



**Haringey Council**

<b>Report for:</b>	Cabinet 16 <sup>th</sup> April 2013	<b>Item number</b>	
<b>Title:</b>	Award of contract for cash collection and delivery services		
<b>Report authorised by :</b>	Director of Corporate Resources		
<b>Lead Officer:</b>	Nicola Webb, Head of Finance – Treasury & Pensions <a href="mailto:nicola.webb@haringey.gov.uk">nicola.webb@haringey.gov.uk</a> 020 8489 3726		
<b>Ward(s) affected:</b> All	<b>Report for Key Decision</b>		

### **1. Describe the issue under consideration**

- 1.1 This report seeks approval from Cabinet to award a contract for the provision of cash collection and delivery services.

### **2. Cabinet Member Introduction**

- 2.1 Utilising a framework agreement has ensured that the procurement process for the cash collection service has been streamlined, saving time and resource. Awarding the contract to BDI Securities UK Limited on the framework will ensure a significant saving for the Council over the contract period. BDI Securities UK have confirmed to the Council that they pay their staff in excess of the London Living Wage.

### **3. Recommendations**

- 3.1 That Cabinet approves the Council entering into an Access Agreement with the Eastern Shires Purchasing Organisation (ESPO) in order for the Council to utilise the Framework Agreement for cash collection services.
- 3.2 That Cabinet approves the award of the contract for cash collection and delivery services to BDI Securities UK Limited under the



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Framework Agreement for a period of two years from 23<sup>rd</sup> May 2013 with an option to extend for up to two years in annual increments.

#### **4. Alternative options considered**

- 4.1 The London Borough of Enfield approached the Council offering a shared service arrangement for the provision of a cash collection service, whereby Enfield staff would collect and deliver the cash to a central location and then a third party would deliver it to the bank. Officers fully investigated this option and found there were a number of significant issues with taking up this option.
- 4.2 Firstly, Enfield were unable to take on the contract until October 2013 at the earliest, some six months after the current six month contract extension ends. Secondly, there was a significant risk around staffing as Enfield were only willing to take on the contract if the existing contractor's staff undertaking the current contract were transferred over under TUPE regulations. The current contractor has confirmed in writing that no members of staff are willing to transfer. The price quoted by Enfield was also £49k higher than the price under the framework agreement recommended in this report.
- 4.3 Finally, legal advice was received that if the Council were to enter into this arrangement, it would not be compliant with procurement regulations, due to the way Enfield's contract with their third party had been arranged. As a result of the all these issues, this option was judged not to be in Haringey's interests to pursue any further with Enfield.

#### **5. Background information**

- 5.1 The Council receives income at various sites across the Borough and requires a service which ensures this income is collected and delivered to the Council's bankers in a secure and timely manner. This includes cash and cheques collected by officers at Council buildings, as well as cash from parking meters and pay and display machines. In addition to cash collection, a cash delivery service is required for services to provide to clients. The services on the contract are also available to the Council's schools, who are recharged the costs they incur.
- 5.2 These services are currently provided by Contract Security Services Limited and the contract is due to end on 22<sup>nd</sup> May 2013. The contract has already been extended in line with contract standing orders, and cannot be extended further.



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- 5.3 The Eastern Shires Purchasing Organisation has an OJEU compliant framework agreement for cash collection services which the Council is able to enter into. There is one provider on the framework, which is able to deliver the service in the borough area – BDI Securities UK Limited.
- 5.4 The tariffs offered by BDI Securities UK Limited under the framework have been benchmarked against the current contract with Contract Security Services Limited and it has been identified that a saving could be achieved by using the framework agreement. Further details of the current and framework tariffs are set out in the exempt appendix.

