



# South West Learning and Skills (SWLS) Company

## Developing a regional social enterprise for adult learning – South West Learning and Skills (SWLS)

SWLS is a company limited by guarantee set up in 2011 with the following purposes:

1. to enable current adult learning / education services within local authorities across the south west of the country to use its services to assist with consortium bids which might be otherwise fall outside their ability to pursue as a result of minimum contract levels (MCL) policy;
2. to act as a sub-contractor for local authorities who wish to reduce their exposure to providing adult education services; and
3. to act as a prime contractor where appropriate, delivering education and learning programmes to people who either are in receipt of funding or who are able to self-fund.

It currently has six members.

### **What was the catalyst / driver for reviewing the governance structure?**

The following were all key external drivers in the review of structures and governance for adult education in the region:

- the recognition of the benefits of having a regional presence for discussions with the Learning and Skills Council, the Skills Funding Agency, the European Social Fund, the Regional Development Agency, the regional health authorities and the regional Arts Council;
- The reorganisation of local authorities, where some were deciding to downsize / outsource adult learning;
- the localism agenda with civil society organisations encouraged to contract for local service delivery; and

- the introduction of minimum contract levels.

This review led to the formation of SWLS as a limited company with initial membership from seven South West local authority adult education providers.

The proposed establishment of Community Learning Trusts for Adult Safeguarded Learning, the implications of Baroness Sharp's report on the role of a further education college in its local community, the new freedoms arising from the 2011 Education Act, together with the difficulties of new and small enterprises securing funding contracts, are all driving a further governance review.

**The first step** was to raise the issue with the (unincorporated) regional network – South West Local Authority Adult Learning services (SWLAAL) – who meet regularly, to identify whether there was interest in setting up some form of organisation which would be well-placed to operate in the 'new world'. These initial discussions took place in the summer of 2010.

Some funding was secured from LSIS to explore the possibilities, including consultancy from the Cooperative Futures on models for social enterprises. A company limited by guarantee, South West Learning and Skills (SWLS), operating under co-operative principles, with one local authority officer appointed as chief executive, was then set up and held its first board meeting in April 2011.

Members pay subscriptions to SWLAAL, but not all South West local authority adult education services are formal members of the company, though they are all invited to board meetings. SWLS has a contract to provide services to the SWLAAL network.

The decision to set up the company has been an officer-led decision; elected members have yet to be formally involved. The adult

education services recognised the likely implications of the changing contexts for the operation of local authority services and needed little persuasion that something needed to be done to try and secure the future.

In September 2011 it was decided to invest company funds to drive business development. This is provided by external consultants appointed to secure contracts for the new company.

## What process is being used to carry out the review?

Initial discussions about company set-up were held through the regional SWLAAL network. The Skills Funding Agency was consulted and the then officer for the South West region encouraged the network to consider setting up a South West regional organisation. Options were considered with further consultations and discussions at individual local authority officer level. Support was provided through **Holex** and **LSIS** and the workshop run by Cooperative Futures for the SWLAAL network. The workshop resulted in the five-year business plan for SWLS.

All lead officers in the South West responsible for adult education were invited to become members of the board of the company, but some are more active than others. More recently, existing social enterprises have been invited to consider joining the board (**1610** and **PLUSS**) as possible partners and have attended recent meetings. There are no sub-committees and business is monitored through board meetings.

Following the failure to reach the ITT (invitation to tender) stage for a major contract, the consultants provided an analysis of the company's current position and the challenges it faced. They proposed a major review of the company model, aims and strategy for achieving these aims. The next

stage will be a strategic away-day of the current SWLS Board to review the current structures and business plan and to consider options. The conclusions at the away-day will determine whether 1610 and PLUSS formally join the board.

## **How have stakeholders been involved in this process?**

Local Authority Adult Education Service heads have led the consultations with their communities and stakeholders. Consultation has taken place within individual authorities at mainly officer levels.

The development of the business plan as well as the legal entity to be adopted was widely canvassed / consulted among the service heads in order that the new organisation should be as inclusive as possible.

The process has taken place over a two-year period, in order to ensure that adequate time was allowed for reflection and agreement on a common approach for the future.

As the company has evolved, further discussions have been held with other possible partner organisations with related agendas, e.g. PLUSS and 1610.

For the company to move forward from its present position, the implications of the local authority political contexts will need to be explored in more detail.

## **What questions have arisen for you throughout this process?**

The key questions and challenges are:

- making the transition from local public service delivery, to a social enterprise;

- identifying appropriate leadership / management, governance and financial models, reflecting the needs of and accountability to local stakeholders, whilst allowing a regional approach to bidding for delivery of services;
- transferring and securing assets from existing local authority services to a regional organisation, whilst maintaining strong links with local stakeholders;
- securing new business for the company, without a track record;
- extending the membership of the company and building relations with other key stakeholders and providers; and
- the cultural changes required to deliver this new model.

The company is employing business development consultants who are raising questions about legal status; ability to bid as a company; members / company status and the distinction between these; and other possible models.

## **What conclusions or decisions have you come to so far?**

The first stage, gaining agreement from the local authorities to form the South West Learning and Skills company, has been achieved.

Development is currently hampered by the status of the company – new with no financial history and no track record of delivery. Individual partner members are all experienced high-quality deliverers of adult education and training services in their own rights. The company now needs to identify how to move forward to fulfil its ambitions and

will need to review its current aims, objectives and business plan in the light of the experience to date, which suggests that the model it has adopted may need to be changed.

The completion of a new Register of Training Organisations has highlighted the lack of distinction between the company and its members – most questions can be responded to positively through members’ practices and processes, but the questionnaire is about the company, not its constituent members.

The away-day is planned with external facilitation to explore next steps. Various options and models will be explored.

Discussions have taken place about sharing services, and difficulties have already been identified around achieving significant efficiencies through procurement, as local authorities secure for example, IT, utilities, and insurance, centrally and adult education services have no control over such procurement processes. The company is interested in exploring shared services in more detail and has made a successful bid for funding for an LSIS pathfinder project to undertake an analysis of local authority adult education provider functions and a practical assessment of ways in which operational efficiencies / reduced costs and quality gains might be achieved through subsequent co-working and economies of scale.

## **How has the changing external environment for further education and skills influenced this review?**

The informal adult and community learning (IACL) reform and the emerging concept of Community Learning Trusts could have an impact on future governance models. However for SWLS members and colleagues in the wider network in the region, IACL is just one aspect of their diverse provision for adults and young people. We will need to see the emerging models and partnerships that may develop for these Trusts as well as for other areas of provision and consider the impact and options for SWLS.

## **Next steps**

The strategic away-day is the next step. Decisions on appropriate structures for the company need to be made. The business plan will be reviewed in the light of these discussions.

What 3 lessons learned would you share with other governing bodies considering a similar change process?

1. A clear financial model able to meet the guarantees and authorities required to secure external contracts.
2. Dedicated resources to drive company development.
3. Difficulties of sharing services among local authority-based organisations, where significant procurement takes place centrally within each local authority.

**For further information please contact:**

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