**Case study 9**

**Small providers: identifying the best route to partnership**

**Children’s Links, Slack & Parr and TS2000 Ltd**

**Overview**

In 2010, Slack and Parr, an employer in a niche, high precision engineering sector, and Children’s Links, a children’s workforce training provider, children’s charity and membership organisation, began rigorous research to find a lead provider or contractor. Their experiences led to contrasting decisions.

**Why read this case study?**

The case study presents the dilemmas faced by two niche providers affected by Minimum Contract Levels (MCL) and their decisions. One provider is now a subcontractor and the other is on track to become a lead provider. It will be of interest to providers considering how best to evaluate lead contractor proposals, small providers who may have extensions and to partnerships of small providers who are looking to expand.

The interviews for this case study took place in early 2012 with the two small providers and the lead provider who is now the contract holder for one of them. The experiences of the providers are compared and contrasted in each section so that you can easily identify differing approaches and conclusions.

**Partnership profiles**

Slack and Parr is a medium-sized business that supplies specialist engineered gear pumps worldwide. It has its own small training division and recruits 10 apprentices per year on to a 3-year Advanced Apprenticeship programme. This customised approach to workforce development is critical to its business. Prior to MCL, apprentice development was through a combination of work-place training with verification of NVQs bought in from a local college and the technical certification aspect of the apprenticeship delivered by a variety of colleges.

“We felt let down. We’d jumped through every hoop … and you’ve lost your contract through no fault of your own…… But you have to move on.”

Bryan Harrison, Engineering Training Officer, Slack and Parr

Children’s Links is a voluntary sector organisation that delivers children’s services and workforce development nationally within early years, playwork, schools and youth work. As one element of this, it trains apprentices in several regions on a total contract well below MCL, achieving a timely success rate of 83% in 2010-11. It is also a national membership organisation, supporting voluntary and private children’s sector organisations.

Slack and Parr contact details can be found on: http://www.slackandparr.com/

TS2000 Ltd: http://www.ts2000.co.uk/

Children’s Links: http://www.childrenslinks.org.uk/

**Developing new contract arrangements**

1. **How were options researched?**

Both organisations started research early when MCL looked likely. There was uncertainty about 16-18 and so the value of the contracts affected was unclear.

**Children’s Links** went to its trustees and set out the options to get an initial steer:

1. Grow own contract value as a lead provider. This was seen as high risk given the tight timeframe and the consequent time pressures there would be on checking the quality of prospective partners. It was felt that interested providers were more likely to be small and might need a lot of support to attain satisfactory success rates, plus there might still be an issue of getting the total contract value sufficiently above the MCL threshold.
2. Do nothing and run the risk of being affected and having to wind up.
3. Become a subcontractor. This was the preferred option: the Business Development Manager was asked to look at potential leads and, if needed, to try to retain Children’s Links’ own contract through securing an extension.

Children’s Links was approached by a large number and range of lead providers and contractors both by letter and phone. Sifting all of this involved a substantial amount of work, resulting in contact with 20 organisations. To help with conference calls and meetings, the manager prepared by desktop research using Ofsted, organisational websites and the Skills Funding Agency database to research these organisations’ current contract situations. Children’s Links also drew up [a template](http://www.excellencegateway.org.uk/node/20265) consisting of a grid of questions covering areas such as:

* existing partnership model;
* specialism in children’s sector/ any specialism either sectoral or type of training programme offered (apprenticeships, Train to Gain);
* organisation type (voluntary, private etc) and ethos;
* geography and boundaries – for example, where would they want Children’s Links to work, or not work;
* level of management fee and support offered – this was quite important;
* longevity of contract – one-year or longer-term partnership;
* Ofsted grades and completion/success rates specifically for apprenticeships.

Discussions gave the opportunity to “tease out motivations … some saw this as an opportunity to diversify and build long-term. Others just wanted to increase their own contract value”. The manager explained to these organisations that the next stage would be shortlisting. This process primarily considered the factors of quality, capacity for Children’s Links to grow under the subcontracting arrangements offered, and ethos.

