

FINANCE



Oxygen Finance working with South Tyneside Council

Introducing the Supplier Incentive Programme



South Tyneside Council spends £207m every year with over 3,000 suppliers who help the council to provide a wide range of key services.

One of the ways the council is working to ensure best value for money is through the Supplier Incentive Programme – an early payment scheme. The initiative provides mutual benefits for both the council and businesses, with suppliers having their invoices fast tracked in exchange for a small rebate.

The Supplier Incentive Programme forms part of the council's Procurement Strategy, which aims to ensure its spending on goods and services gives value for money for Borough residents through efficient and effective buying practices.

South Tyneside Council partnered with Oxygen Finance to introduce the programme and the council has become a role model for other Local Authorities that wish to improve their purchase-to-pay (P2P) processes, boost suppliers' cash flow and generate a new income stream.

“Stimulating economic growth is one of our key priorities here in South Tyneside. Businesses, particularly small and medium sized firms, are the backbone of our economy, therefore we feel it is important we do all we can to support them through these challenging financial times. Through the Supplier Incentive Programme and paying businesses early we can help our key suppliers to keep their cash flowing and hopefully ease the financial burden for businesses, which often need to fund the gap between payments. It is also an excellent way for us to strengthen our relationship with suppliers.

“The scheme will also benefit the council with invoices dealt with much more efficiently and with money generated from early payments going straight back into protecting the vital council services our residents value and deserve.”

Leader of South Tyneside Council

A Suppliers view

“The improved cash flow that we receive from being on the programme allows us to settle more of our own supplier accounts earlier and we therefore benefit from increased ‘early payment’ discounts. This and other advantages of the programme such as increased invoicing efficiency are also mirrored having a beneficial effect on the whole supply chain. I would highly recommend the programme to other suppliers to the council.”

Catherine Ridley, Finance Director, McVickers

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