

Review into Payment Modernisation Across Key Resident Services WITNESS SESSION: Current and emerging payment methods

Committee name	Residents, Education & Environmental Services Policy Overview Committee
Officer reporting	Annette Reeves - Finance / Neil Fraser - Democratic Services
Papers with report	Appendix A - Breakdown of payment methods Appendix B - Chip and Pin Sites Appendix C - Cash Collection Sites Appendix D - Cost Comparison
Wards	All

HEADLINES

To provide the Committee with information on current payment data and back office technologies used to support the Committee's review, providing a baseline of where we are now. The report also highlights some emerging technologies that Members may wish to explore further.

Annette Reeves, Finance Manager - Control Accounting, will attend this witness session to answer any questions Members have on existing payment practices, back office systems and services provided by the Council.

RECOMMENDATIONS:

That the Committee note the report and seek the necessary information from officers in support of their ongoing review.

SUPPORTING INFORMATION

Background

In 2010 the Council purchased a number of modules from CAPITA; an income management system, a cash receipting system and payment modules. The payment modules accept card payments online, via touchtone (automated telephone payments), via the contact centre and by chip and pin. These modules integrate with the CAPITA Income Management system which generates export files for the General ledger and other client systems. CAPITA is a payment service provider (PSP).

The CAPITA income management system provides for a large volume of income to be posted automatically into the general ledger and into client systems. It should be noted that for new payment systems, integration with the CAPITA modules would alleviate the need for additional back office processing.

A breakdown of method of payments for a sample of Resident Services is shown in Appendix A.

A breakdown for the library service has not been included as currently it is only possible to pay by cash or cheque. Almost 100% of the card income for Planning is via their portal.

Card Processing

Residents can now pay for over 50 Council services by credit or debit card using varying methods; touchtone, internet, MOTO (over the phone), and chip and pin (includes contactless).

In addition, the Council accepts contactless payments (including Apple Pay) at 19 sites across the Borough (Appendix B). Contactless is now a mainstream way of paying, and is also rapidly expanding as a technology. Payments are becoming increasingly common not only on cards but also on wearable and mobile devices. Seven of these sites use stand alone chip and pin devices which are rented and which do not integrate with the Council's CAPITA modules, but which meet the service need. (The CAPITA paye.net solution is a slow option for cardholder present transactions).

The Council is currently piloting a tablet EPOS (Electronic point of Sale) till solution in the Registrars' office. This solution integrates with the Council's CAPITA Income Management system and would be an alternative for the stand alone chip and pin devices.

The Council also uses other third party Payment Service providers (PSPs) for Parking Penalty Notices, for online theatre ticket purchases and for Cedars and Grainges car parks pay on foot facility. These systems are not integrated with the CAPITA Income Management system. All the PSPs used by the Council are fully PCI DSS (Payment Card industry Data Security Standard) compliant. The Council uses a Qualified Security Assessor (QSA) to report its own PCIDSS compliance annually.

Some services provide for card payments through portals which connect to the CAPITA web payment page on the Council's website.

The Council saw a 3.5% increase in card payments between 2016/2017 and 2017/2018 (279 thousand transactions increasing to 289 thousand). For this financial year this is estimated to rise to 322 thousand; an increase of 10%.

Cash and Cheque

The Council accepts cash and cheque at various sites across the Borough. Cash and cheques received at the Civic Centre are processed in the cashiers back office using the CAPITA cash receipting module. Outstations that bank cash and cheques complete online banking slips using CAPITA e-returns. The Council's security carrier contractor collects from 29 outstations and the Civic Centre (Appendix C). Cash collections currently cost £15 per collection (excludes car parking).

There is also a kiosk in the Civic Centre reception area at which residents can pay for Council Tax, Rates, Rents, Parking fines, Litter fines and Social Services debtors. The kiosk only accepts cash.

Cost Comparison

Appendix D shows the cost of processing different methods of payment. It should be noted that the cost of processing cash and cheque does not include the employee cost of processing or the cost of collection. Card charges are made up of three elements; the Merchant Services Providers' transaction charge, the Scheme fee (imposed by Mastercard and Visa), the Interchange fee (the fee paid by the retailer's bank to the cardholder's bank). Interchange fee levels vary depending on the type of card and its' associated risk.

Payments Service by gov.uk

In a bid to standardise payment pages in the public sector, the government have launched their own payment platform which provides the software and part of the Payment Services Provider function. If this platform were to be used, the Council would still need to contract with a PSP and currently gov.uk do not integrate with CAPITA.

Smart Mobile

Members may wish to note other technology, such as Smart Mobile, which is CAPITA's app that allows staff to take card payments wherever required. For example, on the street, at one off events or on the customers' doorstep. Payment is taken using a bluetooth device and a receipt can be emailed or printed using a bluetooth printer.

Chatbots / use of Artificial Intelligence

Members may wish to note emerging technology that is evolving regarding payment options, such as Chatbots, as a way of improving user payment experience using Artificial Intelligence (AI).

A chatbot is a computer program or an artificial intelligence which conducts a conversation via auditory or textual methods. Chatbots are typically used in dialog systems for various practical purposes including customer service or information acquisition.

