

<b>Subject:</b>	Cash Collection and Cash & Valuables in Transit		
<b>Date of Meeting:</b>	19 March 2020		
<b>Report of:</b>	Acting Chief Finance Officer		
<b>Contact Officer:</b>	<b>Name:</b>	Lorraine Kuhler	<b>Tel:</b> 01273 291369
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<b>Ward(s) affected:</b>	All		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The council currently has a contract with BDI Securities UK Limited to provide a Cash Collection and Cash & Valuables in transit service which is due to expire on 3rd August 2020.
- 1.2 The purpose of this contract is to ensure that monies collected in various council buildings across the city, as well as approximately 150 parking machines are banked securely and efficiently. It also enables cash and valuables to be delivered to various council sites in a secure and timely manner.
- 1.3 The contract is managed and monitored corporately by Orbis Business Operations. Services currently utilising the contract are (this list is not exhaustive):
  - Parking
  - Royal Pavilion
  - Social Care Services (Children and Adults)
  - Libraries
  - Nurseries

**2. RECOMMENDATIONS:**

- 2.1 That Policy & Resources Committee approves the procurement and award of contract for a Cash Collection and Cash & Valuables in Transit service for an initial term of 2 years, commencing on 4th August 2020 with an option to extend for a further period of 2 years.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 In August 2014 Brighton & Hove City Council entered into a contract with BDI Securities Ltd for its cash collection and cash & valuables in transit services. This was a 24-month contract that was performed to a high standard and was followed by a mini-competition procurement process to re-tender in 2016.
- 3.2 For the 2016 procurement process, Brighton & Hove City Council accessed the Eastern Shires Purchasing Organisation framework for Cash Collection and

Cash & Valuables in Transit services. Following a robust evaluation, BDI Securities Ltd were successful and were awarded a 2+2 year contract. The extension period has subsequently been utilised and therefore the contract is due to expire August 2020.

- 3.3 BDI securities take all departmental cash and cheques direct to the council's bullion centre and the income is banked directly to our bank accounts with Lloyds Bank. Parking income is collected, counted and banked, then passed to our bank account within 10 working days. This key performance indicator (KPI) has been met throughout the duration of the contract.
- 3.4 Compared with previous contracts, the current BDI contract requires all corporate cash collected to be taken direct to the council's registered bullion centre and banked direct to the BHCC account, leaving only the parking machine income to be processed by the carrier and open to potential risk, which is approximately a weekly value of £0.030m. This considerably reduces risk compared to previous contracts where up to £0.250m per week was processed by the carrier. This reduction in risk also reflects the reduction in the number of parking meters accepting cash.
- 3.5 Quarterly service review meetings have been held throughout the contract to monitor the Service Level Agreements (SLAs) and KPIs agreed with BDI Securities Ltd for the performance of the service. Discussing and resolving any issues, upcoming changes and challenges as they arise ensures effective management and performance of the contract. Whilst the contract is managed by Business Operations, Parking Services and corporate Finance also attend the service reviews as key stakeholders. This has enabled an improved and effective relationship with the security carrier. There have also been various improvements to the service within the past couple of years, including the installation of dash-cams to the BDI vehicles. This ensures that the council is not incurring costs for collections that could have taken place but did not and this requirement will be built into the new specification as a default.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

##### **Preferred Option: Mini-Competition via an Existing Framework**

- 4.1 In accordance with the council's Contract Standing Orders (CSOs) and the Public Contracts Regulations (PCR) 2015, the framework offers an OJEU compliant route to market with contract terms and conditions already agreed by all suppliers admitted to the framework. A national framework may also provide better value for money for this type of service due to economies of scale. The framework also has template documents that can provide a quick turnaround when drafting tender documents. A typical mini-competition may take 3 to 6 months compared to a full OJEU tender that could take up to 12 months
- 4.2 **Alternative option: Insourcing of services**
- 4.3 This would be a very complex service to deliver in-house for a number of reasons, the main concern being a lack of expertise in this industry and therefore an inability to even specify the full service requirements. The main concerns and barriers would therefore be:

#### 4.4 **Vehicles:**

A fleet of secure vehicles, meeting industry standard, would need to be purchased and maintained to hold and transport the cash & cheques collected. The vehicles are highly modified and relatively expensive and therefore financing is generally only viable for large scale operators utilising vehicles across a number of customers and contracts.

#### 4.5 **Secure Premises:**

A secure location and premises for the vehicles to return to and count and store the collected cash in preparation to be banked, as well as a secure location to keep the vehicles. There would be insurance implications to both of the above.