Three organisations that came through strongly were asked to provide a sample contract, contact references from their partners/members, evidence of their partnership approach and documents like their SAR.

“This detail was unexpected by some lead providers and felt a bit cheeky, but it was very valuable.”

Thomasin Nicholds, Business Development Manager, Children’s Links

At the same time, Children’s Links put in a case for extension to The Agency as becoming a subcontractor was emerging as higher risk than supposed. The case was based on its being a niche provider, its high success rates in sectors where apprenticeships are not common, potential leads having no experience of relevant frameworks plus no gain from practice sharing where other partners had not delivered apprenticeships, and the risk of Children’s Links other contracts being prejudiced if success rates fell due to fellow subcontractors’ inadequacies.

Children’s Links was granted a three-year exemption from the MCL criteria which provided them with the opportunity to grow their contract value and as lead provider to subcontract others. The organisation is currently seeking subcontractors and has retained a strong working relationship with the lead providers contacted.

At **Slack and Parr** the need for a lead provider driven by MCL was combined with planning for the retirement of the in-house training officer. The Training Officer there also produced options in order to alert company directors to the need for planning. Options were:

1. to identify an organisation to take over and entirely run the training division;
2. or, to identify an organisation that would support NVQ delivery;
3. or, to become a subcontractor and work with an organisation that could support a new training officer. This emerged as the front-runner.

Criteria were:

* an engineering focus was essential;
* should be an EAL centre (Awarding Body) or offer City & Guilds and BTEC qualifications;
* be as local as possible – within driving distance;
* be able to improve on the programme that was already in place – have an Ofsted grade 1 or 2;
* already have at least £750k contract value, preferably above £1 million;
* as preference, to have had some dealings with the organisation in the past.

There were not many organisations that met these criteria. Three were shortlisted: a college which had already delivered the company’s technical certificates; an independent training provider that was also familiar through having learners on its programmes; and a national EEF (Engineering Employers’ Federation) centre. All were asked to put a bid together and present to Slack and Parr’s board of directors. Two were visited - the EEF centre was ruled too far away - and a corporate decision was made based on what was best for Slack and Parr’s business. Training Services 2000 Ltd (TS2000) was selected: “TS2000 is more of a similar organisation …. It would keep us on the ball and improve us”.

In parallel, **TS2000** had been active on its own behalf. It is a confident, grade 1 provider and felt that it could become a lead provider and support smaller providers with contracting, quality, procedures and management. Contract value was hovering around £1 million and it wanted to continue with a direct Skills Funding Agency contract. Its first step was to put a page on its website with its offer to alert other providers about the potential of working in partnership.

“We had a number of small providers who were interested but we decided to go for quality and not quantity.”

Kalvin Johal, Contracts and Quality Manager, TS2000

TS2000 devised a sub contractor provider assessment toolkit. Its initial research was based on Ofsted grades, success rates, audit reports and proximity. A shortlist was generated of those providers the company wanted to work with. One of these was Slack and Parr. TS2000 turned down a number of providers due to concerns that they would pose risks that could negatively affect TS2000’s performance.

Both TS2000 and Slack and Parr believed that contracting together would work well and benefit both organisations. Both are in the engineering sector and TS2000 had procedures, systems, protocols and good practice it could share that would support improvements in Slack and Parr’s provision. In addition, TS2000 could offer internal verification as an extra to the contract instead of it having to be bought in from a college. The decision was followed by negotiation on the management fee, management structure, operational requirements and then a Service Level Agreement was drawn up with The Skills Funding Agency Service Level Agreement as an annex.

1. **How will arrangements work?**

Children’s Links is planning for beyond its three year exemption and has decided to become a lead provider based on “managed growth” with a focus on “quality and synergy”. The trustees are fully committed to this decision. The organisation is using their experience of subcontracting in other areas of the organisation and has developed a Due Diligence process for identifying subcontractors in their niche area.

