

11 FEB 1996 10:28 FROM BA/POCL (EVALUATION BOARD) 1. 22.1.96

DRAFT 27/2/96

## Meeting Note



**Purpose:** Evaluation Board Meeting  
**Date:** 26 February 1996  
**Time:** 10.15 a.m.  
**Place:** Terminal House, London  
**Chair:** Bob Peaple, POCL  
**Secretary:** Michael Purchase, BA/POCL  
**Attendees:** Robert Albright, BA/POCL  
Derek Brown, BA  
David Ferguson, SSA (NI)  
Alan Shepherd, PO IT  
Tony Johnson, BA/POCL  
Larry McCaffery, DITA  
Jeff Prince, PO P&LS  
Don Rendall, BA  
Paul Rich, POCL  
Derek Selwood, BA/POCL  
Andrew Stott, BA/POCL

### Points Noted

### Actions and Agreements

#### 1. INTRODUCTION

- 1.1 Bob Peaple, as chair, explained that as it was not appropriate for the Evaluation Board to take the minutes of the Procurement Board, the meeting would proceed to consider the Pre-ITT Hurdles.
- 1.2 Apologies for absence were received from Steve Keres.

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## 2. SUPPLIER PERFORMANCE AGAINST THE PRE-ITT HURDLES

2.1 Derek Selwood spoke to the paper "Supplier Performance against the Pre-ITT Hurdles" (PWKP4-20, Issue 1.0, 21/2/96). He apologised for an omission in Annex A that gave an old version of the definition of the hurdles. Hurdle (a) Service Requirements, item iv should include reference to "transaction process & system response times", and Tony Johnson would cover this when he talked to the Requirements hurdle clearance certificates.

2.2 The meeting proceeded to discuss each of the Pre-ITT Hurdles as introduced by PWKP4-20 in the following order:

- Service Requirements Hurdle
- Partnership Hurdle
- Risk Transfer & Commercial Aspects Hurdles
- Service Provider Risk Register Hurdle
- Contract Hurdle

### Service Requirements Hurdle

2.3 The papers for the meeting included certificates signed by Tony Johnson confirming that all the service providers had cleared the Service Requirements hurdle. Tony Johnson updated the meeting on the position with respect to transaction times and answered queries from the Evaluation Board on the Requirements certificates.

2.4 The position on **transaction times** had developed over the previous week and a meeting on Monday 26 February of the sponsor groups was expected to reach agreement on the set times for the contract. Current indications were that, if the proposed times were agreed, all three service providers were expected to pass. The Evaluation Board clarified that in so passing there would be no slackening of other requirements such as security.

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- 2.13 The Evaluation Board agreed that the Programme, through the Implementation Managers Group (IMG), should resolve "Day 1" functionality in consultation with POCL, and that the conclusions should be fed back to BA.

Agreed

#### Partnership Hurdle

- 2.14 The papers for the meeting included certificates confirming that all the service providers have cleared the Partnership hurdle. These were accepted by the Evaluation Board, subject to David Miller signing them and providing them to Derek Selwood.

Agreed,  
subject to  
certificateAction:  
D Miller

#### Risk Transfer & Commercial Aspects Hurdles

- 2.15 The meeting had been provided with a paper setting out the policy for risk transfer (PWKP4-13) and another summarising the current perspective (PWKP4-18). Robert Albright provided a summary of the outstanding commercial issues from the contract negotiations, and Andrew Stott briefed the meeting on the status of the fraud risk transfer negotiations.
- 2.16 The Evaluation Board discussed the implications of the outstanding issues, in particular those relating to:
- limits of liability
  - transfer of fraud risks
  - the level of "drop down" compensation (should the sponsors fail to complete the two sponsor-contractor contracts within the period immediately after award)
  - the position on contract management
  - the precedence of requirements over solutions, and
  - liquidated damages.



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2.17 The Evaluation Board noted the letter to suppliers of 20 February setting out the position on Baseline, Variant and Alternative tenders. Suppliers were required to submit a Baseline tender, i.e. one that complied with the draft contract agreed with each supplier prior to ITT. While this Baseline may differ for each supplier, the Evaluation Board noted the potential difficulties of wide variations for evaluation and reaching an objective decision. For example, wide differences in the position on transfer of fraud risk might affect suppliers' prices in a way that was not transparent, thus impeding like-with-like comparisons - particularly as there were other factors that may effect price such as service levels and volume guarantees.

2.18 The Evaluation Board agreed that the sponsors should clarify the minimum acceptable position for commercial issues and inform:

Action:  
sponsors

- the CNT for conclusion of the negotiations, and
- the Evaluation Team for assessment of the acceptability of alternative and variant tenders.

