

22 July 2024

Private & Confidential

Staff, Student and Community Parents and Carers,
Parents Westfield Nursery waiting list,
Parent and Carers and Gender Equality Networks
University Stakeholder Colleagues

Dear All,

RE: Westfield Nursery Closure

I am writing to you as Lead of the project regarding the closure of Westfield Nursery.

Following the University's initial decision to close the nursery, there has been extensive engagement over the course of the consultation process and counter proposals considered. This has included 121 meetings, a specific meeting with the nursery manager and union representatives in respect of nursery finances and financial operations, and review and response to questions via the regularly updated FAQ pages.

The position continues to be, having reflected on considerations and counter proposals raised, that the nursery will close as planned in August 2024.

Over the past two weeks, I have been working with colleagues from across the University (Commercial Services, Finance and HR) to review the feedback received from engagement meetings with staff and student parents, line managers of impacted staff, Staff Networks, wider university stakeholders and feedback received via community parent submissions to various people in the University. I have reviewed all the correspondence received on the topic. I would like to thank everyone who has taken the time to provide feedback or raise concerns regarding the closure of the nursery. In reviewing all the information, I have focused my response on the reoccurring themes which have emerged. These included:

- Extending the nursery closure date to provide more notice
- Clarity regarding the nursery's financial position
- Measures taken to prevent closure
- The Labour Government's plans for nursery provision
- Exploration of alternative staff benefit offers for discounted childcare
- Impact of the closure on the recruitment and retention of staff and students (particularly international staff and students and female staff and students)
- Queen Mary's commitment to Equality Diversity and Inclusion, including the University's 2030 strategic commitment to Queen Mary becoming the most inclusive university of its kind and impact on Athena Swan
- The value of the nursery to Queen Mary

I have attached a document titled 'Response to Stakeholders' which outlines the University's response to the above reoccurring themes of feedback and concerns received.

I do appreciate that the communication of the decision to proceed with the nursery closure will be disappointing, but also confirm that this decision is final. It has been a difficult decision to balance the request of users to keep the nursery open against the on-going financial losses where the financial situation could only be improved by an unsustainable increase in cost to all users.

With Regards,

John Iveson

Director of Campus and Commercial Services

Response to Stakeholders

The Closure of Westfield Nursery

Executive Summary

There has been extensive engagement with stakeholders. This has included formal staff consultation, staff and student engagement meetings, stakeholder group meetings, email correspondence received from Staff Networks and wider university stakeholders and feedback received via community parent submissions to various people in the University.

The Response to Stakeholders paper outlines the considerations raised over the engagement period and the management feedback on these. The position continues to be, having reflected on the considerations, that the nursery will close as planned in August 2024.

The University has undertaken formal staff consultation in line with its Reorganisation, Redundancy and Redeployment Policy. In coming to its decision, the University has fully considered the matters raised during that consultation process.

Much of the consideration has been in respect of the financial position of the nursery, and the relatively small numbers of staff and student parents as a cohort of our total population of staff and students who use the nursery. While the forecast has been updated in respect of the forecast outturn for 23/24 the nursery continues to operate at a significant loss, on top of previous years financial losses – this factors in an in-year increase to funding from the local authority. Alternative proposals around the financial operating model have been considered as you will see in the below, however do not provide a viable alternative including in the long term, as proposals made would require significant increases in nursery fees and would likely lead to further reduction in nursery usage (as has been seen in the past following fee increases). Additionally, proposals including consideration of a commercial partner to take over the running of the nursery are complicated by the impact of comparably high nursery staff salaries and favourable terms and conditions that would be less attractive for a commercial provider to consider taking over via TUPE. Discussions were had with the local authority, but alternatives were not identified.

We also heard from a range of stakeholders that there was a concern in respect of the time frame for closure and whether this provided sufficient time for service users to find alternative provision. We have explored the option of extending the nursery closure to include operating for a longer time frame of c 3-6 months, however nursery management has advised that this is not possible given current resources and levels of sickness absence; with the risk that other staff members may also leave for new roles over an extended period across August – December, a risk assessment has concluded that we would not be able to be assured that safe staff to child ratios would be in place and that safeguarding measures would be robust. There would also be an increased likelihood of an unplanned closure due to staffing levels that would have even greater impact on staff, parents and children using the nursery.

