

# Cheque Usage in UK Councils

## Summary Report

# 1. Introduction

Although the UK Government has now scrapped plans to phase out cheque usage in UK Councils by 2018, cheques, as a costly and labour-intensive method of payment, are gradually being replaced across the UK's local authorities by BACS, card payments and other money-saving technologies.

Our research aims to compare the number of cheques issued and received by 430 UK Councils between the financial years 2009/10 and 2010/11, identifying where Councils are reducing or increasing the number of cheques they issue and receive, to draw conclusions on the trends of cheque usage in UK councils. We also aim to identify, from the 2010/11 data, the variations in the volumes of cheques issued and received across UK Councils, to expose where there are opportunities for money-saving technologies to be introduced.

# 2. Findings

Of the 430 Councils contacted, the majority of the Councils (370), have been able to provide full information on the number of cheques they issued and received in 2010/11. Thirty four were only able to provide data on the number of cheques issued by their Councils, and 26 Councils could not, or did not, provide any data.

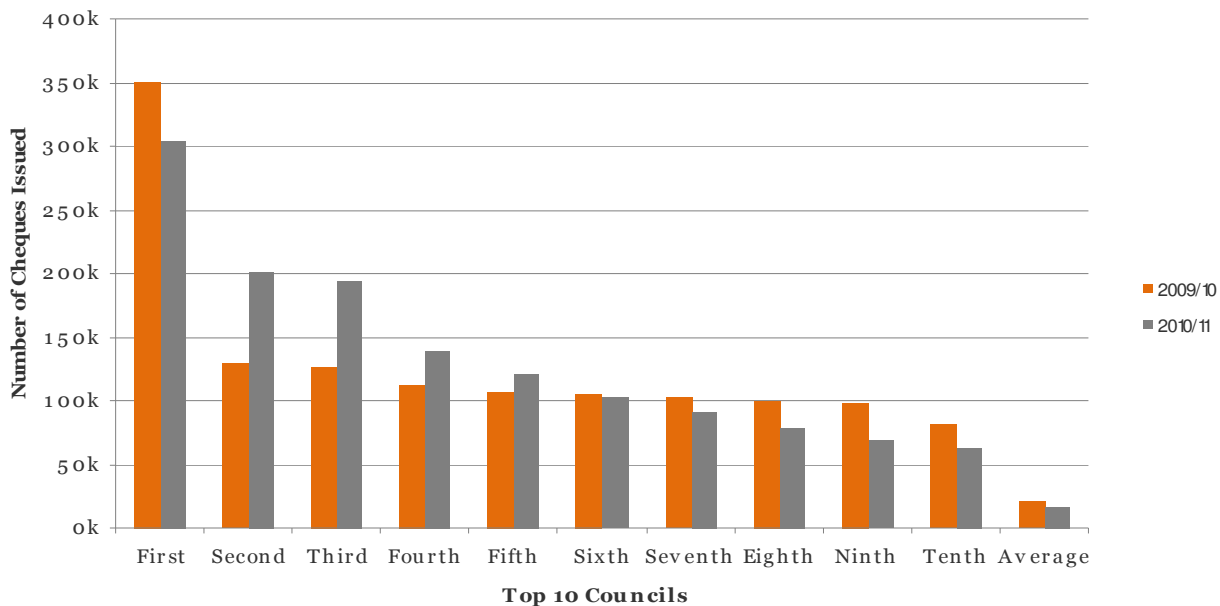
## Stage one: Comparison of 2009/10 data to 2010/11 data

