

Early payment is vital for driving forward the local economy

Case Study: Barnsley Metropolitan Borough Council

The Local Government Sector is facing difficult financial challenges against the backdrop of reduced resources. This means all local government services need to be reviewed and delivered in different and more innovative ways.

Barnsley in South Yorkshire is known for being a coal mining and glass making town, however the town is growing up fast. Despite a tough economic situation in the UK, a huge £50m regeneration is underway in the town centre.

Barnsley Metropolitan Borough Council is a Labour controlled authority led by Cllr Sir Stephen Houghton CBE. The Council has always looked to change and innovate how it delivers its services to members of the public and businesses alike, despite major cuts in Government funding.

One such example which has recently been reviewed is the Council's Purchase to Pay processes. The Council is taking the lead in building important relationships with local businesses and suppliers. It has identified how the simple act of paying invoices early is turning Barnsley into a role model for economic regeneration across the UK.

At the same time, the council is generating income for the local authority to contribute towards the vital services that the people of Barnsley really need.



Leader of the Council, Sir Stephen Houghton CBE, is also the lead cabinet member for economic regeneration. He was first elected to the council in 1988.



“The Council has three major priorities, to create more resilient communities, help people to be more enterprising and qualified and, linked to both of those things, build a strong economy.

“We are very proud that only a year ago Barnsley was the best performing town or city in the country for creating private sector jobs, those jobs that come from businesses, so making sure we have a substantial and growing business base is a key ambition.

“Part of that is how the council can support businesses that it works with – we have to practice what we preach – so having a scheme which helps us to pay our suppliers early, helps them with their cashflow and helps them be successful, matters to us. If it saves the council money at the same time, well that’s even better. So, that is why the scheme is hugely important to us.

“We are under huge financial stress, so any savings we can make helps towards those challenging savings targets that we have got. If we have something that is essentially an invest to save scheme, not only is it easing the council’s budget, but we can invest the money back into some of the ambitions that we have got – it is a win-win all round.

“Businesses tell us that cashflow is the biggest issue and getting paid early is often what is keeping them afloat. These are tough times, not just for councils. We have been through a very difficult economic period so anything we can contribute to the operation, and the success, of a business matters.

“Despite cuts, we are making huge investments in the economy, through business parks, skills, the biggest school development programme in Europe, replacing all secondary schools and a huge regeneration scheme in the town centre. This is complemented by the way we do business through electronic systems with local businesses. This makes it easier for them as the customer.

“There are major investments going on, despite the cuts, and we are having to become smarter, leaner and meaner. Those big regeneration programmes are helping to transform this place. Barnsley will get better through a better council and a better economy.

“Come and join the scheme is my advice to other local authorities, it has been good for us and good for business. We are all under the same pressures, so get engaged – it is important that councils recognise that not just residents have needs. The business community matters.

“It is about doing things differently, it is about being innovative, about being creative and about picking up examples from others. We haven’t cornered the market on that, but this is one good example that we would like to share with others.

“A huge thank you to the staff at Barnsley. They are under huge pressure and we are asking less staff to do more and more work – and this place is only as good as the people it employs. Thank you to them for being prepared to do things differently.”

Director of Finance, Property and Information Services—Frances Foster

Frances has been at Barnsley for over a decade. She is also treasurer for the SIGOMA (Special Interest Group of Municipal Authorities) which is a recognised special interest group within the Local Government Association



“We have seen a huge shift in emphasis towards supporting businesses and treating them as a customer, and much of our work is now focused on adding value to what we do as a local authority.

“Many local councillors interaction with officers is when something becomes an issue, particularly in finance, but with the improvements in relationships with businesses and the extra income achieved, we are now on their radar for the right reasons.

“We are commercial – leaner and meaner – and as a result we now pay companies in 11 days on average but also deliver an income stream to support the services we provide. It is a win-win, and as a finance director and Section 151 officer of the Council I would encourage other Public Sector bodies and private sector businesses alike to look at how a similar scheme could help them.”

Service Director for Finance at Barnsley Metropolitan Borough Council—Neil Copley



“We have already saved £59 million over the last 4 years and have a further £28 million to save over the next 2 years.

As council budgets get tighter, we have to look for ways to innovate and deliver better services for less. This was an ‘outside of the box’ solution – but it is really working for the local economy and for the council.

“Through this programme we have established better relationships with local businesses – this is the real added value that all local authorities should be looking for.”

Steve Loach, Project Lead on the PSP programme, Amie Goodyear, Finance Manager Commercial Services, Rachel Tyas BPR lead on Purchase 2 Pay. All have worked for the council for more than 20 years



“We used to have teams of people tapping numbers into a machine to process invoices, but through this programme the vast majority of that work is done automatically.

“This allows us to focus on building relationships with local businesses in the borough, which really matters to them – and really matters to us.

“Staff in our department are much happier and, importantly, more productive – we can account manage our relationships and ensure businesses are being paid quickly for the work they do.

“It has been a massive change for us here, but one that we have welcomed, and the way the council interacts with suppliers has improved hugely in a very short time.

“It is not about the money, it is about the benefits the council can bring to the business community, and the positive knock on effect that has for people in the area.”

Case Study One –Totty Signs

Debbie Brown (left), Director

A family business that was set up by her father in 1978.

They design and deliver signage for the council for campaigns and events, including the visit from the Tour de France to the area in 2013.



“Cashflow is the lifeblood of our business, and since we joined the Premier Supplier Programme in April 2014 everything has improved – not only are we being paid on time, but we have a better relationship with the council itself.

“We employ 14 local people and so the benefits of having a council who clearly supports business is really key for us, it allows us to plan ahead.

“By paying our invoices early the council has given us the freedom to go and get more business in and establish a larger client base. We are no longer having to spend hours chasing bills and invoices, which eats into our time as a company.

“We would say to any business in Barnsley that has dealings with the council – sign up. It is one of the best things we did.”

Case Study Two – C.D. Potter & Sons Ltd Building Contractors

Chris Barrow, Director

The longest serving building contractor in town, established in 1928 as a family business. The firm has been working with the council on various projects including:

- Repairing flood damage to Bank End School
- Social housing improvements contract for estates
- Construction and maintenance on council buildings.



“This is the best our relationship has ever been with the council. My company is actually ok with late payments, but only because we have the resources to cover it.

“However, having that certainty of payment really helps our own supply chain. We have a £3.5 million turnover, and 19 suppliers ourselves, so improving the invoice times at the top can really be passed down the line to others.

“We did some repair work for the council on a local housing estate on a Tuesday and were paid by the Friday. That is a huge change, and makes a big difference.”

For further information,
please contact:

 020 7167 2919

 info@oxygen-finance.com

 www.oxygen-finance.com