While chatbots are still in their infancy, examples of chatbots currently in use include Amazon's Alexa or Apple's Siri. Last year, brands including AirBnB, Evernote, and Spotify started using chatbots on Twitter to provide 24/7 customer service. The goal of these customer support chatbots is to quickly provide answers and address customer complaints, and in doing so make considerable cost savings. The cost to set up a chatbot service is often less than the cost to set up a single call centre, and a good chatbot will be able to resolve 80% of the queries and recognize quickly when the customer needs human intervention. Chatbots are slowly replacing existing 'live chat' services that many companies use with a human employee at the other end of the messaging interface with the user.

Many companies, including banks and credit card providers, are now looking to use chatbots to take payments, and various models are being created, including the storing of payment data in the messaging platform to allow payment with any current payment method, like a credit card or PayPal. This means that users need only share their payment information with a single provider. This method is currently used by Uber, via Facebook Messenger integration.

Alternatively, Chatbots themselves could also be designed to receive payments via a central platform operator using payment data. It would also be possible for chatbots to replace retailer-

specific apps, and for these chatbots themselves to contain payment functions. The chatbot would approach customers and offer them a convenient way to pay; this is the concept of 'conversational commerce' via a users' computer, mobile or other smart device. Of course, any chatbot payment system would need to be robust and secure so that residents and customers can make payments in confidence.

The cost to set up a chatbot service depends on the type of chatbot being created. For example, a simple Facebook Messenger Chatbot for a small to medium business would likely cost between £2,500-£4,000, while large enterprises can often pay upwards of £40,000 for such a service. Costs will vary based on the industry, company/organisation size, and requirements of the bot.

This is still in its infancy across the public sector, and Members will be conscious of the wider debate, concerns and also opportunities about moves to automate services, reducing reliance on direct human interface.

Implications on related Council policies

A role of the Policy Overview Committees is to make recommendations on service changes and improvements to the Cabinet who are responsible for the Council's policy and direction.

How this report benefits Hillingdon residents

None at this stage, pending any findings approved by Cabinet.

Financial Implications

It is important that the Committee consider cost effective proposals that benefit resident taxpayers in relation to this review, which would ultimately be determined by Cabinet as part of the Council's broader budget planning process.

For background financial information, the cost of the CAPITA bluetooth EPOS till solution is £1,820 per unit. Annual licence costs are £405 and optional maintenance support is £220 per annum. Installation is £1,045 per day (up to 4 devices).

The initial set up fee for the CAPITA SmartMobile solution is approximately £6,500 depending on the number of devices. The chip and pin device costs £250 with annual licence / maintenance charges of £625 per device.

Any payment solutions that automate processing, i.e. chatbots may require start-up costs, but could potentially reduce the need for manual inputting and may result in back office cost savings depending on the service area.

Legal Implications

None.

BACKGROUND PAPERS

NIL.

BREAKDOWN OF PAYMENT METHODS

Appendix A

2017/2018	CASH & CHEQUE	CARD	LIBRARIES CASH	BACS	TOTAL
	£	£	£	£	£
PARKING SERVICES					
Car Parks - Pay and display	3,066,717	0	0	0	3,066,717
Parking Waiver	57,570	74,940	0	0	132,510
Resident Permits	36,114	151,412	58,390	0	245,915
ADULT LEARNING CENTRES	44,783	283,926	0	1,424,572	1,753,280
GOLF COURSES	318,934	362,454	0	0	681,388
RURAL ACTIVITIES GARDEN CENTRE	34,039	28,862	191	0	63,093
NEW YEARS GREEN LANE	0	650,903	0	0	650,903
PLANNING	997,973	764,838	0	1,345	1,764,156
BREAKSPEAR CREMATORIUM	1,823,635	205,082	0	377,603	2,406,320
STREET ENFORCEMENT (includes £25k cash paid into the kiosk)	45,466	173,079	0	0	218,545

Integrated with CAPITA:

- Council Tax Reception
- Breakspear Crematorium
- Registrars
- Hayes Early Years
- South Ruislip Early Years
- Uxbridge Early Years
- Brookfield ALC
- Harlington ALC
- Ruislip Manor ALC
- South Ruislip ALC

Stand alone terminals:

- New Years Green Lane
- RAGC
- Ruislip Golf Course
- Uxbridge Golf Course
- Northwood Golf Course
- Winston Churchill
- Compass Theatre
- Bunker Visitor Centre

Golf Courses

Ruislip Golf Course
Uxbridge Golf Course
Northwood Golf Course

Libraries

Hayes Library
Oak Farm Library
Eastcote Library
South Ruislip Library
Yiewsley Library
Manor Farm Library
Ruislip Manor Library
Harefield Library
Hayes End Library
Harlington Library
Ickenham Library
Charville Library
Northwood Hills Library
Northwood Library
West Drayton Library
Yeading Library
Uxbridge Library

Adult Learning Centres

Brookfield ALC
Harlington ALC
Ruislip Manor ALC
South Ruislip ALC

Other

Civic Centre
Compass Theatre
Rural Activities Garden Centre
Queenswalk Resource Centre
Breakspear Crematorium
Bunker Visitor Centre

COST COMPARISON

Appendix D

Method of Payment	Cost per transaction	Cost of processing a £20 payment
Direct Debit	£0.01	£0.01
Cheque	£0.06	£0.06
Bulk cash (cash collected)	Free under current contract	Free
Card Payment	£0.05 + minimum of 0.46% of payment value	£0.14 (minimum)