### Key research findings for cheque issuance:

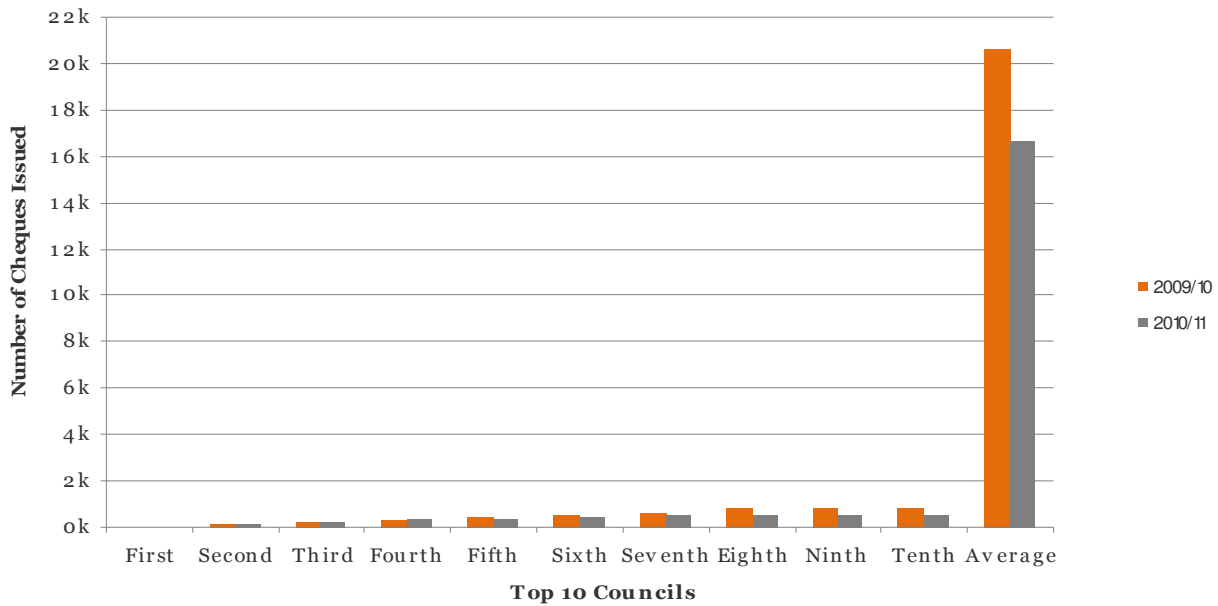
One Council issued the most cheques for both 2009/10 (350,505 cheques) and 2010/11 (decreasing to 304,790 cheques). Five of the same Councils are in the list of top 10 Councils issuing cheques for both 2009/10 and 2010/11, with four Councils decreasing the number of cheques they issued. This suggests a trend of cheque issuance decreasing, also shown by the average for the bottom 10 issuing Councils decreasing from 470 cheques issued per Council in 2009/10 to 373 in 2010/11.

One Council did not issue any cheques for 2009/10 or 2010/11, issuing the least amount of cheques for both years. Five of the same Councils are in the list of bottom 10 Councils issuing cheques for both 2009/10 and 2010/11, with four Councils decreasing the number of cheques they issued. This indicates that there is a general trend for the decrease of cheques issuance in UK Councils.

**Comparison of top 10 Councils issuing cheques**



### Comparison of bottom 10 Councils issuing cheques



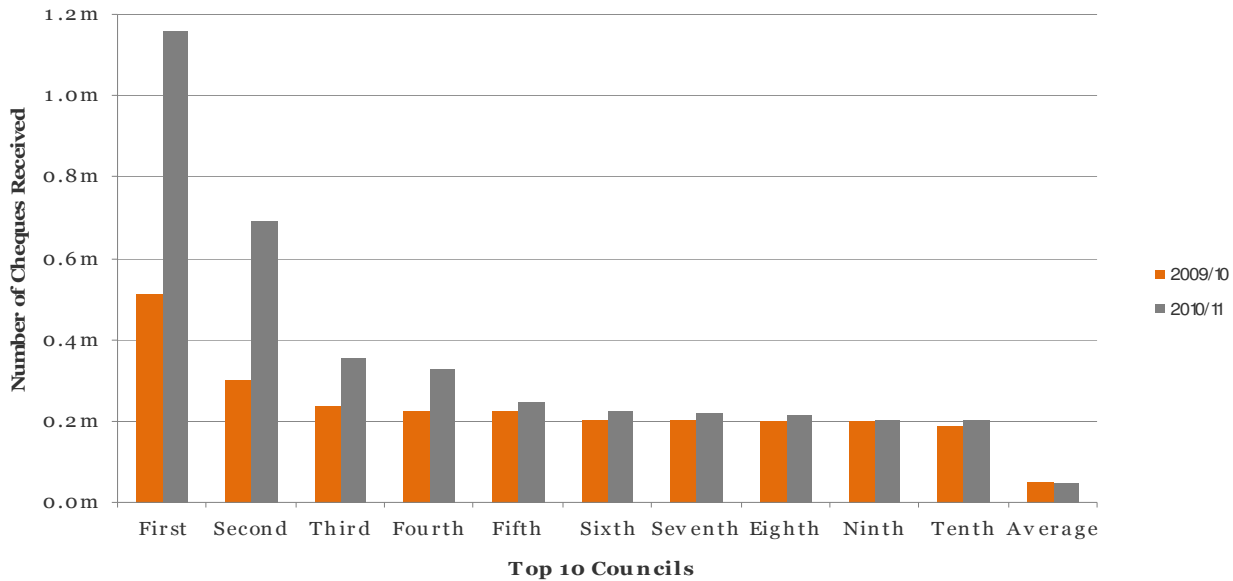
NB: The Average represented on these graphs is for all Councils who returned cheque issuance data.