## **6. Comments of the Chief Financial Officer and Financial Implications**

- 6.1 The recommendation to award this contract under an existing framework agreement not only saves time and resource in terms of the procurement process, it will also result in a saving of approximately £99k in the cost of the contract over the initial two year period of the contract. £16k of this saving relates to school cash collections, so the net saving to the General fund will be approximately £83k. The two year cost of the current contract is £421k and the cost will reduce to £322k under the proposed framework agreement.
- 6.2 The tariffs are fixed for the initial two year period of the contract and if the Council decides to extend the contract for the two further years RPI will be added to the tariffs taking the estimated total value of the contract over the whole four year period to an estimated £652k, assuming RPI of 2.5%.
- 6.2 The terms of the contract require the contractor to hold and maintain appropriate security licences and levels of insurance to ensure the security of the Council's cash from the point at which it is collected until it is deposited with the Council's bankers.

## **7. Head of Legal Services and Legal Implications**

- 7.1 Cash Collection Services are a priority service under the Public Contracts Regulations 2006 (the Regulations) and therefore procurement exercises needs to comply with the Regulations.
- 7.2 Eastern Shires Purchasing Organisation (ESPO) is a Central Purchasing Body (CPB) set up in accordance with Regulation 22 of the Regulations. This allows Contracting Authorities who have been identified by the CPB as able to use their services to commission



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services via contractual arrangements which have been put in place by the CPB.

- 7.3 ESPO tendered a Framework Agreement for cash collection services whereby Contracting Authorities could call off services for cash collection contracts with the successful contractor. Local authorities in London are identified as Contracting Authorities who may utilise the Framework Agreement for cash collection services.
- 7.4 The Council wishes to call-off a contract with BDI Securities UK Limited under the Framework Agreement. Because of the value of the contract, Members need to approve it in accordance with CSO 9.07.1 d).
- 7.5 The Contract is also a Key Decision and as such needs to be included in the Forward Plan in accordance with CSO 3.01 d). Corporate Resources has confirmed that this has taken place.
- 7.6 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

## **8. Equalities and Community Cohesion Comments**

- 8.1 There are no equalities issues arising from this report.

## **9. Head of Procurement Comments**

- 9.1 The estimated value of this contract exceeds the EU thresholds. Cash Collection is a priority service under the Public Contracts Regulations 2006 (the regulations) and therefore the Council are required to let this contract in accordance with these regulations.
- 9.2 The Eastern Shires Purchasing Organisation (ESPO) has an OJEU compliant framework agreement already in place for delivery of cash collection services. By accessing this framework the Council will be compliant with EU regulations and the Procurement Code of Practise.
- 9.3 The Council have undertaken benchmarking of both price and service delivery between the ESPO framework, its existing contractor and shared service option with Enfield Council. The recommendation demonstrates that the Council have tested the market to achieve a Value for Money service for the Council.



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- 9.4 The Council have increased the Specification requirements to those set out in the ESPO framework to include Key Performance Indicators (KPIs) and additional requirements specific to achieving and maintaining a high quality service.
- 9.5 Contract management by the Finance and Parking Services against the agreed key performance indicators will ensure the speedy identification and resolution of any non compliance issues.
- 9.2 Corporate Procurement has supported this process and agrees to the recommendation of the award set out in paragraph 3 on the basis that the recommended supplier offers best value to the Council.

## **10. Policy Implications**

- 10.1 None.

## **11. Reasons for Decision**

- 11.1 The contract for cash collection and delivery services expires on 22<sup>nd</sup> May 2013 and as this is a service the Council requires, it is necessary to make a decision to award a new contract. Due to the value of the contract, this is required to be a Cabinet decision. The recommendation to award this contract to BDI Securities UK Limited under the Eastern Shires Purchasing Organisation framework has been made following a benchmarking exercise to compare the framework with the current contract.

## **12. Use of Appendices**

- 12.1 Contained in Part B for exempt information.

## **13 Local Government (Access to Information) Act 1985**

- 13.1 This report contains exempt and non-exempt information. Exempt information is contained in Part B and is not for publication. The information is exempt under the following category (identified in the amended Schedule 12A of the Local Government Act 1972): Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).