there being no need to cater for this at the new Civic

Item	Saving	Costs Avoided
Requirement for bullion room in HCH or new Town Hall	Significant space and cost saving	There is no provision for this at HCH and will not be needed in future buildings
Cost of outsourced cash collection, banking and counting service	Est £350k per year	Based on rough estimate from G4S to carry out cash service end to end
Move of kiosks to Greenhill library	Est £50k, plus staffing costs	
Upgrade of P+D machines to 4G SIMs	£150k	All P+D machines would require this by Jan 2023
Future replacement of all P+D machines (imminent)	£900k	We will no longer be required to replace pay and display machines when they are end of life
Upgrade of P+D machines to account for new coinage	£50k	Each change to sterling requires an upgrade to the machines

Centre. Items for cost avoidance are detailed below:

11.2 Other small operating revenue savings will also be realised by terminating cash collection contracts and reducing staff associated with cash in transit and bullion counting. Overall net revenue savings of £74k are estimated and these will be built into the Medium-Term Finance Strategy refresh:

Item	Saving	Cost	Notes re Revenue Savings / Costs
Reduction in Cashiers staff x 1	30k		No longer required for cash counting and supporting kiosk
G4S cash collection contract no longer required	£20k		No longer required for collection of cash from bullion room
Reduction in CIT officers x 1	£30k		
Reduction in maintenance costs	£75k		Cost of licences, call outs, SIM cards and parts to maintain P+D machines
Increase in credit and debit card transaction handling		£20k	
Charges for handheld chip and PIN devices		Will be picked up by service areas	£30 a month charges per device
Paypoint charges		£36k	
Maintenance for signage		£25k	

11.3 To deliver the benefits of going cash lite across the council, implementation costs are estimated at £240k and detailed below. As these costs are one off in nature, they will be they will be funded from the contingency for unforeseen items:

Item	Cost
Removal of P+D machines	£100k
New signage for P+D sites	£50k
Additional traffic engineer costs, including production of traffic orders	£60k
Resident engagement and communication	£30k
TOTAL	£240k

11.4 One Hour Free Car Parking (in the majority of Council car parks)

The tickets data and income from car parks are summarised in the table below. An average annual income of around £1.5m was achieved for the 3-year period between 2017/18 and 2019/20.

Average no. of Paid tickets issued	1,545,324
Average income per Paid ticket	£0.98
Average Total Income	£1,510,024

11.5 Should free parking be introduced in car parks, income would be lost for the first hour of parking. The table below provides a sensitivity analysis of the potential loss of income. This sets out scenarios of 5% to 50% reduction in the number of paid tickets, with the estimated potential loss of income of £75k at 5% increasing to £755k at 50% in a year:

	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%
Scenario	Less Paid tickets issued	Less Paid tickets issued	Less Paid tickets issued	Less Paid tickets issued	Less Paid tickets issued	Less Paid tickets issued	Less Paid tickets issued	Less Paid tickets issued	Less Paid tickets issued	Less Paid tickets issued
Reduction in the number of paid tickets	77,266	154,532	231,799	309,065	386,331	463,597	540,864	618,130	695,396	772,662
Potential loss of P&D income	£75,473	£150,945	£226,418	£301,891	£377,364	£452,836	£528,309	£603,782	£679,255	£754,727

11.6 This report proposes the introduction of one-hour free parking in the majority of car parks from around January 2023. This will result in a part year loss of parking income in 2022/23 as the proportion of paid tickets is expected to reduce in car parks. The reduction in income will depend upon the uptake of the offer therefore the tickets data and income from implementation onwards will be closely monitored to assess the actual income loss in 2022/23.

11.7 The part year loss of income in 2022/23 will be met from the specific 1-hour free parking reserve set aside from 2021/22 outturn. The data collated in 2022/23 will help to estimate the annual loss of income, which will have to be funded from efficiencies within the 2023/24 annual budget setting process.

11.8 As the initiative is progressed to implementation, there may be one-off implementation costs and again these will be funded from the specific 1-hour free parking reserve.

12 Equalities implications / Public Sector Equality Duty

12.1 Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

12.2 A public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

12.3 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- Tackle prejudice, and
- Promote understanding.

12.4 Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race,
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership

- 12.5 In considering the recommendations submitted within this report, an Equality Impact Assessment has been undertaken to ensure that any potential adverse impact to groups that share a protected characteristic has been identified, evaluated and mitigated wherever possible. This has been included at Appendix A to this report.
- 12.6 The analysis has identified the potential for an adverse impact. For this reason, mitigations have been put in place such as paypoints that take cash for parking and cash payments being accepted in exceptional circumstances for other areas for example registrars. However, any equalities implications arising from the recommendations will continue to be considered and assessed as further data/information is obtained or becomes available during the procurement process.
- 12.7 The vast majority already pay for both Council services and parking electronically. However, a small cohort may not be able to digitally transact or make payments via the internet or on mobile phones, for example because they are not able to use the technology or do not own a digital mobile phone. This may mean that the proposal has an adverse impact on these residents/motorists.
- 12.8 Overall there were some adverse impacts found on protected groups should Harrow implement cashless and mitigation has been put in place. For some residents there will be potentially positive impacts as they may find this way of paying more convenient.
- 12.9 There is a benefit to the council that the cost of providing the services would reduce significantly.

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 03 October 2022

Statutory Officer: Jessica Farmer

Signed on behalf of the Monitoring Officer

Date: 05 October 2022

Chief Officer: Dawn Calvert

Signed on behalf of the Corporate Director

Date: 03 October 2022

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 03 October 2022

Head of Internal Audit: Susan Dixon

Signed by the Head of Internal Audit

Date: 05 October 2022

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqIA carried out: Yes.

EqIA cleared by: Shumaila Dar

Section 4 - Contact Details and Background Papers

Contact: Fern Silverio (Head of Service – Collections & Housing Benefits),
tel: 020-8736-6818, email: fern.silverio@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee - NO