**Key research findings for cheque receipt:**

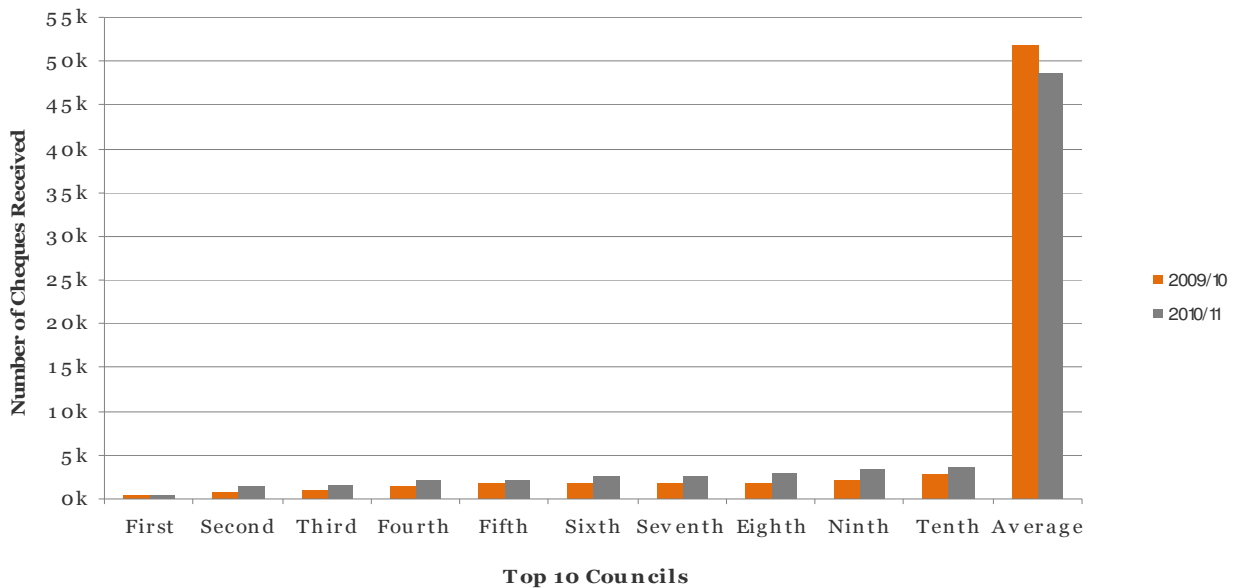
The Council that received the most cheques for 2009/10 received 512,000, whereas the Council that received the most for 2010/11 received almost double that, totalling 1,158,104 cheques. The average number of cheques received per Council by the top 10 receiving Councils has increased from 248,917 in 2009/10 to 370,958 cheques in 2010/11. The same can be said of the bottom 10 receiving Councils, with 1,572 cheques being received on average per Council for 2009/10, increasing to 2,187 in 2010/11.

