

The London Early Years Foundation

Annual Report 2021/22
& Statement of Accounts



Contents

Message from our Chair and Chief Executive	3
Importance of Early Years Education and Care	4
Challenges in the Early Years in the UK	5
Our social purpose	6
Tackling the injustice of poverty	7
Our history	8
Our journey	9
Our cross-subsidy model	10
An innovative social enterprise	12

Section 1: Social Purpose

LEYF's 'How?'	14
LEYF's 'What?'	15
Accessibility: Supporting communities most in need	16
Accessibility: Securing access to entitlements	17
Outstanding standards for all	18
Quality: LEYF's Pedagogy	19
Quality: Supporting our People through learning and development	20
Quality: A continuous cycle of improvement improves our Practice	21
Quality: Sustainability at LEYF	22
Quality: Health, food and nutrition	23
Affordability: Tackling inequality in our communities	24
Affordability: Doubling hours for those most in need	25
Measuring LEYF's social impact	26

Section 2: Operations

Preparing for growth despite a sector-wide staffing crisis	28
Delivering on our strategy	29
Safeguarding our children	30
Supporting all our children	31
Supporting our parents and carers	32
Valuing our staff	33
Supporting and training our staff	34
Inclusion and diversity	36

Section 3: Finance

Summary financial performance	38
Historical performance	39
Income	40
Expenses	41
Financial implication of our social impact	42

Section 4: Growth

Strategic ambition	44
Expand to more nurseries: Integrating and preparing for the future	45
Innovate and improve: Embedding partnerships	46
Amplify and advocate: Raising the voice of the underserved	47

Bibliography	48
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Financial Statements	50
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Message from our Chair and Chief Executive

This year, we continued to provide high quality Early Years Education and Care for an increasing number of children while also managing through the pandemic and addressing some of the profound effects it had on many children's lives. True to our values, we remained very focused on quality delivered through our Pedagogy, People and Practice.

Recognising the benefits of Early Years Education and Care for children, we developed an ambitious seven-year strategic growth plan to meet the needs of more children and families across London. This included a set of financial targets including sourcing debt financing and building partnerships with philanthropic funders.

As part of our growth strategy, in April 2021, we took on three nurseries in Newham that were at risk of closure. During the year, we have integrated them, heartened by their engagement and willingness to become part of London Early Years Foundation (LEYF).

Working in Newham is proving to be a very positive experience, as we establish a strong partnership with the borough, particularly supporting their nursery and school food strategy. We did this through our Early Years Chef Academy, which is going from strength to strength, particularly with the support of Impact on Urban Health and the Greater London Authority (GLA), which shared our concern about children's health, and particularly how their diet can impact their long-term health and well-being.

We are operating in a very complex staff recruitment and retention environment. Staffing the nurseries is challenging as we compete with other sectors also trying to attract staff. Our three-pronged approach is known across the organisation as 'Find, Win, Keep', which sounds simpler than it is. We have introduced further assistance for staff in response to feedback from our staff survey, staff council and Inclusion and Diversity Task and Finishing Group. The top

three issues were workload, salaries and opportunities for development and promotion. Underpinning this was concern about physical and mental well-being, as staff worked harder and harder to cover vacancies. We responded by reviewing our staff benefits. In addition to our annual salary review, we implemented an annual bonus, gave staff the opportunity to buy and sell up to five days of annual leave, and increased training and promotion opportunities. We endeavour to be an inclusive and listening workplace, where all colleagues can be their best and build skills to grow their careers.

Growth isn't just doing more but also improving how we do it. Green LEYF is how we describe our strategic approach to sustainability. We successfully completed the ISO 14001, the first childcare organisation to do this. We have also embarked on the Planet Mark accreditation process. Our Level 4 Diploma in Sustainability for Early Years is progressing well and has been opened to colleagues beyond LEYF. Our intention is to continue building a sustainable, thriving organisation that fosters a sense of community and pride, and better connects children, staff and parents to the wider world as we all pull together to prepare our children to become global citizens.

Finally, we would like to thank every LEYF colleague and our Board of Trustees for their individual and team commitment to our social purpose and plans for scaling our impact. This shows the true spirit of an organisation which never loses sight of our central purpose and values, which are centred around changing the world one child at a time.



June O'Sullivan

June O'Sullivan MBE
Chief Executive

Mike Garstka

Mike Garstka
Chair

“Our intention is to continue building a sustainable, thriving organisation that fosters a sense of community.”

Importance of Early Years Education and Care

The first five years of a child's life profoundly affects their future life outcomes. This is because a child's brain develops fastest during these years than at any other time of life and why high quality Early Years Education and Care is so important.

Young brains are literally built by their experiences in Early Years, which fundamentally shapes our whole lives, influencing our future health, well-being and job opportunities. Yet too many children trapped in poverty are left behind, as Early Years Education and Care in the UK is chronically underfunded. Children who attend quality Early Years settings are more likely to graduate, less likely to be arrested and less likely to struggle with substance abuse as adults (Reynolds, 2015, online).

Delivering high quality nursery education to all requires refocusing leadership through a much stronger social justice lens and a community model (O'Sullivan, J., Sakr, M., 2022).

Social leadership allows pertinent issues to be addressed, such as staff recruitment, retention and well-being, in the context of sectoral fragmentation and under-investment which impact negatively on the experience of children, staff, parents and the wider community. Social leadership highlights the significance of warm and inclusive modes of leadership as a means of driving positive change.

There are compounding positive effects from prolonged attendance in higher quality nurseries, making investment in Early Years both highly impactful and economically beneficial. Yet despite the vast evidence, too many children are left behind.



“

“Earlier this year, the Government announced a goal to improve average GCSE grades in English language and maths over the next decade... But without a radical rethink, these ambitious targets will remain fanciful dreams. This means better Early Years support.”

Lee Elliot Major, Professor of Social Mobility

Early Years impacts GCSE success

Research, supported by the Monday Charitable Trust, sheds new light on the seemingly intractable problem of hundreds of thousands of pupils from disadvantaged backgrounds assessed at age 16 falling short of basic standards in English language and maths.

A study that tracked the lives of over 11,000 pupils born in England at the turn of the millennium (who sat their GCSEs in 2016 or 2017), showed that just under one in five (18 per cent) did

not achieve a grade 4 in both English language and maths, and half (48 per cent) of those were identified as falling behind as early as age five (Major, L. E., 2022, online).



Challenges in Early Years in the UK

Without access to quality Early Years Education and Care, children start school over four months behind their more advantaged peers, a learning gap that is not closed by the school system, and typically gets worse over time (Heckman, G., 2019).

The current Early Years system has been developed incrementally, resulting in a complex system that is inefficient, unsustainable and inequitable.

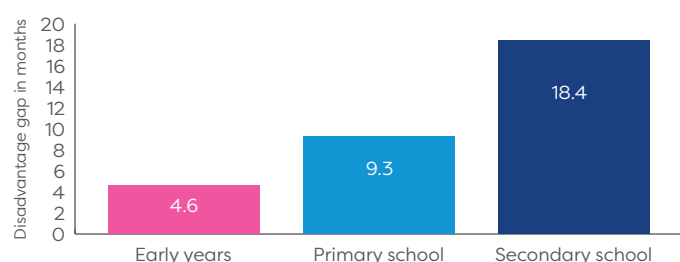
Disadvantaged children who most need high quality Early Years provision are losing out because the Early Years sector does not support those who need it most.

Accessibility

In the most deprived areas of England, there are fewer places for children and more closures of settings compared to the least deprived areas. This trend is only getting starker. In London, the problem is particularly acute: only 1 in 4.5 children in the most deprived areas have access to an Early Years place, compared to the least deprived areas where 1 in 2.6 children have access. Settings in more deprived areas are closing due to significant financial pressure as, typically, they rely on income from families accessing Government funded only provision. This has been knowingly and chronically underfunded by the Government (EYA, 2021, online) and they receive little to no 'top-up' fees like the nurseries in the more affluent areas do.

Quality

Inequality of access to high quality provision compounds in the most deprived areas of England,



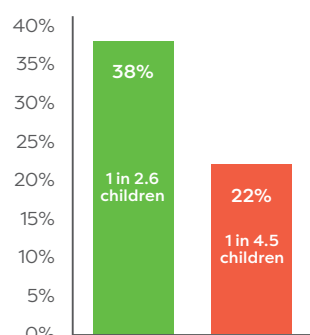
where only 17% of nurseries are rated 'Outstanding', compared to 23% in the least deprived areas (Ofsted, 2022, online). In London, the situation is worse: only 14% are rated 'Outstanding' in the most deprived areas, compared to 25% in the least deprived areas. The biggest driver of high quality provision is high quality staff. Due in large part to chronic underfunding, the Early Years sector is undergoing an unprecedented recruitment and staffing crisis.

Affordability

Disparities in the cost of childcare further compounds inequality in access and quality. While the cost of provision is increasing for all parents, poorer families are feeling this the most as many are ineligible for the Government's 30-hour offer; 70% of those eligible are in the top half of the earnings distribution (Sutton Trust, 2021, online).

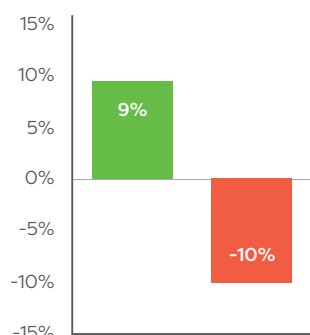
There are fewer Early Years places per child in the most deprived areas

% under 5's with EYR place (London, March 2020)



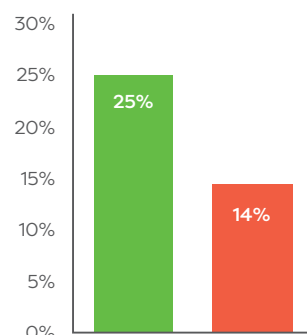
Nurseries in deprived areas are closing since it is unsustainable to operate

Change in # of nurseries (p.a., London, March 2022)



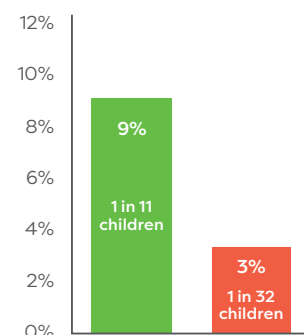
The nurseries that do remain are much lower quality on average

% Ofsted 'Outstanding' (London, March 2022)



Which exacerbates the limited access to high quality for those in need

% under 5's with access to 'Outstanding' quality (London, March 2022 est.)



● Least deprived ● Most deprived

Note: EYR – Early Years Register; Source: Ofsted

Our social purpose

Together with families and communities, we give London's children – especially those most in need – the best start in life, by providing access to high quality, affordable Early Years Education and Care.

LEYF's 'Why?' – Changing the world one child at a time.



Our social purpose

Together with families and communities, we give London's children – especially those most in need – the best start in life by providing **access** to high **quality**, **affordable** Early Years Education and Care.

Building a resilient business to achieve our social mission

LEYF is a registered charity that is self-sustaining through our social enterprise model. LEYF operates 39 (as of March 2022) award-winning nurseries, in 12 boroughs across London.

High quality Early Years education has the power to transform children's lives, supporting them to achieve their full potential.

Using a cross-subsidy model, we ensure all surplus is reinvested back into the business to fund places for disadvantaged children – making LEYF one of the largest providers of the funded two-year-old places in London, subsidising 35% of our places. During the financial year 2021/22 (FY21/22), that was 1,600 children.

LEYF takes an all-inclusive approach by welcoming all children into our nurseries irrespective of their social background or ability.

LEYF also champions diversity across our staff team. We firmly believe that children need role models from all walks of life, which influences their decisions and choices in life. We are proud that 7% of our staff are men compared to the national sector average of 3% (LEYF, 2022) and 52% of our staff are BAME staff (as of March 2022).

We pride ourselves on creating a family environment for all our employees. Staff turnover remains high even though our average length of service is 4.7 years. We are also delighted to be able to employ and train several of our staff's own children, some of whom attended a LEYF nursery when they were children. LEYF continues to set the agenda with its tireless campaigning for all things Early Years, social business and child poverty.



35%

of our children were on funded only places

52%

of our nurseries are rated 'Outstanding' vs. 20% on average in London.

Tackling the injustice of poverty

Many of LEYF's nurseries are intentionally sited in deprived areas where there wouldn't otherwise be a high quality nursery available.



Our nursery teams work hard to provide high quality care and education to the children but also to support their families and local communities. Increasingly, LEYF is forming partnerships that enable us to do more.

Burgess Park, Angel, and Ford Road nurseries supported families by providing healthy food parcels, which was made possible through a partnership with Vitamin Angels and the NDNA, increasing the capacity of staff to promote good nutrition both in the nursery and at home.

Burgess Park, a term-time-only nursery, was also awarded

a grant of £5,000 from The Hobson Charity to provide bags of provisions including food and hygiene products to families during the holidays.

Wandsworth Bridge Nursery has been receiving surplus food from City Harvest, a charity that redistributes food that would otherwise go to waste. This allows the nursery to stock their food bank with nutritious food.

A new partnership with Little Village, who run a baby bank network, collecting, sorting and passing on pre-loved clothes and equipment, means parents at LEYF nurseries in need of support have been receiving clothes, toys and books for their children.

LEYF's mission is to change the world one child at a time by creating a catalyst for long-term social change. By supporting parents back to work, generating jobs for young people and campaigning for fair Early Years policies, LEYF is helping whole communities to thrive, now and in the future.



Did you know?

LEYF is one of the largest providers of the funded two-year-old nursery place offer for disadvantaged children in London.

Our values

Brave

We are curious, bold and adventurous. We push boundaries and test new ideas, always standing up for the rights of children.

Inspiring

We encourage continuous development for children and staff. We challenge each other to question and explore so we learn together.

Nurturing

We are warm, caring, loving and welcoming. We create safe and homely environments for each child.

Fun

We are imaginative and creative and learn through play.

Our history

LEYF began as the Westminster Health Society in 1903, a time of poverty and shockingly high mortality.

Distressed at the conditions they saw around them, our founders and leaders, such as Margaret Horn, embarked on an ambitious plan to promote child welfare and family health at the heart of a community in need.

An incredible 45 years before the NHS, we were already pioneers – offering training in professional childcare, outreach and home visits, along with local drop-in sessions and classes in parenting.

LEYF continues to support parents and the community, as we believe that by working with parents and providing them with more support we will see a longer-lasting impact on the children's intellectual and social development.

We are passionate about the long-term social impact that comes from designing a progressive and research-based nursery education underpinned by strengthening social and cultural capital. Everything we do is filtered through the LEYF Pedagogy, which drives excellence in teaching and learning, and continues to build on our pioneering heritage.



In the 1950s and early 1960s, LEYF provided high quality childcare in Westminster.



Our journey

Coming out of the pandemic in a strong financial position, we resolved to do more for children from disadvantaged backgrounds.

We embarked on a period of strengthening and deepening the capacity of our central office and nursery teams. We grew our Learning & Development team so that we could better support the quality of our teaching in our nurseries.

We launched external courses on Sustainability and Early Years Food and Nutrition, welcoming colleagues from across the sector to learn with LEYF. Major projects for our central office team included the building of our new website and the development of

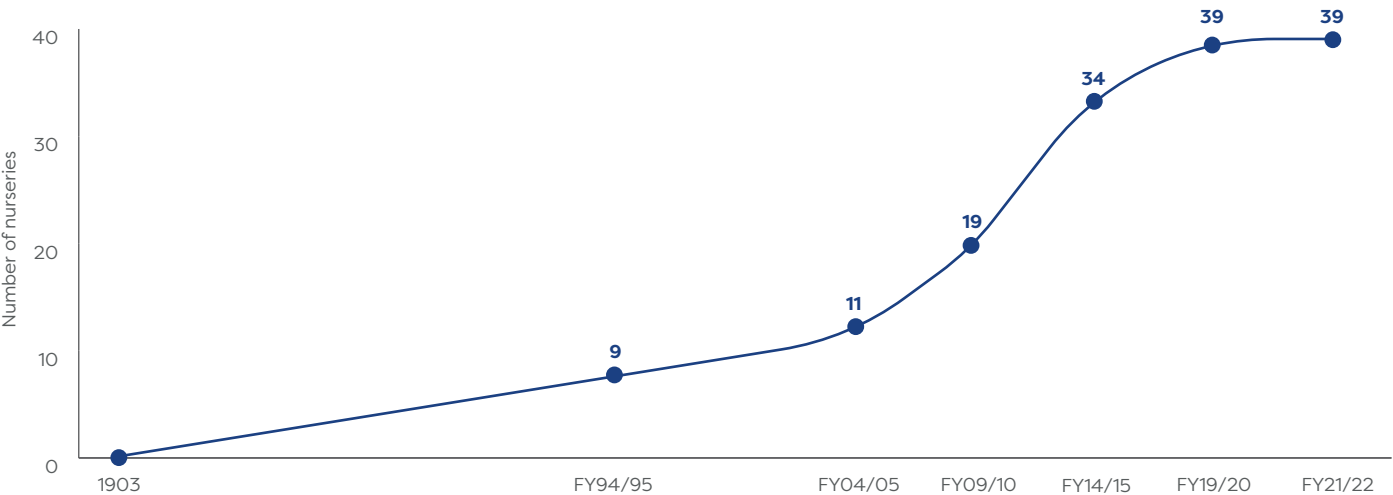
our parent portal to enhance our parent services.

As a learning organisation, we continuously seek to deepen our competence to deliver high quality Early Years Education and Care that is accessible and affordable. This is underpinned by the LEYF Pedagogy, award-winning learning and development opportunities for staff, and continuous monitoring of provision in our nurseries, which is measured via the LEYF Pedagogy Development Scale (LPDS).

“

We continuously seek to deepen our competence to deliver high quality Early Years Education and Care that is accessible and affordable.”

