

# IMPLEMENTATION GUIDE

## NEPO521 Early Payment Service

NEPO has developed this guide to help public sector organisations understand the implementation process when initiating an early payment service. Please contact NEPO if you have any queries or would like further information.



# BACKGROUND

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*In May 2020 NEPO launched NEPO521 Early Payment Service, a compliant procurement solution available to the UK public sector.*

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NEPO521 Early Payment Service features a sole supplier, Oxygen Finance. Oxygen Finance is a specialist B2B payments business and is the leading provider of early payment programmes, with vast experience in this area and an award-winning service.

The solution allows local authorities to accelerate payments to their suppliers whilst unlocking value from their supply chain, in exchange for a pre-agreed discount. Small local suppliers may join the programme without the application of discounts, this is known as Freepay. Each local authority may decide whether to include Freepay as part of their programme.



# THE BENEFITS

Many benefits are achieved from implementing an early payment service for both the authority and your suppliers, as outlined below:

## Local Authority

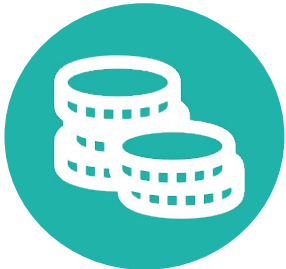
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New, predictable bottom line savings



Contributes to social value agenda



P2P (Purchase to Pay Processing) efficiencies and reduced cost



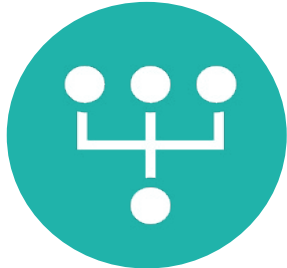
Adhere to government legislation

## Supplier

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Improved cashflow



Can be replicated down each tier of the supply chain



Improved relationship with their customers



Hands free and fully automated



## Implementation: Summary of steps

A **mobilisation stage** is initiated to prepare for implementation. This includes confirming the project team, scheduling technical resources and agreeing key stakeholders and ways of working.



A standard project approach of **design, build & test, and deploy stages** then make up the bulk of the implementation plan.



Following **go-live** the project team remains in place for several weeks to ensure smooth running of the early payment service.



The programme then moves into the **service management phase**, where Oxygen Finance provides a named service manager to oversee the programme for the remainder of the contract and a support team is on hand to assist with any queries or issues.

# IMPLEMENTATION: WORKSTREAMS

Implementation is split into four key workstreams:

**01**

**Process improvement:** Deploying lasting improvements to optimise P2P processes, ensuring invoices are paid at the earliest point in the process

**02**

**Supplier onboarding:** 40%+ adopted through robust, class-leading methodology and a suite of supporting tools, maximising income, leveraging insight services

**03**

**Technology:** Unobtrusive seamless integration with Finance systems, lights out fully automated. E-invoicing and KPI dashboards bundled

**04**

**Communications:** Internal and external communications, so staff and suppliers understand the scheme as appropriate to their needs



# PROJECT TEAM

The project is governed by a Steering Group with representatives from both Oxygen Finance and the contracting authority.

Oxygen Finance provide dedicated project management resource and work with a named authority contact to support project management activities, provide introductions and make day to day decisions.

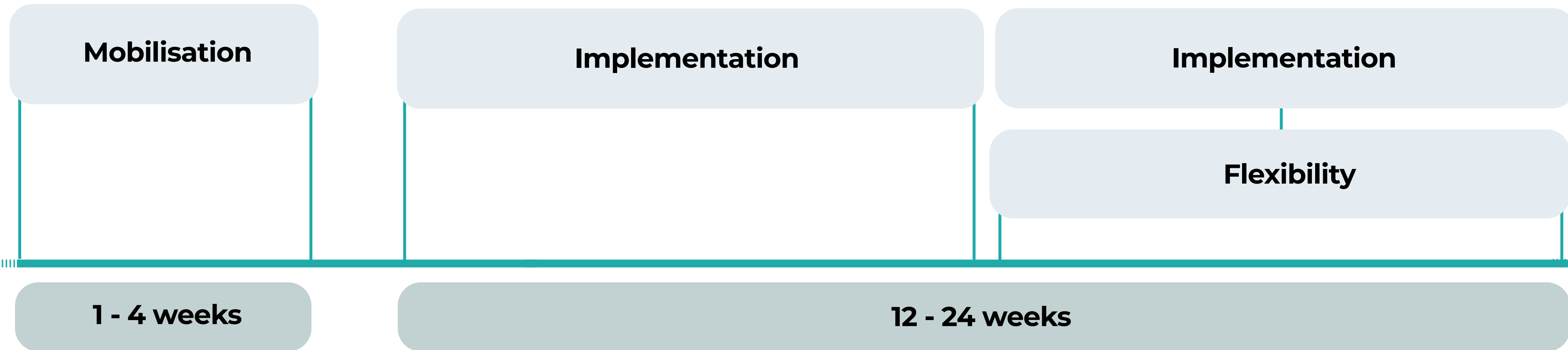
Each of the four workstreams require a lead from both the contracting authority and Oxygen Finance. This typically involves representation from the following areas:

- **Procurement / Category Management**
- **Accounts Payable**
- **Technology / Finance Systems**
- **Communications**

Oxygen Finance has extensive experience in implementing early payment programmes which means that they have guidance and templates for all project deliverables. This includes project plans, stakeholder briefing materials, supplier communications and agreements. The effort required by each authority workstream lead depends on the level of agreed changes, however the combined input across all roles is approximately 1 FTE.



# TIMESCALES



**Mobilisation (1 to 4 weeks):** The initial preparation phase (mobilisation) typically takes less than 4 weeks.

**Implementation (12 weeks):** An implementation plan is executed to deliver the building blocks of a successful programme. This includes core rebate functionality, process improvements, and all activities required to successfully onboard suppliers.

Earnings can then begin to be generated alongside the implementation of more complex solutions (such as relating to Works and Social Care spend).

**Flexibility:** Where authorities have other resource commitments, Oxygen Finance can extend the milestones in the constrained areas over a longer period, usually to a revised timeline of 4-6 months. Where e-invoicing is included as part of the initial Implementation the timelines are typically extended to six months to allow for the additional effort to be coordinated in line with the core rebate functionality.

# CASE STUDY: SOUTH TYNESIDE COUNCIL

*South Tyneside Council implemented their 'Supplier Incentive Programme' in 2016. The Oxygen Finance team worked collaboratively with key stakeholders across finance, procurement and IT, and successfully implemented the programme in a six-month period (including mobilisation).*

*Oxygen Finance were invaluable in achieving digital transformation, providing e-invoicing for the participating suppliers as well as a suite of user materials. They even developed and hosted a dedicated microsite for South Tyneside suppliers to access key information.*

*When onboarding suppliers to the scheme, South Tyneside Council and Oxygen Finance held individual meetings with incumbent suppliers to discuss the early payment service and address any queries.*

**The early payment scheme has unlocked a range of benefits for South Tyneside Council and its suppliers:**

- South Tyneside Council's early payment service has grown since 2015 to **include over 240 suppliers**, representing spend in excess of £60m.
- On average suppliers participating in the programme are paid **within 10 days** (compared to 30 day standard terms).
- Generated approximately **£1.2m savings**.
- Secured **financial benefits** and allowed the council to deliver a balanced budget and protect frontline services for the benefit of the community and its residents.
- Access to daily management information highlighting progress and features such as top gains/losses and current days to pay, aids continuous **business and process improvements**.



# Get in touch

For further information about NEPO521 Early Payment Service, or to find out more about how NEPO can help your organisation, please get in touch.



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