

Taking care with payments

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Kent County Council (KCC) has a vision. It wants to empower its local residents, particularly those receiving care, to make their own decisions about the services they receive and exercise the freedom of consumer choice. In enabling this vision to become a reality certain ‘tools’ are required which allow choice and control to be achieved. A key partner in providing these tools is The Royal Bank of Scotland Commercial Cards, and its innovative system for automating and managing invoices and payments to care providers via Transaction Data Matching (TDM).

KCC is one of the largest councils in the UK and has over 70 suppliers providing services to 36,000 adults living at home, including 22,000 elderly people and those with mental and physical disabilities. The council prides itself on a forward-looking approach and The Royal Bank of Scotland’s TDM system is an example of this. TDM is an e-commerce solution which has been implemented to manage invoices from, and payments to, providers of domiciliary care. It is provided to customers of the Royal Bank by Purchasing Card Consultancy Limited (PCCL), a business partner of the bank.

Oliver Mills, Strategic Director, Social Services, explains how it all came about: “Our priorities are twofold. Firstly, to enhance the quality of life for individuals in the KCC area and, secondly, to streamline our processes and ensure that everything is managed in the most cost-effective manner so that we are able to redeploy resources and any money saved into frontline services. Given the ever-increasing need for support, arising from an ageing population, there is no room for our processes to be as cumbersome as they were. We needed to reduce bureaucracy and back-office procedures and improve levels of control and checking, in order to function efficiently and cater for the increased demands on our services.

“KCC had been working with The Royal Bank of Scotland for its general banking needs for some time. We used the standard Visa Purchasing Card but realised that, due to our specific situation, we needed a more bespoke solution. On 1st April we were ready to put a new banking contract in place and went out to tender for this project. The Royal Bank of Scotland was the only one to come back to us with a detailed proposal that clearly addressed our specific needs.”

With customer needs becoming ever more sophisticated, the issuers of Purchasing Cards are experiencing increased demand to extend and develop their products in order to provide more advanced integrated payment and data solutions. As the one of the largest Issuers of GPC Visa (Government Purchasing Card) in the UK market, The Royal Bank of Scotland has responded to these demands by developing TDM.

TDM is an outsourced, automated payment and data matching solution that uses an organisation's existing accounting and ordering systems, and provides completely automated payment and data reconciliation, without reducing management control. TDM does not require plastic cards but works by electronically reconciling a buyer's order details to a virtual GPC Visa payment that is generated automatically, and then delivers electronic files to the buyer's finance systems to automate cost allocation. Implementation is a project involving the bank, PCCL and the customer, and involves the design and integration of input and output data files from TDM into the customer's accounting system.

Jeremy Blackman, Head of Contracting, Planning and Resources at KCC was the project manager for the implementation of TDM: "Over the last year I worked closely with The Royal Bank of Scotland in getting processes in place and ensuring that the reports were accurate, so that they would match up and include all the variables that apply specifically to domiciliary care.

"One of the peculiarities of this area was the fact that care work is billed by the hour so there is no one set price as there is for a product. It was important to build provision for this into the new system. It was also necessary to allow for some flexibility to cater for any anomalies. In setting the criteria, we have allowed some variations against them. In response to any slight inconsistency, the TDM system will still complete the payment but produces a 'variance' report which is e-mailed to 'Care Management' in order to flag this up for our attention. The Royal Bank of Scotland was very patient in ensuring that everything was adapted and tailored to our particular requirements.

"The result is a system which guarantees payment for suppliers within four days through GPC Visa, as opposed to the former 30 day payment terms, where invoices were

manually processed on a monthly basis. The knock-on effect of this is improved cash flow for our suppliers while at the same time not impacting on KCC's cash flow, as KCC's statements from the bank still arrive at the end of each month, and cover all suppliers on the same statement."

The TDM system circumvents the need for the time-consuming activity of manually checking invoices, matching them with the numbers in order books and data inputting, thereby leaving administration staff free to concentrate on more crucial frontline care work.

Oliver Mills concludes: "The TDM system not only allows us to run the care services side in a way that is preferable to the care recipient, but also makes sense on a business level. Formerly, given that we purchase over 2.5 million hours of care each year, the number of paper invoices would sometimes be as high as 25,000. It saves on crucial administration time and allows us to cut out bureaucracy by harnessing the current technology, of which TDM is a cornerstone. In addition, in eliminating costly and time-consuming manual procedures, we are also reducing any risk of human error or fraud.

"So far, since the new system has been up and running, we have a 99% acceptance rate against orders which has far outstripped our expectations in terms of matching. The way in which the system works is very transparent which means that there is less need to audit retrospectively. Overall, we are incredibly pleased!"

Kevin Boyle from The Royal Bank of Scotland comments on the project: "At Royal Bank Commercial Cards, we are prepared to invest resource and time to provide maximum value to our customers. With PCCL, we developed a care services solution for KCC and the result is a fully automated system for care services – the only one in the UK. It is estimated that the system will process around £30 million worth of care payments during its first 12 months, making it one of the largest GPC Visa programmes in the UK. It's a great example of Government and private enterprise co-operating to improve efficiency in the public sector and we are proud to be a part of it."

If you would like further information email us at commercialcards@rbs.co.uk or contact us on **0845 3030 321** between 9am and 5pm Monday to Friday. Calls may be recorded.

The TDM system is developed and managed for RBS by Purchasing Card Consultancy Limited (PCCL). PCCL is a specialised provider of purchasing card based payment systems for government and private enterprise.

The Council's card programme is part of the UK Government Procurement Card programme. GPC Visa is managed by Visa and OGCbuying.solutions. **For more information go to www.ogcbs.gov.uk and www.purchasingcard.info**