LEYF’s historical S-curve growth: Recent years focused on embedding the established model



Our cross-subsidy model

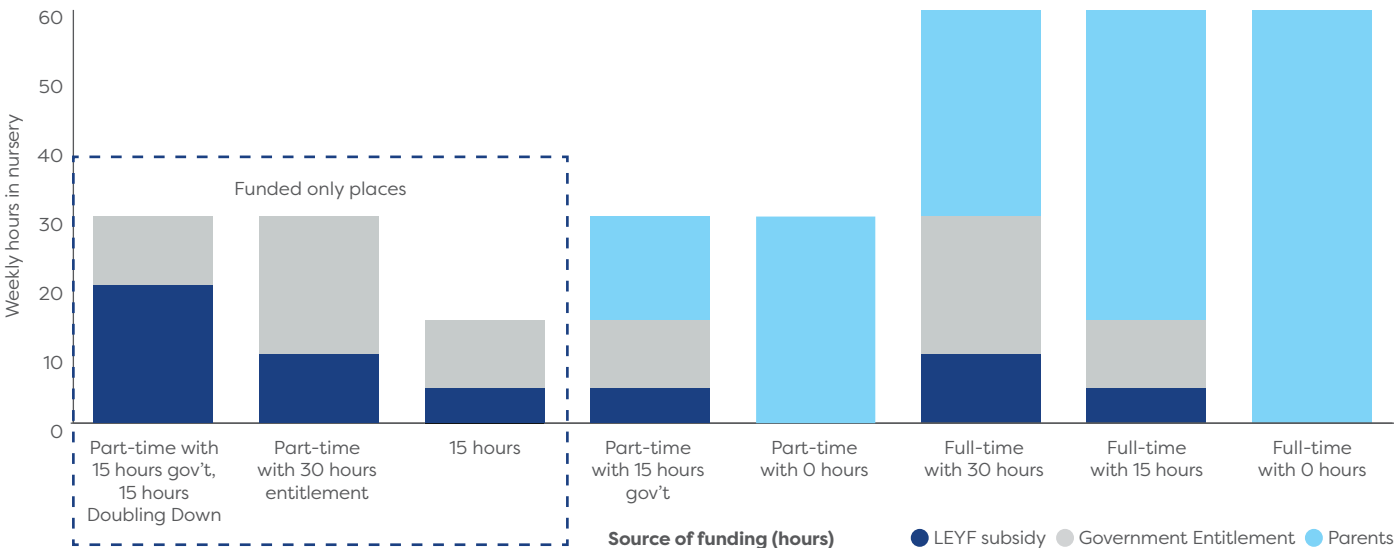
At LEYF, we can sustainably operate in areas of high deprivation and support those most in need because of our unique cross-subsidy model.

LEYF’s cross-subsidy model works across three levels: children, nurseries, and LEYF-wide. Children access LEYF nurseries through a range of funding sources. We have funded only, mixed model, and fee-paying nurseries. LEYF-wide, we operate our nurseries in areas of higher deprivation and flex our pricing accordingly.

Children

By providing funded only places, LEYF covers at least one third of the costs to operate those hours (Government entitlements only cover two thirds of the operating expenses). 35% of our children are on these funded only places. We also fund some additional hours through our Doubling Down programme so that children most in need can access up to 30 hours per week.

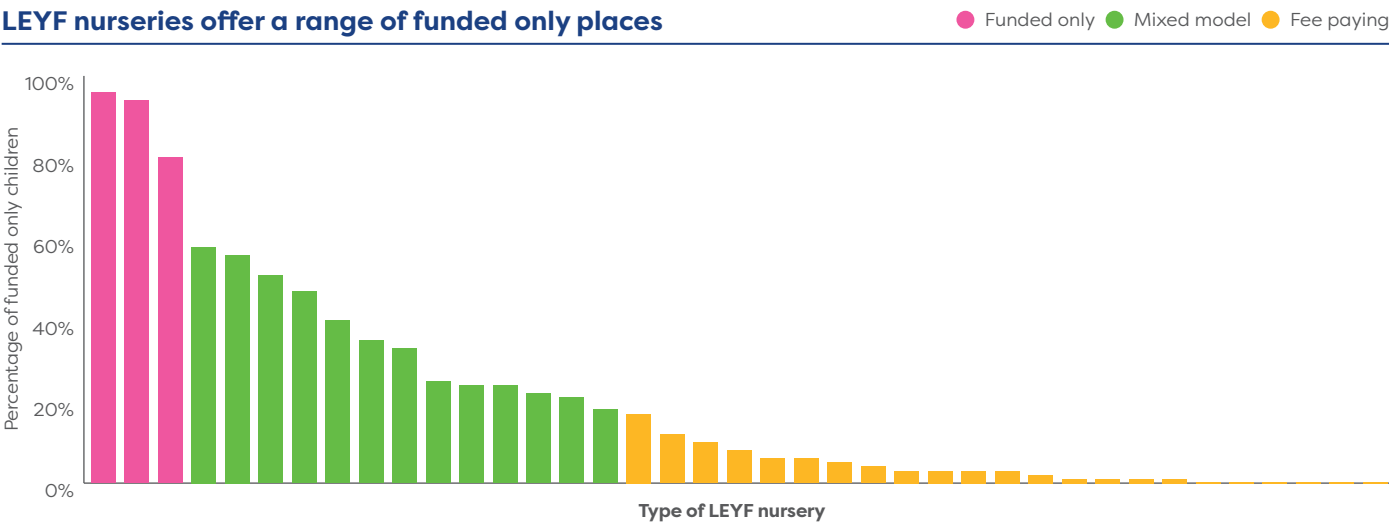
LEYF is one of the few providers that offers these funded only places, with no top-up fees



Nurseries

In our experience, and as demonstrated through research, a diverse mix of children in a nursery has a beneficial impact on the development of all children. Our ideal nursery, therefore, has a mix of children from different backgrounds. These are our ‘mixed model’ nurseries. We also operate three term-time-only nurseries, which are almost exclusively for funded only places and nurseries that have a higher proportion of fee-paying parents and carers. This range allows us to sustainably offer access to funded only places for families most in need, even though we make a loss on these.

LEYF nurseries offer a range of funded only places

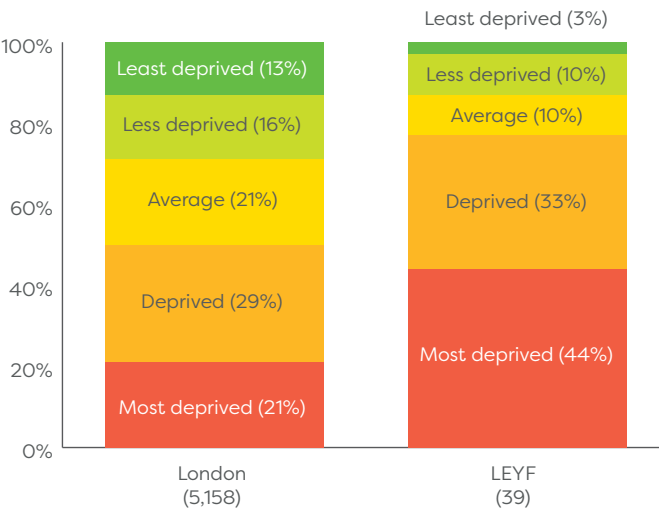


LEYF-wide

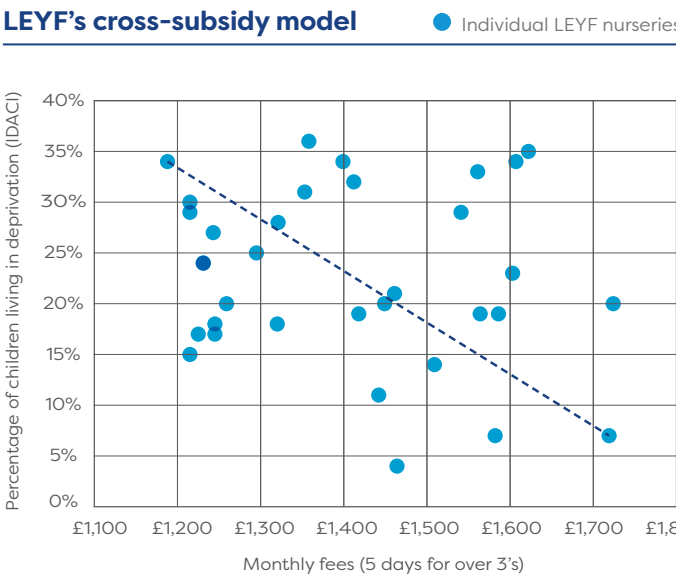
We operate in areas of higher deprivation, with over 75% of our nurseries located in the ‘most deprived’ and ‘deprived’ areas of London. Operating in these areas is an active choice so that we can reach those children and families who need us most. We also offer differentiated fees such that our pricing is generally higher, yet still fair and competitive, in areas of affluence (with less deprivation), and more affordable where the prevalence is higher. All our nurseries provide high quality Early Years Education and Care, which we achieve through the three drivers of quality in our nurseries: Pedagogy, People, Practice (see page 19).



Percentage of ‘childcare on non-domestic premises’ according to deprivation (March 2022)



LEYF’s cross-subsidy model

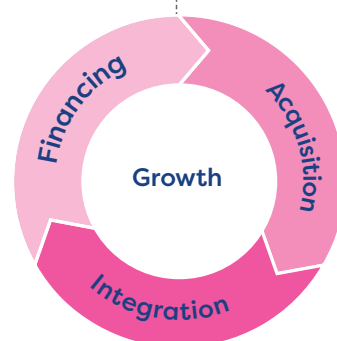
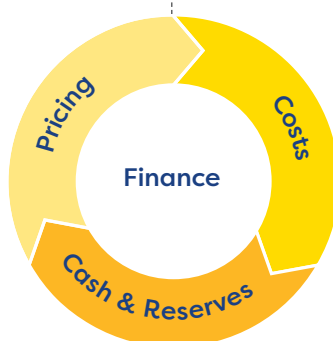


An innovative social enterprise

LEYF's social enterprise model is designed to maximise our ability to deliver our social purpose.

LEYF provides access to high quality and affordable Early Years Education and Care that is sustainable long-term so that we can continue to support our children and families. We do this through our repeatable and scalable business model, which combines operational excellence, financial rigour and an ambitious growth strategy. What makes LEYF unique is how our functional capabilities work together to generate surplus that can then be re-directed to amplify our social purpose.

Our social purpose



Our business model





Section 1: Social Purpose

LEYF's 'How?'

At LEYF, children are at the centre of all that we do. By working together, we also positively impact the lives of staff, parents, communities and society.

Children

Give London's children the best start in life through the highest quality Early Years Education and Care, especially those who otherwise may not be able to access or afford it.

Staff

Attract, develop and advance the best talent who champion LEYF's values (Brave, Inspiring, Nurturing, Fun).

Parents

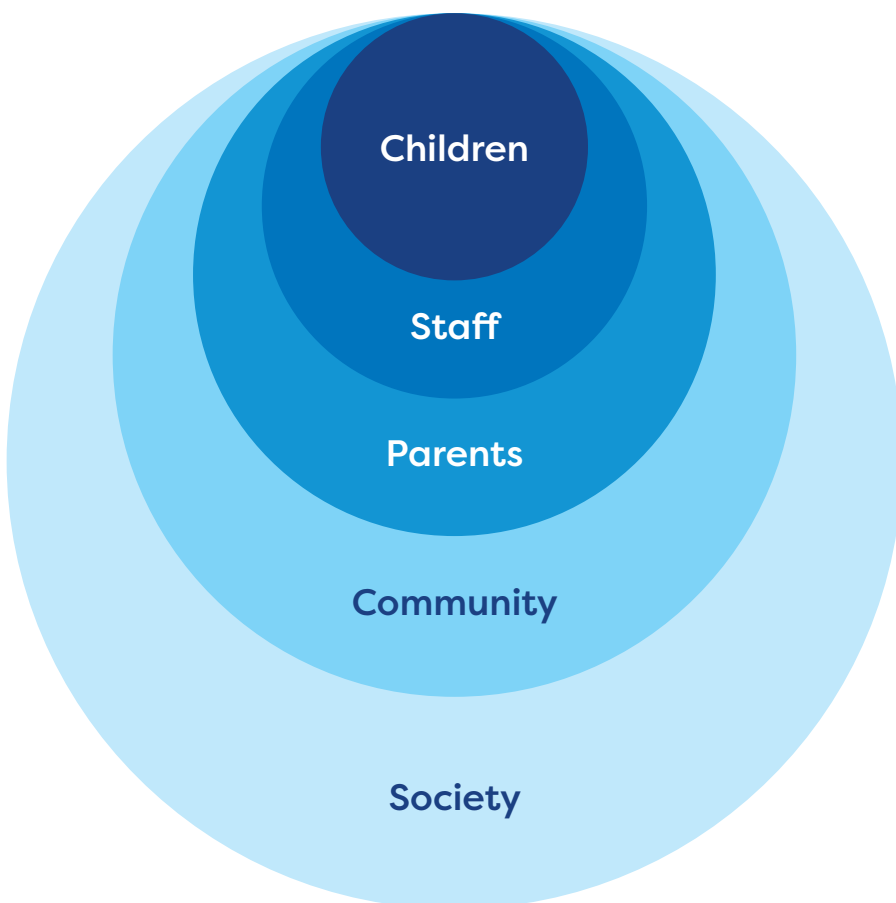
Build strong bonds that enable parents to work and broaden their support networks, while bridging home learning to further children's development.

Community

Promote community cohesion through nursery engagement tailored to local needs.

Society

Share Early Years best practices and influence key stakeholders to drive positive and systemic change in the sector.



Section 1: Social Purpose

LEYF's 'What?'

LEYF is committed to providing high quality Early Years Education and Care in all our 39 (as of March 2022) nurseries.

This means that all our children experience wonderful learning opportunities every day no matter where they live, their family circumstances or learning and development challenges.

All our staff receive high quality training and continued professional development, and our parents and communities are part of nursery life and, together with communities, this enables us to advance our social purpose. We value the partnerships we have created with local authorities, Government taskforces and other socially driven organisations, which enable us to provide support for our communities beyond our nursery service and drive innovation in the sector – thereby amplifying our impact.

Accessibility	Quality	Affordability
LEYF Global Academy	ACROSS ALL LEYF Pedagogy	Green LEYF
CHILDREN		
Nursery locations	LEYF Pedagogy Development Scale (LPDS)	Cross-subsidy model
Funded only offer	Duration & dosage	Differentiated fee structure
Subsidised places	Safeguarding	Free nutritious meals
SEND provision	Child nutrition, health & physical development	
Funded additional hours		
Summer schools		
STAFF		
Apprentices	Continuous Professional Development (CPD)	Parents' discount
Benefits & compensation (LLW)	LEYF Degree	Funded external training
Men in Childcare	Higher Education Qualifications	Hardship fund
Peer coaching	Talent Enrichment	
PARENTS		
Parents' workshops	Home Learning	Hardship fund
Parents' events / trips	Pedagogical conversations	
ParentZone app	Promoting family health & well-being	
COMMUNITY		
Multi-generational engagement & networks	Learning & practice community	Food banks
SOCIETY		
Early Years social leadership	Early Years pedagogical leadership	Child poverty campaigns
Early Years disruptor	Action research	Raising the voice of the disadvantaged
Social enterprise champion	Social media & publications	

Section 1: Social Purpose

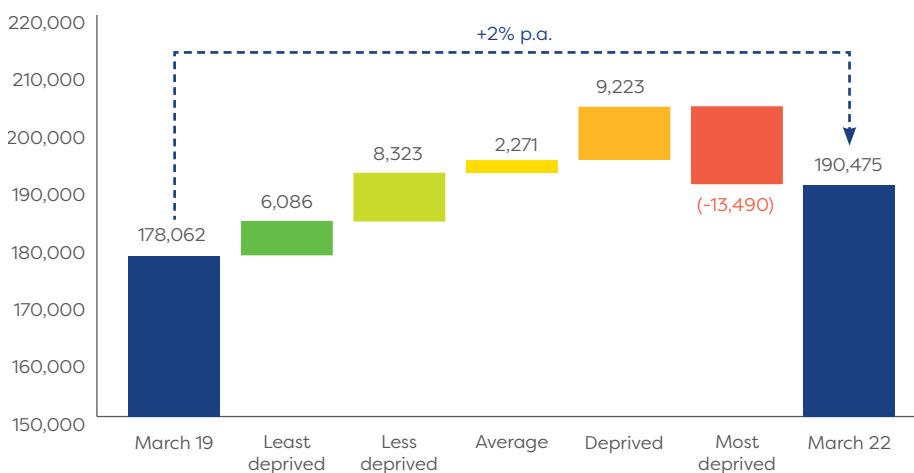
Accessibility: Supporting communities most in need

Over the past three years, while there has been a 2% increase in the number of nursery places in London, there has been a 10% decline in places in the most deprived areas (Ofsted 2022).

At LEYF, we work against this trend by continuing to operate in areas of London that need us most, with more than 75% of our nurseries located in the 'most deprived' and 'deprived' areas of London (vs. an average of 50% of nurseries across London).

Moreover, in London, the least deprived areas have almost double the number of 'Outstanding' nurseries vs. the most deprived areas. That means the children who most need high quality education and care are less likely to be able to access it. At LEYF, the quality of our nurseries is consistently above London averages.

