

Subject: Cash in Transit and Ancillary Service
Date of Meeting: 5th December 2013
Report of: Executive Director of Finance & Resources
Contact Officer: Name: Debbie Sargent Tel: 29-1379
E-mail: debbie.sargent@brighton-hove.gcsx.gov.uk
Wards Affected: All

FOR GENERAL RELEASE

1. PURPOSE OF THE REPORT AND POLICY CONTEXT:

- 1.1. Brighton & Hove City Council contracts with a security carrier to provide an effective, efficient and flexible cash in transit service ensuring the secure transit of cash and cheques from designated council establishments as well as both on and off street parking machines across the city. This also includes ancillary services such as secure handling of the council's pre-signed cheques and other ad-hoc services.
- 1.2. The current contract with Coin Co International Plc is due to expire on 9th December 2013. Consideration of further extension of the contract had been given, particularly in the light of potential progression toward cashless parking facilities in order to understand the impact of such changes on cash in transit arrangements. However, following further consideration and analysis, this report recommends a procurement strategy of entering into a contract from the East Sussex Procurement Hub Framework for the continuation of the service when the current contract comes to an end. The East Sussex Procurement Hub Framework is a single-supplier framework with Coin Co International Plc as the supplier. It is intended that the contract with Coin Co International Plc would run from December 2013 to December 2015 with the possibility to extend for a further 12 months until December 2016 if deemed in the council's best interests and subject to satisfactory performance of the contractor.

2. RECOMMENDATIONS:

That the Policy & Resources Committee:

- 2.1. Authorises the procurement of a contract for the provision of a cash in transit service with ancillary services for a 2-year period with an option to extend for a further 12 month period.
- 2.2. Grants delegated authority to the Executive Director Finance & Resources:
 - 2.2.1. to award the contract for 2 years under the East Sussex Procurement Hub Framework to the single supplier on that Framework, Coin Co International Plc; and

- 2.2.2. at the end of the 2-year initial period, to exercise the option to extend the contract for 12 months subject to satisfactory performance of the contractor in respect of the initial period.

3. CONTEXT/BACKGROUND INFORMATION:

- 3.1. The cash in transit and ancillary services contract requires collections from 49 council establishments and 1250 parking machines across the city within pre-determined timeframes to meet local service requirements.
- 3.2. The current contract was awarded to Coin Co International Plc (CCI) in 2008. The contract was awarded for 3 plus 2 years and is due to expire on 9th December 2013.
- 3.3. Since the contract was awarded, a number of alternative electronic payment methods have been developed within the industry that reduce the level of cash deposited in the parking machines, thereby reducing the cash collected. The new contract will take into account these electronic payment methods to ensure the council continues to receive best value for money for the duration of the new contract.
- 3.4. The council collaborated with the 4 other authorities of Hastings, Rother, Eastbourne and Wealden in the procurement exercise that saw the establishment of the East Sussex Procurement Hub Framework. This collaboration involved the council having significant input into the makeup and evaluation of the framework. This means that the framework is already tailored to meet the council's needs.
- 3.5. The competitive tender process to establish the framework was fully compliant with EU procurement regulations. A combination of price and quality criteria were used to evaluate the framework tender bids resulting in Coin Co International being awarded the one available place on the framework. The framework is valid for a period of 4 years but contracts taken up by individual authorities can be specified for any period up to 4 years.
- 3.6. Benchmarking has also been conducted into other suitable frameworks and suppliers to compare their prices with those of Coin Co International on the East Sussex Procurement Hub Framework. Coin Co International's prices have been found to be very competitive.
- 3.7. The fact that the proposed supplier for the new contract, Coin Co International, are already our current supplier increases the likelihood of a smooth transition to the new contract arrangements due to the fact that Coin Co International are familiar with our current processes, regulations and locations.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS:

- 4.1. Consideration of further extension of the contract had been given, particularly in the light of potential progression toward cashless parking facilities in order to understand the impact of such changes on cash in transit arrangements. However, further analysis indicates that the move to cashless arrangements will not have significant implications for the contract or value for money. The balance is now significantly in favour of procurement via the East Sussex Procurement Hub Framework which is an appropriate and timely procurement route.