#### 4.6 **Professional requirements/registrations:**

The employer would be required to ensure all employees had relevant professional and operational training and requirements such as Security Industry Standard (SIA) licenses, clean driving licenses etc. As mentioned above, the council does not currently have the expertise in-house to determine these requirements. In contrast, the framework, developed by experts, ensures that these and other requirements have already been met by any contractor who has successfully registered on the framework.

#### 4.7 **Audit:**

Exposure of large volumes of cash together with lone working mean that complex internal controls and processes would need to be put in place to ensure security of collection, transportation and depositing of cash and valuables. Again, expertise does not currently exist in the council. Not putting in effective controls would be likely to invalidate insurance claims for losses or thefts whereas external contractors already have certified processes.

#### 4.8 **Implementation timeframes:**

There is only 5 months between now and the current contract expiring; this is not enough time to address the considerations highlighted above. The council would need to appoint or commission a range of external expertise to enable it to develop an in-house service which would be an additional expense and require many months to undertake.

#### 4.9 **Value for Money versus other benefits:**

Large security carrier operators are able to spread the cost of secure vehicle storage, secure premises, vehicle acquisition, operator equipment and training, as well as head office costs, over a large number of contracts to offer competitive pricing and value for money. The council would not be in this position. Cash is also a reducing commodity and the contract will accommodate this in the pricing, while an in-house service would suffer increasing unit costs unless it were able to reduce vehicles and staffing, etc. accordingly. An in-house service would bring social value and community wealth building benefits but many these can also be gained from a contractor by working with them to ensure they understand the council's priorities and values.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 Engagement has taken place with Parking Services as this contract is critical to their income collection from both parking machines and corporate car parks and their budget funds the majority of this contract cost.
- 5.2 It is not felt necessary for community engagement to take place regarding this contract renewal, however, social value considerations will be included as part of the mini-competition.
- 5.3 The options above were discussed with the Procurement Advisory Board on 27 January 2020 and the board agreed with the rationale for the preferred option.

## **6. CONCLUSION**

- 6.1 This contract is fundamental to ensuring the secure transportation and banking of the council's cash and cheque income. Utilising a framework will allow the council to complete a mini-competition between recognised and professional contractors, to procure and award a contract for Cash Collection and Cash & Valuables in transit.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### **7.1 Financial Implications:**

The current annual value of this contract is approximately £0.240m, supporting annual cash and cheque collection exceeding £5m. It is hoped that moving to a new Central Purchasing Body framework will lead to further economies of scale and contract savings, though it is noted that the terms and details of the new framework are yet to be released.

*Finance Officer Consulted: Peter Francis*

*Date: 17/02/20*

### **7.2 Legal Implications:**

Public Contracts Regulations 2015 apply to the procurement and award of a call off contract from a framework agreement above the relevant thresholds for services, supplies and works. PCR 2015 defines a framework agreement as 'an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quality envisaged.' The process to award a contract framework agreement should be run in accordance with the Regulations as well as the council's Contract Standing Orders (CSOs) and the Framework process.

*Lawyer Consulted: Barbara Hurwood*

*Date: 09/01/20*

### 7.3 Sustainability Implications:

Sustainability will be taken in to account as part of the tender process including the proximity of the provider's fleet and staffing to Brighton and Hove and assurances regarding effective route planning, low emission security vehicles, and minimising paper records which will contribute to limiting carbon emissions and reduce paper usage during the contract.

In February 2017, the number of parking street collections were 2,400 and corporate collections were 177 as opposed to February 2019 where street collections were down to 1,669 and corporate collections to 133. This is due to cash payments decreasing across the organisation and therefore collection runs have become less frequent and smaller, giving a reduction in carbon emissions.

There is currently no strategic plan to increase the number of cashless machines further within the city or remove the machines currently taking cash within the next two-four years. However, the tender will emphasise the importance of reducing carbon emissions and encourage bidders to think more creatively in order to deliver the contract such as using electronic vehicles and effective route planning.

### 7.4 Any Other Significant Implications:

#### Value and Savings

By utilising the framework, the council is able to evaluate the quality and cost of the service in order to achieve value for money Confirmation is also awaited as to whether or not this could be a joint procurement with one of our ORBIS partners, Surrey County Council, which may lead to further savings through economies of scale. The combined volumes could potentially result in lower price bandings.

The decrease in cash collections has shown a significant saving in recent years. In 2016/17 the total invoices for the contract were £0.356m however for December 2018 to November 2019 (the last 12 months of invoices paid) the contract cost was down to £0.204m.

### 7.5 Risk and Opportunity Management Implications:

The secure transportation of the council's cash and cheques is the main risk in this contract, particularly, ensuring it is deposited at the council's registered bullion centre within 24 hours of collection. The risk exposure in relation to the carrier's processing of parking income is usually one week's worth of collections and therefore approx. £0.035m to £0.045m at any one time, dependant on the time of year.