Change in the number of childcare on 'non-domestic premises' places (London)



Percentage of 'childcare on non-domestic premises' rated as Ofsted 'Outstanding' by deprivation ranking (March 2022)



Section 1: Social Purpose

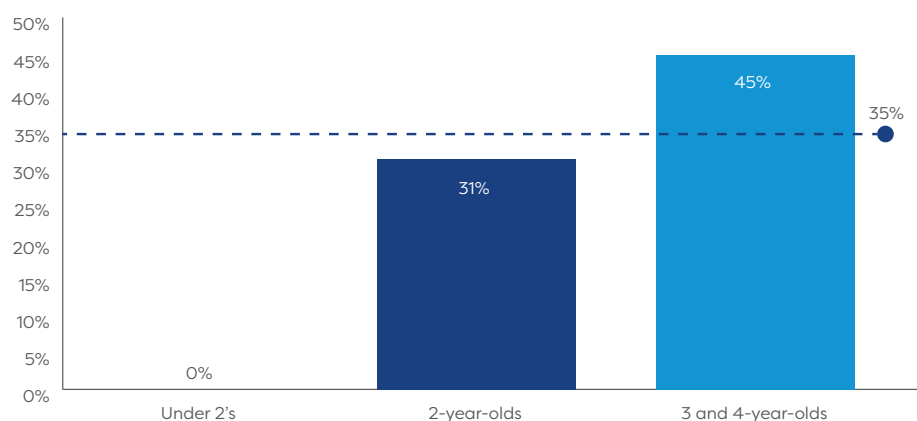
Accessibility: Securing access to entitlements

Beyond operating in areas of need, LEYF secures access to funded only places for children. LEYF does not charge any extra fees for meals at any of our nurseries, as we prioritise giving all our children nutritious, healthy meals and snacks.

27% of parents of 2-year-olds do not pay any fees to attend our nurseries. These children qualify for certain low-income criteria, they are often referred to us by local authorities, health authorities, or by social services as they have extreme support needs. 47% of our 3- and 4-year-olds' parents also don't pay any fees.

In both of these scenarios, we are covering approximately one third of the operating costs to provide these hours.

LEYF children on funded only places by age



Funded only places

When parents only use Government entitlements and do not pay any fees for additional hours it is referred to as a funded only place. Few for-profit providers offer this to parents, and most will only accept Government entitlements if parents also pay for 'top-up' hours.

Case study: Ford Road

LEYF's Ford Road Nursery & Pre-School is based in Barking and Dagenham where child poverty rates are more than 30 per cent. Alongside these high levels of deprivation, an average of 20 children attending Ford Road have SEND (Special Educational Needs and Disabilities), while many are known to social services, because they live in families seeking asylum, or are affected by drug and alcohol misuse or domestic violence.

A number of these children also experience food insecurity and rely on the nursery for a daily

hot, nutritious meal. Ford Road also provides food packs to help families in crisis.

Many of the children are classed as vulnerable and the team aims to create a safe, inspiring, calm and fun environment for them. Staff ensure the environment is inspiring, features quality resources and provides children with as many learning opportunities as possible.

When children leave Ford Road, the priority is to ensure they are ready for the next step and are as independent as possible,

able to problem solve, be confident and be articulate.

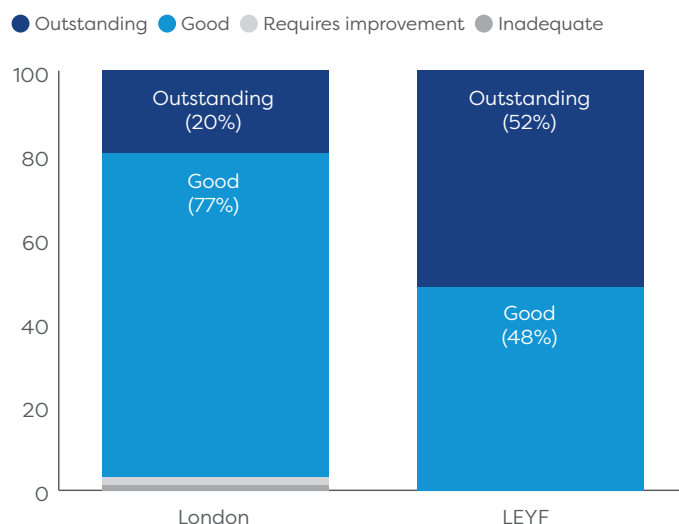


Section 1: Social Purpose

Outstanding education for all

LEYF has 2.6 times the number of Ofsted 'Outstanding' ratings than the London average.

LEYF continues to prioritise quality of provision in our nurseries. Ofsted inspections were halted in March 2020 as the country went into lockdown, only resuming in September 2021. Ofsted's new inspection framework focuses on the quality of teaching and the experience that each child has in a nursery. LEYF is proud to say 100% of our nurseries are rated 'Outstanding' or 'Good' by Ofsted. We achieve these results through three drivers of quality in our nurseries: Pedagogy, People, Practice.



There are three drivers of quality in our nurseries

1

Pedagogy

How do we lead the children to learn?



- LEYF Pedagogy
- Empowering our staff teams to deliver enabling environments
- Strong empathetic interactions between teachers and children
- Continual bridge building between home and nursery

2

People

What do we need to know, understand and do to lead the children's learning?



- Developing a team of highly skilled and knowledgeable Early Years teachers
- Continuous Professional Development
- Embedding a coaching model at all levels within our nurseries

3

Practice

How do we measure, evaluate and embed the pedagogy?



- LPDS (LEYF Pedagogy Development Scale)
- Leading and learning through action research to drive innovation

Section 1: Social Purpose

Quality: LEYF's Pedagogy

Achieving consistent quality across our group of diverse settings is challenging but made easier by having strong core values, principles and policies.

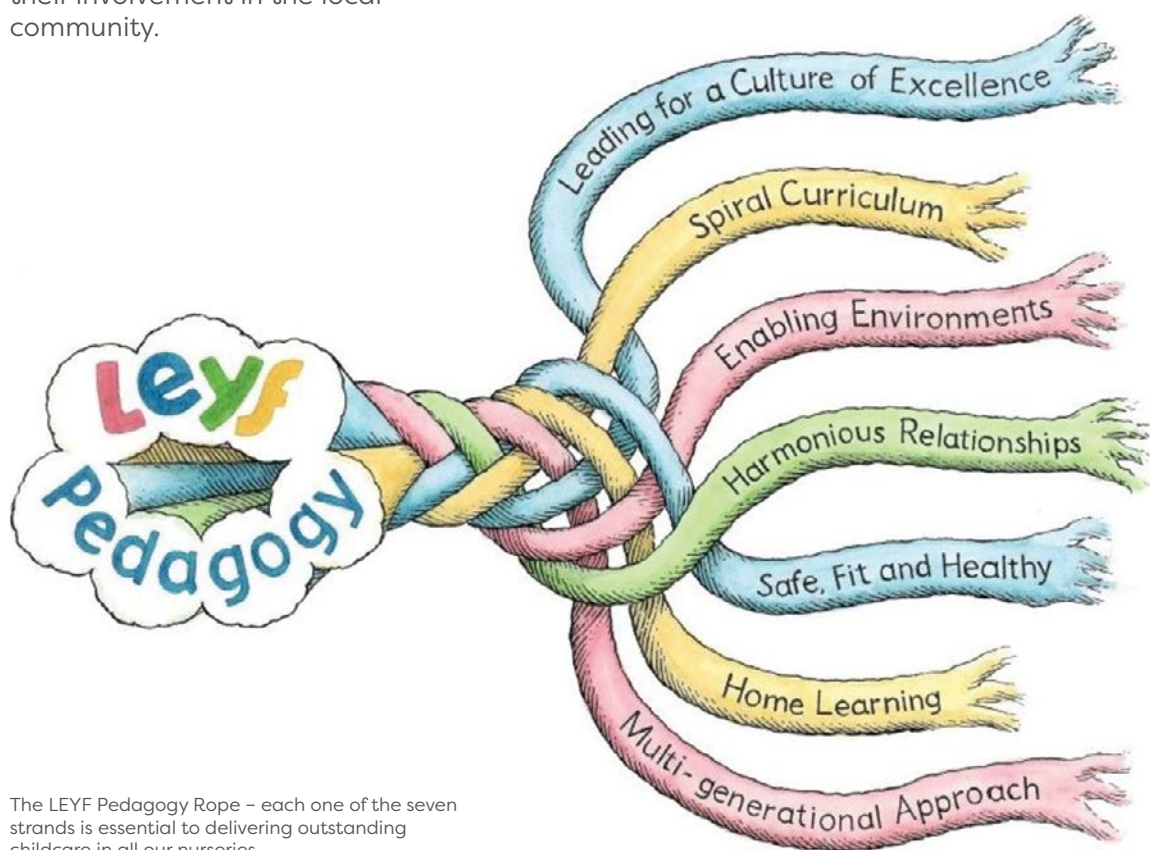
This is underpinned by the LEYF Pedagogy, our teaching and learning model, which shapes our social enterprise approach and ensures all children are given a strong start regardless of their background.

LEYF's Pedagogy is designed to strengthen children's educational success by widening their social and cultural capital, with a strong focus on language and communication, giving all children an equal chance to thrive. So, just by attending a LEYF nursery, children build social capital through the friendships they make with people from different backgrounds and their involvement in the local community.

Our Pedagogy is based on a wide range of research and incorporates all the statutory requirements of the Early Years Foundation Stage (EYFS). The LEYF Pedagogy has seven strands that interweave to deliver excellent teaching and wonderful experiences for our children. Quality improvement is a continuous cycle driven by our action research, designed and delivered across our nurseries and supported by the LEYF Pedagogy Development Scale (LPDS), which enables our staff to reflect on their teaching practices and monitor improvements.

The seven strands of our LEYF Pedagogy

- 1 Leading for a Culture of Excellence (LFCE)
- 2 Spiral Curriculum (SC)
- 3 Enabling Environments (EE)
- 4 Harmonious Relationships (HR)
- 5 Safe, Fit and Healthy (SFH)
- 6 Home Learning (HL)
- 7 Multi-Generational Approach (MGA)



The LEYF Pedagogy Rope – each one of the seven strands is essential to delivering outstanding childcare in all our nurseries.

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Section 1: Social Purpose

Quality: Supporting our People through learning and development

LEYF's award-winning, in-house Training Academy offers over 34 CPD programmes for nursery staff of all levels.



Informed by organisational need, international research and innovative approaches to Early Years Education and Care, our training is delivered via a hybrid model, with some sessions being delivered in person, others online and some of our training programmes incorporating a combination of face-to-face and online training.

Accredited training in-house

Our LEYF Training Academy is registered to deliver both CACHE accredited and ILM accredited qualifications. These include a Level 3 award for SENDCos, Level 4 award in Promoting Sustainable Practice in an Early Years Setting and Level 3 award in Effective Workplace Coaching. We also provide an Early Years Chef Level 3 CACHE accredited award, delivered via our Early Years Chef Academy. The Sustainability award and the Chef award are now offered to an external audience, with both programmes including a mix of internal LEYF staff and learners from across the wider education sector.

Two External Quality Assurance (EQA) visits were completed this year, one by a CACHE EQA and one by an ILM EQA. Both visits were successful, and we retained the highest grading of Level 1. Both EQAs commented on the efficient management of the centres, and the research shows quality is more likely with the higher quality staff.

There is a well-established link between highly qualified Early Years teachers and better outcomes for children. We offer our staff the chance to expand their knowledge and understanding of all children from birth to 8 years old through our Foundation Degree in Early Years Services and the ability to top this degree up to a full honours degree, the (BA) Hons in Early Childhood Studies. These courses are accredited by the University of Wolverhampton but delivered and assessed by LEYF tutors.



Section 1: Social Purpose

Quality: A continuous cycle of improvement improves our Practice

LEYF's Pedagogy is inspired by research into young children's development and all training at LEYF is centred on the seven strands of our Pedagogy.

Quality improvement is a continuous cycle driven through our action research carried out by staff at our nurseries and shared across LEYF.

All nurseries complete termly audits of their provision, facilitated by our unique LEYF Pedagogy Development Scale (LPDS) which we first created in 2016 before refining in 2018. The L&D (Learning & Development) team continually reviews our training provision and adapts this to address any areas for improvement highlighted by the LPDS. Our broad training programme has had a clear impact on quality, as our LPDS data highlights continual increases in pedagogical quality.

The LPDS data below shows that average scores across four out of the seven strands of the Pedagogy increased in 2022. The most significant increase was in the Multi-Generational Approach (MGA). This is reflective of the easing of COVID-19 restrictions and our nursery teams re-engaging with their community and embracing a wide range of opportunities with a focus on building children's cultural and social capital.



Scores have marginally reduced in the areas of Spiral Curriculum (SC) and Enabling Environments (EE). This may be reflective of current sector-wide staffing challenges. Higher numbers of Early Years teachers are choosing to leave the sector, and low numbers of students are studying for Level 3 qualifications. Spiral Curriculum and Enabling Environments are reflective of teachers' understanding of pedagogy and quality, so it is unsurprising that these are the areas which have seen a negative impact. In response, the L&D team have devised a 'core' training programme which will be mandatory for all unqualified teachers to ensure they are equipped with essential knowledge and skills.

Bikes in the nursery

LEYF is a learning organisation. By conducting action research through a reflective learning loop, teachers develop confidence, knowledge and skills to extend and deepen their practice. This directly influences teaching in our nurseries and has a benefit to our quality.

This year, we conducted a short action research project among eight nurseries. Concerned staff wanted to examine whether better use of bicycles would strengthen children's physical activity and develop them as confident cyclists as a step to improving their long-term health. Parents were involved including investigating if they were interested in a bike lending scheme.

The research concluded that staff recognised the physical and sociolinguistic benefits from bikes in nurseries but became more alert to the importance of bikes as part of routine nursery resources and staff's role to reduce more common barriers to usage such as poor cycling surface and the state of bike repairs. Parents considered bikes to be a key part of their children's nursery life especially extending physical skills, but were divided evenly about the value of introducing a bike lending scheme (O'Sullivan, J., Roberts, L., Nadat, S., 2021, online).

Average LPDS Score (out of 5, April 2021)

2.8	2.9	3.0	3.1	2.9	2.7	2.3
LFCE	SC	EE	HR	SFH	HL	MGA

Average LPDS Score (out of 5, April 2022)

3.0	2.8	3.0	3.2	2.9	2.9	2.6
LFCE	SC	EE	HR	SFH	HL	MGA

Section 1: Social Purpose

Quality: Sustainability at LEYF

Sustainability at LEYF means reviewing how we provide children from disadvantaged families access to quality, affordable Early Years Education and Care as well as addressing how we help build a community of sustainability-informed children, staff and parents.



Sustainability is embedded into every element of LEYF including the governance, pedagogy and operations, which drives holistic and transformational practice and understanding that motivates and empowers children, colleagues and parents.

Green LEYF is an organisational commitment to educating our nurseries and their communities to be as green-minded as possible. Our goal is to reach net zero by 2030.

We have an annual sustainability strategy which is framed within the 17 UN Sustainable Development Goals (SDGs) and underpinned by the three pillars of sustainability: economic prosperity, social equity and environmental integrity. LEYF's strategy encompasses the whole organisation and is led by the Sustainability Strategic Leadership team.

The journey so far and where we are going

Monitoring our environmental footprint

LEYF has completed the ISO 14001 environmental management certification, which is an international standard for designing and implementing an environmental management system. This provides us with a framework for monitoring and improving our environmental footprint and guides policy implementation and procurement.

Measuring our carbon footprint

LEYF has completed the carbon footprint measurement of the organisation through Planet Mark Business Certification, which is a recognised symbol of sustainability progress. We will be using this as a baseline for future strategic projects. The carbon footprint measurement takes into consideration all aspects of the buildings, electricity, gas, water etc and tracks our journey to become a more environmentally friendly organisation.

Building sector expertise

Our qualification, 'Developing Sustainability in the Early Years', endorsed by CACHE/ NCFE Level 4 was opened to external students. Through this, we teach and inspire students to be more sustainability informed and build a network

of Early Years professionals to lead a culture of change and have a positive impact on their settings and their wider home and community environment.

Green LEYF

We have started to build LEYF Sustainability Gardens, making our outdoor spaces as environmentally friendly as possible and allowing biodiversity and ecosystems to flourish. These gardens play a vital part in our zero waste goals and feature wormeries, composters and water tanks.

We have begun the process of reducing all excess waste including paper, food, water, electricity and single-use plastics.

We have defined our understanding of social leadership and this is helping frame our plans to create the LEYF Leadership Programme.



Section 1: Social Purpose

Quality: Health, food and nutrition

Nutrition and food education are very important at LEYF. All our children enjoy high quality meals and snacks throughout the day, with no additional fees for food.

Food at nursery can contribute up to 90% of children's nutritional intake for the day, but as healthy food becomes increasingly unaffordable for many families, meals at nurseries are critical to ensuring children get the nutrients they need.

Our chefs prepare fresh, well-balanced meals daily at each of our nurseries. Quality is carefully controlled by our Chef Academy trained Senior Chefs who continually improve our nutritionally tested menus based on feedback from nurseries.

We teach the children about where food comes from and how it impacts the planet. As well as the importance of a balanced diet, we provide children with experiences to develop their understanding and enjoyment of food. Our chefs support children to develop healthy eating habits and regularly lead cooking activities. Our chefs also support teachers and parents to increase their understanding of the nutritional needs of young children.

On average, in the boroughs LEYF operates in, 21% of children are claiming free school meals when they enter reception (vs. an average of 16% across London); however, currently there is no additional funding for food in Early Years, which is why our provision of food from our Chef Academy trained chefs is so important (London Data Store).

Influencing policy to put children's health first

We want all children in Early Years to have access to affordable, high quality and nutritious food. With generous support from Impact on Urban Health, we are working to influence Government policy. Our asks include: mandatory food standards for all Early Years settings; sufficient training, advice and guidance for the sector to ensure food served in all Early Years settings is of the best quality; and, adequate funding of the cost of meals for all children in Early Years at no additional cost to parents.

Helping others improve their practice

Following the internal success of our Early Years Chef Academy, the only chef-specific qualification for Early Years, we have opened our CACHE-endorsed Level 3 award to external candidates. Our first cohort of external chefs started our course in March 2022, with more courses planned throughout the coming year. We are particularly targeting nurseries who offer fully funded places to children.

