CROYDON COUNCIL
CASE STUDY

Income. Social value. Efficiency.
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Oxygen Finance is Croydon Council’s partner in delivering their Premier Supplier Programme, a service that has enabled the council to generate much-needed income and make significant improvements to their processes and efficiency.

Croydon Council is the largest employer in the borough, with a workforce of 10,500 and a spend of over £900 million a year across a large number of services for children and adults, as well as housing, planning, benefits, environmental and cultural services.

About the programme

Croydon Council’s Premier Supplier Programme is an innovative early payment initiative that enables suppliers to have their invoices paid ahead of the contracted term in exchange for a pre-agreed discount applied dynamically when the invoice is paid – the level of the discount is directly proportional to how early the payment is made.

The challenge

In 2013 the council set out its ambitious plan to achieve inclusive, sustainable growth. The Economic Development Plan outlined the need for infrastructure improvement and the support needed for people and business growth to move the borough towards the vision outlined in ‘We are Croydon.’

The local business community is a key focus. Initiatives include encouraging and supporting 2,000 business start-ups per annum and investing back into the regional economy by buying local.

The challenge faced by the council is achieving this growth against the backdrop of stretched resources, increasing legislative pressure around late payment and a savings target of £100m by 2018.

Arriving at a decision

Croydon Council made the decision to implement the early payment programme at the end of 2014, prompted by the range of benefits the solution could deliver.

In addition to enabling the council to achieve predictable bottom line savings, the programme implementation gave the council the opportunity to make processes more effective and benefit from efficiency gains.

The Premier Supplier Programme contributes toward social value goals by improving cashflow for local businesses, and helps the council to improve legislative compliance whilst reducing contingent late payment liabilities.

“We chose Oxygen Finance because of their wide range of expertise in this area and their unique offer. In addition to process and change expertise, they provide robust, secure technology, including a rebate engine. The Oxygen Finance remuneration model is based on the success of the programme which means our objectives are aligned and they are incentivised to invest in achieving a positive outcome.”

Richard Simpson,
Executive Director, Resources
Implementing the programme

During implementation, the Oxygen Finance team worked closely with Accounts Payable, Procurement and IT teams.

The implementation phase involved three workstreams fully resourced by Oxygen Finance, including:

- **Process and change expertise** allowing invoices to be ingested, matched and paid ahead of the contracted term.
- **Dedicated supplier onboarding** using a multi-channel marketing approach to engage suppliers on behalf of our customers.
- **Technology implementation** ensuring seamless integration with the ERP so transactions are processed without intervention.

All materials and resourcing for the programme were provided by Oxygen Finance, reducing the burden on the council.

"It was a very positive and collaborative exercise. The team at Oxygen Finance provided huge support to Croydon in designing, developing and implementing solutions to overcome challenges. Oxygen Finance also helped us think of innovative ways to increase supplier take-up."

**Vicki Richardson, Head of Finance Service Centre**

Benefits for Croydon Council

Since the programme went live in July 2015, it has generated rebates of over £600k. Hundreds of suppliers have now signed up with an annual spend of almost £50m and this is expected to increase year on year.

Through the implementation process, Croydon gained access to wide-ranging process and change expertise and an e-invoicing solution was deployed which is free for all participating suppliers. As a result, P2P processes have been optimised and the council has reduced transactional processing effort and cost.

Enhanced analytics are also shared with the council, providing a robust and accurate view of payment performance.

In addition, the council benefits from greater control and compliance, mitigating the risk of incurring late payment penalties and reducing the risk of duplicate or fraudulent payments.

Summarising the benefits for the council and its suppliers, Executive Director for Resources, Richard Simpson said,

“For the local community, the new income received helps the council to counter funding cuts and protect future growth and development. Social value creation also comes from delivering cash to suppliers, with payments typically being made 20 days earlier than their standard contracted term.

The early payment programme has also helped us to forge stronger relationships with our suppliers and utilise local businesses which aligns with the government’s target of placing a third of procurement spend with small and micro suppliers by 2020.”
Benefits for suppliers

The programme has been well-received by suppliers who benefit from access to free e-Invoicing, prioritised invoice processing, improved cash flow through early payment, dedicated contacts and a closer relationship with the council, as well as increased visibility and promotion within the council and across London.

Receiving payments earlier is critical for many small businesses – nationally, according to research by the Federation of Small Businesses, late payment is still responsible for more than 50,000 businesses failing each year.

About Oxygen Finance

Oxygen Finance is a specialist provider of payment solutions and the leading global provider of early payment programmes. We work with organisations across both public and private sectors to drive savings, improve operational effectiveness and deliver against social value objectives. We have offices in the UK and US and work with a range of technology partners. Our expert teams are experienced at working on large-scale transformation projects and our robust systems manage transactions of more than £10bn per annum.
For further information:

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