2.19 The Evaluation Board concluded that the CNT should continue to negotiate for the best deal with each supplier; but should maintain the principle of a Baseline tender with which a supplier must comply in order to be considered further. The result of the evaluation would be a commercial decision based on the level of charges, assurances offered and the probability of various scenarios occurring supported by the Value Factor assessments. The process must be based on considered and defensible judgements, and ensure that any models and mechanisms supported rather than diverted the rational decision process.

Agreed

2.20 The Evaluation Board agreed that the staff involved in preparing and quality assuring the ITT should ensure that the ITT elicits all the data required to complete the evaluation.

Action:  
Programme,  
Sponsor QA



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Risk Transfer Hurdle

- 2.28 Following the update from Andrew Stott and Robert Albright, the Evaluation Board noted that the "A" risk against Pathway for Fraud risk on card might be cleared following the latest negotiation meetings. However the new issues relating to cardholder verification risk transfer and the lack of monitoring fraud impact might cause a new "A" risk to be raised and/or failure to reach agreement on draft contracts with Pathway.
- 2.29 This hurdle would be confirmed as cleared subject to agreement of draft contracts. David Miller would sign the appropriate certificates when cleared and provide to Derek Selwood.

Action:  
D Miller

Service Provider Risk Register Hurdle

- 2.30 The Evaluation Board noted paper PROD4-08 Risk Register Analysis. It noted that the two "A" risks against Pathway might be cleared on latest information (see paragraphs 2.23 and 2.28)
- 2.31 The Evaluation Board then discussed whether the profile of risks other than severity "A" should be a bar to the issue of the ITT to any of the suppliers, and in particular to Pathway. It noted that Pathway had been warned of the seriousness of its position in a letter from the Chief Executives.
- 2.32 On balance the Evaluation Board accepted the conclusion of the Programme that the profile of other risks did not give cause to bar the issue of the ITT; however some members were still concerned about the overall position of Pathway.

Agreed



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### 3. READINESS OF ITT FOR ISSUE

- 3.1 Mike Dolan presented the paper on component parts of the ITT and said that everything was on course for the ITT to go out on Thursday 29 February. All the requirements had been issued and solutions had been received to all the requirements. Another iteration of some solution responses was needed where the Programme was not completely happy, and would be complete by Monday night (26 Feb). Where outstanding issues were identified with the solutions, then risks would be raised on the Service Provider Risk Register (SPRR). Teams from BA and POCL were ready to ensure that the last iteration included everything, leading to the Sponsor Sign-off meeting on Wednesday 28 February.
- 3.2 The Evaluation Board obtained confirmation that all the components (including Schedule B7) are now drafted and that the list already excluded all schedules that were not obligatory for ITT. The objectives of the Operational Trial and roll-out requirements were covered by Schedule B1, the Requirements Catalogue. An additional component might be needed to make explicit the position reached on transfer of fraud risks. The methods for sponsors handling "double-key" change control had been put to suppliers in a letter and would not be contracted in Schedule A4, Contract Management.
- 3.3 The Evaluation Board noted that the ITT would be fixed once issued. While the Negotiated Procedure allows us to negotiate contracts separately with each supplier, any changes after ITT would require us to obtain revised tenders from all three suppliers to ensure equal opportunity and handling.

Agreed

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#### 4. FUTURE MEETINGS AND DATES

4.1 Derek Selwood updated the Evaluation Board with a list of dates for events post-ITT. The next Evaluation Board meetings are:

- **Thursday 14 March, 11.30 a.m., Terminal House**  
To endorse the Value Factor assessments and endorse the Financial Evaluation model, so that these can be lodged with the lawyers prior to receipt of tenders on 21 March.
- **Monday 15 April, 12.30 p.m., Drury House**  
Lunch from 12.30 p.m. for a 1.00 p.m. start, for the presentation of the Evaluation Report. If not completed by 6 p.m. then to adjourn the meeting until:
- **Tuesday 16 April, 8.30 a.m., Drury House**  
To complete the presentation of the Evaluation Report, if required.
- **Friday 19 April, 10.30 a.m., Drury House**  
To select the winner and attend to any outstanding endorsement and award issues.

4.2 Board members were asked to note that the Evaluation Team would be undertaking a checkpoint review a week after receipt of tenders to review the planning assumptions and any issues arising from tenders. Board members should expect a summary report following 28 March, and may need an extraordinary meeting during the week commencing 25 March.

4.3 The Evaluation Board requested early sight of draft evaluation papers and confirmation of the papers already issued that set out the evaluation approach in preparation for their next meeting, on 14 March.

Action:  
D Selwood