The six-month course covers child nutrition, portion sizes, menu planning and making healthy, delicious meals for children, particularly those with allergies or dietary requirements, as well as running activities with parents, staff and children. The course is being externally evaluated to ensure it continues to be as effective as possible.



“

“The fact that our chefs have had training that specialises in under-fives will massively impact the way chefs are seen in the sector.”

LEYF Nursery Manager



Section 1: Social Purpose

Affordability: Tackling inequality in our communities

In addition to our differentiated fees that are an important part of our cross-subsidy model, there are many other initiatives we run at LEYF to make nurseries accessible and welcoming for our parents – and our staff.

Food banks

Increasingly, we are seeing families struggling to cope with the rising cost of living.

We currently have five well-established food banks at Angel, Burgess Park, Ford Road, Mark's Gate and Wandsworth Bridge nurseries, and one relatively new food bank at our Stockwell Nursery, which started in August 2022.

Angel, Burgess Park and Ford Road nurseries' food banks have been supported by Vitamin Angels and NDNA, our Mark's Gate Nursery has been funded by the Martin Lewis Fund and Wandsworth Bridge has been supported by City Harvest.

LEYF's long-term vision is to resource the food banks using surplus products donated by our partners in line with our sustainability strategy. As the cost of living crisis really starts to hit, many of our nurseries are noticing more families starting to struggle, which will result in more nurseries

needing to start a food bank. We are planning to support Eastbury and Leys nurseries to establish their food banks in the coming months.

Nursery discounts for staff

We reviewed our package of staff benefits as we want to reward our teams for their loyalty. Parents who work at LEYF, whether they work in a nursery or our central office can take advantage of our offer of 50% (increased to 70% from January 2023) discount on nursery fees to all permanent staff if their child joins a LEYF nursery.

Hardship fund

LEYF understands that financial difficulties can arise and we operate a hardship fund, which we fund from the surplus we generate. This allows us to support staff and parents with grants up to £500.

“

As the cost of living crisis really starts to hit, many of our nurseries are noticing more families starting to struggle, which will result in more nurseries needing to start a food bank.”



Section 1: Social Purpose

Affordability: Double hours for those most in need

Most children over the age of 3 years old have access to 30 hours' Government-funded Early Years education. Sadly, children trapped in poverty are locked out of this scheme.

LEYF set up the Doubling Down programme in October 2020, as a response to seeing the most vulnerable children arriving at nursery hungry, anxious and developmentally delayed due to the impact of lockdowns and living in poverty. The scheme gave children most in need up to 15 additional hours at nursery.

Our research into the impact of the programme found that giving extra hours in nursery significantly improved learning and development among our most disadvantaged 3- and 4-year-olds. The programme was funded by generous donations from Permira Foundation and Barclays 100 x 100 COVID-19 UK Community Relief Fund between October 2020 and July 2021.



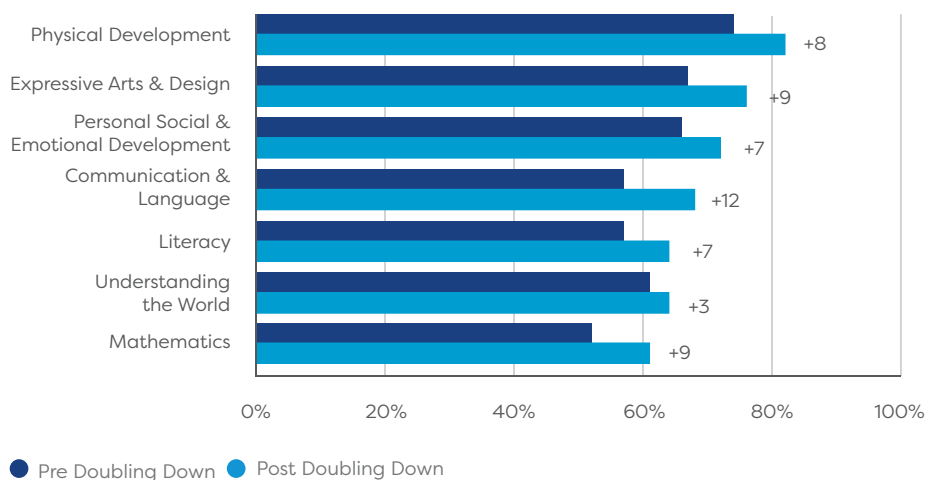
LEYF continues to run this valuable programme through fundraising initiatives. We also campaign for the Government to widen access to the 30 hours scheme, which would help to close the attainment gap that limits the life chances of children living in poverty.

Case study

In March 2022, we launched a crowdfunder with The Childhood Trust's 'Champions for Children' Crowdfunder, to support the Doubling Down programme through pledges and direct donations.



Percentage of children at expected level of development across EYFS areas of Learning & Development



Section 1: Social Purpose

Measuring LEYF's social impact

At LEYF, we track key metrics across all elements of our social purpose: Accessibility, Quality and Affordability. We use these measures to monitor progress across our social impact and identify areas for increased focus at LEYF or in specific nurseries.

Measure	Description	FY18/19	FY19/20	FY20/21	FY21/22
ACCESSIBILITY					
Number of Children	Unique children that attended a LEYF nursery	4,176	4,191	3,903	4,208
Number of Funded Only Children	Unique children entirely funded through Local Authority grants	1,329	1,253	1,249	1,464
Funded Children (%)	% of funded only children	32%	30%	32%	35%
Funded Children FTE	Full-time equivalent children funded through Local Authority grants	374	352	347	451
Funded Hours	Hours attended funded through Local Authority grant income	830,688	856,139	831,712	1,140,414
Children with SEND	Children with special educational needs and disability (SEND)		326	348	400
Children with SEND (%)	% of children with special educational needs and disability (SEND)		8%	9%	10%
Children Living in Deprivation (%)	Estimated % of children living in deprivation based on IDACI*	29%	28%	29%	29%
Ethnic Diversity of Children	% of children not identified as white	47%	46%	47%	50%
Multi-Generational Approach Score (out of 5)	LPDS score related to community connections and cohesion		2.52	2.48	2.42
Number of Apprenticeships	Number of apprenticeships that completed their training	35	37	63	52
Male Staff (%)	% of staff identified as male	6.4%	6.7%	7.6%	7.2%
Ethnic Diversity of Staff	% of staff not identified as white	66%	59%	58%	57%
QUALITY					
'Good' or 'Outstanding' nurseries (%)	% rated nurseries with 'Good' or 'Outstanding' Ofsted report	100%	100%	97%	100%
'Outstanding' Nurseries (%)	% rated LEYF nurseries with 'Outstanding' Ofsted report	60%	60%	56%	52%
Duration (months)	Average number of months attended by leavers	17.2	17.4	19.1	17.3
Duration (% above target)	% of leavers that attended nursery for over 80 weeks	39%	39%	46%	41%
Dosage (hours)	Average hours per week attended	30.8	32.3	32.4	32.5
Dosage (% above target)	% of children attending nursery for over 30 hours per week	58%	63%	62%	61%
LPDS Score (out of 5)	Average LEYF Pedagogy Development Scale (LPDS)		2.7	2.9	2.8
LPDS Improvement (%)	% improvement in LPDS vs. previous year			0.2%	-0.1%
Staff with EY Qualifications	Number of LEYF staff with Level 3 or 4 EY Qualifications	341	336	336	499
Staff with EY Degrees	Number of LEYF staff with Level 5 or 6 EY Degrees	130	144	127	120
EY Expertise Qualifications	Number of expertise EY Qualifications completed by staff	10	10	78	70
Safeguarding Incidents	Number of reported safeguarding incidents	6	12	8	13
Health & Safety Incidents	Number of reported health & safety incidents		5	6	9
AFFORDABILITY					
Funded Children (% FTEs)	% of full-time equivalent children funded by Local Authority grants	26%	24%	25%	25%
Funded Hours (% hours)	% of hours funded through Local Authority grant income	23%	22%	23%	33%
Mixed Model Nurseries	Nurseries with > 10% and < 90% funded children FTEs		7	10	13

* Income Deprivation Affecting Children Index



Section 2: Operations

Preparing for growth despite a sector-wide staffing crisis

As we entered the new financial year at the beginning of April 2021, LEYF acquired three new nurseries in Newham, bringing the number of boroughs in which LEYF operates to 12.

Acquiring three more nurseries increased the capacity of our settings to 2,213 in 39 settings. This saw us move away from a focus on infection and pandemic control and into the constant challenge of retaining and attracting staff. LEYF's strategy for continued growth in order to deliver high quality learning and education more widely across London came as staff turnover increased and the candidate pool decreased due to the impact of both Brexit and COVID-19.

Comparisons to the previous pandemic year proved unhelpful, and proof of recovery was shown in how positively nurseries returned to pre-pandemic performance. While limitations on visitors and parental access continued for much of the year, nursery closures were avoided,

and occupancy and income levels returned by the summer 2021 to pre-pandemic levels in like-for-like settings.

By March 2022, we delivered an average monthly growth compared with pre-pandemic occupancy numbers on average of 11.5 FTE children per month, at 1,534 FTE children.

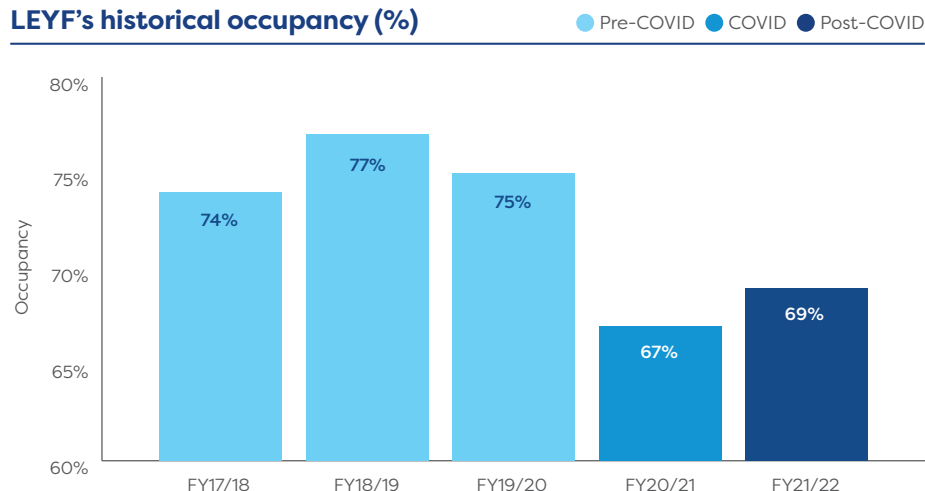
Higher nursery surpluses than pre-pandemic results allowed the organisation to pay an end-of-year loyalty and a thank you bonus to all permanent staff (totalling over £200k) to demonstrate to staff how highly valued and appreciated their efforts had been through challenging and turbulent times.

Parent satisfaction remained high through the year, with a strong Net Promoter Score (NPS) of 60,



showing that parents highly value the service we deliver. Much effort going forward will be needed to maintain these high satisfaction levels with necessary increases in fee levels to allow increased wages needed to retain high quality, qualified teachers and to cover the inflationary pressures as we progress through the months ahead.

LEYF's historical occupancy (%)



2%

increase in occupancy

60

Net Promoter Score (NPS), showing that parents highly value the service we deliver.

Section 2: Operations

Delivering on our strategy

While the focus of operations was slowly shifting away from pandemic control, we used the FY21/22 to prepare the foundations to sustainably deliver our long-term growth ambition.

During the year, we worked on optimising our existing portfolio of nurseries, to ensure we were delivering the best possible experiences for our children, staff and families.

Sadly, this included closing three of our nurseries in Westminster (Holcroft, Queensborough and Marylebone). This was necessary due to their performance, low future pipeline opportunities and increased operating costs. All the staff at these nurseries were offered permanent positions at alternative nurseries, and we were able to accommodate all children at other LEYF nurseries nearby.

We also expanded capacity at our Gumboots Nursery in Southwark, through the construction of an extension which increased capacity from 86 to 98 children. After the acquisition of three nurseries in Newham (Deanery Road, Children's Garden and Cumberland Road), much focus

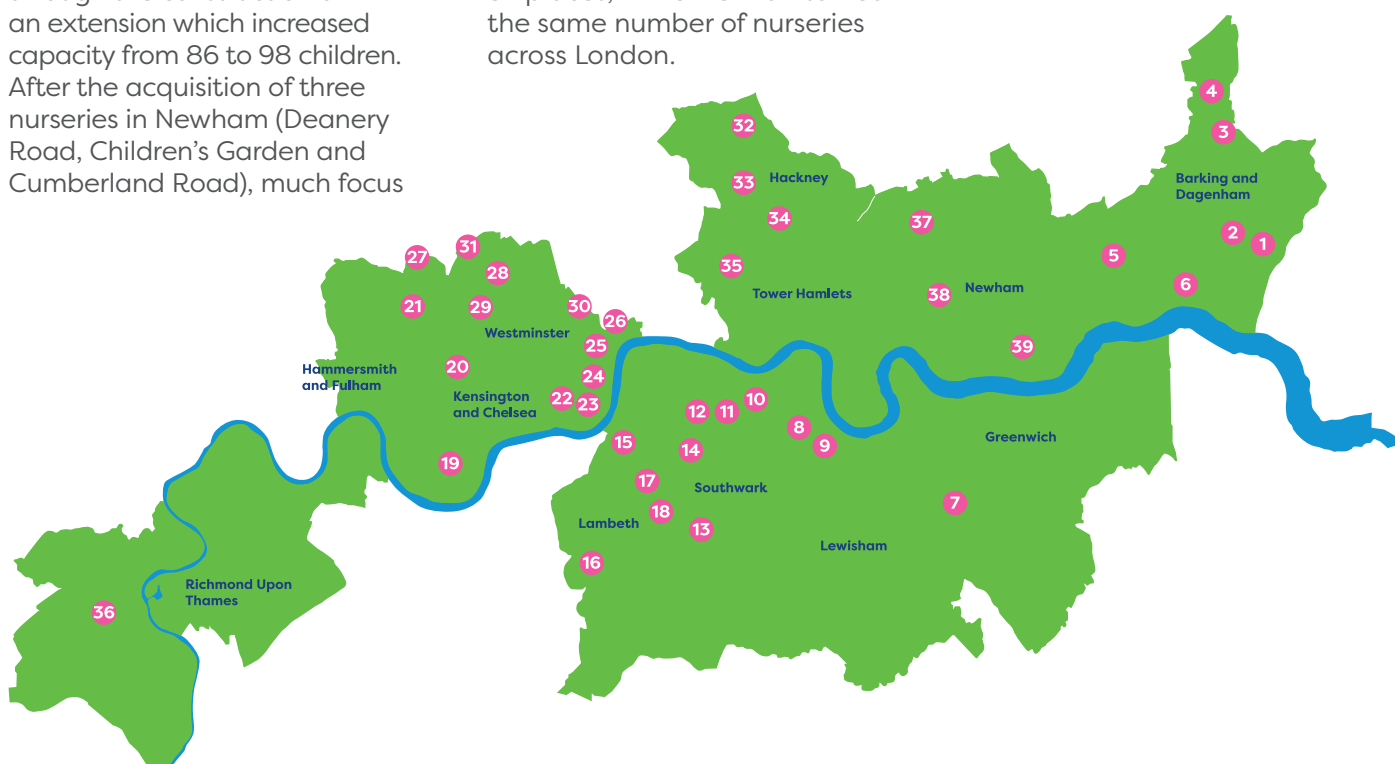
was given to integrate them into the LEYF family, and there was a significant refurbishment project at the largest of these at Deanery Road. Newham is one of the most deprived boroughs in London and it will take time to deliver the financial turnaround that LEYF has demonstrated following many acquisitions in recent years.

The months following the takeover have shown us that there is high demand for funded places and, with patience and flexibility, occupancies have grown, as the need for high quality teaching in this area is huge.

Combined, these operational changes increased our average capacity per setting from 53 to 57 places, while we maintained the same number of nurseries across London.

“

“There is high demand for funded places and, with patience and flexibility, occupancy has grown, as the need for high quality teaching in this area is huge.”



Section 2: Operations

Safeguarding our children

LEYF staff, management and Trustees always prioritise the safeguarding of our children and employees.

Our safeguarding duty is inherent in our work and supported by policies, procedures, monitoring, continuous training, inspections and reviews.

LEYF employees access a variety of safeguarding and safety awareness training courses via our bespoke MY LEYF online platform, through face-to-face and virtual courses facilitated by LEYF Training Academy and through Local Authority Early Years services.

We presented the 2021 LEYF organisational Annual Safeguarding and Health & Safety Reviews to the Board of Trustees via our Social Impact Committee, which reviews all aspects of safeguarding including child protection and Health & Safety (H&S) monitoring. LEYF Policies and Procedures are reviewed regularly to ensure these are robust and encompass all our statutory responsibilities.

All H&S and safeguarding issues are logged centrally to ensure compliance with mandatory reporting regulations. Child protection and safeguarding incidents are responded to thoroughly using critical reviews with individual lessons learnt feeding into robust safeguarding training.

Health & Safety

The hope that the beginning of 2021 would bring better times and that the issues around COVID-19 would be reduced was not to happen. High-level risk assessments continued as we focused on the safety of staff, children and families.

Throughout the year, we continued to monitor COVID infection rates in London and the UK so that we could make informed decisions and keep children, staff and parents safe.

The gradual easing of restrictions during 2021 greatly supported the continuation of operations and management of COVID-19 across our nurseries.



