

Local Government Association

eInvoicing case study: Nuneaton & Bedworth Borough Council

Introduction

Nuneaton and Bedworth Borough Council has proved that the rewards of electronic invoicing (eInvoicing) are within easy reach for smaller local authorities. With a clear vision and modest resources, the council has quickly gained compliance benefits and clear efficiency savings. In 2014, the council is preparing to take its eInvoicing strategy to the next level with a major project expansion.

About the council

The council procures goods and services worth around £20 million annually, using UNIT4 Agresso as a back-office system for corporate finance.

The council recognised that improved procurement controls across the organisation including a single process for purchasing and invoicing was required. The cost of processing each transaction was excessive at approx £35. Effort was often duplicated, with details copied manually across systems and sometimes three different spreadsheets. The council had a team of 6-7 people processing 44,000 invoices per year. Over 60% of invoices had no purchase order, resulting in a waste of admin time sorting queries.

Objective

Nuneaton and Bedworth wanted a single, corporate procurement process - with eInvoicing included - to drive up compliance and target savings. The council recognised that a change in the organisational culture would be required. The new software tools also needed to be easy for staff to use.

Approach

The council chose EGS, which is now part of the PROACTIS Group, as its partner from an existing framework contract. The council and EGS worked together to define, create and launch E-Buy, the name chosen by the Council for a new purchase-to-pay (P2P) solution that included eInvoicing based on proven technology and techniques. The joint team also designed its integration with UNIT4 Agresso finance system.

As part of the supplier on-boarding process, the project unearthed an 'underground' collection of suppliers whose details had never appeared on council systems. This led to a valuable exercise in rationalising the council's supplier list.

Three different methods were introduced to enable suppliers for eInvoicing:

- 6% of eInvoices arrive via system-to-system XML connections.
- 35% are created at a web portal where purchase orders are 'flipped' into eInvoices.
- 59% are received through scanning and advanced OCR (optical character recognition).

Getting council staff to use this system was like 'pushing on an open door'. The overwhelming number of people favoured the new system as being "intuitive and easy-to-use" .

Outcomes

- Through supplier rationalisation and better processes, the council reduced the number of invoices it receives from 44,000 to 33,000.
- Three quarters of invoices are processed by the council's construction industry scheme system and are currently unreachable by eInvoicing (though there are plans to change this shortly).
- Of the remaining invoices, 80% (7,019) are now processed electronically.
- The average cost of transactions (procurement including invoicing) has fallen by 80% from £35 to £7.
- eInvoices handled automatically by OCR cost less than £1 each.
- Ad-hoc invoices that need to be 'flipped' manually by council staff take less than 60 seconds each.
- The number of full-time staff positions has been reduced from 6-7 to 2.5 equivalent.
- The system regularly and automatically averts mistakes and over-payments worth hundreds of pounds at a time - by spotting duplicates and other errors within invoices that have thousands of lines.
- Small-and-medium sized suppliers benefit from timely payments within 10 days.

Resourcing

Nuneaton and Bedworth has employed just one Systems Support and Training Officer, working three days per week. However, the council recognises that a faster payback will be achieved with more staff. Plans are being made for three more people to be trained, ready for an expansion of eInvoicing.

What next?

The council is intending to include a requirement to trade electronically (including eInvoicing) within all new supplier contracts.

In a major expansion of its eInvoicing programme, the council is now addressing the 24,000 invoices that are currently processed through its construction industry scheme. These invoices include labour costs. The council plans to use a mix of eInvoicing methods as well as a PDF translator, which accepts invoice files attached to emails.

Challenges & lessons learned

- Even though a smaller local authority, Nuneaton and Bedworth discovered it could achieve a radical transformation within months. Having executive-level backing was key to this.
- The council found that eInvoicing takes waste out of the system. Even with a few hundred eInvoices a year, the savings come through. The more resources invested, the faster the payback.
- Rather adding complexity, eInvoicing simplifies the whole process for the council by removing thousands of pieces of paper - and making everything visible in one place. The council can see bottlenecks and then fine-tune processes.
- eInvoicing is good for compliance and budgeting. Departments benefit from a transparent system that lets them account for spending and track every invoice in the system.

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