- 4.2. The council could look to enter into a contract from another framework – however, the council has had no involvement in the development of other frameworks which are not therefore tailored to the council’s requirements. Also, analysis of other frameworks has found that prices are not as competitive, in many cases very significantly so, as those on the East Sussex Procurement Hub Framework.
- 4.3. The council could extend its current contract with Coin Co International and in the meantime conduct its own tender process to award a new contract. This would take over 6 months to complete and there would be no guarantee that a better solution than currently recommended, would be found. This would not be an efficient use of time due to the resources needed to complete the tender and given the fact that the East Sussex Procurement Hub Framework will provide for all our requirements. As mentioned above, analysis of other frameworks suggest that prices would not be as competitive.
- 4.4. Although the contract price on the East Sussex Procurement Hub Framework has increased, this is common across this industry (e.g. due to fuel prices, stricter regulation and other inflationary factors). The East Sussex Framework is therefore considered to offer better value for money than other alternative frameworks or seeking tenders.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1. Consultation with relevant services is undertaken on an ongoing basis to ensure that cash in transit and ancillary services continue to meet new and existing business requirements.

6. CONCLUSION

- 6.1. By entering into a contract with Coin Co International from the East Sussex Procurement Hub Framework this will allow both our procurement and service requirements to be met efficiently and effectively. The new contract with Coin Co International would also allow for new cashless methods for payment of parking charges which will enable costs to be lowered.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1. The current budget for cash in transit and ancillary services is £240,000 per annum. Under the East Sussex Procurement Hub framework, the base cost of the new contract is expected to increase in the first year by 14% (£34,000). As mentioned in Section 4 above, this is still considered to be more competitive than other options. The rates and costs are fixed from the commencement of the agreement with a review due 6 months prior to the two-year anniversary (December 2015), which is only relevant if the contract is extended for a third year.
- 7.2. New initiatives such as cashless parking and increased electronic payment channels are expected to mitigate the contract price increase resulting in no overall increased budget requirement.

Finance Officer Consulted: Nigel Manvell Date: 14 November 2013

Legal Implications:

- 7.3. The council's Contract Standing Orders require that authority to enter into a contract valued at £500,000 or more be obtained from the relevant committee. Due to the fact that it is anticipated that the value of the contract will exceed £500,000, and the matter relates to financial services, Policy and Resources Committee is the appropriate council body to authorise the procurement and contract award.
- 7.4. The EU procurement directives have already been adhered to during the tender process to establish the East Sussex Procurement Hub Framework. Contract Standing Orders will also be followed when awarding the contract to the chosen supplier, as it is a contract above £75,000 and should be in a form approved by the Monitoring Officer and given under the Common Seal of the Council.

Lawyer Consulted: Jo Wyllly Date: 8 November 2013

Equalities Implications:

- 7.5. None identified.

Sustainability Implications:

- 7.6. Sustainability issues will be addressed in the service specification for the new contract. The proposed contractor, Coin Co International is based in close proximity to Brighton and Hove, in Burgess Hill – this will therefore help limit carbon emissions during the contract.

Crime & Disorder Implications:

- 7.7. The council will ensure that the new contractor uses appropriate security measures in order to minimise the risk of crime during the provision of this service. These measures will be clearly specified and compliance checked as part of contract monitoring.

Risk & Opportunity Management Implications:

- 7.8. Failure to contract for this service will lead to council officers needing to collect and secure large sums of cash. This could have not only significant cost implications but increases the risk of fraud and/or loss and has implications for our insurance arrangements which would need to be reviewed.

SUPPORTING DOCUMENTATION

Appendices: None

Documents in Members' Rooms: None

Background Documents: None