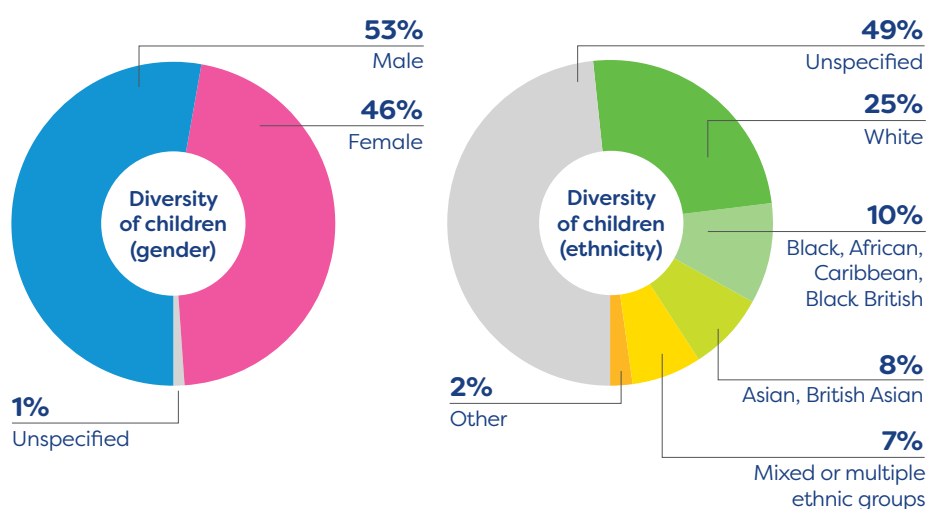
Section 2: Operations

Supporting all our children

Our children experience wonderful learning opportunities every day, no matter where they live or whatever their family circumstances or challenges.

Over the year, we supported over 4,000 children and, as lockdown eased, we saw nursery life return to normal. Every one of our 39 nurseries is unique, based on the local community it serves. This is because we want our children to feel a connection to the local community around them.

Reported diversity of children across LEYF nurseries (FY21/22)



SEND at LEYF

LEYF's Special Educational Needs and Disability (SEND) Strategy is shaped by our social purpose of 'changing the world one child at a time' and links to how we support children with SEND and their families, as part of our social impact. We will only succeed in this if there is a clearly communicated and shared understanding of the LEYF SEND Strategy underpinned by the principles of early identification of need, intervention, personalisation and inclusion.

LEYF's strategy is guided by the SEND Code of Practice, focusing on inclusive practice and removing barriers to learning, as well as the Children and Families Act 2014 and the Equality Act 2010.

In total, 400 children with SEND attended LEYF nurseries in 2021, which equated to 10% of all children at our settings.

In 2021, the predominant area of need among children with SEND were those in the category of communication and interaction, with 79% of children having this recorded as their primary need. This data is aligned with national evidence of this area of need being the most prevalent amongst young children (LEYF, 2021 and LEYF, 2022).

In line with statutory requirements, there are SENDCos in every LEYF nursery and we are committed to supporting these children's learning and development.

10%
of children at LEYF have
Special Educational Needs
and Disability (SEND)

Case study



Our staff are passionate about the difference they can make to children's lives. We made a series of videos that illustrated the positive influence a good teacher can have on a young child. One video focused on Yvonne Cadore, who is the manager at our Katherine Bruce Nursery & Pre-School. She has been an Early Years teacher for over 25 years.

When a child joined her nursery, she was concerned as he wouldn't make eye contact with adults, talk to them or play with other children. She realised he had no structure at home and started introducing routines into his nursery day. In two months, she could see a difference: he was laughing and smiling and would take turns and share with others.

But the biggest change came when she started working with his mother and his nursery life was carried into his home life. Yvonne says: 'You realise that, at LEYF, by making a difference to a child, you are helping the whole family. It's so rewarding.'

Section 2: Operations

Supporting our parents and carers

Parents are a central part of our work, and we want to continue to support parents by deepening our strategic and sustainable community partnerships. We are doing this by designing and implementing activities which have a meaningful and far-reaching impact on the community and serve as a model of national best practice.

Central to LEYF's ethos is the continuation of learning from nursery to home. We have updated our Home Learning page on our new website so parents can easily see how the activities listed support communication, numeracy and other key milestones.

Parents' Survey

LEYF scored very highly in our Parents' Survey in June 2022 and our Net Promoter Score (NPS) is now +60, which is world-class, and we thank everyone who completed the survey. Behind that headline score sits a range of scores and all our nurseries' NPS remain positive.

ParentZone App

LEYF's parents can also keep up to date with their child's progress via our Parent Zone App. Throughout the day, a child's key person will observe and record a child's progress in the App, which may include pictures or videos or what a child ate for lunch.

Welcoming parents into the nursery

After two years of restrictions, parents were able once again to take part in nursery life. Our New Cross Nursery & Pre-School enjoyed a visit from two Japanese parents. They gave a whole story and singing session in Japanese to the children in the baby room, who were very interested in listening to them speak.

This is just one example of the important role that parents play in the work we do at LEYF and building good relationships with them is a key part of our ethos. We know just how important relationships with parents, carers and families are to children's development.

“

“Very talented staff and I am so glad my child's formative years were handled with gentle care by the best teaching professionals.”

Parent, Angel Pre-School, July 2021

“

“I'm very proud my son gets to go to this nursery. The staff that he has around him to nurture and teach him are exemplary and outstanding. Thank you!”

Parent, Barking Riverside Nursery, March 2020

Section 2: Operations

Valuing our staff

LEYF values its staff, who are key to delivering our ambition of changing the world one child at a time. LEYF works hard to employ the best people and motivate them to do great things for our children. We are also mindful of staff well-being, and we reward them for their fantastic contribution, allowing a culture and working environment in which they want to stay.

LEYF compensation and benefits packages are competitive in a challenging sector where recruitment and retention of Level 3 staff is at an all-time low. We want to reward our staff for the great work they do – we want to be attractive and competitive as an employer. LEYF offers a set of enhanced benefits to employees including 50% childcare discounts for staff and a generous employer pension contribution of 7%. Our benefits booklet can be accessed [here](#).

However, we want to do more, particularly for our lowest-paid staff and those occupying key roles. We are committed to maximising pay for our staff while remaining sustainable and keeping childcare prices affordable for parents. That includes working towards the London Living Wage, an ambition we will continue to pursue over the coming years.

Our nursery and central office staff work hard and, in return, we pay attention to their professional development. Having an award-winning Training Academy means there is plenty of opportunities to progress.



Section 2: Operations

Supporting and training our staff

LEYF continues to support the well-being of all our staff in as many ways as we can. We introduced a new Hybrid Working policy for our central office staff and supported our nursery staff with access to virtual training until March 2022 when we were able to resume in-person training. Regular communications and supporting continuous conversations within teams remain a priority.

In January 2022, we launched our first well-being month to support nursery staff with tips and techniques to integrate well-being into their working lives. This coincided with the launch of our CEO June O'Sullivan's book co-written with Lala Manners, 'Think, Feel, Do: A Well-being Handbook for Early Years Staff'.

LEYF offers a variety of award-winning training and development programmes aiming to provide equal

opportunities for all our staff to progress. Our LEYF Training Academy offers more than 900 learning sessions per year, including in-house enrichment leadership training. LEYF offers clear career paths for employees to develop and progress within the organisation. As a result of our Talent Enrichment programme, more than 50% of roles are filled with internal promotions.

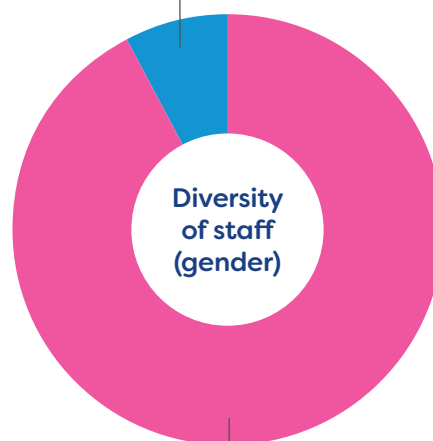


We also have a Talent Enrichment programme to enable conversations between staff and their manager to plan their development and continue their career growth. Our staff can take ownership of their career development through our bespoke development platform, MY LEYF. The platform includes 5,000+ videos, eLearning assets, articles and interactive assessments and in-built analytics to measure the impact on each employee. To date, staff have taken part in 65,000 activities (April 2022).

Reported gender diversity of staff across LEYF nurseries (FY21/22)

7%

Male



93%

Female



LEYF Degree in Early Years

During 2021, we continued to teach our pioneering Foundation Degree for nursery teachers accredited by the University of Wolverhampton, which went online for much of the year.

The degree is entirely taught and assessed by our Learning & Development team. The pioneer cohort completed this qualification with a second and third cohort of students successfully taking on this unique learning experience. A fourth cohort of students commenced in September 2022. The LEYF Foundation Degree (Level 5) has seen 64% of our students taking their first steps into management roles since commencing their studies.

Our action research, in partnership with Dr Helen Perkins, explores student perspectives on the impact of the LEYF degree. The preliminary findings show that students feel more confident to lead pedagogy and instigate changes within their provision. These findings were presented at the European Early Childhood Education Research Association's (EECERA) international conference in August 2021.

LEYF has also been approved to teach the Level 6 BA (Hons) Early Childhood Studies (top-up). This will enable LEYF staff with a Level 5 qualification in Early Years to undertake another 18 months of study to achieve a full Honours degree. The first cohort of Level 6 students commenced in September 2021. Due to the success of the LEYF degree, we are now hiring two full-time degree lecturers to ensure the LEYF degree remains sustainable as a pathway to career progression for all Level 3 qualified LEYF staff.



64%

The LEYF Foundation Degree (Level 5) has seen 64% of our students taking their first steps into management roles since commencing their studies.

Apprentices

Our apprentice strategy focuses on the need to build a pipeline of qualified staff in response to the current Early Years recruitment challenges, but was also developed because we want to share our LEYF approach. Our comprehensive enrichment programme complements the formal training offered by apprenticeships providers and is very popular with the apprentices. It has had a positive impact on our retention, which is 71%, a pleasing 13.2% above the national average.

All apprentice training takes place at the LEYF Apprentice Academy attached to our Burgess Park Nursery, which has been completely revamped to enhance the learning environment. This is our way of celebrating the importance of apprentices at every level of the organisation.

At the beginning of the year, we ran an all-internal cohort of apprentices to help upskill our current workforce to achieve their Level 3 qualifications.

Our Apprentice Programme has been shortlisted for Large Employer of the Year for the Multicultural Apprenticeship Awards 2022 and nominated for the Apprenticeship Employer of the Year for the National Apprenticeship Awards 2021.

“

“There are days when I’m identifying types of clouds; days where I’m teaching the children to dance; and days where I’m talking about the diet of dinosaurs. It’s a unique job.”

Apprentice, Leys Nursery

We are very grateful to a number of employers who have transferred some of their levy funding to us, which has supported us to expand our apprentice training:



Inclusion and diversity

LEYF is an organisation which champions tolerance and understanding, and wants to build an inclusive organisation so that no one is either advantaged or disadvantaged on account of their age, gender, identity, race, sexual orientation, physical or mental ability, ethnicity or beliefs.

We welcome all staff, children and parents regardless of their religious or non-religious background. LEYF takes great pride in the diversity of our teams, which support and reflect the diversity of the communities we serve. We strive to foster belonging and empowerment at work and in our nurseries.

To promote truly inclusive Early Years settings, our CEO June O’Sullivan and Nausheen Khan, manager at our Earls Court Nursery & Pre-School, wrote a handbook titled ‘50 Fantastic Ideas to Encourage Diversity and Inclusion’.

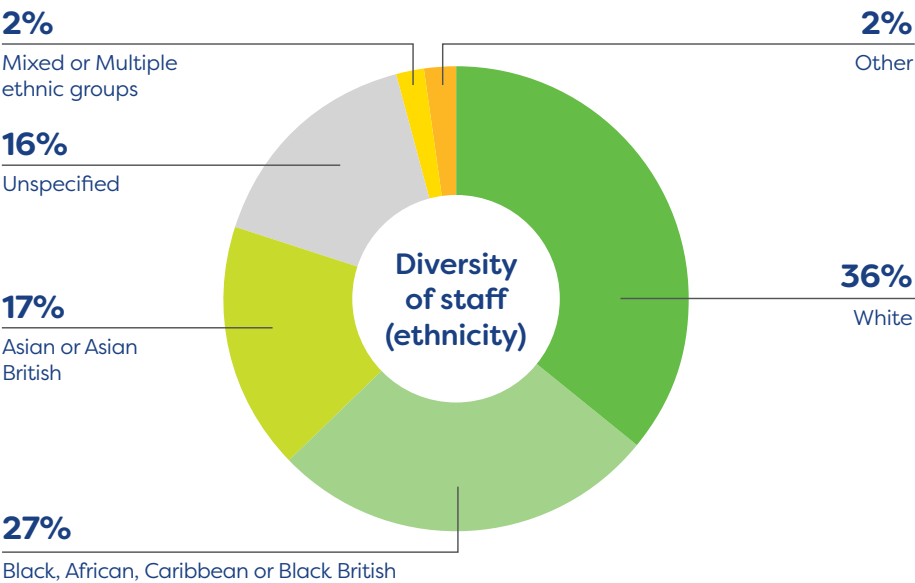
Our Inclusion and Diversity Task and Finishing Group completed an organisation-wide consultation

on the LEYF approach to inclusion that looked at how we can better support equality, inclusion and diversity across our organisation. LEYF also worked hard to promote career development for all employees and conducted regular pay reviews to ensure that our salaries are competitive.

Our campaign to increase men in childcare continues, including us recruiting the first all-male apprentice group. We have also written a book on social leadership which puts inclusion and fairness at its heart. This has had a positive impact on our gender pay gap, where we have seen a reduction in the pay gap across all measures (LEYF, 2021-2022).



Reported ethnic diversity of staff across LEYF nurseries (FY21/22)



“An inclusive education will benefit all children by teaching them to respect and value each other. The wide range of creative activities and ideas featured in our new book will help ensure that inclusion can be promoted as something that we all do every day.”

Nausheen Khan, nursery manager, Earls Court Nursery



Section 3: Finance

Summary financial performance

In the FY21/22, LEYF has focused on recovering occupancy levels, increasing attendance hours and providing safe nursery settings where children have the maximum opportunity for learning and development. This year-on-year increase in occupancy levels, combined with careful management of costs, has resulted in LEYF delivering a surplus for the year under review of £0.2m (£765 deficit FY20/21).

Total income increased by £4.9m from £22.2 to £27.1m. Parental income increased by 45%, which is largely driven by a significant increase in funded hours provided as a result of higher occupancy.

All nurseries were fully operational during the year, including the three Newham nurseries whose operations were transferred to LEYF on 1 April 2021 contributing £1.7m to the total income increase.

With all nurseries being fully operational, total expenditure

increased by £4.7m, from £22.2m to £27.0m, with the key driver to this increase being staff-related costs, followed closely by increases in costs relating to property maintenance and the securing of leases for the sites the nurseries operate from. LEYF also did not benefit from rent-free periods and business rate relief offered by the local councils during the prior year.

At the end of the financial year, the movement on the reserves reflected the surplus of £0.2m for the year and total reserves were £3.3m (£3.12m FY20/21), with

restricted funds totalling £1.0m and unrestricted funds increasing to £2.3m.

Through careful cashflow management, LEYF managed to maintain a stable cash position which enabled continued operational activity as well as being able to fulfil its repayment obligation to its Coronavirus Business Interruption Loan (CBIL), which commenced in October 2021. The cash position at the end of the year was £5.1m.