Concerns have been raised during the engagement period in relation to consideration of EDI matters including: impacting service users and potential service users; impact on Athena Swan accreditation and commitment to its principles; impact on attraction of future staff members. The EDI team have been regularly engaged and have supported action including liaison with the parents and carers network to help understand concerns and identify actions to mitigate

adverse impact as far as possible. Our Reward and Benefits team continues to review and identify future benefit options and updates will be provided as soon as possible.

In relation to our ongoing commitment to Athena Swan and wider gender impact, we have a wide ranging action plan and EDI governance that is supporting improvement in gender representation across the University, and balances activity and resources in relation to EDI to impact the broadest numbers of staff possible (rather than focusing on initiatives that have a narrow and/or disproportionate impact compared to wider EDI considerations) – and Advance HE who oversee the Athena Swan accreditation are aware of this.

Since the announcement of the nursery closure, this has understandably been a difficult period for users of the service and all impacted parties, however the levels of engagement have been high and the suggestions put forward extensive and thoughtful. A robust dialogue on the financial position was enabled via the engagement, and genuine consideration given to a longer timeline for closure to provide further time for transition – while this has not been possible for the reasons noted, the engagement period has provided the space for this consideration and constructive challenge to happen.

The next steps will now be to continue the nursery service provision until the closure of the nursery. Transitional support will also continue to be provided to parents and children, including those with additional needs.

1 Extending the nursery closure date to provide more notice

All staff and student parents and carers and other interested stakeholders expressed concern regarding the timeline which was proposed for closure of the nursery. Difficulty was also expressed about finding alternative childcare of comparable quality within the timeline proposed.

Response:

The University considered this feedback with the aim of supporting current users. A meeting was held on 15 July 2024 with the Nursery Manager and the Deputy Manager to seek their professional advice and thoughts regarding an extension period to closure. The Commercial Services management team specifically wanted to understand the feasibility of an extension in the context of the nursery having the required staffing levels to continue to deliver a service beyond 16 August 2024 in line with statutory requirements. Unfortunately, due to staff pre-booked annual leave and continuing sickness absence an extension was not deemed to be feasible by the nursery management and therefore the University is not able to extend the closure period beyond 16 August 2024.

2 Clarity regarding the nursery's financial position for 2023/2024

Staff and student parents and other stakeholders raised concerns about the accuracy of the financial information provided within the staff consultation paper which was used to inform the University's decision to close the nursery. Financial information obtained from a Freedom of Information enquiry about the nursery's finances also lead to stakeholders requesting clarity regarding the nursery's financial position.

Response:

The financial information outlined in the staff consultation paper was correct for the financial year 2022/23 with an overall deficit of £233,000. The consultation paper had anticipated the loss for the current financial year 2023/24, to be the same as 2022/23. Since the publication of the staff consultation paper, the nursery received funding from the London Borough of Tower Hamlets of £68,000. Previous Tower Hamlets funding on average had normally been in the region of £20,000. The increase in the Tower Hamlets funding was a result of changes in government funding to early years childcare. The current forecast for 2023/24 as of July 2024, is a loss of £140,000. The FAQs supporting the closure of the nursery information have been updated with the revised figure and staff and student parents were informed during their engagement meetings.

The nursery's finances are routinely reviewed monthly with the nursery manager (as budget holder) and forecasts for the year revisited with the most up to date information regarding occupancy, hence it's expected there would be a level of variation month on month in the forecast. Whilst the forecast for the nursery has improved over the course of 2023/24, and the level of loss has reduced somewhat, the total level of loss remains significant.

These losses comprise the direct income and expenditure associated with running the nursery (e.g. nursery fees, government grant funding, staff costs, food costs, utilities etc.)

Besides the direct income and costs associated with running the nursery there are various other indirect financial implications to the university associated with the running of the nursery, which do not sit in the nursery's accounts, including:

- The university's physical and digital infrastructure requires significant outlay at university level and these costs sit centrally and are not recharged across university departments. These include management of the estate, security, general maintenance, business rates, cleaning costs, and IT. A space the size of the nursery costs circa. £180,000 per annum to maintain based on the average cost per square meter of space across the university.
- There are costs associated with various back-office support services (finance, HR, marketing, health and safety) which undertake activity relating to the nursery's operations: e.g. paying staff, paying contractors, receipt of income etc. These central costs are also not recharged.
- From time to time the nursery may require capital investment as is the case for any buildings.
- For employees who pay for the nursery via salary sacrifice arrangements, there is a small saving on employers' National Insurance contribution, which is estimated at circa £30,000 per annum currently.

