**Case Study: Our journey to outsourcing our nursery provision**

**Name of school:** OLSH Primary West Midlands

**Name of nursery:** 5 S Day Nursery

**Our process:**

At the beginning of the Department for Education (DfE) 30 Hours Mixed Model Partnership project, we were in the process of moving school into a purpose built new-build with nursery space. We had to consider our options regarding how we were going to offer nursery provision, particularly in light of the tight timeline following our move and the start of term, a very tight budget and imminent changes with the forthcoming new extended free entitlement (EFE) for three and four year olds (often referred to as the 30 hours entitlement).

We took the following three options to our governors, with their pros and cons:

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| Option 1  |
| OLSH operate 15 hour nursery with private provider offering ‘top-up’ hours including before and after school care.  |
| Benefits | Concerns |
| * More likely to appeal to the needs of our parents, majority of which are working.
* Children will experience 15 hours of our Early Years Foundations Stage (EYFS) ethos per week.
* Balances financial risk for OLSH with shared funding for the new EFE entitlement in 2017.
* If children taken off site, then OLSH could operate 52 place nursery for one year (until 30 hour funding comes in)…potential afterwards for shared funding?
* Model run by a neighbouring school shows option can be successful. External provider pays £12,000 yearly rent for use of the premises.
* Potential to link two year old provision with private provider on site.
 | * Consideration to be given as to whether provider operates either on or off site.
* Ofsted judgment of off-site provider is out of our control. Could impact on our reputation. Limited control of quality.
* If off site, greater transitions for children: potentially disadvantaging children with SEND.
* Would need to establish whether there is a possibility of using the same staff to ensure consistency of care.
* Rate at which we would need to find an external provider willing to free spaces for OLSH plus capacity to sustain.
* If two year old early education entitlement off site then potentially less children will flow through OLSH school. Would not be our two year old facility.
* Same set-up costs (furniture etc) as establishing 2 x 15 hour sessions.
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| Option 2 |
| OLSH operate part time nursery (15 hours) until September 2017. Then increase to 30 hours in line with expected Government funding.  |
| Benefits | Concerns |
| * Total control of ethos providing seamless education for children.
* Staff employed by OLSH, ensuring performance is monitored and managed.
* Initial phased start to OLSH nursery means more potential for nursery to be full – lessens financial accountability.
* Maximise approaches such as Singapore Maths, RML and Thrive from children’s earliest years: long term impact.
* Gives capacity to respond to take up of places and to increase hours on demand.
* Gives capacity to respond to implementation of new EFE entitlement (currently lots of unanswered questions such as hourly rate).
 | * If demand spills over 26 places, could mean financial loss i.e. 29 children or waiting list has to reach financial viability before opening other half of week.
* How would paper work be managed?
* Many parents would need top-up care which could mean lots of children go to lots of different settings: makes transitions less efficient.
* Same set-up costs (furniture etc) as establishing 2 x 15 hour sessions. Less capacity to claw the set up costs back within the first year.
* Research shows that most nurseries would experience significant financial loss if offering 30 hour nursery education.
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| Option 3  |
| External provider rents nursery space from OLSH and runs nursery as an independent provider.  |
| Benefits | Concerns |
| * Limited set up costs as external provider would set-up in line with OLSH ethos.
* Limits any capacity for OLSH financial loss.
* Instant rental income which could fund wider school initiatives. e.g. LEYF in London rent school premises @ £26,000 per year.
* Provider would operate on site which would create a seamless flow through to OLSH reception.
* Greater capacity for setting to extend to include 2 year olds.
* OLSH could focus on continuing outstanding statutory provision.
* No need for allocation of staff to manage paper work and finances.
* Provider could be represented on Governing Body and school sit on their management board (depending on the structure of their leadership) to ensure consistency between settings.
* Capacity percentage would be responsibility of provider – many new nurseries in local area taking from 2 year olds. Five Star has been open for 12 months and is operating at approx. 50% capacity.
* Leadership of school free to focus upon Statutory Education.
 | * Lettings policy would need to reflect non-negotiable aspects such as Singapore Maths, RML and neutral environments.
* Reliant upon finding an external provider that could take on the challenge and fast.
* Rigorous emphasis must be placed on partnership working.
* Ofsted judgment of off-site provider is out of our control. Could impact on our reputation. Limited control of quality.
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**Reaching a decision**

Having fully discussed the options, governors decided on option 3 for the reasons stated.

We looked at outstanding providers locally and nationally, visited them, invited them to visit to view the premises and meet with us and then invited them to tender.

We agreed our non-negotiables: approach to teaching maths and reading. We also specified part of the name – a name linked with our school name: Little Deers@...

We found tender documents on the internet and adapted these for our use, including the specification requiring providers to follow our ethos re environment and learning approaches. The tender also offered providers to bid separately or together for wraparound care and for holiday care, including for under/over eights. We also provided a draft lease specifying rental costs, what would and wouldn’t be furnished, areas to be used for provision and for staff welfare, stating who had responsibilities for cleaning/tidying etc.

One point of negotiation was the length of the lease and we changed the term from three to five years at request of private provider as they felt they needed more time to establish the business and weren't expecting to make a profit until year two or three.

Organisations were invited to tender, providing key vision, financial model and staffing details.

Shortlisted tenders were invited to interview and to present their vision.

We interviewed those shortlisted– Headteacher, Early Years Lead (also Assistant Head), Family and Childcare Trust (FCT) consultant and chair of Governors. Following the presentation, we questioned providers.

Having agreed on the provider, we are now in the process of marketing, agreeing uniforms, organising furniture, sharing ethos and the practical aspects of decorating.

Aspects that have proved trickier: negotiating a rent reduction as capacity builds, the TUPE process re wraparound and agreement over access to particular areas.

However, we are pleased with our choice. The nursery has many ideas and is keen to work with us also. They have a strong background in Early Years, strong business and marketing skills and are keen to work with us to develop the educational side of their provision for children aged three plus. As a private provider, they are also able to be flexible with hours including the length of the school day.