	FY21/22 (£m)	FY20/21 (£m)
Fixed Assets	5.06	4.68
Current Assets	5.84	6.28
Current Liabilities	(5.52)	(4.96)
Net Current Assets	0.32	1.32
Total Assets Less Current Liabilities	5.38	6.00
Creditors: amounts due after 1 year	(2.10)	(2.88)
Total Net Assets	3.28	3.12
Represented by:		
Restricted Funds	0.98	1.19
Unrestricted Funds	2.30	1.93
Total Charity Funds	3.28	3.12

£5.1m

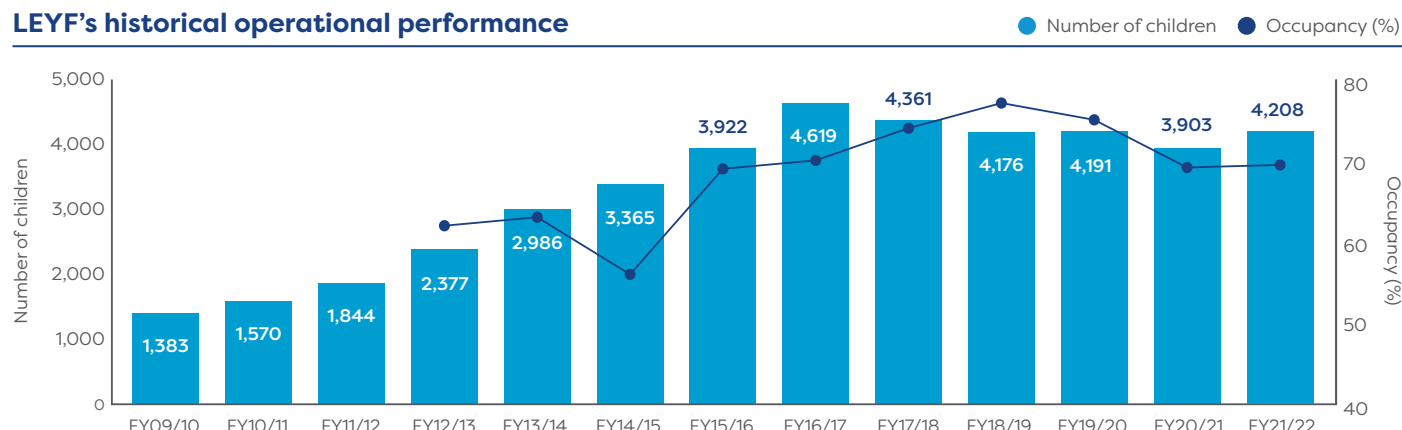
Our cash position
at the end of the FY21/22



Section 3: Finance

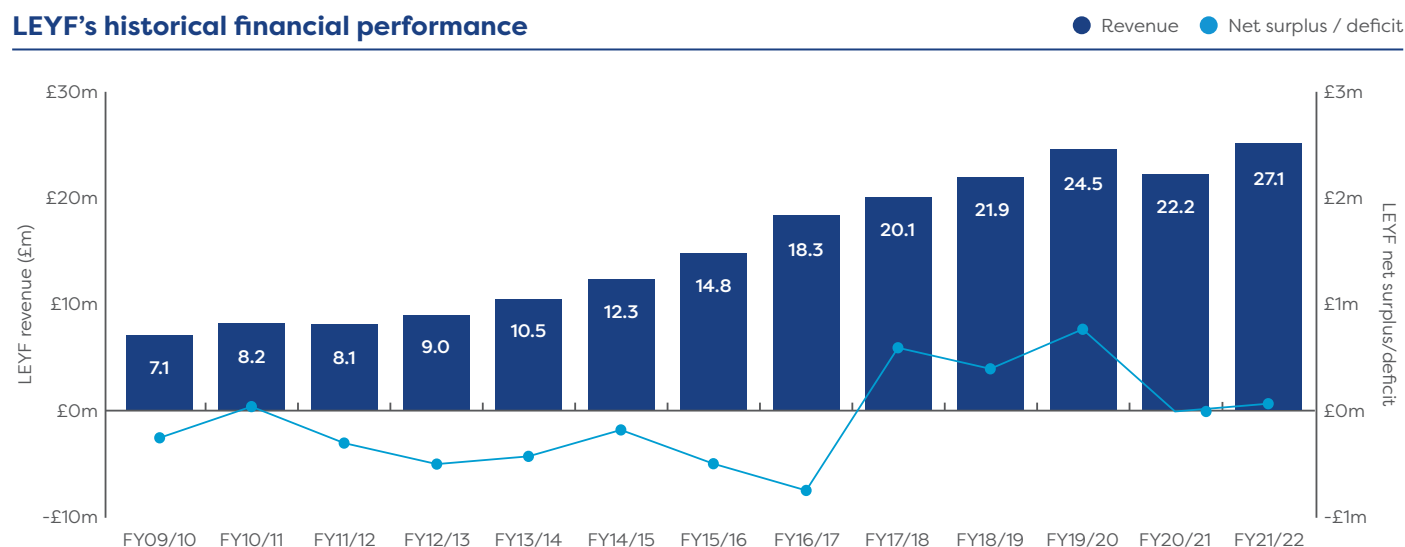
Historical performance

LEYF's historical operational performance



FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22
Number of nurseries												
19	21	23	24	26	34	38	38	37	37	39	39	39
Average number of places per nursery												
38	39	42	42	44	47	50	51	51	50	51	53	57

LEYF's historical financial performance



LEYF's historical social impact performance

	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22
Dosage (average hours per week attended)	24.8	24.5	26.1	28	30.7	32.2	32.3	32.5
Duration (average number of months attended by leavers)	12.3	14.4	14	14.6	16.8	16.8	18.5	17.2
Quality (% Ofsted 'Outstanding')	20%	35%	61%	59%	60%	60%	56%	57%

Section 3: Finance

Income

£0.2m

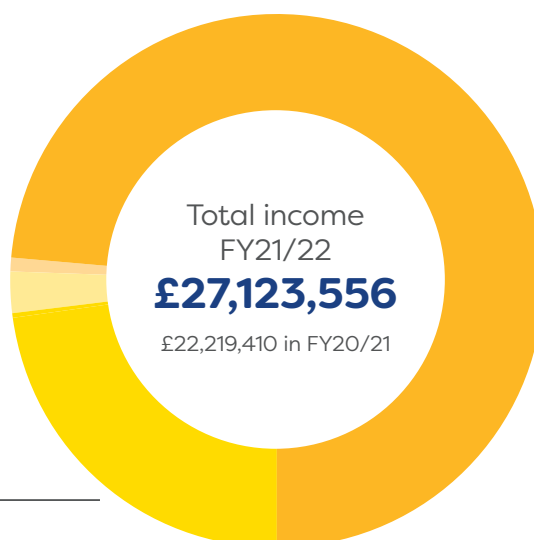
Other Income
£2.2m in FY20/21

£0.6m

Donations
£0.5m in FY20/21

£6.2m

Local Authority grant income
£5.8m in FY20/21



£20.0m

Parental fees
£13.8m in FY20/21

Total income for the year was £27.1m, an increase of 22% from the prior year. Our largest income stream, parental fees, makes up 74% of the total income, delivering income of £20.0m, increased from £13.8m in the FY20/21. All nurseries were fully operational during the year, significantly increasing the number of hours attended compared to the prior year where LEYF consolidated its nurseries into 15 Hub nurseries for continued support to parents during the most crucial months of the pandemic. The three Newham nurseries transferred on 1 April 2021, contributed 6% toward the increase in parental income. During FY20/21, LEYF received significant financial support from the Government, one being in the form of the Coronavirus Job Retention Scheme for which LEYF received furlough payments of £2.1m, the amount received in furlough payment during the current year was only £33k.

LEYF's income comes from a number of sources, including

parents and carers from more affluent as well as deprived areas, grant funding income from local authorities across 12 boroughs, Government workplace nurseries and some small amounts from donations.

Grant income received from local authorities increased by 8% from £5.8m to £6.2m. Donations increased from £0.5m to £0.6m, an increase of 32% and other income increased by £0.2m. These increases were mainly due to donations received in the form of Gifts in Kind as well as contributions and incentives received relating to LEYF's apprenticeship programme.

The number of nurseries throughout the year remained consistent at 39. Three non-operational nurseries were closed and the operations of three nurseries from the borough of Newham were transferred over to LEYF. With the start of the year, still very much affected by the impact of the COVID-19 pandemic,

LEYF focused on getting children back into the nurseries, increasing total hours and support to parents returning to work. The total number of funded and private hours increased by 10% from the prior year. Total headcount increased to 4,208 children from 3,903 children. LEYF managed to increase its total capacity FTEs by 7% to 2,213 children, increasing the average places per nursery by four children.

4,208

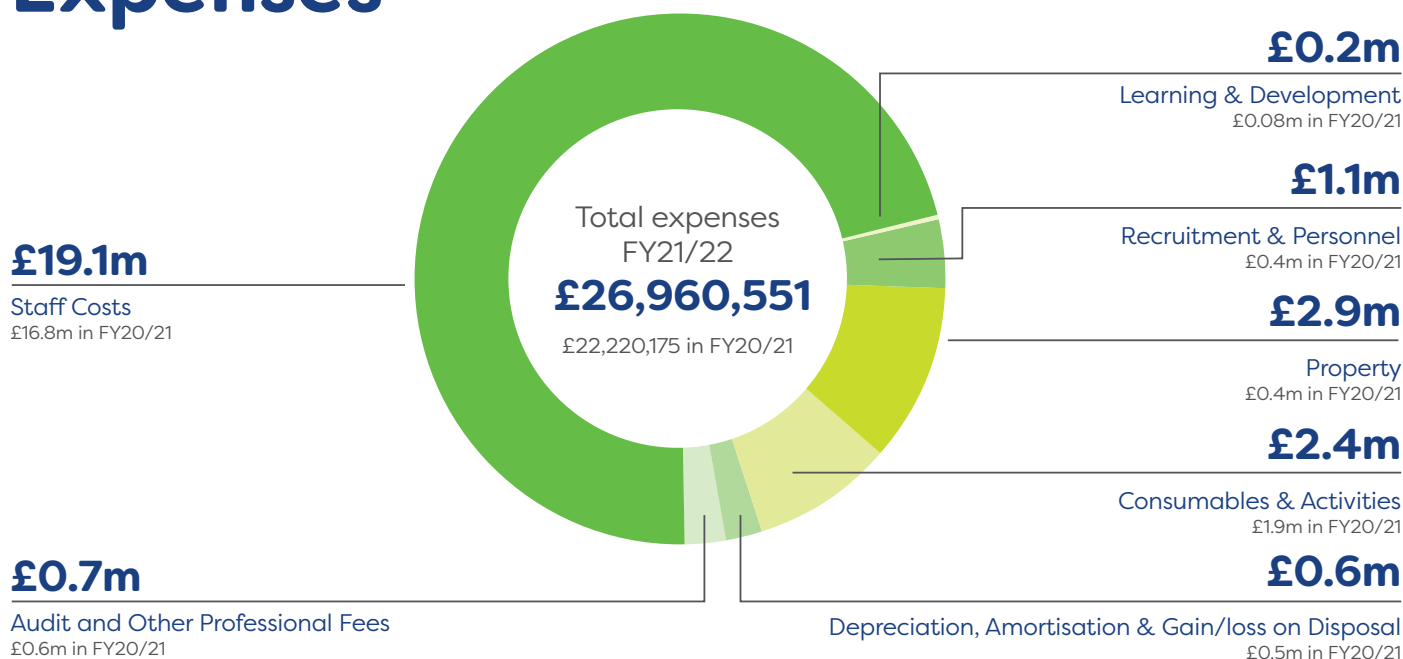
unique children reached
in FY21/22

69%

occupancy rate for FY21/22

Section 3: Finance

Expenses



Whilst still managing the after-effects of the COVID-19 pandemic, LEYF has been adjusting back to what is now considered to be the new normal. Total expenses for the FY21/22 increased by 21% from £22.2m to £27.0m, with the key driver for the increase being staff-related cost.

Staff cost increased from £16.8m to £19.1m, which is a 14% increase year on year. The increase is due to a number of factors, including the increase in London Living Wage and being fully operational in all nurseries, including the three Newham nurseries which transferred over on 1 April 2022. The average number of staff has increased from 788 to 814.

The staffing crisis across the sector had a significant impact on staffing at LEYF as well, which resulted in the use of more expensive agency and bank staff for cover in order to uphold the best quality of care and education for the children. As a result, recruitment cost increased by 149% to £1.1m.

LEYF believes that in order to provide the best care, education and experience for children it

needs to invest in high quality training of all staff. With staff returning to work, LEYF used this opportunity to invest in training opportunities and resources to ensure staff were equipped and stayed up to date with the latest childcare guidance and development needs. In light of this, training cost increased to £0.2m from £0.1m.

Cost associated with the properties the nurseries operate from increased from £1.9m to £2.9m, a 54% increase. An important area of focus was ensuring negotiations renewing expiring leases were conducted to ensure all nurseries remained operational. This, together with not benefiting from rent-free periods received in the prior year resulted in an increase in total rent of 63%. Higher inflation rates had a significant impact on utility expenses and business rates increased following the prior year COVID-19 business rate exemptions from local councils.

The key drivers in the increase in consumables and activities from £1.9m to £2.4m, a 26% increase, were advertising cost with the aim

to drive occupancy levels and get children back into nursery settings post-pandemic, and the increase spend on provisions and nursery toys and equipment resulting directly from the increased number of children, with all nurseries fully operational during the year.

The increase reflected in professional fees of £0.1m is due to the increase in the value of Gifts in Kind relating to consultancy fees. This increase is offset by the increase reflected in donations income relating to Gifts in Kind received.

747

staff directly contributing to charitable activities

576

staff employed on an FTE basis

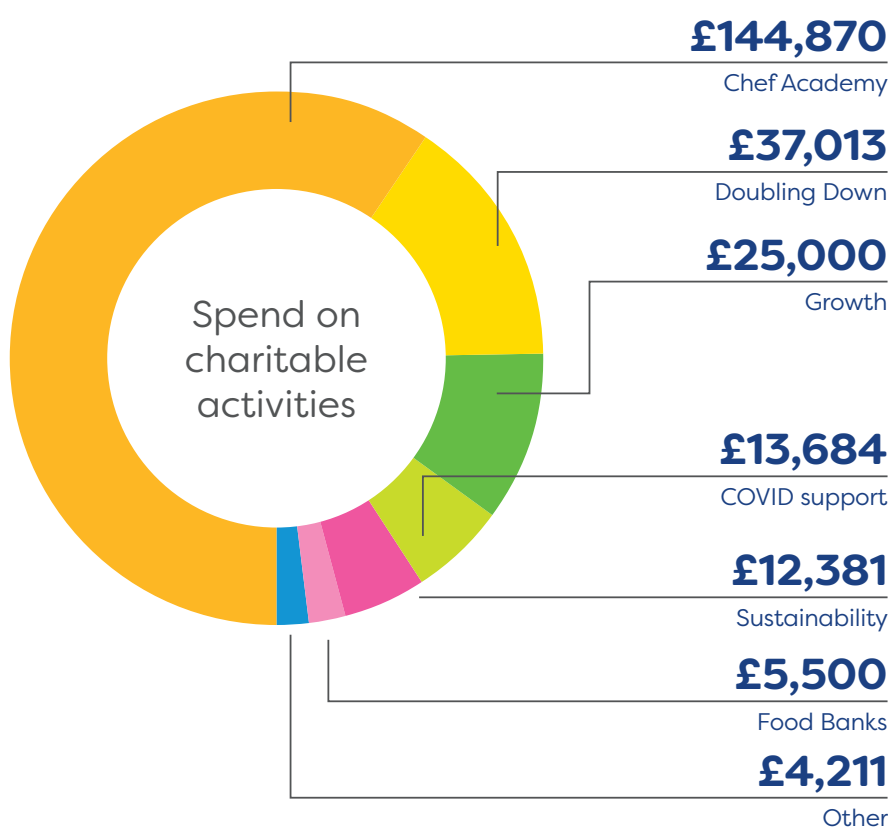
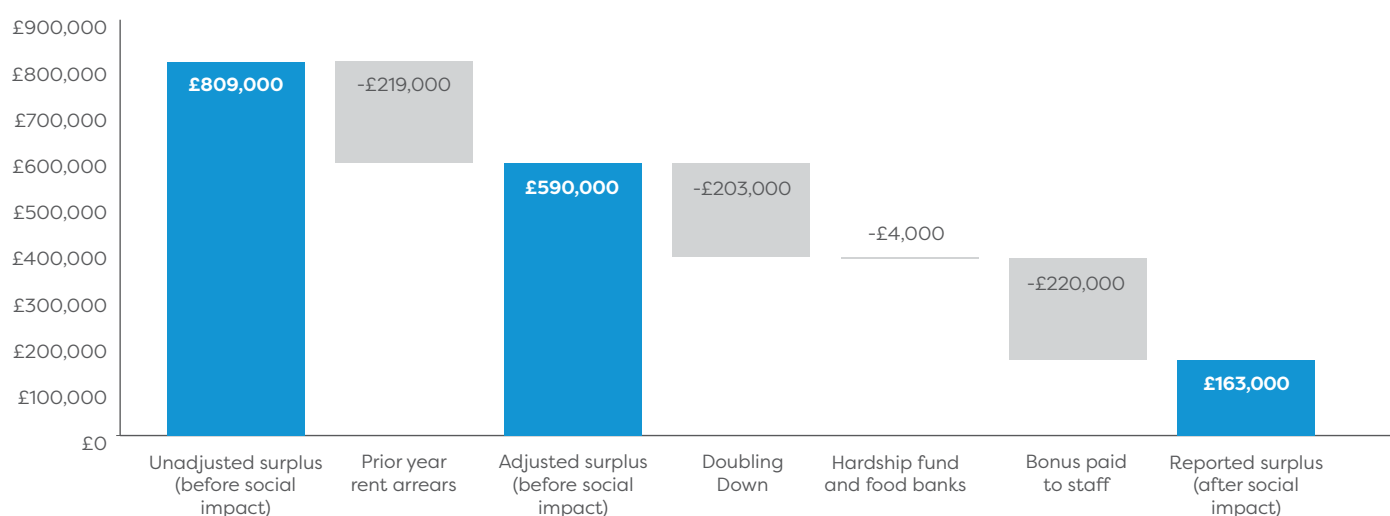
Section 3: Finance

Financial implications of our social impact

Surplus before one-off adjustments and LEYF reinvestment in social impact

As a charitable social enterprise, throughout the year we continually make decisions to enhance our social impact. These have implications on our year-end financial position. In the FY21/22, these decisions had an impact of £0.4m, and would have resulted in a £0.6m surplus vs. the £0.2m reported.

Impact of LEYF Social Impact Spend on Net (Deficit)/Surplus



Spend on charitable activities

As a registered charity, we are also able to accept donations that support specific charitable activities that go above and beyond our operations as a nursery provider. These funds are mostly focused around enhancing the experiences of our children, staff and parents and are sometimes restricted to a specific purpose in line with the donor's priorities.

A breakdown of spend on charitable activities for the past year includes spend on Chef Academy, Doubling Down, Growth, Sustainability and Food Banks.



Section 4: Growth

Strategic ambition

At LEYF, we are embarking on the next phase of our growth strategy. We want to transform children's lives and tackle the educational inequalities which prevent all children from having an equal opportunity to succeed.

To transform children's lives, our ambition is to:

1 Expand to more nurseries (BREADTH):

Scale access to high quality, affordable nurseries to support 10,000 children, with growth strategically focused in areas that will maximise our social impact.

