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For more information from the LSC, please contact Carl Johnson, FE Procurement Officer, on fecollegeprocurement@lsc.gov.uk

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The right answer for the Learning and Skills Council's Government Procurement Card (GPC) Scheme

Fewer costs. Faster processes. Improved business efficiency. When it came to improving the procurement capacity within the further education (FE) sector, the LSC's FE Procurement Development Team chose Barclaycard Business as their preferred GPC provider.

The reason? Apart from being the leading GPC provider, and having over 30 years' experience in the commercial card market, we also had the resources and expertise to offer the FE sector a number of valuable additional benefits, including:

- A visit to each college to fully support them throughout the implementation process
- Ongoing support to develop their individual GPC scheme beyond the pilot stage
- Specialist teams, for implementation and supplier recruitment, to provide dedicated advice and support and drive a successful roll-out
- Our Enhanced Management Information Tool (EMIT) – available free of charge to all colleges, no matter the number of cards or spend, providing over 70 MI reports
- The convenience of Online Services with the ability to view statements and recent transactions online, as well as account management reports from April 2007.

GPC for the FE sector

We are very proud to have been selected by the LSC, and to be a part of their commitment to promoting the GPC initiative to all eligible colleges. Over 150 colleges have an existing relationship with us, and they're already beginning to benefit from the efficiencies, time-savings and convenience our card solutions can provide.

Leicester College

After initially adopting a softly, softly approach to the introduction of government procurement cards (GPCs), Leicester College has recently seen a massive increase in usage and popularity of the cards right across the organisation.

Between August and October 2006, just 26 transactions, with a total value of £2,820, were made using the cards. Between August and October the following year, this had risen to 677 transactions with a total value of £59,236.

Jane Parkinson, financial accounts manager, and Julie Blackwell, purchase ledger supervisor, took time out to explain how this had been achieved. Jane describes the first steps:

"The college reviewed its strategic options for procurement in 2004. What became immediately apparent was the amount of low-value (less than £300), high-volume transactions we were processing. Literally thousands every year, and each one generating its own small paper mountain and taking time and energy to process.

We turned to Barclays for help as they were already the college's bank and because we knew that they were the Learning and Skills Council's (LSC's) contracted supplier for GPCs.

Initially we ran two cards in the finance team to get the hang of them ourselves and then went for a departmental pilot in March 2006. Twelve cards in total were issued to the corporate services department. We conducted a thorough review six months later and the results were overwhelmingly positive.

There were one or two teething problems; setting up category management codes for example, and we quickly realised that our initial spending limit of £100 was insufficient, raising it to £300 after the review, but Barclays were terrific at sorting these issues out."

Julie explains what happened next:

"Based on the results of the pilot, we put together a presentation with the aim of selling the cards to the rest of the college. At this stage, we were keen to get as many budget areas participating voluntarily as possible."

This approach has proved very successful for Leicester, with all but a couple of budget areas in the college now converted to GPCs. The benefits are self-evident, as Julie points out:

"In the finance team we have witnessed a massive reduction in the number of purchase orders. It was not unusual in the past for someone to raise a purchase order for £2.50 for a roll of sticky tape – now virtually all transactions of this nature take place without any input or involvement from the finance team at all. It also means that one-off low-value purchases no longer require the supplier to be added to the system – another huge time saver. All in all we are now operating with one less full-time post, so the savings have been considerable."

Despite some early reluctance, the feedback from budget areas is equally positive. Staff particularly appreciate the speed and ease with which low-value transactions can be processed. One cardholder sums up the general mood:

"Within the catering department, the introduction of purchasing cards has made life a lot quicker and easier. I can now get all my small catering equipment needed for our kitchen within 24 hours. I recently ordered a replacement freezer door handle over the internet, and within 18 hours the goods had arrived.

Once the card has been set up to your needs, (this is trial and error for some categories), you can make purchases a lot quicker and, in some cases, you can get the goods cheaper.

Once a month you collate all your receipts, sign them off, and that's it. No filing of duplicate orders etc. I use the card so much now that if I do have to write out a purchase order, it seems to take an age to get the goods or services."

Leicester has achieved big things by persuading and encouraging budget holders to adopt GPCs voluntarily. Over 80 cards are now in circulation across the college and all but two budget areas are using them. However, as David Grocock, vice principal of finance and business operations, points out, the intention is for all areas to adopt soon:

"We've had great success rolling out the cards and driving up usage on a voluntary basis. The results so far have convinced me that there is no reasonable or practical argument for any area not to have one and use it.

I'd say the same goes for other colleges. I can understand some people being a little nervous if they're new to the concept but that is no reason not to get involved. I would recommend to any college that, if they haven't already, they introduce GPCs as soon as possible."

