

**Cash  
Services  
Group**

**CODE OF CONDUCT FOR THE UK CASH  
INDUSTRY DURING A PANDEMIC**

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## 1 INTRODUCTION

This voluntary Code of Conduct is to be used by Members of the Payments Council's Cash Services Group (CSG) and other stakeholders in the UK cash industry during a pandemic which could impact the circulation of cash within the UK. The Code of Conduct was drawn up by Members of CSG and other stakeholders during 2007 to meet a gap in the industry's response identified following the Tripartite Authorities' Market Wide Exercise<sup>1</sup> on a flu pandemic during 2006. It has since been revised to reflect experience gained during the Swine Flu pandemic in 2009; the Code is substantially unchanged, but the definitions of the trigger points for actions have been amended, and other minor updates included. The Committed Stakeholders that have agreed to use the Code of Conduct are listed at [www.ukpayments.org.uk](http://www.ukpayments.org.uk)

Under the Code of Conduct, CSG will act as the coordinating body for cash circulation activities during the period of a pandemic<sup>2</sup>. Where necessary it will also act as the industry decision maker during the period of the pandemic; the scope of decision-taking is in section 4.1. Roles and Responsibilities under the Code of Conduct and trigger points for the pandemic response are shown in section 3.

There is a specific Plan for dealing with a pandemic which is set out in a separate document that suggest actions to mitigate the impact on the circulation of cash.

## 2 PRINCIPLES OF THE CODE OF CONDUCT

The principles the Code of Conduct aspires to achieve are based on the Cabinet Office and Department of Health's National Framework for Responding to an Influenza Pandemic, November 2007; the strategic objectives set out there have been modified to reflect the probable situation for cash circulation in the UK, and are as follows:

- To not put cash industry staff in danger
  - To strive to maintain a safe business environment for staff and customers alike following Health Authorities' recommended practices.
  - To not compromise safety considerations, whether these arise from perceived health hazards or from physical security requirements when handling cash.
- To plan for the minimum level of disruption necessary and plan the return to business as usual as soon as possible after the peak of the pandemic
- To maintain at least a minimum level of cash provision across the UK
- To maintain security across the cash industry
  - Maintain regulatory obligations in the prevention of financial crime
  - Maintain cash deliveries to any areas where a lack of cash might lead to civil disorder
  - Ensure cash is removed from shops and FI branches as regularly as possible to avoid robberies

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<sup>1</sup> The Tripartite Authorities comprise the Bank of England, the Financial Services Authority and HM Treasury.

<sup>2</sup> The points in a pandemic which trigger action are set out in Section 4.

- To prioritise available cash supplies, in areas where these are restricted, to those areas where people are most likely to rely on cash
  - Engage constructively with central and local Government to ensure that, as far as practicable, essential cash supplies and deposit facilities can be maintained for the benefit of customers and local communities.
- Where agreed by CSG<sup>3</sup>, to encourage the public to make non-cash payments where possible during the pandemic
- To prepare and issue public information and media statements explaining any changes from business as usual for cash acquisition and cash deposits in the run up to and throughout the pandemic.
- To maintain contact with the government throughout the pandemic
  - Bank of England to act as the conduit between CSG and the government
- To not financially disadvantage consumers as a result of temporary arrangements made to maintain the supply of cash (eg charges, higher fees)

### **3 OBJECTIVES OF THE CODE OF CONDUCT**

The Code of Conduct has been drawn up to try to achieve the following objectives across the UK:

- If necessary, to optimise cash supply across the UK during a pandemic by ensuring a spirit of co-operation between key stakeholders
- To meet the public demand for cash services, both cash acquisition and cash deposit
- To maintain public confidence in cash provision
- To avoid placing cash industry staff in physical danger during a pandemic
- To prevent individual Committed Stakeholders being able to gain competitive advantage from the pandemic
- To ensure all Committed Stakeholders behave and are treated in an equitable manner

The cash industry will achieve this through:

- a collaborative approach by all Committed Stakeholders
- making best use of limited resources
- prioritisation of services between Committed Stakeholders to maintain cash in circulation
- maintaining coverage of FI and ATM networks as appropriate across the UK
- increasing public awareness of alternative payment methods
- shunning any opportunity to profiteer

In the event that a matter arises which has not been explicitly addressed within the Code of Conduct, it shall be addressed using the spirit of this Code.

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<sup>3</sup> This might not be needed for a mild pandemic; an early decision by CSG will be whether the pandemic seems severe enough for this objective to be activated.

