



27 October 2008

Firstly, I would like to introduce myself as the new Head of the Government Banking Service (GBS). As of 3 November 2008, I will officially take over from Steve Betteridge, and wish to formally acknowledge and thank Steve for his dedication and hard work over the past year.

On July 31st, 2008 Steve Betteridge wrote to you regarding the launch of the Government Banking Service. I can now tell you the outcome of the competition for 'back office support' that he mentioned in that letter.

Following analysis of the options created through the competition and based on your feedback, we have decided to develop a 'direct to bank' service for you with commercial banks. As a result we will not be awarding a contract under the competition. We will now be working on the detailed design of the new service which we believe will offer significant advantages including:

- the latest internet banking services;
- streamlined and faster processes;
- better management information; and
- improved pricing.

One of our key objectives is to work with you to improve the efficiency of banking across government, including reducing errors and increasing the use of the most efficient and up to date payments methods. We believe the 'direct to bank' service – which will reduce manual and paper based transactions and reports as well as lowering costs – will play a key role in helping us to deliver that objective.

We will be working on the detail of this new business proposition over the coming weeks. We will contact you shortly with an update on our plans.

I attach a Q&A brief which I hope you will find helpful. If you have any other questions on these changes, please contact the Government Banking Transition help desk at [dianeheighes@hmrc.gsi.gov.uk](mailto:dianeheighes@hmrc.gsi.gov.uk) or 020 7147 3706, rather than your normal customer

adviser at Xafinity Paymaster. Xafinity Paymaster will continue to support you on operational issues up to the point of transferring to the new service.

I know that this is a significant change and I assure you that you will be consulted and supported through the transition. A project team is in place and will be contacting you shortly to start this process.

We look forward to working with you into 2009 and beyond.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Tim Horan". The signature is written in a cursive style with a large initial "T" and "H".

Tim Horan

Head of GBS