

STAGE 2 PROJECT OVERVIEW

‘SELECTING A PREFERRED BANK’

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Purpose of the report

This report summarises,

1. The bank selection process
2. Scoring criteria used for selection
3. Summary of scores with comments

The aim of the selection process was to identify a bank that was most closely aligned to the strategic objectives of the project, in delivering cost savings through removing non-value added processes and procedures from the purchasing to payment cycle.

The project team are requested to endorse the bank selection recommendation for the South West Fire and Rescue Services so the implementation process can commence, starting with the pilot implementation in Devon.

Background

One of the main tasks for Stage 2 of the GPC high level project plan was to select a preferred bank to present back to the project team on the 26th January. There are seven banks within the OGC framework agreement for GPC to select, however, the evaluation panel only evaluated the banks that the SWF&RS currently to reduce the time taken in completing the selection process.

The South West Fire and Rescue Services currently use the following banks:

Service	Bank
Devon	Barclays
Wiltshire	HSBC
Dorset	Natwest (RBS)
Cornwall	Natwest (RBS)
Avon	Natwest (RBS)
Somerset	Natwest (RBS)
Gloucestershire	HSBC

The Process

The PQQ was sent to all the participating banks through Bluelight and returned on the 5th of January prior to the bank presentations. There were 30 technical questions which were weighted on their relative importance and each bank scored these documents form Appendices to this report, (Appendix A).

Bank	Contact
HSBC	Clifford Oliver
Lloyds	Phill Tyler
RBS (Natwest)	Jamie Hills
Barclaycard	Gurmeet Binning

Technical Results from the evaluation response:

Bank	Results
Royal Bank of Scotland (Natwest)	190
Barclaycard	310.5
HSBC	242
Lloyds	268

The information provided by the banks formed the basis for evaluation at the presentations on the 11th and 12th of January.

Evaluation panel: Mike Pearson (Project Sponsor)
 Melanie Walsh (Project Director)
 Mel Staton (Project Manager)
 Ian Peters (Finance representative)

Below is a summary of the criteria used to score the presentations:

Scoring Criteria:

Criteria	Detail	Weighting
1. Process Automation	<ul style="list-style-type: none"> • Electronic statements • Statement reconciliation • Payment via suspense • Posting to General Ledger 	35% weighting
2. Web-based Capabilities	<ul style="list-style-type: none"> • MI: e-enablement • On-line (web-based) capabilities for cardholder statements/transactions • Regional consolidation of information. • Card Administration 	25% weighting
3. Supplier Adoption	<ul style="list-style-type: none"> • Identification of VAT Levels of suppliers, • Targeting key suppliers for p-cards use • Assist with supplier adoption strategy • Information support pack-FAQ, questionnaire, covering letter, costs, further direction • Seminars, advertisements and articles, direct communication, one to one • Monitoring progress of adoption and VAT levels • Resources available to support 	30% weighting
4. Implementation Support	<ul style="list-style-type: none"> • Developing implementation project plan • Resources available to support • Training materials and training approach • Communication tools – CDROM/Web-based 	10% weighting

This criteria was weighted in line with the primary needs of the project and how the banks differentiated, enabling the evaluation panel to focus on the key areas of process automation, web-based solutions and supplier adoption.

From the evaluation material and presentations it became evident that training and support had a similar approach that met the Services requirements and wasn't the primary focus for final selection. The function of the actual card was the same with all banks; differences were in automation of the process and web-based information. Thus, the main focus became process automation and web-based solutions to gain the greatest efficiencies using GPC, up to a further 8% based on NePP guidance.

The aim of the project is to ensure that the GPC project implementation achieves the maximum amount of efficiency through automated processes at both local and regional level, subject to cost restrictions. In order to achieve full automation, card/budget holders need real time information on spend amounts including balance information, automation for uploading raw data into the General Ledger systems avoiding manual inputs if able. The Services all have different GL systems and this had to be taken into consideration when considering upload of information.