TS2000 has now re-established itself as a lead provider with two subcontractors, bringing its contract value up to about £1.3 million. It has invested in an add-on to their MIS to comply with The Agency’s data requirements. A spreadsheet accessed by all providers enables monitoring of performance against allocations and there are three-monthly performance review meetings. TS2000 is quickly able to identify under and over-performance and take action on viring funding. Subcontractors have adopted TS2000’s quality cycle, policies and procedures and are being supported to produce SARs and QIPs that are more robust. TS2000 undertakes audits, quality reviews and regularly visits to the company to support the training provision.

“We don’t want to dictate as they are providers in their own right and we are here to support them with increase their contract values and improve the quality of the provision. We are a grade 1 provider with high success rates and providers are keen to work with us to replicate this within their organisation. We may be doing more than other lead providers as we see their performance as our performance.”

Kalvin Johal

Slack and Parr has certainly welcomed the introduction of new policies and procedures: as well as quality and performance-related documentation, for example, TS2000 polices on health and safety, selection and recruitment have been adopted. Slack and Parr’s own resource investment had been limited to what was cost-effective and the company knew it would have to improve its own systems: “TS2000 do it excellently”. TS2000 has taken over delivery of technical certificates for the new intake of apprentices and send weekly reports on performance achievement, attendance and time-keeping. They also have expertise and resources in more fields, such as a welfare officer, dedicated administration, management and internal verification support.

“It’s an open door on both sides with an open and honest partnership. We know they have got learner interests at heart …and, I can pick the phone at any time and say, ‘How do you do this?’”

*Bryan Harrison*

1. **What do you see as the challenges and risks?**

For both Children’s Links and TS2000, risks to their business are better contained through becoming a lead provider. Both are fully aware of the need to scrutinise the quality of learner outcomes and systems and the success rates of potential subcontractors in order to maintain their own performance levels. Both emphasised the importance of research and planning before taking on any subcontractors.

Challenges for providers are that they have to aspire to high targets: TS2000, for example, determines targets for starts, participation, achievement, success rates, timely success rates, and equality and diversity improvement measures. These are formally set out in a rolling three-year cycle drawing on trends identified from the previous three years and an assessment of likely employer demand. They have found that this gives subcontractors confidence that the relationship and support reflect a long-term commitment.

The risks for Slack and Parr is that they could be overwhelmed and the demands become too great, or that TS2000 decides it does not want to subcontract with them any longer.

And for everyone, there is the anxiety that at some point MCL levels might be raised above their current contract values.

1. **What do you see as the benefits of this type of contracting arrangement?**

For Children’s Links, the benefits of becoming a lead provider are that it:

* enables them to grow their offer to the children’s sector and so increase their contribution to workforce development;
* expands their footprint geographically though new relationships, different employers and communities;
* increases their repertoire through accessing a new part of the sector – social care – and sharing alternative delivery models, expertise and experience.

For TS2000 Ltd, this cross fertilisation is also important. There may be an opportunity, for example, to expand administration apprenticeships with new subcontractors. In addition, the partnerships with Slack and Parr gives access to an employer for possible work experience placements and visits, and it enables them to speak with a stronger “voice from industry”.

Slack and Parr is seeing a big benefit from sharing good practice. They are already pleased with their implementation of TS2000 tried and tested procedures and documentation. They are hoping that their business may be able to offer ‘real’ engineering-related project work and use of specialist workshop equipment.

“Success will be how well we can both take the good bits from what we do, from the point of view of the companies and the learners…… It could be so good.”

Bryan Harrison

Contributors were: Bryan Harrison, Engineering Training Officer, Slack and Parr; Kalvin Johal, Contracts and Quality Manager, Training Services 2000 Ltd and Thomasin Nicholds, Business Development Manager at Children’s Links