City of Sunderland College

Like most senior managers in FE, Kathy Bland, assistant principal at the City of Sunderland College, wears more than one professional hat.

Amongst her many and varied roles she has responsibility for ensuring the college gets value for money from its suppliers and operates as efficiently as it can do.

It's no surprise, then, that Kathy was intrigued when she received an invitation from the Learning and Skills Council and Barclays to attend a road show on Government Procurement Cards (GPCs). Kathy explains:

“attended the road show in May 2006 and was interested immediately. No one who has worked in or managed a finance function can be unaware of the energy and time expended on purchase order processing. GPCs seemed to provide an off-the-shelf alternative to this interminable paper chase.

Following the road show, I did an analysis of our spend and quickly established that we were processing over 6,200 invoices a year; over 85% of which were for purchases of less than £1,000. Having established our spending profile was appropriate for cards, I sought agreement from the principal and governors for a pilot.”

The pilot ran from August 2006 to December 2006 and involved five budget holders. Kathy is very complimentary of Barclays, who, she says, provided an excellent service setting up the cards in the first place and in responding to teething problems around category management codes, individual spending limits and other administrative issues.

The pilot was a resounding success as Kathy enthuses:

“All the cardholders reported high satisfaction levels; specifically in terms of reduced paperwork in relation to raising requisitions and purchase orders and processing invoices. One holder experienced direct cash savings by purchasing travel and accommodation online, and in one instance the cards helped to keep the show on the road.

A circuit fault occurred in one of our IT classrooms, which would, under the usual requisition process, have taken days to sort out. Instead, the cardholder simply took a technician down to the local computer hardware store, bought the required part over the counter and the classroom was up and running again in a couple of hours.

Overall, the staff involved in piloting the cards were delighted with the results. In addition to the tangible benefits, there was a more general feeling that the cards had empowered staff to get on with it.”

The pilot complete, Kathy went back to her board in February 2007 to seek agreement to introduce GPCs right across the organisation. That process is now under way with currently 35 cards in use in all the support budget areas and a further ten planned for the academic departments in the near future.

Although Kathy no longer teaches, she is still a very learner-focused individual and it is in this respect that she advocates GPCs for colleges:

“The starting point with any new scheme or development is always the same with me. Will this help our learners? After all, that is why we are here. As far as cards are concerned, I can say the answer is a resounding yes.

The cards help to cut down on waste, both in cash terms and in terms of people's time. That's extra cash and extra time that can be redirected to providing first-class learning opportunities to our students. Who wouldn't recommend that?”

Stafford College

Stafford College has been successfully raising the profile and status of procurement for the last two years.

After joining the college in an estates/central purchasing role, Pat Eagle became aware of the growing emphasis the Government was placing on procurement through the publication of the Gershon Report and the subsequent establishment of the LSC FE Procurement Team and publication of the NAO report: Improving Procurement in Further Education Colleges.

The college's response was to grab the bull by the horns and prepare a Procurement Strategy which was approved by the Audit Committee in 2006. A key feature of that strategy was the adoption of the Government Procurement Card (GPC). Pat explains:

“For me, GPCs made sense. Analysis of our expenditure showed a high percentage of high-volume, low-value transactions of the type appropriate for card payment. There was a growing demand for buying over the internet and I could see that GPCs were a quick win in terms of reducing workload, meeting colleagues' needs and, at the same time, responding to the NAO report and the obligations it was placing on the sector.”

The college instigated a pilot in January 2006, replacing the college credit card, which was a chargeable service, with the GPC, which was provided free of charge. Initially, six volunteer users were identified to pilot the cards; two in estates and facilities, three in catering and hospitality and one in the central finance team. Pat continues:

“We enabled two users in estates and facilities to buy office supplies from Lyreco. The system is fully automated with online ordering as well as payment. Feedback has been positive with the team reporting no operating issues and a definite time saving.

Catering and hospitality have a more complex scheme involving multiple suppliers. To be fair, catering experienced some initial glitches, mainly around suppliers' unwillingness to accept card payments and the operation of the supplier categories and financial limits.

On this latter issue, we have found Barclays to be very helpful in making prompt changes and these early teething problems were quickly overcome. Overall, the catering team has expressed a preference for card purchasing and is keen to expand the system to their remaining suppliers and to maintenance contracts. They are also keen to develop online ordering where possible.”

The card held in the central finance team has proved particularly useful for the college. The card is enabled for all suppliers and is used to assist any colleague who needs to make web-based purchases. In addition, a nominated finance officer monitors incoming purchase requisitions and intercepts those appropriate for card payment. The finance officer then contacts the budget holder and offers to end the paper chase at that point and complete the transaction by card over the phone.