2 Innovate and embed (DEPTH):

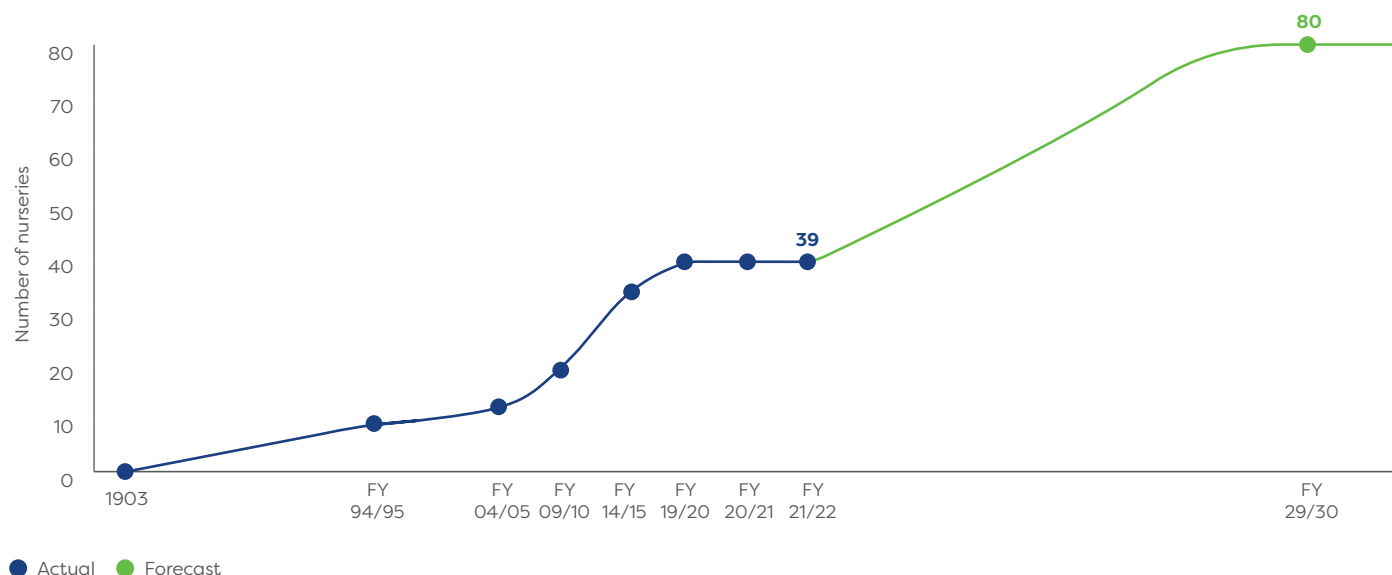
Enhance social enterprise model by enriching all children's experiences through a range of unique partnerships, and focusing differential support on low-income families.

3 Amplify and advocate (INFLUENCE):

Catalyse transformational change by replicating LEYF's model to drive Early Years policy that is sustainable, scalable and systemic.



LEYF's projected S-curve growth: We are embarking on the next phase of our strategic ambition



Section 4: Growth

Expand to more nurseries: Integrating and preparing for the future

LEYF's growth will be strategically focused on increasing our presence in current nursery clusters and on expanding into areas of London where we can maximise our social impact while ensuring financial sustainability.

We will especially look to support nurseries in these areas that would otherwise be forced to close as a result of knock-on effects from the pandemic or facing increasing cost pressures.

As of 1 April 2021, LEYF took on three of seven nurseries in Newham from NewTec, which were in grave danger of closing all nurseries due to financial struggles and limited operational capabilities. Newham Local Authority was unable to take them on either, but wanted LEYF to support the provision given our high quality track record. The area was particularly hard hit by the pandemic with the second highest death rate of all London boroughs. The diligence and acquisition processes were led while managing through the second lockdown in early 2021. Without our support, 244 places and 60 jobs would have been lost entirely in the area.

LEYF's operational plan in the FY21/22 was focused on consolidating the learnings from previous phases of growth and embedding the foundations required for sustainable and scalable impact longer-term. We also built a strong pipeline of acquisition opportunities and secured the financing required for the next year or two of growth.

Case study

Our expansion into East London reinforces one of LEYF's core beliefs about the importance of social enterprise nurseries being both 'the glue' and the heart of local communities whilst, at same time, providing employment and careers for local people of all ages, especially amongst those living in disadvantaged areas.

Shadow minister for Children & Early Years, Helen Hayes and London's Walking and Cycling commissioner, Will Norman, were among selected guests attending an exclusive breakfast event to launch the newly refurbished Deanery Road Nursery & Pre-School in Newham, and to showcase LEYF's research on the role of bikes in early learning.



Section 4: Growth

Innovate and embed: Strengthening partnerships

At LEYF, we believe that together with like-minded organisations that share our social purpose, we can most effectively achieve our mission. Through our partnerships, we are able to enhance our social impact by expanding the range of benefits for our children, families and staff.

A number of these partners support us through generous donations:

Impact on Urban Health

Impact on Urban Health believes that all children should have the opportunity to be healthy, no matter where they live. Since 2019, Impact on Urban Health has supported LEYF's leading work in food and nutrition. This support includes enabling us to launch the LEYF Early Years Chef Academy, with the aim of improving the diets and health of young children.

Impact
on **Urban
Health**

Social Business Trust (SBT)

SBT's mission is to support high-growth social enterprises to scale-up their impact. They invest in professional support and cash grants from corporate partners in a carefully selected portfolio of social enterprises. LEYF has been a long-standing partner of SBT since its founding in 2010 and in June 2021, SBT agreed to continue its investment in LEYF and to support our growth strategy.

Social
Business
Trust

LEYF is also supported by several long-standing partners, who support us with Gifts in Kind of time and/or resources, thereby enabling us to access world-class corporate talent and advisers.

Thank you to our partners who collaborated with us on important projects throughout the year and those that provided supplies and resources for our children and families:

Professional support



Supplies and resources



Section 4: Growth

Amplify and advocate: Raising the voice of the underserved

We use experience gained from decades of working in Early Years to shape our service and lobby for changes.



We campaign on a range of issues that will most benefit our children, staff, parents and communities. These include child poverty, transforming the Early Years food provision, better funding of the Early Years sector, for the skills of staff in our sector to be properly recognised and rewarded, and for greater diversity in the sector workforce.

Margaret Horn Debate on children's diet and health

In November, we held the LEYF Annual Margaret Horn Debate. This year, the debate discussed what the Early Years sector could do (as food providers) to help tackle the spiralling health crisis.

Given continuing restrictions of the pandemic, this was a virtual event, chaired by BBC presenter and parent Kate Silverton. Guest panellists included: Paul Lindley, founder of Ella's Kitchen and Chair of London's Child Obesity Taskforce; Edna Kissman, founder and CEO at The Wonder of Me; Monica Costa, Influencer, Author & Editor of London Mums Magazine; and LEYF CEO June O'Sullivan.

According to Public Health England (2021, online), more than 1 in 5 children in Reception (aged 4-5 years) is overweight or obese (boys 23.3%, girls 22.7%, all children 23.0%). Furthermore, child obesity prevalence is strongly correlated with socioeconomic status and is highest among children living in the most deprived local authorities.

Children's well-being starts with good, nutritious food, and we asked why are we allowing children's health to deteriorate so much?

To help with the step changes so urgently needed and after seeing how Early Years chefs could play their part in providing the best, nutritious food for our children, we launched the inaugural and professional qualification in 2019. This was the first of its kind for the sector and put good, healthy food high on the menus as one of the biggest problems is a lack of knowledge and imagination among chefs about how to cook for children in group settings.

The best way to embed a healthy food culture for children is to train those who cook. Children's nutritional needs are quite different to adults. Every parent wants to know that their child is getting tasty, healthy and nutritious food and they need reassurance that the standards are of the highest quality.

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LONDON EARLY YEARS FOUNDATION

Charity Reference and Administrative Details

For the year ended 31 March 2022

Administrative Information

Status	The organisation was founded in 1903 and is now a charitable company limited by guarantee, incorporated on 10 March 1988 and registered as a charity on 31 March 1988.
Governing document	London Early Years Foundation is governed by its Memorandum and Articles of Association.
Charity objects	The objects of the charity are: 1. To promote the care and upbringing and reserve and protect the health of children, particularly those whose circumstances make it necessary or desirable for them to be cared for outside the normal home environment; and 2. To promote education and vocational training in respect of all matters relating to childcare, the upbringing of children and the protection and health of children.
Company number	02228978
Charity number	299686
Registered office and operational address	121 Marsham Street London SW1P 4LX
Website	www.leyf.org.uk
Bankers	National Westminster Bank plc PO Box 2 27-29 Horseferry Road London SW1P 2AZ
Solicitors	Bates Wells LLP 10 Queen St Place London EC4R 1BE Darwin Gray LLP 9 Cathedral Road Cardiff CF11 9HA
Auditors	RSM UK Audit LLP Chartered Accountants and Statutory Auditors 25 Farrington Street London EC4A 4AB

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2022

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2022. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (FRS102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' in preparing the annual report and the financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to the charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Board of Trustees

The Trustees, who under company law are also directors of the company, who served during the year and up to the date of signing the report were as follows:

Name	Role	Finance Committee	Remuneration & Nominations Committee	Social Impact Committee
Michael Garstka	Chair		•	
Latif Noorali Sayani	Vice Chair	•	•	
Mary Josephine Doogan	Trustee	•	•	
Helen Jenner	Trustee			•
Madeleine Blackburn	Trustee		•	
Allan Lambert	Trustee			•
Anthony Perkins	Trustee	•		
Richard Timmins	Treasurer	•		
David Inness Rae	Trustee	•		
Soumya Holliday	Trustee			•
Susana Castro-Kemp	Trustee			•
Kirsty Reed	Trustee			•

Mary Wynne Finch has acted as Nursery Ambassador for LEYF since November 2014.

Soumya Holliday was appointed on 13 December 2021

David Inness Rae was appointed on 13 December 2021

Susana Castro-Kemp was appointed on 28 June 2021, resigned on 11 April 2022

Kirsty Reed was appointed on 15 September 2022

Mary Josephine Doogan and Helen Jenner resigned on 15 September 2022

Key Management Personnel

Ms June O'Sullivan MBE Chief Executive and Secretary

Mr Kevin Dyson Director of Finance

Mr Lorenzo Chiozzi Head of People and Performance
(Resigned 8 November 2022)

Mr Michael Abbott Director of Children's Services

Ms Samantha Creme Director of Strategy & Business Development
(Appointed 12 April 2021)

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2022

Public benefit statement

In meeting the objectives and formulating future plans, the Trustees have considered the Charity Commission's guidance on public benefit. The Trustees support the principles of good governance set out in the Charity Governance Code for larger charities. The charity continues to promote care and education and protect the health of children.

Conflict of Interest and loyalty

The Trustees understand the Charity Commission requirements and understand the need to avoid and manage potential conflicts of interest and loyalty.

Achievements and performance

The achievements and performance of the charity are outlined in detail on pages 28 to 47 of the Annual report.

Structure management and governance

The affairs of LEYF are directed by the Trustees, who are also directors of the company limited by guarantee. The full Board of Trustees met six times during the financial year, including a full day strategy away day.

The meetings include a formal agenda agreed in advance between the Chair and Chief Executive. The Board of Trustees approves the strategy, the annual budget and oversees risk management by a review of LEYF's Risk Map as part of its decision-making, risk and controls function. Committee minutes and reports are brought to the Board of Trustees for information and discussion. Enough time is made available for Trustees to raise other matters not included in the agenda. The day-to-day running of LEYF is delegated to the Chief Executive and the Executive Management Team. Individual nurseries are run by managers, all of whom have formal childcare qualifications and relevant experience.

In addition to their formal meetings, the Trustees conduct business through the Finance Committee (FinCom), Social Impact Committee (SIC), Remuneration and Nominations Committee (RemNom) and occasional committees set up to oversee specific projects or issues. These committees deal with our social impact, finance, premises, H&S, marketing, fundraising, Human Resources and business expansion. The committees include in their membership both Trustees and relevant officers of LEYF.

The FinCom oversees the preparation of the annual budget which is then recommended to the Board of Trustees for approval. The work of the committee includes review of the financial and operating performance of the charity, funding and liquidity management, and approves major capital expenditures as well as expansion and investment in new nurseries. The periodic reviews of delegated financial authorities and major policies of the charity are also brought to this committee for discussion and approval before recommendation to the Board of Trustees as a whole.

During the financial year, FinCom met seven times; the SIC and RemNom both met three times.

The SIC considers relevant matters arising out of the measurement of social impact across different LEYF nurseries, ensuring the Board of Trustees consider these for future strategic decisions. Additionally, the committee ensures that LEYF and the Board of Trustees meets all its statutory requirements in the area of safeguarding and H&S.

RemNom advises the Board of Trustees on Board effectiveness (including recommending trustees to the Board for appointment), Executive-level performance, succession planning and compensation and employee rewards. New Trustees are appointed by the full Board of Trustees. There is an open recruitment process and Trustees are sought on the basis of their skills and how these will benefit the organisation.

The appointment process has three elements: an interview with the CEO; an interview with the Chair; and an interview with two delegated Trustees, which is managed through the RemNom. Feedback is coordinated and a recommendation is made by RemNom to the Board of Trustees. The potential Trustee is invited to shadow a Board meeting. Appointment is made after that, followed by an induction. During the year, Susana Castro-Kemp, Soumya Holliday and David Innes Rae joined the Board of Trustees. Post year-end, Susana Castro-Kemp, Mary Doogan, Helen Jenner resigned and Kirsty Reed was appointed.

The induction process includes meetings with the Executive Management Team (EMT), shadowing on committee meetings and visits to nurseries.

Trustees are encouraged to take part in LEYF events and attend appropriate training courses.

All Trustees give their time voluntarily and receive no benefits from the charity; any expenses reclaimed from the charity are set out in note 7 of the accounts.

Members of LEYF guarantee to contribute an amount not exceeding £1 to the assets of LEYF in the event of winding up. The total number of such guarantees as at 31 March 2022 was 10 (2021: 10). The Trustees have no beneficial interest in LEYF.

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2022

Reserves policy

As part of the prudent governance at LEYF, we focus on both the reserves shown in the balance sheet (the Total Charity Funds) and cash to ensure financial stability in the long term.

In terms of reserves, the key measures are:

- overall total charity funds being in surplus; and
- unrestricted reserves, shown as General Funds in the balance sheet.

The term 'unrestricted reserves' is used to describe that part of LEYF's income funds that are freely available for its operating purposes and not subject to commitments, planned expenditure and spending limits. Reserves in this context would not include endowment funds, restricted funds or designated funds.

The surplus for the year was £0.2m. The total amount of reserves as at the reporting date shows restricted funds of £1.0m and unrestricted general fund reserves as £2.3m. Overall, total charity funds are £3.3m. The Trustees also monitor the cash position closely and we require a reserve that is both unrestricted and able to be spent as cash – our cash reserve. Following a computation of risks and probability in autumn 2018, and again in the current financial year, the Trustees agreed a dynamic target for the cash reserve expressed as one month's operating payroll cost. The Trustees agree that, given the probability and impact of the level of risks evaluated, this amount is sufficient to allow the organisation to recover from any additional cost or lost revenue impacting short-term cash flows. The policy helps inform the way in which LEYF manages its cash, liquid assets and debt as part of good treasury management.

Applying this policy requires an unrestricted cash reserve of £1.5m. LEYF monitors the level of cash held monthly as part of the management reporting process to ensure reserves are maintained at the agreed level. The Trustees monitor and review the policy. Similar to prior years, the cash balance remains in excess of the cash reserve on an ongoing basis, which will continued to be used for charitable purposes.

The policy helps inform the way in which LEYF manages its cash, liquid assets and debt. All our funds continue to be held in cash or cash equivalents. Our reserves policy is reviewed annually.

Investment policy

LEYF has a policy of keeping its surplus funds in low-risk investments, generally in bank deposits.

It monitors the interest rates on its deposits and the amount it needs to keep available in cash resources. LEYF reviews its investment policy regularly with a view to ensuring that it preserves the capital value and buying power of any reserves that it holds as well as providing a continuing income from its short-term surplus funds.

Remuneration policy

LEYF undertook a review of the company-wide remuneration policy taking into consideration the London Living Wage requirements. The salaries of all positions were reviewed against industry norms and adjusted where required. It should be noted that LEYF is working towards the London Living Wage requirement and is reviewing this in line with budget constraints.

Remuneration of key management personnel (EMT) (excluding the CEO), is recommended by the CEO and approved by RemNom, delegated from the Board of Trustees. Remuneration of the CEO is recommended by the RemNom and approved by the Board. The committee carefully consider multiple charity and private sector benchmarks before making decisions.

Related parties and relationships with other organisations

There was a donation during the year of £10,000 (2021: £8,000) from the Aurelia Foundation, the donation was restricted as part of the Doubling Down fund.

The total expense incurred for services to related parties during the year was £62,135 (2021: £43,959). This amount includes a payment of £8,779 for gardening services to Glow Gardens and £13,526 to Chartered Wealth Management which employs a close family member of the Chief Executive Officer and a key member of staff. Other payments of £38,330 were made to family members of the Chief Executive Officer.

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2022

Employment practices

Striving to ensure that the work and learning environment is free of harassment and bullying and that everyone is treated with dignity and respect is an important aspect of ensuring equal opportunities in employment. The organisation has a separate Dignity at Work policy which deals with these issues.

Person and job specifications will be limited to those requirements that are necessary for the effective performance of the job.

Candidates for employment or promotion are assessed objectively against the requirements for the job, taking account of any reasonable adjustments that may be required for candidates with a disability. Disability and personal or home commitment will not form the basis of employment decisions except where necessary.

LEYF holds regular Staff Forums and Strategy Meetings to inform employees of matters concerning them as employees as well as updating and including them in the future direction of LEYF.

LEYF reviews and maintains a suite of employee benefits to encourage employee retention and involvement.

Going concern

The Trustees have reviewed the trading, forecast and underlying assumptions and are confident that LEYF is a going concern. The latest forecast that was prepared, reflects the post COVID-19 impact and shows our ability to meet our obligations and liabilities.

Furthermore, as part of the review of our longer-term funding strategy, the Trustees continue to consider the refinancing options for the business that will offer lower costs and more favourable and longer-term repayment arrangements. LEYF repaid its current loans to Bridges Fund Management, Big Issue Invest LLP and Social Investment Business Ltd, and has made uninterrupted monthly repayments to its Coronavirus Business Interruption Loan Scheme (CBILS). For the year under review, LEYF managed to operate without the need to acquire further lending.

Future forecasts show that LEYF will require funding in the future to fund the planned growth in nurseries, but the current financial position requires no funding in the short term and this will be monitored closely by the Trustees.