Service	Financial System
Devon	Integra/Agresso
Somerset	CeDar
Dorset	Griffin
Wiltshire	Agresso
Gloucestershire	SMS
Avon	Abnet/CFS
Cornwall	SUN/Tranman

There are 2 proposed approaches to uploading data into the GL:

1. Manual Process - Flat file of information that can be uploaded manually into the current GL system, sent as an ASCII file (encrypted). This option requires in-house IT expertise to map GL codes to the commodity/MCC codes
2. Automation - Automatic upload of the flat file via a separate system which has a cost implication (provided by some banks in-house and via 3rd party providers such as CMS, PCCL and DeeCal)

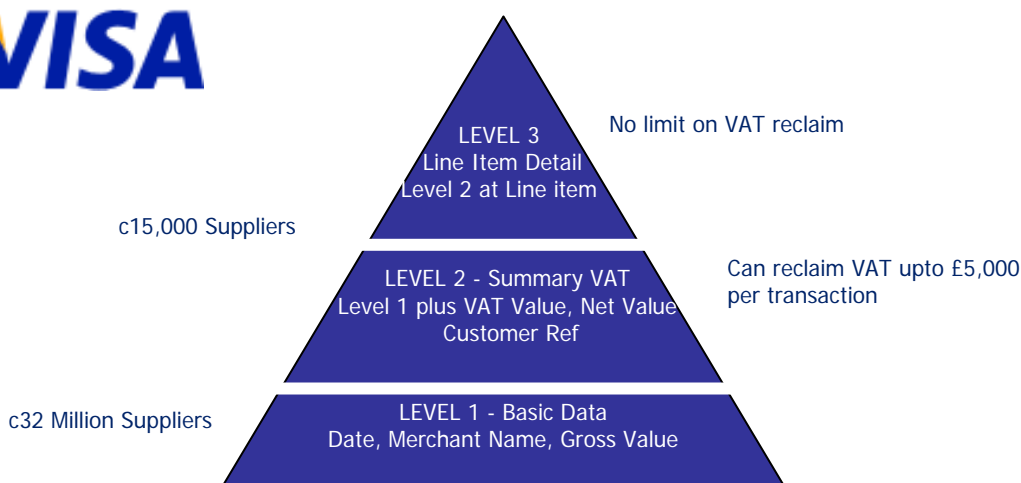
The evaluation panel is currently completing a market appraisal of CMS/DeeCal/PCCL to accurately complete a cost benefit analysis in order to select one of the above approaches to automate the upload of the raw data. As an interim the Services can implement GPC without the automation and adopt this at a later stage of the rollout. There is currently a tender process for 3rd party providers being completed by the OGC. The framework will be available July/August 2006.

PCCL provides a front end solution by enabling the cardholders to raise electronic purchase orders.

CMS is a back end process to enable upload of information and varying degrees of management information.

The results of our findings will be discussed at the meeting on the 9th March, when the bank completes their presentation to the project team.

Another consideration in the automation process is the VAT level of information provided for transactions. There are 3 levels:



The banks recommended during supplier adoption that suppliers are encouraged to take-up level 2 VAT enablement, as this provides summary VAT amounts. Level 1 enabled suppliers can still be used, however, receipts will have to be requested and retained. There is an option for the 3rd party provider to automate the level 1 solution, which will be evaluated during the progress of the project as part of the cost benefit analysis.

Management Information

The aim is to streamline processes and procedures across the 7 Services, although each have different financial systems it is still possible to achieve consistency of approach in the acquisition of balances, billing and MI.

