

## **Trading and charging web portal: Case Study**

### **Stockport Council: Solutions SK**

#### **A Section 95 Trading Company Model**



Pictured: Nic Cox, Managing Director of Solutions SK

On 1<sup>st</sup> November 2006, Stockport Direct Services, Stockport Council's in-house direct service provider, became Solutions SK – a limited company wholly owned by Stockport Council. Over 1000 employees TUPE transferred into the company with the full support of the Council, employees and the trade unions. Two years later - the company is going from strength to strength. Solutions SK commenced trading with a turnover of £28 million and is now at £40 million, with an ambitious vision for the future.

Had the Council decided not to take advantage of the trading powers outlined in section 95 of the Local Government Act 2003 then things might have been very different for the former internal trading unit. Back then, the Direct Service Organisation (DSO) had suffered two very difficult years, where it had not delivered the profits expected by the Council and its future was in question. The need to change was certain, as future Council budgets were forecast to decline and the Council wanted an organisation that would continue to improve services, act as a market moderator and continue to work with the Council in delivering its corporate priorities. Whilst other models of service delivery were considered, the creation of a company was the only one that enabled the Council to retain control yet allow the former DSO the freedom to engage in trading activity for commercial gain, trade with any potential customers and be in a position to respond to changes and opportunities as they arose.

Nic Cox, Managing Director of Solutions SK, had been the General Manager of Stockport Direct Services since 1989 and had steered the in-house service's growth to a £28 million business. Nic is totally committed to the development and growth of Solutions SK and has every confidence

in his Leadership Team's ability to successfully deliver a high quality customer focused sustainable business. Nic's management style promotes empowerment, initiative and ownership, and he encourages employees to take decisions and take quantified risks where appropriate. He is keen to ensure employees continue to deliver reliable, responsive and caring services as well as demonstrating value for money and a sound investment for the Council.

"The creation of the company provided a solid platform for opportunities and growth. At the same time as working in partnership with Stockport Council, maintaining our excellent client retention record and delivering a strong financial performance, we also continue to be successful in our external contracts, looking for long term relationships, partnerships and joint ventures. This would not have been possible had we stayed as an in-house service provider. Setting up the company was time-consuming, but has been well worth the effort," said Nic.

Setting up the company involved a variety of tasks, which necessitated the creation of a project team with sound project management skills in order to: develop a sound business case and business plan, deliver a series of road-shows with trade unions and employees, compile service level contracts between Solutions SK and the Council, develop legal documents that had to be signed off by the Council and Solutions SK, determine the Governance arrangements for the company, appoint the Board of Directors, set up bank accounts, determine financial arrangements/controls, as well as create a new brand and image for the company.

Nic added: "The Leadership Team transferred into the company fully aware of the challenge that they faced and I am delighted that we have been successful in our objectives. We are proud to work for a company owned by Stockport Council."

David Teale, Chairman, credits the success of the company to the "commitment and enthusiasm of all employees who have worked extremely hard and with great skill to contribute to the success of the business, and a great partnership with the employees and the trade unions."

Leader of the Council, Councillor David Goddard, said: "The creation of the company demonstrated Stockport Council's innovative approach to the future delivery of providing services. Solutions SK has been a huge success, continuing to provide excellent value for money and delivering dividends back to the Council."

On the quest for continual improvement and growth, Nic is keen to explore potential partnerships and joint ventures with interested parties, particularly other Councils. He truly believes that the wholly owned company model is the one that works best for Stockport. In today's turbulent times, Nic is confident that the ability to trade in the market place will enable the company to ride the economic situation much better than it would have done had it stayed an in-house trading unit, with only limited charging opportunities.

Whilst this has obviously proven to be the most appropriate model for Stockport, we wait with interest to see who else may take up the challenge.

*This article first appeared in APSE Direct News kindly provide by Nic Cox, Managing Director of Solutions SK.*