In summary, in addition to the direct losses made by the nursery provision (£233,000 in 2022/23), the indirect cost to the University of running the nursery amounts to more than £150,000 per annum.

3 Measures taken to prevent closure

Stakeholders wanted to know what measures had been taken to prevent closure. They also put forward several suggestions.

Response:

The Commercial Services management team explored measures with the nursery management team to prevent the closure prior to the announcement, and with the commercial services team after the announcement. The following measures were explored:

Prior to the announcement:

- The Commercial Services team increased fees in 2022. This resulted in some parents and carers removing their children from the nursery. This clearly suggests price sensitivity is a material consideration.
- In early 2023 a meeting was held with the Nursery management team and the Commercial management team to discuss fees and initiatives to increase occupancy for the nursery with no tangible results achieved following a competitor analysis with other local nurseries. At the time, for local residents, Westfield Nursery was already one of the most expensive service providers in Tower Hamlets. The University provides discounts on the service for Queen Mary staff (5%) and students (15%), which has made the cost more competitive for these users. A decision was taken not to increase the fees, as it was anticipated that usage of the nursery would be reduced with an increase in fees given the relative costs compared to competitors.
- Extending service start and finish times was considered but there was no evidence to suggest this would help to match demand or improve current occupancy levels given the pricing of the service.

Subsequent to the announcement:

- Several staff users mentioned a willingness to pay more for nursery fees and suggested other income generating initiatives.

The Commercial Services team considered several measures which could be looked at to increase nursery revenue. These included: further increases to the hourly rate (for example by 5%); increasing the food surcharge per day from £3.20 to £5.50 (which increases daily fees by 2.5%); removal of 5% staff discounts; reduction in 5 day discount for staff from 10% to 5% to mirror the discount offered to community parents; and increasing the contract charges from 48 weeks to 52 weeks per year (an 8.3% increase). In order to achieve financial sustainability most, if not all measures would have to be implemented which would increase fees for some parents by more than 25% equating to increases in the thousands of pounds annually: this would improve the nursery's financial performance, if usage remained the same. However, given the significant increase to fees it is not plausible to expect usage to not drop, and reduced usage would be expected to outweigh the increased income from raising fees per child. In recent years when fees have been raised by lower amounts, usage of the nursery has reduced.

- Some staff users suggested that the nursery discontinue the reduction of nursery fees for nursery closure periods during the Christmas and summer breaks and make these periods chargeable.

The Commercial Services team reviewed this suggestion (in conjunction with other changes as set out above) and concluded that this, although helpful for reducing the nursery's losses, would not be sufficiently significant to make an impact on the overall losses, and would impact on demand/usage of the nursery.

- Some staff users suggested that the nursery look to reduce the spend on agency staffing.

We must start from the position of having sufficient and qualified staff to meet the regulatory requirements. When we have absences, agency use is the most reliable and resilient way to deliver nursery services. The Commercial Services team have undertaken recruitment campaigns to fill vacancies whenever they have arisen. On some occasions they have not been able to fill vacancies with suitably qualified and experienced staff. There is also a local and national shortage of qualified and experienced candidates. The team have in the past undertaken two to three recruitment campaigns to fill one position. Furthermore, the use of agency staff has become necessary when there has been long-term staff sickness absence and to provide cover for staff annual leave periods. It is a statutory requirement that staffing levels are always maintained, which has left the nursery no other option other than to use agency staff when required.

- Some staff users suggested that an adjustment to Employer National Insurance (NI) should be made to reflect contributions from staff using salary sacrifice, to help bolster the overall nursery income.

The saving is not a refund to the University, but is a reduction in employer NI contribution payable by Queen Mary for that staff member. The fees are taken from the gross salary via salary sacrifice. The staff member's taxable income is decreasing, which as a result provides a NI saving for both staff and Queen Mary. This is not something that can be allocated to the nursery and – as a total amount – is significantly smaller than the annual losses made by the nursery.