Our data suggests that there is a general trend for UK Councils increasing the number of cheques they receive. The Council that received the fewest cheques for 2009/10 received 300, while the Council that received the lowest number of cheques for 2010/11 received 416, showing an increase in the number of cheques received for the Councils with the lowest cheque receipt.

**Comparison of top 10 Councils receiving cheques**



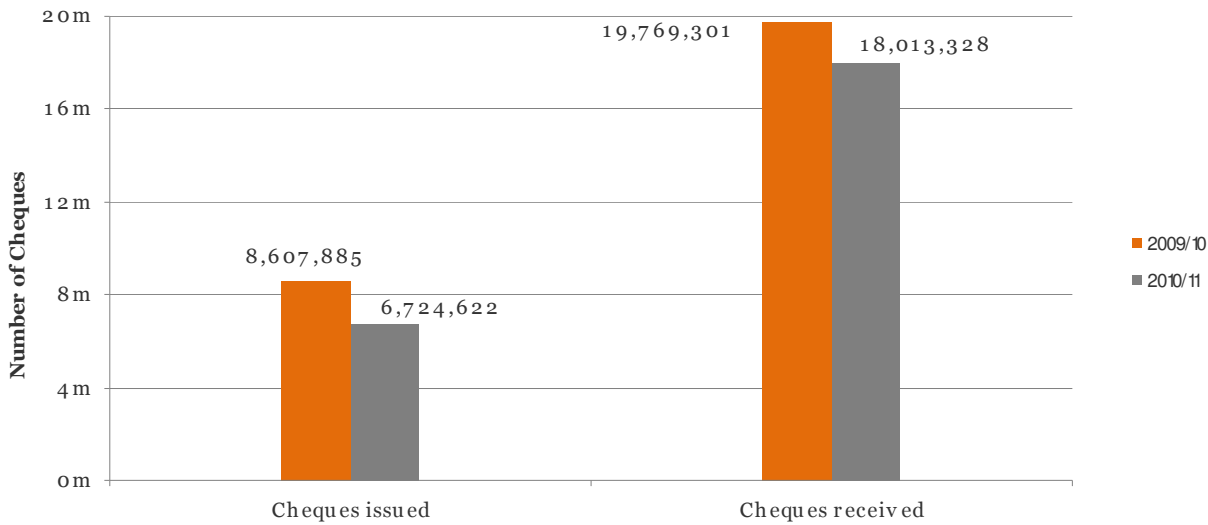
**Comparison of bottom 10 Councils receiving cheques**



NB: The Average represented on these graphs is for all Councils who returned cheque receipt data.

