



**Buckinghamshire  
Law Plus**

Quality. Affordability. Excellence.

## Creation of a 'spin-out' company to trade legal services



V4 Services were engaged by Buckinghamshire County Council in early 2013 to deliver two interrelated projects:

1. To produce a programme of training over six modules that covered the full range of commercial skills that their senior managers would need when delivering services through a variety of different delivery models and adopting a more commercial approach. The driving force was the desire to generate additional income by trading services for profit by creating wholly owned Local Authority Companies, additionally making efficiency gains by delivering services through trusts and other delivery models.
2. To advise on the best method to create a 'spin out' company to trade legal services beyond the council and to ensure the new model would satisfy the requirements of Alternative Business Structure status (ABS) as defined by the Solicitors Regulation Authority (SRA). The brief was to:
  - ➔ Advise on an appropriate company structure.
  - ➔ Prepare a Business Plan for the first five years of trading.
  - ➔ Implement a 'fit to trade' programme of transformation for legal services including a full systems and process review.
  - ➔ Implement the learning from the Commercial Skills Training Programme with the senior team of legal services to enhance the commercial skills of the team.
  - ➔ Examine the potential for new business partners.

### THE CHALLENGE

#### Commercial Skills Training

Buckinghamshire County Council asked us to design and deliver a bespoke training course which would match their ambitions for revenue income generation and upskill their senior managers who would then be able to manage and deliver the new trading models. We used research and the experience of the V4 Services team to draft an outline programme and modules which were 'tested' with the council. Following feedback, these were tailored to meet the specific client needs and essential skill requirements.

#### Legal Services Trading Model

Key considerations to be addressed:

- ➔ At the time no other local authority had applied for ABS status so there were a number of unknowns about the process.
- ➔ There was uncertainty around the appropriate structure in terms of a full TUPE transfer or 'shell' company option.
- ➔ The service would be subject to more stringent savings targets unless it could demonstrate the ability to generate additional income through trading.
- ➔ There was staff uncertainty about the change.
- ➔ In-house systems were not being used effectively.
- ➔ Potential for partnership with the Fire Authority.



“V4 Services have given us invaluable support right through the process from creating the Business Plan, through to implementing the revised processes and procedures and providing support to the management team on some difficult decisions. I feel confident we will have a successful trading offer and am delighted that we are the first local authority in the country to have been granted an ABS licence from the SRA.”

**Mark Caprio, Project Manager and Compliance Officer for Finance and Administration (COFA) of Buckinghamshire Law Plus**





## About V4 Services Limited

We have worked in partnership with over 120 UK public sector organisations including: councils, NHS, social enterprises and trading bodies providing hands-on delivery support to set up new business structures, improve the efficiency of in-house services, encourage a commercial approach and generate savings and service improvements.

## THE SOLUTION

### Commercial Skills Training

V4 Services worked with the council to produce a programme that would work best to embed knowledge. This included:

- ➔ Presentations
- ➔ Workshops
- ➔ Group working
- ➔ Regular meetings with senior staff to ensure buy-in and tailor training to their requirements.

### Detailed modules

Module	Scope
<b>Module 1:</b> Understanding the need and the opportunity	The legal context (1970, 2003 and 2011 Acts) When to trade, when to charge Self-assessment of commercial skills
<b>Module 2:</b> Market analysis	Identifying 'buying behaviour' and what drives it Building market intelligence Identifying which services to prioritise and trade Identifying and comparing ourselves against the competition
<b>Module 3:</b> Financial modelling and planning	Understanding costs of the service Different types of cost and how to manage them How to identify and manage risk Forecasting revenue
<b>Module 4:</b> Business development	Developing our market offering Unique Selling Points Routes to market Bidding for work
<b>Module 5:</b> Commercial relationships	Managing customer relationships What form of Agreement? Contract Terms and Conditions Service Level Agreements
<b>Module 6:</b> Building the business case	Bringing together the learning: key elements of a robust business case Group exercise and presentation back

### Legal Services Trading Model

The work included:

- ➔ Establishment of a Project Team and Board and agreement of the PID and project plan.
- ➔ A full options appraisal of the possible company structures; the recommendation to go forward with a 'shell' company was chosen.
- ➔ Development of a detailed five year business plan including a market appraisal and analysis, a financial analysis, trading income potential and a full governance structure.
- ➔ A full review of internal systems and processes which resulted in a number of recommendations to improve business processes.
- ➔ Preparation and implementation of a 'fit to trade' transformation programme.

Key members of the legal services management team completed the commercial skills training and were supported to apply the learning in a real project.

## THE BENEFITS

### Commercial Skills Training

The attendees in their departmental teams were tasked with producing business cases for their divisions to assess the potential for trading. These business cases were presented to the council's cabinet and decisions about options for each service area were taken. The council is now embarking on an internal trading structure as part of its first phase of commercialisation.

The feedback from attendees was very positive with the majority feeling they were now equipped with a deeper understanding and the skills to shape their service area into a trading unit.

### Legal Services Trading Model

- ➔ The business plan highlighted the potential to achieve a turnover of up to £1 million per annum with reasonable profit margins.
- ➔ There was a significant increase in the understanding of commercial skills that are needed to manage a trading organisation.
- ➔ The application to the SRA for ABS status was submitted and the first ever licence granted to a local authority from the SRA. Buckinghamshire County Council has set up a joint venture with Buckinghamshire and Milton Keynes Fire Authority entitled 'Buckinghamshire Law Plus Limited' and the venture became effective on 24 November 2014.
- ➔ There are now leaner and more efficient business processes underpinned by agreed business rules which give guidance on pricing of fee rates, fixed fees and the use of the case management system to track case performance.
- ➔ Two separate financial systems, SAP and Civica case management modules, have been implemented to ensure the company is kept entirely separate from the internal service.
- ➔ Systems have been set up to ensure compliance with the SRA rules for an ABS legal practice.
- ➔ All the accounting and auditing processes have been set up and agreed with the S151 Officer at the council.
- ➔ Partnership arrangements have been agreed with the Fire Authority for them to generate fee earning business for the company and to be shareholders.

