

Business Support Overview and Scrutiny Committee

BRIEFING NOTE – No. 5/13

Date: 24 April 2013

Briefing paper to: All Members of the Business Support Overview & Scrutiny Committee

Purpose:

At the committee meeting on 3 April 2013 under the item with the Portfolio Holder for Finance in attendance, Members asked for further information on the following:-

- a) **The potential level of Council Tax that may not be collected following the localisation of Council Tax**
- b) **The systems used for card payments and the level of compliance with the RCI DSS standards**

In addition, the Committee expressed concerns that the Customer Contact Number provided unhelpful information regarding Council Tax

The following briefing note provides an update on the above issues:

The potential level of Council Tax that may not be collected following the localisation of Council Tax

The total new council tax levied upon those previously in receipt of Council Tax Benefit is £3.1 million. At this stage it is not possible to have any precision as to how much of this will be uncollected. However the Council has considerable powers available to enforce collection including attachment against other benefits. Whilst this may mean a protracted collection it would not result in a write-off of the debt. It is easy to speculate what the cost of non-payment may be i.e 50% would be £1.55m but this is too simplistic as an approach. The reality will be informed by the collection history for these debts and clearly it is too early in the timescale for that to be apparent.

The systems used for card payments and the level of compliance with the RCI DSS standards

Appended to this briefing note is a copy of the 'Exception Request To Contract Procedure Rules'. (EXEMPT INFORMATION) This information was previously circulated to members of the Audit Committee in 2012 but was not sent to substitutes. The following also sets out the basis of a briefing provided to the Better For Less Implementation Board on this topic later in the year:

Background

All organisations that take credit or debit card transactions need to be PCI DSS (Payment Card Industry Data Security Standard) compliant. This standard ensures the safety and integrity of customers credit/debit card details and Medway has been working towards full PCI DSS compliance. A PCI DSS project board was established and a Project Manager was appointed to manage the overall process. The project has, for various reasons, suffered delays but was most recently working towards achieving compliance by spring 2012. However, when the project was within a few months of completion the payment card industry changed the standard dramatically, as a result of these changes if we had gone ahead with the planned implementation then we would have incurred additional costs to the authority and would have only been compliant for a matter of months. Our existing partner for our current payment system needed a substantial upgrade of the soft and hardware including new Chip and Pin readers to achieve compliance. The new PCI compliance deadline set by the industry was December 2012. In March 2012 the project manager resigned and took up a post in another organisation.

Current Position

As the new standard had a major impact on the payment system being purchased procurement advice was that it was appropriate to place the contract out to tender. Our existing partner is a major player within this specialist market of payment systems within a local authority environment. We sought suppliers from an established Government framework and from this framework Civica was the only supplier able to provide a suitable solution. We therefore moved forward to agree a new ten-year contract with the existing supplier with two yearly break clauses.

The supplier has suggested a go-live date of mid May 2013, however, following negotiation with Officers we have agreed a mid-March go-live. If however, this deadline slips we will need to revert to the mid-May deadline due to year-end commitments. This could therefore have implications upon the phase 3a of Better for Less project. Clearly the Payment system project board will need to communicate effectively with the Better for Less board on progress of this project.

At this stage the new contract with Civica has not yet been signed. We have taken advice from Devonshires (Legal Advisors) who have made a number of amendments to the contract. We have a planned conference call with Civica on the 12th October to reach agreement on the detail of the contract, which hopefully will result in the signing of the contract.

From the 1st October 2012 a new Project Manager, Paul Farmer, has been appointed and commenced work, on a three days a week basis, to manage the process and see completion by Mid March 2013.

Impacts with Better for Less

As highlighted above this project will have implications on the Better for Less project, in particular phase 3a. The priority for the PCI DSS project is to establish the authority as fully PCI DSS compliant. In order to do this we are focussing on establishing a compliant platform for the payment processes that are currently used. We are establishing a solid base for the status quo and once this is firmly embedded we will then have a strong base to build and expand upon. The system does have the ability to update customer systems either in real time or on a daily basis. The choice is reliant on customer choice, feasibility, and practicality. Prior to the full installation of the hosted system a health check will be undertaken to establish the most relevant methods. This can be built upon in the future.

Civica have been contacted and have agreed to carry out a demo and presentation of the hosted system in order that members of the Better for Less board can attend along with other interested parties. Civica will be sending through potential dates shortly.

However a major concern with the existing processes is our telephone recording. One of the demands of PCI DSS compliance is that payment card numbers (PCNs) are not audio recorded, If they are then they should be kept in a suitably secure environment. The authority therefore needs to establish a manner by which is ensure that recorded telephone conversations do not record the details of customers card numbers or if that is not practicable the secure storage of the tapes needs to be verified as compliant with PCI DSS standards.

Current Position

The contract with Civica is now in place and whilst the mid-march implementation date was not possible to achieve because of the conflict with year-end processes and the unacceptable risk that posed, the project is now on course to go live on 19 June with a waiver from the bank for non-compliance to the end of June.

Concerns that the Customer Contact Number provided unhelpful information regarding Council Tax

Members are advised that the 332222 number contained the following scripted reply:

'From 1st April 2013, Council Tax benefit has been abolished this has been replaced by Medway Council Tax Reduction Scheme. For further information on the Council Tax Reduction Scheme, press 9

Entitlement for working age customers will be assessed using 75% of the council tax liability. If in the past you did not pay council tax because you were in receipt of full Council Tax Benefit, from the 1st April 2013, you will receive a council tax bill for at least 25% of the annual council tax charge on your property.

These changes are as a result of changes to council tax legislation and a Medway Council consultation. This charge cannot be disputed directly with Medway Council. If you disagree with these changes, you may wish to take the matter up with your local MP or Councillor. If you would like to find out more information on who your local government representative is this information is available on our website www.medway.gov.uk '

Whilst the scripted response is correct in that the application of the charge cannot be disputed as it is the result of national legislation and the implementation of the locally agreed scheme, there are avenues open to appeal against the assessment or indeed to make an application for hardship relief. The reference to councillors and MP's is pointed at the policy rather than the application. However it is clumsy wording and it will be removed from ...Medway Council consultation.

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