## 4 ROLES AND RESPONSIBILITIES IN THE CODE OF CONDUCT

### 4.1 Outline Roles and Responsibilities

CSG is the industry decision-making body for cash circulation in a pandemic and takes the lead role in coordinating activities across the industry where necessary. During a pandemic, CSG will continue to consider decisions regarding its usual role and responsibilities<sup>4</sup>; in addition CSG will be empowered to consider:

1. Invoking this Code of Conduct, and revoking it in due course
2. Increasing the Level of response, and reducing it in due course
3. Whether, and if so, in what way the information being gathered for CSG should be amended
4. Whether, and if so, in what way the prioritisations set out in Section 5 should be amended
5. Setting out any public messages from CSG
6. Signing off any reports to the Government

For the avoidance of doubt:

7. Members of CSG will be required, as usual, to adhere to the usual procedures regarding the circulation of banknotes and coin;
8. CSG is empowered to suggest, but not to direct, that any Committed Stakeholder or other entity should do, or should not do, something beyond 7 above.

If the government invokes the Civil Contingencies Act<sup>5</sup>, CSG expects to retain its responsibilities and in that context become the body responsible for interpreting and communicating government direction to the cash industry.

CSG will keep a record of all decisions made, the reasoning behind the decision and make it available to all other Committed Stakeholders as required.

The Bank of England acts as the conduit for CSG with the Tripartite Authorities (now called the Financial Authorities) and the government. If the government invokes the Civil Contingencies Act, the Bank of England may be granted additional powers over the industry (depending upon precisely how the CCA is invoked). It is however expected that CSG will maintain its lead role in coordination.

Other Committed Stakeholders provide advice and information to CSG in a pandemic and are responsible for communicating CSG decisions and suggestions within their own organisations.

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<sup>4</sup> For example, procedures for the trading of used coin, the procurement of new coin, managing notes within the NCS Rules, Recourse Arrangements, Standard 21, etc.

<sup>5</sup> All references to the use of the CCA (if indeed it is used at all) and the precise manner in which the CCA might be invoked, depends on the facts and circumstances existing at the time and the government's assessment of those circumstances.

#### **4.2 During normal business**

During normal business operations CSG has the following responsibilities in respect of this Code of Conduct

- Owns and manages development of this Code
- Owns and manages development of the industry's Plans for dealing with a pandemic
- Owns and manages the 'CSG Flu Traffic Lights', which use data from key stakeholders to show: Green – business as usual; Amber – potential impact/risk to customer services; Red – material impact in significant quantities
- Shares information and ideas on how to mitigate the risks collaboratively
- Obtains buy-in and advice from Committed Stakeholders (eg advice on Cash in Transit (CIT) issues from Carrier Liaison Group)
- Develops a media plan and agrees resources to implement that plan

#### **4.3 Level 1 response - At the start of a pandemic, with CSG Flu Traffic Lights Green**

CSG will agree to activate this Code of Conduct after one of the following trigger points is reached:

- The World Health Organisation (WHO) raise the pandemic alert level to 6 (i.e. pandemic)
- Any similar public health event posing an equivalent threat to the circulation of cash in the UK (as notified by the relevant government agency)
- CSG Flu Traffic Lights turn Amber or Red.

In activating the Code of Conduct, CSG agrees to invoke the Plan for dealing with a pandemic, so that the collective actions set out in Section 2 are progressed and Committed Stakeholders are reminded to consider the actions set out in Section 3.

Sources of Information available to CSG for decision making, to be provided via UK Payments Online:

- Bank of England provides information from the Tripartite
- Representatives of Committed Stakeholders provide information on their own organisations on a UK wide and regional basis
  - Percentage of staff available
  - Percentage of ATMs available
  - Percentage of CIT runs available
  - Percentage of bank branches and Post Offices open
  - Percentage demand from retailers
- Payments Council gathers information from the media

#### **4.4 Level 2 response – Enhanced Surveillance of Industry**

CSG will agree to adopt the following increased level of activity when it judges that a significant proportion of the cash industry is impacted to the extent it is unable to adequately meet demand for cash supplies. This could apply, for example, in respect of

a real or imminent significant and persistent shortage of at least one denomination of cash at a cash or coin centre which is beyond the ability of the centre's operator to ameliorate in the short-term. Additionally, CSG will agree to adopt Level 2 response if the CSG FLU Traffic Lights turn amber.

- Decide collectively whether, and if so what, specific action is required to prevent loss of confidence in the supply of cash to the UK
- Exchange news and views between Committed Stakeholders on the cash industry at that point in time.
- Determine whether and how the priorities set out in Section 5 need to change to cope with the situation. In particular, to determine whether the Plan needs to be amended in the light of the pandemic.
- Undertake the additional, detailed tasks set out in the Plan for dealing with a pandemic.

#### **4.5 Level 3 response – Collaborative Industry Approach**

CSG will raise its industry response to the highest level when one or more of the following conditions is satisfied or probable:

- The Civil Contingencies Act is invoked by the UK government in a way which significantly impacts the circulation of cash
- The public loses confidence in the supply of cash
- There is public disorder related to the supply of cash
- A police authority notifies CSG that cash deposits must be collected in a particular area of the UK
- Available stocks of notes or coin are exhausted
- The demand for cash to obtain food and other essential supplies is not being met
- CSG FLU Traffic Lights turn Red.

