

# North Tyneside Council

## Report to Cabinet

**Date: 14 October 2024**

**Title: North Tyneside Council Customer Payment Strategy**

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<b>Portfolio(s):</b> Elected Mayor  Deputy Mayor  Finance and Resources	<b>Cabinet Member(s):</b> Dame Norma Redfearn DBE  Councillor Carl Johnson  Councilor Anthony McMullan
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**Report from Service**

**Area:** Finance and Resources

**Responsible Officer:** Jon Ritchie (Tel: 643 5701)

**Wards affected:** All

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### **PART 1**

#### **1.1 Executive Summary:**

1.1.1 This document defines the Authority's Payment Strategy for 2024-2029, confirming how customers can pay for Authority services or receive money from the Authority. It outlines how the Authority will respond to advancements in payment technology, using a set of key principles, targets and actions to achieve those targets.

1.1.2 The Authority is committed to increasing digital inclusion and removing barriers, so the Strategy is aligned to the Authority's Customer Promise, Digital Strategy and Digital Inclusion Strategy, through a commitment to providing accessible digital services that enhance customer's experience. The Authority also has a duty to offer value for money for all its customers, and at a time

when budgets are under financial pressure, it is even more important that payment options demonstrate this.

1.1.3 The Strategy outlines the preferred customer payment offer, including a move away from customer payment kiosks, to easy to use computers in each of the Authority's Community Hubs. Therefore, whilst Cabinet is being asked to approve the overall North Tyneside Customer Payment Strategy, Members will note that this includes replacing payment kiosks with an alternative payment offer.

1.2 Recommendation(s):

It is recommended that Cabinet

- 1) Notes the contents of the report.
- 2) Agrees the North Tyneside Customer Payment Strategy, appended to this report.
- 3) Agrees to remove the payment kiosks to provide savings in future years, as there are sufficient alternative payment opportunities outlined in the North Tyneside Customer Payment Strategy.

1.3 **Forward Plan:**

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 6 September 2024

1.4 **Council Plan and Policy Framework**

This report relates to the following priority(ies) in the 2021/25 Our North Tyneside Plan:

There are no direct link to priorities in the Our North Tyneside Plan 2021/25.

1.5 **Information:**

1.5.1 Background

The North Tyneside Customer Payment Strategy (the 'Strategy') has been developed in recognition of the changing way that customers make payments

to the Authority. It provides a framework for how the Authority would like payments to be made to it, and how it will make payments to its customers

The Strategy's recommended methods of payment aim to respond to changing customer payment preferences, by embracing the increased use of technology by its customers and provide payment solutions that represent value for money.

Across all sectors, customer payments have become increasingly cashless and digital, and Authority's customer payments are no different.

During 2023/24 there were 1.6 million individual payment transactions made to the Authority. Approximately 930,000 of those payments were made via Direct Debit leaving 40% of transactions paid via other methods such as Debit Card, Cash, Bank Transfer and Cheques.

In the last year approximately 9,186 transactions were made via the six payment kiosks in the four Community Hubs. This represents 2,667 unique accounts. Many of the transactions will be from the same customers who pay both their rent and Council Tax at the same time, so this represents a smaller number of users. It is clear from the data gathered that kiosk payments are not the preferred method of payment for the majority of customers. It is also one of the most expensive payment channels available, and many local authorities have moved away from having payment kiosks because they do not offer value for money for all customers, and there are many other accessible methods of payments available.

As part of the Authority's Customer Promise, Digital Strategy and Digital Inclusion Strategy, the Authority has committed to providing accessible digital services that enhance the customer experience. The Authority also has a duty to offer value for money for all its customers, and at a time when budgets are stretched this is even more important.

### 1.5.2 Recommended payment types

Everyone is different, and the Authority has always provided payment methods that work for the diverse needs of customers, regardless of what that might look like, or the transaction costs involved.

Each payment method attracts different transaction costs associated with them, some significantly higher than others, and Table 1 below outlines these different costs. The transaction cost for a Kiosk Payment takes into account the

current capital and maintenance costs, in relation to current usage. The telephone payments takes into account the cost of the automated system, and any staff resource where the payment is unable to automatically be taken by the Netcall system.

Table 1: Payment methods and transaction costs

Channel	Cost Per Transaction
Kiosk (Card Only)	£3.04
Telephone	£1.04
Post Office	£0.37
Paypoint	£0.34
Internet	£0.06
Direct Debit	£0.06

Taking into consideration the transaction cost of payments and the various opportunities and accessibility of making those payments, the Strategy outlines the four recommended payment channels, which are given below:

#### Direct Debit

- Primary source of payment for recurring bills used by the Authority. All customers should be encouraged to use this method where appropriate and possible.

#### Online Payments

- Customers can make payments made via Debit or Credit Card using the 'Pay for it' page on the Authority's website.

#### Online Payment with Support

- Customers can make an online payment at one of the Community Hubs and get support to make that payment if they need it.

#### PayPoint/Post office payment

- Customers can make payment by cash or Debit or Credit Card at any of the significant number of PayPoint outlets or Post Offices across the borough.

### 1.5.3 Viability of payment kiosks

Payment kiosk usage has significantly reduced since the Covid-19 Pandemic, and many customers have found alternative accessible payment channels that now better suit their lifestyle. The volume of payments at a kiosk has reduced to around 10% percent of what it was prior to the Pandemic. On average each kiosk is used seven times per day.

The current kiosks have been in place for five years and at the time of installation, it was thought that the need for kiosks would reduce over the five year contract to a point where they would be no longer needed when the contract for their provision ended. This was due to the likely payment channel shift due to technological advances, trust in wider payment options, and the accessibility of other cheaper and easier payment options.