**Key general research findings:**

**Comparison of totals for cheques issued and received by Councils**

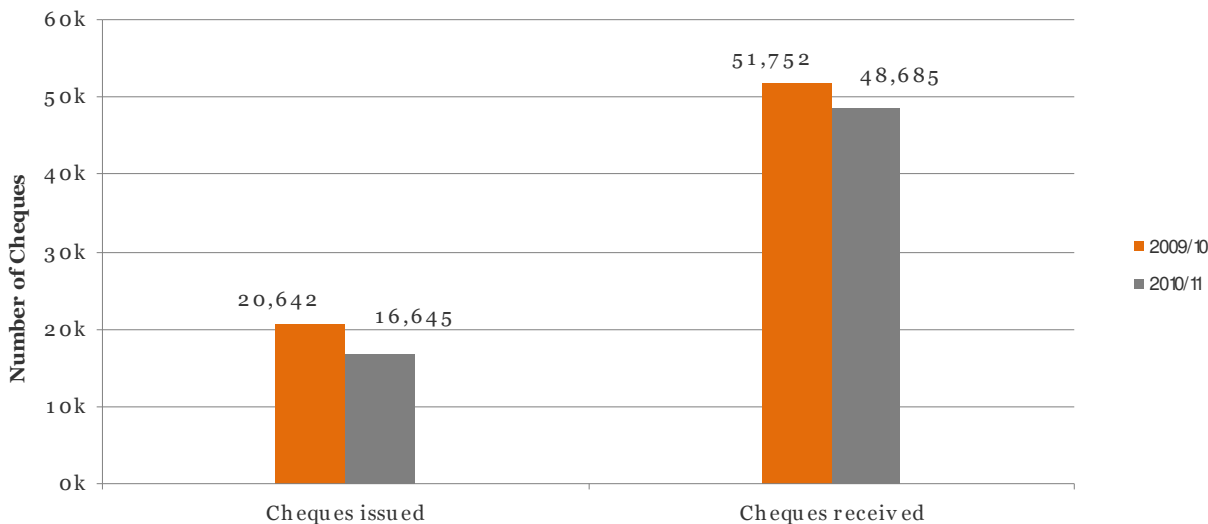


The total number of cheques issued by UK Councils for 2010/11 was 6,724,622, decreasing by 22%, from 8,607,885 cheques in 2009/10. The average number of cheques issued per Council for 2010/11 totalled 16,645, showing a decrease by 19%, from 20,642 cheques in 2009/10.

The total number of cheques received by Councils for 2010/11 was 18,013,328, decreasing by 9%, from 19,769,301 cheques in 2009/10. The average number of cheques received per Council for 2010/11 totalled 48,685, showing a decrease of 6%, from 51,752 cheques in 2009/10. Both the average number of cheques issued and received by Councils has decreased from 2009/10 to 2010/11.

One Council is present in both the list of top 10 receiving and top 10 issuing Councils for 2009/10 and 2010/11. There are also a number of other Councils who appear in the majority of the top 10 lists, suggesting that these Councils have done little to reduce the number of cheques they process. These Councils provide opportunities for the introduction of new payment solutions, or the promotion of existing ones, such as BACS, to cut costs and improve efficiency.

**Comparison of averages for cheques issued and received by Councils**



## **Stage two: Analysis and aggregation of the 2010/11 data**

### **Key research findings for cheque issuance:**

Our research has shown significant variances between Councils, with one Council issuing the largest number of cheques in 2010/11, (304,790), and another Council issuing not a single cheque for the same period. The latter Council has claimed that its policy has been driven by the “decision to deliver operational savings to benefit the council tax payer.” According to the Council, “it is substantially cheaper to send a large BACS file than it is to print cheques and incur the expense of stationery and postage.”

### **Key research findings for cheque receipt:**

Our research also shows there are significant variances between Councils receiving cheques, with one Council receiving 1,158,104 cheques for 2010/11, compared to another Council only receiving 416 cheques.

### **Key general research findings:**

The total number of cheques issued for 2010/11 was 6,724,622, with the average number of cheques issued per Council totalling 16,645. The total number of cheques received by Councils for 2010/11 was 18,013,328, with the average number of cheques received per Council totalling 48,685. One hundred and eighteen Councils issued, and 103 Councils received above the average number of cheques for 2010/11. In these Councils there is an opportunity for the introduction of new payment solutions, or the promotion of existing payment methods, such as BACS, to cut costs and reduce inefficiency.

## **3. Conclusions**

The UK Government has now scrapped plans to phase out cheque usage in UK Councils by 2018, but many Councils are still trying to reduce the number of cheques they process as it is an expensive payment method, and they need to cut costs and increase efficiency to meet the Government’s target of reducing Council’s running costs by 50% by 2014.

Our research shows that, although there are large variances in the number of cheques issued and received across UK Councils, the trend in cheque usage indicates a general decrease in the number of cheques received and issued per Council from 2009/10 to 2010/11.

The top 10 received, top 10 issued and bottom 10 received lists saw an increase in the average number of cheques processed per Council from 2009/10 to 2010/11, indicating opportunities for cutting costs and improving efficiency by changing the preferred payment method of cheques in many Councils, especially as a number of the same Councils appear in the top 10 lists in both financial years and may need advice instigating change.

Although the UK Government no longer aims to phase out cheque usage in UK Councils, it is still a key area where Councils can reduce their costs and increase productivity, as each cheque costs approximately £1 to process. The general trend identified by our research suggests Councils are limiting the amount of cheques they process, and can continue doing this by introducing new payment solutions or promoting existing, less expensive, payment methods to their clients.