

eInvoicing Consultation Report

November 2018

Background:

The **European Directive 2014/55/EU on Electronic Invoicing in Public Procurement** was published in the Official Journal of the European Union (OJEU) on 26 May 2014. Transposition of the Directive will be through amendment to the Public Contracts (Scotland) Regulations 2015.

The aim of the Directive is to ensure that Scottish public bodies are in a position to automatically receive and process electronic invoices (eInvoices) from suppliers for all contracts regulated by the European Public Procurement Directives. However, it is widely recognised that eInvoicing is an efficient and time saving process for both public bodies and suppliers, so where deemed appropriate and benefits have been identified, non-OJEU contracts and their incumbent suppliers will have the opportunity to send eInvoices.

Central contracting authorities (that are named in Schedule 1 of the Public Contract (Scotland) Regulations 2015 must comply with the Directive no later than 18 April 2019. All other sub-central contracting authorities will have a further twelve months to comply with the Directive (no later than 18 April 2020).

The Scottish Government is providing eInvoicing capability through the national purchase-to-pay (P2P) platform, PECOS, which is available to all Scottish public bodies. The overall cost (other than any interfaces that may be required between PECOS and finance systems) is currently being funded by the Scottish Government. To date there are 17 public bodies using the Scottish Government eInvoicing solution and over 412,000 invoices have been captured delivering approximately £5.4 million of transactional efficiency savings.

The Scottish Government continues to promote and roll out the eInvoicing solution and has engaged with all Scottish public bodies and appropriate national and sector suppliers.

The Consultation:

The consultation on the Introduction of Electronic Invoicing in Public Procurement ran from 1 August to 24 October 2018 and asked interested stakeholders if they thought it would be a good idea to introduce eInvoicing in the public procurement process and if there would be any barriers or challenges that could potentially hinder implementation.

In total, 21 responses to the consultation were received:

- 13 from local authorities;
- 1 from NHS;
- 2 from central government;
- 2 from trade organisations;
- 2 from suppliers; and
- 1 from an individual.

Consultation Questions and Responses:

Question 1: Do you agree that the introduction of eInvoicing is a positive step in the public procurement process?

All respondents, apart from one, agreed that the introduction of eInvoicing was a positive step. One suggestion received was that eInvoicing should only be used when it's a proven efficiency, i.e., for high volume, low value transactions.

Question 2: Do you foresee any barriers or challenges to implementing eInvoicing in the public procurement process?

A large majority of respondents (80%) indicated that they would encounter some challenges when implementing eInvoicing. The common challenges identified were:

- Reviewing internal purchase-to-pay (P2P) and invoicing processes;
- Supplier onboarding;
- Internal resource;
- Technical capability of suppliers and public bodies;
- Suppliers potentially having to support multiple eInvoicing solutions;
- Cyber security; and
- Smaller public bodies lacking P2P capability.

However, the remaining 20% of respondents accepted that the implementation of eInvoicing would make it much easier to do business with, as well as facilitate more efficient payment processes to suppliers (including SMEs) which would bring cost savings and liquidity benefits.

Conclusion:

The overall response to the consultation was positive.

As a result, the Scottish Government will proceed with the implementation of European Directive 2014/55/EU on Electronic Invoicing in Public Procurement through amendment to the Public Contracts (Scotland) Regulations 2015.



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