Standard reports will include:

Cardholder transaction report	Dormant cardholder report
Merchant category code exception report	Transaction limit exception report
Activity Summary by cardholder report	Net balance by unit report
Activity by customer code report	Activity summary by MCC report
Activity summary by commodity merchant report	Activity summary by commodity code report

Electronic MI includes: Transaction file
Cardholder file
VAT files

The Services need the flexibility to easily manipulate raw data for feed files, logs and reports. Services can select their choice of data formats from the following:

- MS Excel 5.0/MS Excel 97
- ASCII Text (Comma Separated) without quotes
- ASC Text (Tab Separated) without quotes
- ASCII Text (Comma Separated)
- ASCII Text (Tab Separated)

*Results have been removed due to their sensitivity

RBS Performance Standards

Key Performance Standards	Liquidated damages	Reporting
1. Application Processing 100% of properly completed applications made by or on behalf of	N/A	Collectively

<p>an Organisation to open an Account shall be processed within 5 Business Days of receipt by RBS Credit Card Operations</p>		
<p>2. Issue of first batch of Cards 100% of Cards applied for within six weeks of the date of the relevant Organisational Agreement shall be dispatched by Special Delivery to the relevant authorised user within:</p> <p>(1) In the period from 1 February to 1 April 2003, 8 Business Days; and</p> <p>(2) In the period after 1 April 2003, 5 Business Days of receipt by RBS of the properly completed Cardholder Application Form, subject to a maximum of 100 applications for Cards per Contracting Organisation within that six week period.</p>	<p>£5 per Card per day late</p>	<p>Organisation Reporting</p>
<p>3. Card Issue/Re-issue (for existing Accounts) 100% of new Cards shall be issued and dispatched by Special Delivery within 5 Business Days of receipt of a properly completed application. 100% of replacement Cards shall be issued within:</p> <p>(a) 5 Business Days of receipt of an authorised request for a replacement; or</p> <p>(b) not later than 3 weeks before the expiry of the existing Card, and will be valid from no later than the day after the existing Card's expiry date.</p>	<p>N/A</p>	<p>Collectively</p>
<p>4. Dispatch of Statements and Account Reports Statements All statements which are in paper form shall be sent by First class post. 90% of statements shall be despatched on the Business Day of production (which shall be within 24 hours of the Contracting Organisation's monthly statement date) and 100% by the next business day. Account reports (generated in line with statement date and on an adhoc basis as described in Schedule 2 of the Organisational Agreement) and which are in paper form shall be sent by first class post. 90% of account reports shall be despatched on the Business Day of production (which shall be within 24 hours of the Contracting Organisation's monthly statement date) and 100% by the next Business Day. Account Reports (Generated at the end of the month as described in Schedule 2 of the Organisational Agreement) and which are in paper form shall be sent by first class post. 100% of account reports shall be despatched within 3 Business Days of production (which shall be within 24 hours of the Contracting Organisation's monthly statement date).</p>	<p>N/A</p>	<p>Collectively</p>
<p>5. Processing Information Each transaction made using a Card shall be entered onto the Account on the same day that it is received by RBS from the relevant acquirer or VISA.</p>	<p>N/A</p>	<p>RBS will report on any system failures which result in this Performance Standard not being achieved.</p>
<p>6. Customer Service Lines Customer Services lines shall be open Monday to Friday 9am to 5pm. A limited service is available outside these hours on a 24/7 basis. The helpline for reporting lost or stolen Cards shall be open 24 hours a day, every day of the year.</p>	<p>N/A</p>	<p>Collectively</p>

Additional Performance Standards	Reporting
<p>7. Reports (excluding Account Reports) All reports (other than the Account Reports described in Schedule 2 of the Organisational Agreement) required to be provided by RBS will be sent electronically by e-mail link and 100% shall be sent on the day of production.</p>	Collectively
<p>8. Telephone Responses 80% of calls to the Help Desk shall be answered by a customer services representative within 20 seconds.</p>	Collectively
<p>9. Lost Call Rate Lost or abandoned calls shall be less than 5% of calls made to the Help Desk.</p>	Collectively
<p>10. Account queries For queries which cannot be answered immediately, investigations will be commenced within 24 hours. 90% of queries sent by letter shall be answered within 5 Business Days of receipt. Chargebacks If necessary declaration forms will be despatched within 48 hours.</p>	Collectively
<p>11. Copy Sale Vouchers Copies of sale vouchers shall be dispatched within 3 Business Days of receipt by RBS from the relevant acquirer.</p>	Organisation Reporting