The Support and Maintenance contract for payment kiosks expires at the end of November 2024, (the end of the five year contract) and in order to remain Payment Card Industry (PCI) compliant, which is the PCI Data Security Standard, which is required for all payments taken by debit/credit card, a new Support and Maintenance contract would need to be put in place. The new Support and Maintenance contract would cost just of over £2,000 per kiosk for one year, and as there are six kiosks, this therefore brings the total cost in continuing to offer kiosk payments to over £12,000. As the kiosks are nearing end of life, there will be significant capital costs, to extend the lifespan of the kiosk service beyond 12 months.

Further, kiosk payments no longer fit with the overarching Strategy that has been developed and which Cabinet is asked to approve. Along with the wider Strategies around digital services, the very limited use in comparison to other payment channels, it is considered that the kiosks no longer offer value for money.

### 1.5.4 Supporting regular kiosk users

Cabinet will note that there are still users of the payment kiosks. Whilst such users are very limited in number, the Authority has started to contact customers who make their regular payment by kiosk, in order to make them aware of the many different, and very accessible, alternative methods of payments available to them.

The staff in customer services are always available to advise on the methods of payments available and will support customers in making the switch to another payment method.

Wider communications around the different payment options will also be available in the Community Hubs, where the payment kiosks are situated.

In addition, the Community Hubs have many personal computers that can be utilised to make payments digitally via the 'Pay for it' page on the Authority's website, should customers still wish to visit and make a payment in the Community Hubs.

## **1.6 Decision options:**

The following decision options are available for consideration by Cabinet

Option 1: To agree the recommendations at 1.2 of this report.

Option 2: Not to agree the recommendations at 1.2 of this report.

## **1.7 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

- 1) The Strategy aligns with the Authority's wider strategies: the Customer Promise, Digital Strategy and Digital Inclusion Strategy, which are the drivers for providing accessible digital services.
- 2) Kiosk transactions are diminishing, which indicates this is not a preferred method of payment for the majority of customers and is now one of the most expensive payment options.
- 3) The kiosk payment offer, does not provide the Authority, and therefore its customers, with value for money, when there are many other accessible payment options available to customers.
- 4) If payment kiosks were to be retained, the Support and Maintenance contract would need to be put a place to remain PCI compliant at an additional cost.
- 5) Not providing a kiosk payment offer would provide budgetary savings at a time when budget savings are important.

6) Not having a kiosk payment offer would not remove accessible payment options as the customer can still use other accessible options including at the Community Hubb to make a payment online.

## **1.8 Appendices:**

Appendix: The North Tyneside Council Customer Payment Strategy.

## **1.9 Contact officers:**

Jon Ritchie – 0191 643 5701

Scott Rennie – 0191 643 7014

Jessica Little – 0191 643 5715

## **1.10 Background information:**

The EQIA that has been carried out for this report and Strategy is here.

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

If Cabinet approval of the Strategy and subsequent kiosk removal, this would lead to a direct cost savings of £12,000 (Support and Maintenance cost for 1 year). This saving could be made, and still retain many payment options for customers, all of which are accessible.

Subject to approval, this saving would be achieved in the 2024/25 financial year.

It should be noted that there will always be additional cost associated with the removal of the kiosks, whenever that takes place.

### **2.2 Legal**

As stated in the report, if the Payment Strategy is accepted, all payment methods will need to be compliant with payment regulations such as the Direct Debit Guarantee and The Payment Card Industry Data Security Standard.

The Authority has a statutory duty under the Data Protection Act 1998 and General Data Protection Regulation to ensure that the payment systems and processes it adopts conform to the requirements and safeguards which must be applied to personal data to ensure the rights and freedoms of customers are not compromised, and that personal data held by the Authority is securely stored and not shared, otherwise than in accordance with the law.

## **2.3 Consultation/community engagement**

### **2.3.1 Internal Consultation**

Internal consultation has been carried out with the Lead Cabinet Member for Finance and Resources which is the Directorate that has responsibility for the development of the Strategy and management of the Payment Kiosks.

Internal consultation has also taken place with the Mayor and Deputy Mayor, and colleagues across Finance and Resources, Customer Service, Sport, Leisure and Libraries (who manage the Community Hubs) who have helped in the develop of the Strategy.

### **2.3.2 External Consultation/Engagement**

Information on alternative payment methods is available to customers from staff in Community Hubs and Customer Service.

Discussions have taken place with the Director of North Tyneside Citizens Advice around the development of the Strategy, and potential impact on customers if approved. He is in agreement to the way the Council is moving with regards to value for money payment offer, and the Strategy that supports this.

A full communications plan will be developed to ensure residents and stakeholders are aware of any changes to payment methods.

## **2.4 Human rights**

There are no human rights implications directly arising from this report.

## **2.5 Equalities and diversity**

An Equality Impact Assessment (available in the background documents) has been carried out and it concluded that should Cabinet agree the Strategy and



therefore there is no longer a need for payment kiosks, there is no evidence to demonstrate that anyone who has a protected characteristic would be disproportionately impacted.

This is because there are many payment opportunities including the same opportunity to make a payment at a Community Hub via the 'pay for it' Page on the website.

Any customer who needs support will be offered this through staff in our Community Hubs and customer services.

**2.6 Risk management**

There are no human rights implications directly arising from this report.

**2.7 Crime and disorder**

There are no crime and disorder implications directly arising from this report.

**2.8 Environment and sustainability**

There are no environment and sustainability implications directly arising from this report.

**PART 3 - SIGN OFF**

- Chief Executive  X
  
- Director(s) of Service  X
  
- Mayor/Cabinet Member(s)  X
  
- Chief Finance Officer  X
  
- Monitoring Officer  X

- Interim Director of  
Corporate Strategy &  
Customer Service

