

Thursday, 16 July 2015

Dear Parents and Guardians,

### **Important Information on Westwood Nursery Fees 2015/16**

Further to Pauline Young's letter to you of 1<sup>st</sup> June 2015, I am writing to update you with further details on the Westwood Nursery fees for 2015/16.

We are pleased to continue to provide high quality childcare facilities for staff and student parents at Westwood Nursery with an increase of the University's subsidy for 2015/16. However, having carefully reviewed our finances we have concluded that we do need to increase our fees for the Nursery in 2015/16.

Last year and the year before that (2014/15 and 2013/14), we increased our fees by £1.00 per day (around a 2% increase). During the two years prior to 2013/14, we held our charges at the same level with no increase at all. The Family and Childcare Trust reported in its Childcare Costs Survey 2015, that average childcare costs across the UK increased by 5.1% for a child under age 2 in the last year and by 32.8% over the last 5 years to 2015. The increase in the level of fees in the Westwood Nursery over the same period has been 8.2%.

The financial year 2014-15 has been a challenging one for the Nursery and the Nursery budget is forecast to be £71,819 in deficit at the end of July 2015. This means that it will be £47,819 in deficit when the University's £24,000 subsidy is incorporated. There are also other hidden University subsidies as the Nursery does not bear the cost of depreciation or space charges in the same way the University's departments do.

The Nursery is well supported by the University but it cannot incur deficits beyond the approved subsidy. Our finance team have estimated that for the budget to break even with the same level of occupancy and staff provision as this year would require an increase in fees of 10%.

In addition to the challenges of this deficit the Nursery will face higher employer's national insurance (NI) contributions that will apply to our staff salary costs from April 2016. The estimated cost of this change is 2% of the salary bill. Recovering this increased cost through fees will cost significantly more than 2% due to the impact of 15 free hours for 3 and 4 year olds, the cost of supply staff on top of the current staffing budget and the fact that the Nursery is not at 100% occupancy. Taken together this has been estimated at a 3.5% impact on fees. These costs will affect our costs in the last four months of 2015/16 and for all of the next financial year 2016-17 and beyond.

We have sought to reduce the impact of fee increases in the following ways:

- Increasing the University subsidy by 10% to £26,500.
- Looking to improve occupancy levels to increase income.
- Phasing in the increases.

Despite this mitigation, we need to increase fees to reduce the deficit to manageable levels and to be able to maintain our existing levels of service. We are intending to implement a phased fee increase in two steps. I am therefore confirming that the following fee increases will apply for 2015/16:

- An increase of 3.5% from 1<sup>st</sup> September 2015.
- A further increase of 3.5% from 1<sup>st</sup> April 2016.

The new rates for 2015/16 are shown in the attached annex. The daily charges are inclusive of lunch and snack costs from 1<sup>st</sup> September 2015 of £3.50 per day and £1.00 per day respectively. Please note that for the parents / guardians of children aged 3 and 4 who claim 'free hours' under the government scheme, this scheme does not cover lunch and other costs so they will be charged separately for the daily lunch and snack (£3.50 per day) or snack only (£1.00 per session) costs.

This letter confirms the notice of the increase to your fees. You will receive the confirmation of your new contract and fee schedule over the next few weeks.

With these increases, our fees for staff and community parents will be at around the average cost of fees within Bath; but are lower when the significant additional savings for staff parents through the NurseryPlus scheme are taken into account. For students the reduced rate and the benefit of only paying for their set term periods already keeps the fees at a lower level. The Westwood Nursery also remains the only nursery in Bath where parents pay in arrears (rather than in advance).

The Westwood Nursery strives to maintain and extend its high standards of service and care. In her last letter to you Pauline highlighted some examples of our achievements over the last year:

- Outstanding Ofsted assessment.
- Winner of three separate awards from BANES in 2014.
- Agreed training/placement base for Early Years students studying at Bath Spa University.
- Award 'Recognition of commitment to working with agencies to support children and their families' BANES.
- The development of our Forest Schools learning for all children in the Nursery.

Pauline and I have discussed this increase with the representatives on the Supporting On-campus Childcare (SOC) group on yesterday morning. Pauline and I have put in a number of appointment slots in our calendars for individual meetings for parents to come in and talk to us about these changes. We have also put a time in for a meeting with parents at 1.15pm on Monday 20<sup>th</sup> July 2015 in Room 3.36, Wessex House. To book in for one or both of these meetings please contact Nabeeha Dodson, Childcare Services Administrator on ext. 6518.

In future years the Nursery will also have to consider the impact of the Childcare Bill which proposes to double the number of free hours for children aged 3 and 4 from 15 to 30 hours

per week (to a maximum of 38 weeks). The cost to the Nursery comes from the significant shortfall between the amount of money provided to the Nursery through our Local Authority and the actual cost of providing these services. It was announced in the Budget on 8<sup>th</sup> July, that these changes would now come in from September 2017, with pilots in some local areas from September 2016. We await further details on the Bill in order to consider the precise impact of these changes. We will keep you informed as more information becomes available.

Thank you for your continued and commitment to the Westwood Nursery.

Yours sincerely,

**Peter Eley**  
**Deputy Director of Human Resources**

## Annex – Revised Nursery Fees for 2015/16

<b>WESTWOOD NURSERY - 2015/16</b>			
<b>RATES FROM 1<sup>ST</sup> SEPTEMBER 2015 TO 31<sup>ST</sup> MARCH 2016</b>			
	<b>All (0-5YRS)</b>		
<b>STAFF RATE</b>	<b>2015/16 RATE (w.e.f.* 1/9/15)</b>	<b>2014/15 RATE</b>	<b>Change</b>
AM	£ 29.50	£ 28.50	£ 1.00
PM	£ 22.25	£ 21.50	£ 0.75
DAILY	£ 51.75	£ 50.00	£ 1.75
<b>STUDENT RATE</b>			
AM	£ 25.36	£ 24.50	£ 0.86
PM	£ 19.15	£ 18.50	£ 0.65
DAILY	£ 44.51	£ 43.00	£ 1.51
<b>COMMUNITY RATE</b>			
AM	£ 31.05	£ 30.00	£ 1.05
PM	£ 23.81	£ 23.00	£ 0.81
DAILY	£ 54.86	£ 53.00	£ 1.86

<b>WESTWOOD NURSERY - 2015/16</b>			
<b>RATES FROM 1<sup>ST</sup> APRIL 2016</b>			
	<b>All (0-5YRS)</b>		
<b>STAFF RATE</b>	<b>2015/16 RATE (w.e.f.* 1/4/16)</b>	<b>2015/16 RATE (w.e.f.* 1/9/15)</b>	<b>Change</b>
AM	£ 30.53	£ 29.50	£1.03
PM	£ 23.03	£ 22.25	£0.78
DAILY	£ 53.56	£ 51.75	£1.81
<b>STUDENT RATE</b>			
AM	£ 26.25	£ 25.36	£0.89
PM	£ 19.82	£ 19.15	£0.67
DAILY	£ 46.06	£ 44.51	£1.55
<b>COMMUNITY RATE</b>			
AM	£ 32.14	£ 31.05	£1.09
PM	£ 24.64	£ 23.81	£0.83
DAILY	£ 56.77	£ 54.86	£1.91

\*w.e.f. - with effect from