



Case Study | Bexley Council

With an annual spend of more than £160m on services for a local population of 245,000, Bexley Council introduced its Supplier Incentive Programme in January 2016 to support suppliers, many of whom are small local businesses.

Handling more than 10,000 invoices per month, the Council saw the opportunity to introduce an innovative early payment programme, which would deliver much-needed liquidity into the local supply chain, while also generating an additional revenue stream to invest in essential frontline services.

Working in partnership with Oxygen Finance, Bexley Council's Supplier Incentive Programme offers the Council's suppliers early settlement of their invoices in exchange for a discount directly related to how quickly the payment is made.

Drivers for change

Economic growth and sound financial management are central themes of Bexley Council's three-year plan '[#Brilliant Bexley: Shaping Our Future Together](#)'. However, this growth must be delivered against a backdrop of unprecedented change in local government funding, which ultimately requires all Councils to be self-sufficient and raise income locally to deliver services.

Between 2010/11 and 2015/16, Bexley's core Government funding decreased by around 40% and the Council faces complete withdrawal of its government grant by 2020.

Despite this challenging financial environment, Bexley's ambitions to create a prosperous local economy, supporting the local business community and creating an environment in which they can flourish, have never been greater.

Implementing the programme

A dedicated team of process change experts from Oxygen Finance worked closely with Bexley's in-house finance and IT teams to embed the new programme, which would make it possible to receive, match and pay supplier invoices ahead of contracted terms.

This was underpinned by Oxygen's robust technology, ensuring seamless integration with the ERP, to automate transactions.



Benefits for Bexley Council

Bexley is now among the fastest paying Councils in the country, settling invoices for suppliers who have joined the programme within an average of seven days.

Thousands of invoices have been processed early to date, injecting millions of pounds of liquidity into the economy, while the additional revenue generated from the Supplier Incentive Programme is being channelled into frontline services for the benefit of local residents.

Through the implementation phase, extensive improvements were made to existing processes, optimising purchase to payment (P2P) processes and reducing transactional effort and cost. In particular, the introduction of the Supplier Incentive Programme is credited with embedding the Council's 'no PO, no pay policy'. This ensures that goods and services are purchased from the right suppliers at the correct price and helps to aid faster payment by enabling invoices to be matched accurately and quickly using a purchase order system.

The procurement team also has access to real-time analytics, providing a clear and accurate view of payment performance. With enhanced checks and controls in place as part of the Supplier Incentive Programme, it has also reduced the risk of duplicate, fraudulent or late payments.

The Council believes the success to date is down to the effective collaboration of several teams, as well as the robust technology and on-the-ground support provided by Oxygen Finance to transform processes.

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"This programme is a win-win. Businesses get paid quicker and the Council generates an income stream that helps us protect the delivery of frontline services to residents. It is also part of our ongoing commitment to support small and medium sized enterprises and another way we get behind our local businesses. We'd encourage suppliers who haven't signed up yet to get in touch to find out more."

We chose to work with Oxygen Finance because there are no upfront costs for the Council - all of the implementation investment is made by them and they don't get paid unless the programme succeeds. That kind of guarantee is essential when funding is so stretched."

Commenting on the success of the programme, Leader of Bexley Council, [Cllr Teresa O'Neill OBE](#)



Benefits for the Council's Suppliers

The Supplier Incentive Programme has been well-received by Bexley's supply chain, who benefit from access to free e-invoicing, support from dedicated contacts and enhanced cash flow as a result of earlier payment.

Marc Colman from RC Services in Bexley, which provides maintenance and emergency repair services for the Council's outdoor recreation facilities, is one such supplier who is enjoying the benefits of the new scheme, as he explains:

"We're a family-run business and have been working with Bexley, which is our biggest client, for more than twenty years. Labour costs are our biggest outlay and being paid faster means we have the peace of mind that we can pay our contractors on time. Since the Supplier Incentive Programme was introduced, we've seen a difference in how quickly we are paid. If I send an invoice on a Monday, it is usually paid by Thursday and that's enormously helpful when you're running a small business with high labour costs."

Andrew Hubbard, managing director of Bexley-based property management company, Under My Roof, one of the largest suppliers of temporary accommodation to the Council, also welcomes the benefits, commenting:

"Cashflow is the lifeblood of a business and having access to swift payment, especially from major clients, is hugely reassuring - we can be confident that we'll get paid as quickly as we can submit an invoice. Using the Supplier Incentive Programme has enabled us to grow our business in, what can only be considered, a very difficult time in the housing market."

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"There was genuine commitment among staff from a number of departments to work together to improve our processes - both the Council and our suppliers are now reaping the rewards. Today, we believe our internal processes are second to none, with our 'no PO, no pay policy' being particularly significant in improving efficiencies."

Mick Sullivan, Head of Procurement, Bexley Council

About Oxygen Finance

Oxygen Finance is a specialist provider of payment solutions and insight. Our early payment programmes and public sector spend analysis help public and private sector organisations 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. Oxygen Finance is a wholly owned subsidiary of TruFin PLC, a specialist fintech and lending business.

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