



# LOCAL PARTNERSHIPS

The public sector delivery specialists

## CASE STUDY

South West Audit Partnership (SWAP) –  
trading company assurance review

After 18 months of successfully trading as a company limited by guarantee the South West Audit Partnership (SWAP) appointed Local Partnerships to undertake an intensive assurance review to provide an external perspective on its current business and future plans and help ensure it remained commercially viable and successful





## Overview

SWAP, established in 2004, employs around 60 auditors to provide internal audit services to public sector organisations, including local councils, police and fire authorities in the south west of England.

SWAP was incorporated as a company limited by guarantee from 1 April 2013. Prior to this the partnership was governed under a joint committee arrangement for eight years. However, as the partnership grew, the governance arrangements became increasingly unwieldy (for example, one member one vote and attendance difficulties led to problems with decision-making).

In late 2012, the organisation decided to incorporate. The key objectives were to address the governance issues, provide greater flexibility to deliver value to partners, provide opportunities for business development and remove the reliance on one authority as host.

After 18 months of successful trading, SWAP had delivered many of the outcomes it had hoped for from its incorporated status. These included:

- ▶ more efficient decision making
- ▶ economies of scale enabling partners to have access to specialist skills
- ▶ training and professional development opportunities for staff
- ▶ the provision of cost-effective services for partners, tailored to individual budgetary constraints

However, SWAP still faced a number of significant challenges. They engaged Local Partnerships to provide an external perspective on the current position, future plans and the immediate next steps.

## The key challenge

The critical issue for SWAP was the need to deliver 'more for less' for its partners against the backdrop of local authority austerity. This created a need to identify new sources of income and new customers to ensure that SWAP remained viable.

## Local Partnerships' role

Local Partnerships has developed a set of reviews for 'spin-outs', including local authority trading companies. These start with considering the options available through to organisations that are already up and running.

When SWAP appointed Local Partnerships, the company was already considering a restructure and the possibility of setting up a dedicated trading arm for non-member customers. The management team were particularly interested in the

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“ The external perspective, with a chance to step back and view the whole picture, has been invaluable and has given us a real focus moving forward.”

Dave Hill, Director of Planning, SWAP

external perspective that Local Partnerships could bring to these two areas as well as the standard review elements (covering areas such as governance, leadership, commercial viability, staff and customer engagement).

Given the legal complexities of local authority trading, the review team comprised an acknowledged expert in the field as well as commercial, project and financial expertise.

Local Partnerships found a thriving company – widely supported by its 13 members and customers, with an enthusiastic workforce and dedicated management team.



The review also recognised the scale of the current challenge facing the management team given the known pressure on authority budgets and concluded that:

- ▶ the re-structure was a necessary first step to build a more resilient organisation, providing the opportunity to rationalise an organisation that had grown organically primarily through a number of TUPE transfers from a variety of organisations
- ▶ there might be a range of alternative ways for SWAP to diversify. Whilst setting up a trading arm remained an option, other options needed to be examined in more detail, including:
  - attracting new SWAP local authority members and customers
  - deepening the offer to existing members and their subsidiaries
  - establishing a second Teckal company to deliver services to new public sector markets
  - collaboration or merger with other audit bodies
  - attracting new non-member customers within the existing model
- ▶ there were opportunities to better capitalise on the market intelligence known to staff and members through a relationship mapping exercise which, in turn, should inform the development of a strategy for growth and a marketing strategy

## Outcomes

As a result of the review, SWAP felt better prepared for the future, with a range of options to explore.

Specifically, the management team felt the review provided:

- ▶ **added value** – the opportunity to step back and reflect on the future direction of the organisation. Of particular value were the options around extending the current memberbased trading model and the proposals for a relationship mapping exercise and associated marketing strategy
- ▶ **objectivity** – the external perspective was critical in providing ‘distance’ and the opportunity for stakeholders and customers to provide candid feedback. The management team thought a particular strength of the process was the anonymised feedback of how much customers valued the existing service and their suggestions for improvements or new services
- ▶ **a unique perspective** – as part of the local government family, the Local Partnerships’ review team combined in depth knowledge of the public sector with specialist legal and commercial knowledge about local authority trading and the challenges involved

## Contact

Please get in touch to find out more about how an assurance review could help you and to discuss the options available, or how Local Partnerships could support you in other areas of your work.

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