4 The Labour Government's plans for nursery provision

Some staff and student users and their Trade Union representatives requested that the nursery closure be postponed until more was known about the Labour Government's plans for nursery provision.

Response:

At present it is understood that the Labour Government's plans for nursery provision is focusing on upgrading space in primary schools for this purpose. This is based on their published manifesto. Therefore, this cannot be used to guide university business planning.

5 Exploration of alternative staff benefit offers for discounted childcare

Staff and Student raised the fact that other Russell Group Universities either had nurseries of their own, partnered with NHS Trust nurseries or had initiatives in place which provided discounted childcare provision for users.

Response:

The HR Department's Benefits and Rewards Team will continue to explore alternative staff benefits for discounted childcare and will seek any viable options which the University can consider in the future.

The Universities job adverts, and other relevant materials will be updated to provide an accurate position on what benefits we offer to staff.

6 Impact of the closure on the recruitment and retention of staff and students (particularly international staff and students and female staff and students)

Academic staff users and their line managers expressed the importance of the nursery being a key benefit for attracting talented academic and research staff internationally. They also emphasised the benefit of the nursery enabling female academics and researchers to return from maternity leave early, leave their children in a nursery nearby and take advantage of the benefit of being close to their children to continue with breastfeeding. They emphasised concern about the closure of the nursery impacting the University's ability to be an attractive employer when compared to other leading Russell Group universities which had onsite nursery provision or assisted provision with childcare costs. Concern was expressed over the potential loss of research income to Queen Mary should existing academic and research staff decide to move to another university. It was also identified that for some Schools the impact of the nursery closure would be greater, for example, in the School of Economics and Finance where 6 staff are parents.

Response:

The University recognises the value and benefit that the nursery provision has provided to staff and students over the years. However, staff and students have not taken up all available places the Westfield Nursery provides.

The University is currently exploring alternative staff benefits for discounted childcare and will present any viable options to the University for consideration in the future.

In the short term, Queen Mary has offered a range of support options to affected staff and their line managers to explore options for individual circumstances.

Research income is highly variable, depending on the availability and specific focus of research funders. Grants are generally for a defined period with funding available for around 3 years, which is why we've looked over the past few years at our level of service need and our ability to meet it.

The nursery has continued to make a sustained financial loss. A significant change in the way in which the nursery is structured and changes to its business model would need to be made for the nursery to be viable, to break even or operate with a surplus. Analysis undertaken by the Commercial Services team has shown that to achieve a sustainable operating model this would result in unaffordable fee increases for users.

**7 Queen Mary's commitment to Equality Diversity and Inclusion
The University's 2030 strategic commitment to Queen Mary becoming the most
inclusive university of its kind and impact on Athena Swan**

Concerns have been raised in the engagement in relation to consideration of EDI matters including: impacting service users and potential service users; impact on Athena Swan accreditation and commitment to its principles; impact on attraction of future staff members.

Response:

The Equality Diversity and Inclusion team have been regularly engaged and have supported action including liaison with the parents and carers network, to help understand concerns and identify actions to mitigate adverse impact as far as possible. Our Reward and Benefits team continues to review and identify future benefit options and updates will be provided as soon as possible. In relation to our ongoing commitment to Athena Swan and wider gender impact, we have a wide-ranging action plan and EDI governance that is supporting improvement in gender representation across the University –and Advance HE who oversee the Athena Swan accreditation are aware of this.

8 Value of the nursery to Queen Mary

Stakeholders expressed that the nursery should not be assessed purely in terms of its finances but should also be assessed for the value that it brings to Queen Mary staff, students and to those in the community. As a general principle stakeholders stated that the University should consider absorbing the financial loss due to the value that the nursery is able to provide. Stakeholders expressed that it is difficult to quantify the value of the nursery in the same way that financial value can be quantified.

Response:

The University along with the rest of the higher education sector has been significantly impacted in recent years by inflation levels, frozen home undergraduate fees and changes in international student markets, all of which creates challenges for university finances going forwards. The decision to close the nursery has not been taken lightly and has taken into account this context, and various factors including non-financial factors as referred to here, alongside usage of the service by university staff and students.