All that's required then is a delivery note to close the payment against the purchase order. Pat says:

“Finance is content with the system and has reported a processing saving in the department. Overall, the pilot has shown the card to be a popular and effective approach to the payment of goods and services.

From the commencement of the pilot up to July 2007, approximately 250 payments were made to nearly 80 suppliers, and we're now running at about 50 or 60 a month. Over time, we will be extending the scheme to all areas where there are high levels of low-value transactions and to areas where web-based procurement is necessary. The intention is to quadruple the number of card transactions over the next 12 months.”

South Nottingham College

Keith Gregory, financial controller at South Nottingham College, brought a wealth of private sector experience with him when he joined the FE sector four years ago.

Keith was taken aback by the apparent lack of a co-ordinated procurement process, particularly with regard to high-volume, low-value transactions. Keith explains:

“A quick analysis of the college’s expenditure revealed that 80% of the invoices we were receiving were for less than £250. I seem to recall the average of these 80% was about £130. And I can’t tell you how much paperwork we were processing to deal with these – literally mountains of the stuff. Hours of staff time were being wasted chasing paper around the organisation.”

It was shortly after determining to tackle the situation that Keith met with Ray Poxon, from the Learning and Skills Council, and a representative from Barclays to discuss the possibility of adopting Government Procurement Cards (GPCs). As he explains, things happened quickly after that:

“It was immediately apparent that there was a tremendous merit in adopting the cards so I couldn’t see the point of piloting them first. I prepared a proposal paper for senior management and, once I’d secured their agreement, we dived straight in. We brought Barclays in to give a couple of talks to the appropriate staff, established some internal controls and then issued 15 cards to the principal buyers across the organisation.

The benefits of the scheme have been self-evident for all concerned. Buyers complete transactions quicker and receive their goods quicker. The finance team have seen a massive reduction in paperwork, and because of this it was not necessary to replace a member of staff who left the college, producing tangible cost savings. And, of course, suppliers benefit from immediate payment.”

Keith has also noticed less tangible benefits across the college as colleagues adapt to more professional procurement practices. Keith explains:

“Like most colleges, I suppose, there was a tendency for some of our departments to rely on certain suppliers, even though they may not have been getting best value. This was particularly the case in relation to low-value transactions. The ease of using the card, particularly purchasing over the phone and via the web, is encouraging everyone to seek out the best deals.”

Keith would recommend the scheme to any college. Like he says:

“It’s really very simple, because basically all electronic procurement is about applying the same rules we use at home to our workplace and GPCs are just one aspect of that. Providing the bought ledger infrastructure is sound and adequate controls are introduced, there is no reason for it not to be successful.”

Selby College

Selby College, one of England’s top-performing colleges, has been trialling the use of GPCs for about six months. Karen Fritz, Finance Office Manager, gives an overview of how useful they have been for the league-topping college.

Selby College introduced ten GPC cards about seven months ago after hearing about them at a Learning and Skills Council road show.

“Rather than issuing cards across the college, we decided to pilot them to test how useful they were, in areas we felt the facility would bring most benefit. Selby College’s Property Maintenance Team, for example, now use the cards to purchase all low-value, one-off items needed for everyday repair work.”

Karen added:

“The cards have reduced the problems associated with keeping sufficient amounts of petty cash to cover such purchases and considerably speeded up the time it takes for the team to carry out essential maintenance work. I set limits on what they can buy with the cards and how much they can spend. With these controls in place, the pilot system is now far more secure than using the old petty cash system they have replaced.”

A second area where the cards have proven useful is Selby College’s Learning Resource Centre (LRC), where the LRC Manager now purchases all books and other materials online. This has helped speed up the procurement of these materials and has also helped the College Finance Team by reducing the amount of time they need to spend processing requisitions, invoices and delivery notes.

Throughout the process of piloting the cards, Karen has been particularly impressed with the level of support she has received from Barclays. As Karen explains:

“We have occasionally experienced problems with cards being refused from time to time. This is no one’s fault; it is just that some goods and services don’t always come under the category code you might expect. When this has occurred, staff at Barclays have helped to quickly overcome the problem. Likewise, whenever we’ve wanted to open up a card temporarily or to alter the spend limit, Barclays Bank has always been both accommodating and efficient in how they have dealt with our requests.”

Selby College has recently started to use Barclays Online Services Solution. This operates in a way that will be familiar to anyone who does their own banking. The online facility allows Karen to view the account details of each card in operation in Selby College. That way, Karen can alter spending limits and open up category codes at the push of a button. It also gives access to individual account details for each cardholder.