CSG will agree to carry out the following:

1. Confer with the relevant regulatory authorities (including the Office of Fair Trading) and seek to agree with them that a competitive environment should no longer exist, providing relevant information where necessary.
2. Set up an industry “hotline” to receive emergency requests for help from branches, retailers etc. This will take the form of an 0800 number and email address disseminated to Committed Stakeholders in advance. The hotline will be manned by UK Payments staff.
3. Arrange daily conference calls for all Committed Stakeholders (or as otherwise agreed), to which an OFT representative will be invited.

Committed Stakeholders will:

1. Provide the minimum necessary information to help CSG reach collective views on the level of cash provision required across the UK.
2. Agree not to disadvantage consumers financially as a result of any collaborative arrangements (e.g. higher fees, charges etc.)

3. Agree not to compete for customers they are assisting on a cooperative basis whilst recognising that such agreement not to compete is limited to the short period of level 3 response only and is necessary to achieve the overall objectives of the Code.
4. Agree not to seek compensation from other Committed Stakeholders for any financial disadvantage they may face as a result of providing assistance to other Committed Stakeholders on a cooperative basis.
5. Ask Committed Stakeholders to agree not to seek financial compensation from other Committed Stakeholders that are unable to fulfil normal contractual obligations.

For the avoidance of doubt, during a pandemic any terms relating to the supply of business to business cash services will be agreed between the parties involved; clauses 3, 4 and 5 above do not apply.

#### **4.6 If the UK government invokes emergency powers over the industry under the Civil Contingencies Act (CCA)**

The precise manner in which the CCA might be invoked depends on the facts and circumstances existing at the time and the UK government's assessment of those circumstances (as stated in the footnote on page 5). However, were the CCA invoked, it is expected that CSG will maintain its lead role in coordination, possibly with the Bank acting as a conduit for government and with a veto over CSG decisions. Otherwise CSG will operate as per a Level 3 response

#### **4.7 Return to Normal Operations**

CSG will agree to step down its response to the next level below as soon as the sustainable conditions permit. CSG will invoke specific plans for the resumption of normal business as per the Plan for a pandemic. CSG will agree to step down from crisis mode of operation and return to business as usual as soon as possible.

#### **4.8 Voting Arrangements for CSG During a Pandemic**

In respect of normal intermember cash procedures (eg CDWP, Standard 21, Recourse Arrangements, etc) CSG will adopt normal arrangements for attendance and voting at meetings as shown in the CSG constitution.

In respect of the decisions envisaged under this Code of Conduct, including whether to invoke or revoke the Code, other Committed Stakeholders will be invited to receive the papers for, speak at and observe<sup>6</sup> CSG meetings. As usual, decisions will be taken by consensus<sup>7</sup>.

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<sup>6</sup> During a pandemic, meetings will be via conference call.

<sup>7</sup> CSG is not empowered to direct any Committed Stakeholder or other entity to do, or not to do, anything (beyond adherence by members of CSG to the usual procedures regarding the circulation of banknotes and coin). Thus any decision which is contested can be ignored by any party wishing to do so. Hence the absence of voting procedures.

For a discussion to gain authority, a large proportion of the parties most impacted should participate. Topics may vary: notes/coin; regions/UK; distributing/depositing/processing cash; etc, so the organisations involved will vary. A formal quorum seems inappropriate.

## **5 PRIORITIES WHEN RESPONDING TO A PANDEMIC**

This section sets out the agreed priorities to optimise cash distribution on an objective basis when response Level 2 is activated.

### **5.1 Prioritisation of ATMs**

The following factors must be considered when prioritising ATMs to be serviced.

- High throughput forecast for ATM (eg transactions per day)
- A significant number of people that use the ATM rely on cash
- Trade off between distance to nearest 'LINKed' ATM from this site and the resultant workload on CIT
- ATM forecast to stay busy during the pandemic
- Workload on CIT to replenish the ATM is low
- ATM is operational or can be repaired and spare parts obtained within a reasonable timescale

The commercial impact on the ATM deployer is intended to be omitted from this list.

### **5.2 Prioritisation of FI Branches**

The following factors must be considered when prioritising FI branches to be serviced.

- High throughput forecast for branch (eg cash transactions per day)
- Cash into the branch and/or cash out from the branch is high
- A significant number of people that use the branch rely on cash
- Trade off between distance to nearest branch from this site and the resultant workload on CIT
- Branch forecast to stay busy during the pandemic
- Workload on CIT to replenish the FI branch is low
- Branch is open for cash deposit and cash acquisition

The commercial impact on the FI is intended to be omitted from this list.

### **5.3 Prioritisation of Retailers**

The following factors must be considered when prioritising retailers to be serviced.

- Retailer sells food, pharmaceuticals or other essential supplies, i.e. there is high forecast demand for the retailer's products
- A significant number of people that use the retailer rely on cash
- Trade off between distance to nearest equivalent retailer and the resultant workload on CIT
- Workload on CIT to service the retailer is comparatively low
- Retailer is open for business

The commercial impact on the retailer is intended to be omitted from this list.