



New system provides transparency, improved reporting and financial savings



Peterborough City Council's purchasing system was decentralised and paper-based, with departments handling their own spending and processing large volumes of paper invoices at significant cost. The Oracle Purchase-to-Pay (P2P) purchasing system was introduced to achieve a yearly cashable saving of £2.8 million on a total expenditure of £36 million, as well as other numerous benefits.



THE CHALLENGE

Under the existing system it was hard to keep track of purchases, and there was a lack of visibility at all stages of the process, giving managers little opportunity to analyse expenditure accurately enough to see where savings could be made. Spending was often related to perceived rather than actual needs.

This led to unnecessary stockpiling of resources, poor use of available funds and anomalies such as suppliers dealing with different departments on different terms.

THE SOLUTION

In January 2007, the council introduced the Oracle Purchase-to-Pay (P2P) purchasing system, a software package which enables staff to request, authorise and send purchasing requests electronically.

The system:

- ➔ Allows the smooth implementation of unified, council-wide contracts with suppliers.
- ➔ Replaces paper invoices and requisitions with electronic ones.
- ➔ Gives managers the ability to track and subsequently analyse purchases.

The council undertook the implementation of the software alongside the creation of clear processes to support the new system, so that purchases could be initiated and authorised in a consistent and transparent way.

The introduction of Oracle was accompanied by new ways of measuring, monitoring and controlling expenditure. Staff are now expected to use contracted suppliers for all purchases, and managers are provided with data about spending relative to budgets and supply levels, allowing them to have a clear picture of demand.

THE BENEFITS

By initiating a centralised, almost entirely paperless purchasing system, the council will achieve a yearly cashable saving of £2.8 million on a total expenditure of £36 million.

Other benefits included:

- ➔ 50 per cent reduction in stationery expenditure, saving £245k.
- ➔ 50 per cent saving on telecommunications systems.
- ➔ Reduced administration costs.
- ➔ Service improvements, such as faster delivery times.
- ➔ Actively controlled expenditure.
- ➔ Flexible processes that can respond quickly to changes in demand.
- ➔ Overall improved service at lower cost.

In general, due to the way in which managers can now monitor and analyse purchases, spending is actively controlled and rationalised, rather than occurring haphazardly, and processes are flexible enough to respond quickly to changes in demand. The end result is an improved service at a lower overall cost.