A new seven-year model to support this refinancing and growth strategy has been reviewed and approved by FinCom and the Board of Trustees post-year-end, and therefore the Trustees consider it reasonable to prepare the accounts on a going concern basis, as sufficient fundings exists to cover a period of at least 12 months from the date of sign off.

Risk management

The Trustees believe that the charity has appropriate procedures and controls in place to adequately mitigate against risks to which we are exposed.

Systems include:

- a long-term strategic plan, annual business plan and annual budget, all of which are approved by the Trustees;
- regular consideration by the Executive Management Team (EMT) of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- in-depth review of financial performance and risk by the FinCom, including review of growth planning;
- in-depth annual review of the management of safeguarding and other incidents by Trustees at the Social Impact Committee;
- continuing development of a performance measurement framework to ensure we further improve our understanding of our work and its impact; and
- scaled delegated authority levels and segregation of duties.

LEYF's approach to risk management includes the identification of risks on both 'top-down' and 'bottom-up' bases. This involves considering internal and external factors affecting our strategic goals and specific risks attributable to detailed operations. Identified risks are rated according to the likelihood and impact of the risk occurring. We overlay on this a review of the risks to delivery of the business plan for the current and subsequent years.

Mitigating controls have been identified and, where further action is required, deadlines and responsibilities assigned. Those activities with higher risk ratings are prioritised. In addition to review by the EMT and the FinCom, the risk register is reviewed annually by the Board of Trustees, who also receive a mid-year update on key risks.

A key element of our control framework is comprehensive reporting of incidents, accidents and near-misses. This reporting includes any safeguarding or information governance breaches that occur. These are considered by the appropriate governance committees. They also consider the decisions of whether any such occurrences should be reported to a regulatory body. LEYF maintains a strong culture of reporting of incidents. Each of these risks is overseen by the Board of Trustees or a delegated committee.

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2022

Principal risks and uncertainties

The Trustees continue to review major strategic, business and operational risks (including H&S). The Trustees conduct an annual review of the strategic options for LEYF in the context both of the need for its services and the availability of future funding.

The Trustees have in place an assessment of the major risks facing LEYF now and in the future, which is updated regularly. The Trustees receive regular reports that monitor the financial and operational position and exposures to risk of LEYF. The Trustees are satisfied that systems are in place to monitor and control all areas where there is an identifiable risk with financial, operational or reputational implications. Each of LEYF's objectives is linked to the risk register.

The most significant risks facing LEYF for the year ahead have been identified as:

- The impact of inflation on the operational activities of the nurseries. This could directly impact essential running cost of the nurseries, in particular food and utilities. Management exercise tight control over food expenses, with contracts negotiated with providers and expensive items substituted for cheaper items without reducing the quality of the menus, and fixed contracts with energy providers where possible. Parental fees are also increased to offset the impact of inflation as much as possible.
- The ongoing impact post-COVID-19 on staff shortages across the sector. High staff turnover with unmatched levels of recruitment resulting in increased reliance on bank staff and agency staff. This could impact occupancy levels, operational cost and staff morale. Management ensures recruitment procedures are efficient, cost-effective and fit for purpose, ensuring a flow of new starters to align with occupancy and acquisition targets. There has also been a focus on new retention initiatives and improvement of employee benefits.
- High-profile operational issues which damage LEYF's reputation. This could include a major incident at or around a nursery. Management understands the severity and level of this risk and its impact, they are confident that procedures (including compliance procedures on recruitment of staff), training and systems are in place to mitigate and monitor areas of identifiable risk in financial and operational areas which could result in reputational impact.
- Leases not renewed or terminated due to regeneration plans. This could impact occupancy with significant income reduction if operational sites cannot be secured or be available. Management performs ongoing and regular reviews and negotiations on all leases to ensure enough time to successfully renegotiate or reallocate if necessary. Management also ensures staying up to date with market rents and rates to negotiate the best terms possible for the nurseries.

These risks can impact revenue stability and growth and LEYF's ability to deliver a high quality service:

- Revenue stability and growth is managed by ensuring that occupancy, a key driver of profitability, is maximised by targeted marketing, good customer relations, high quality service delivery and a focus on maintaining waiting lists.
- High service quality is managed through training and the recruitment of suitably skilled staff for all nurseries and the central office with a strong programme of support to retain staff.

The Trustees further recognised two other major strategic risks for the business:

- safeguarding the children; and
- H&S risks.

Both these risks have been subjected to intensive analysis and mitigation activity and the Trustees are comfortable all efforts are being made to reduce these risks.

Financial instruments

LEYF's financial instruments are operational cash generation from trading activities and its CBILS loan. The charity also has operating leased assets, debtors and creditors arising from its day-to-day operation to provide working capital to help manage its cash flows.

Liquidity risk

The charity manages its cash, borrowings and working capital in order to provide the social impact of our mission while ensuring the charity has sufficient liquid resources to meet the needs of the operation. LEYF now has unrestricted reserves of £2.3m (2021: £1.93m).

LONDON EARLY YEARS FOUNDATION

Statement of Trustees' Responsibilities

For the year ended 31 March 2022

The Trustees (who are also directors of LEYF for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware;
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information;
- they are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website;
- that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RSM was re-appointed as the charitable company's auditors during the year and has expressed its willingness to continue in that capacity.

The Trustees' Annual Report is approved by order of the Board of Trustees and the Strategic Report and the Directors Report required by company law (included therein) are approved by the Board of Trustees in their capacity as directors and signed on their behalf by:



Michael Garstka, Chair of Trustees

LONDON EARLY YEARS FOUNDATION

Independent auditor's report to the members of the London Early Years Foundation

For the year ended 31 March 2022

Opinion

We have audited the financial statements of The London Early Years Foundation (the 'charitable company') for the year ended 31 March 2022, which comprise the Statement of Financial Activities (incorporating the income and expenditure account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland," (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

LONDON EARLY YEARS FOUNDATION

Independent auditor's report to the members of the London Early Years Foundation

For the year ended 31 March 2022

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 56, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

LONDON EARLY YEARS FOUNDATION

Independent auditor's report to the members of the London Early Years Foundation

For the year ended 31 March 2022

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulations and child protection and safeguarding regulations. We performed audit procedures to inquire of management whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgements and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

HANNAH CATCHPOOL (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 29 November 2022

LONDON EARLY YEARS FOUNDATION

Statement of Financial Activities (incorporating the income and expenditure account)

For the year ended 31 March 2022

				2022			2021
	Note	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Income from:							
Donations	2	577 877	44 230	622 107	393 696	76 693	470 389
Charitable activities							
Childcare Income	3	25 938 236	318 820	26 257 056	19 152 976	431 504	19 584 480
Training Income	3	4 800	-	4 800	200	-	200
Other	4	237 661	1 932	239 593	2 164 108	233	2 164 341
Total income		26 758 574	364 982	27 123 556	21 710 980	508 430	22 219 410
Expenditure on:							
Charitable activities							
Childcare Expenditure	5	26 229 342	570 402	26 799 744	21 733 718	421 097	22 154 815
Training Expenditure	5	160 612	195	160 807	65 360	-	65 360
Total expenditure		26 389 954	570 597	26 960 551	21 799 078	421 097	22 220 175
Net Surplus/(Deficit) for the year		368 620	(205 615)	163 005	(88 098)	87 333	(765)
Transfers between funds	19	-	-	-	113 380	(113 380)	-
Net movement in funds		368 620	(205 615)	163 005	25 282	(26 047)	(765)
Reconciliation of funds:							
Total funds brought forward	19	1 927 338	1 190 255	3 117 593	1 902 056	1 216 302	3 118 358
Total funds carried forward		2 295 958	984 640	3 280 598	1 927 338	1 190 255	3 117 593

LONDON EARLY YEARS FOUNDATION

Balance sheet

For the year ended 31 March 2022

		2022			2021
	Note	£	£	£	£
Fixed assets:					
Intangible assets	11		416 066		395 052
Tangible assets	12		4 647 200		4 281 455
			<u>5 063 266</u>		<u>4 676 507</u>
Current assets:					
Debtors	13	763 312		626 992	
Cash at bank and in hand	21	5 081 642		5 652 452	
		<u>5 844 954</u>		<u>6 279 444</u>	
Liabilities:					
Creditors: amounts falling due within one year	14	(5 527 622)		(4 961 638)	
Net current assets			<u>317 332</u>		<u>1 317 806</u>
Total assets less current liabilities			<u>5 380 598</u>		<u>5 994 313</u>
Creditors: amounts falling due after one year	16		(2 100 000)		(2 876 720)
Total net assets			<u>3 280 598</u>		<u>3 117 593</u>
The funds of the charity:	19				
Restricted income funds			984 640		1 190 255
Unrestricted income funds:					
General funds			<u>2 295 958</u>		<u>1 927 338</u>
Total charity funds			<u>3 280 598</u>		<u>3 117 593</u>

The financial statements on pages 60 to 75 were approved by the Board of Trustees and authorised for issue on 24 November 2022 and signed on its behalf by:



Michael Garstka
Chair

LONDON EARLY YEARS FOUNDATION

Cash flow Statement

For the year ended 31 March 2022

			2022	2021
	Note	£	£	£
Cash flows from operating activities	20		1 289 664	1 268 508
Cash flows from operating activities:				
Purchase of intangible assets		(101 889)	(61 405)	
Purchase of tangible assets		(893 519)	(205 555)	
Net cash used in investing activities			(995 408)	(266 960)
Cash flows from financing activities:				
Borrowings received		-	3 000 000	
Repayments of borrowing		(814 255)	(511 635)	
Interest paid		(50 811)	(67 145)	
Net cash (used in)/ provided by financing activities			(865 066)	2 421 220
Change in cash and cash equivalents			(570 810)	3 422 768
Cash and cash equivalents at the beginning of the year			5 652 452	2 229 684
Cash and cash equivalents at the end	21		5 081 642	5 652 452

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements are in GBP (£) which represents presentation and functional currency and are rounded to the nearest £1.

London Early Years Foundation 'the organisation' is a company incorporated in England, United Kingdom under the Companies Act 2006. The organisation is a private limited company by guarantee without share capital and is registered in England and Wales. The registered office address is 121 Marsham Street, London, SW1P 4LX. Company number 02228978 and Charity number 299686.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

b) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

c) Going concern

The Trustees have reviewed the trading, forecast and underlying assumptions and are confident that LEYF is a going concern. The latest forecast that was prepared, reflects the post COVID-19 impact and shows our ability to meet our obligations and liabilities.

Furthermore, as part of the review of our longer-term funding strategy, the Trustees continue to consider the refinancing options for the business that will offer lower costs and more favourable and longer-term repayment arrangements. LEYF repaid its loans to Bridges Fund Management, Big Issue Invest LLP and Social Investment Business Ltd, and has made uninterrupted monthly repayments to its Coronavirus Business Interruption Loan Scheme (CBILS). For the year under review, LEYF managed to operate without the need to acquire further lending.

Future forecasts show that LEYF will require funding in the future to support the organisation's growth strategy, but with the present nurseries, no funding is needed in the short term and this will be monitored closely by the Trustees. The Trustees consider it reasonable to prepare the accounts on a going concern basis, as sufficient fundings exists to cover a period of at least 12 months from the date of sign off.

d) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

e) Donations of gifts

On receipt, cash gifts are recognised on the basis of the value of the gift to the charity which is the funds provided by other organisations. LEYF also receives donations in kind, and the monetary values of these is recognised when the donation in kind is material and on the basis of estimated current market value.

f) Critical accounting estimates and judgements

The organisation makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions which could have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are in relation to the provision for doubtful debts, the value of donations in kind, and goodwill. Estimates are based on historical experience and other pertinent information, actual results may differ from these estimates.

g) Interest receivable

Interest on funds held on deposit is included when received and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

h) Interest payable

Interest on loans held is recognised when payable and the amount can be measured reliably by the charity; this is normally upon notification of the interest payable from the lender.

i) Fund accounting

LEYF maintains both restricted and unrestricted funds:

Unrestricted funds are donations and other incoming resources receivable or generated for the objectives of LEYF.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Fund transfers - Restricted funds are transferred to unrestricted funds on occasion when restricted income has been used and restrictions no longer apply.

j) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Expenditure on charitable activities includes the costs of delivering childcare undertaken to further the purposes of the charity and their associated support costs;

Training expenditure represents those costs that are for the training and development activity to develop LEYF staff and support the organisation and cannot be directly linked to childcare provision. Included within here are costs of the LEYF academy.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

k) Allocation of support and governance costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between support and charitable activities on the basis of area occupied by each activity:

Childcare	77.0%
Training	0.6%
Support costs	20.2%
Governance costs	2.2%
	<u>100%</u>

Support and governance costs that have been incurred on each of the Childcare and Training activities have been charged on the basis of staff time.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

l) Termination benefits

Settlement and redundancy cost are measured at the best estimate of the expenditure that would be required to settle the obligation and are recognised as an expense in the profit and loss.

m) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

n) Intangible fixed assets

Intangible fixed assets are made up of goodwill relating to the acquisition of nurseries, and software and development costs relating to the development of the charity's Customer Relationship Management system and a new website project.

Goodwill arising from the acquisition of nurseries is written off over the shorter of: the length of tenure of the property lease, or 10 years.

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Unit (CGU) which is expected to benefit from the acquisition. The CGU is determined as the LEYF group of nurseries. CGUs are reviewed at least annually, or more frequently when there is an indication that the CGU may be impaired. LEYF have reviewed the new nurseries and assets for any impairment in value. Each nursery has been considered as part of our consolidated mixed (surplus generating and social mission) nursery portfolio. There are no indications that any asset may be significantly impaired.

Software costs are stated at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the depreciable amount of the assets to its residual value over the estimated useful life. Software costs are amortised over 5 years.

Development cost relating to the CRM system and the website project are capitalised in the accounts as intangible assets. Upon completion, these costs will be amortised over their estimated useful life of 5 years.

o) Tangible fixed assets

Tangible fixed assets are initially measured at cost net of depreciation and any impairment losses.

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation of fixed assets purchased with such grants is charged against the restricted fund. Where a fixed asset is donated to LEYF for its own use, it is treated in a similar way to restricted grant.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Property	Leasehold property and improvements to leasehold property	50 years for Head office. Other leases over the length of the lease.
	Building Improvement	20 years or the length of the lease whichever is shorter.
	Refurbishment Costs	5 years
Fixtures & Fittings	Furniture	10 years
	Industrial Appliances	10 years
	Domestic Appliances	5 years
Equipment	Nursery Toys & Equipment	10 years
	IT Equipment	4 Years
	Office Equipment	5 years

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash at bank and in hand

Cash at bank and in hand includes cash and savings in an instant access deposit account.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

r) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Parental deposits held are recognised at their repayable value.

s) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

The charity's principal financial instruments includes a loan from the Coronavirus Business Interruption Loan Scheme (CBILS). The loan is secured by the property and assets of the charity.

The charity has debtors and creditors arising from its day-to-day operations to provide working capital to help manage its cash flow. Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Creditors and provisions are recognised at their settlement amount after allowing for any trade discounts due.

t) Doubtful debt provision

In specific instances where a debtor amount has been identified as unlikely to be collected, a provision for the doubtful debt is recognised in debtors.

u) Pensions

LEYF operates a defined contribution pension scheme which is managed and valued by the pension operator, Royal London through an intermediary Chartered Wealth Management. These costs are expensed through the SOFA and outstanding contributions are included in creditors. LEYF transferred its pension scheme over from the pension Provider Aegon, with the intermediary Foster Denovo (Second Sight) on 1 May 2021.

2 Income from donations

	Unrestricted £	Restricted £	2022 Total £	2021 Total £
Donations	184 866	44 230	229 096	184 069
Gifts in Kind	393 011	-	393 011	286 320
	577 877	44 230	622 107	470 389

Income from donations relate to funds and consultancy provided from other organisations or individuals to support the delivery of LEYF's charitable objectives.

In FY21/22, the charity received a number of donations to support families and vulnerable children, including £7,565 from Crowd Funding and £10,000 from the Aurelia Foundation. Gifts in Kind include consultancy and guidance provided by the Social Business Trust.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

3 Charitable activities

	Unrestricted £	Restricted £	2022 Total £	2021 Total £
Income from charitable activities				
Parental fees	20 017 476	-	20 017 476	13 795 303
Local Authority grants	5 920 760	318 820	6 239 580	5 789 177
Sub-total for Childcare income	25 938 236	318 820	26 257 056	19 584 480
Training Income	4 800	-	4 800	200
Sub-total for Other income	4 800	-	4 800	200
Total income from charitable activities	25 943 036	318 820	26 261 856	19 584 680

Local Authority grants totalling £5,888,339 (2021: £5,237,377) received relates to the 2-year-old offer and the National Education Fund for all 3-4-year-olds.

There were no unfulfilled conditions at the end of the year ended 31 March 2022 (2021: none).

4 Other income

	Unrestricted £	Restricted £	2022 Total £	2021 Total £
Government grants	33 182	-	33 182	2 101 838
Interest Income	640	-	640	1 856
Other Income	203 839	1 932	205 771	60 647
	237 661	1 932	239 593	2 164 341

During the year, LEYF received government grants in relation to the Coronavirus Job Retention Scheme (CJRS) of £33,182 (2021: £2,101,838). There are no unfulfilled conditions or other contingencies attached to the grants. This is the only form of central government assistance from which the charity has directly benefited.

During the year, LEYF received funds of £Nil (2021: £11,439) from London Borough of Hackney for the refurbishment of Market Nursery. These funds were included in other income.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

5 Expenditure

	Charitable activities		Governance costs	Support costs	Restricted Funds	2022 Total £	2021 Total £
	Childcare Provision £	Training £					
Staff costs (Note 7)	14 969 521	-	-	3 742 231	392 734	19 104 486	16 789 866
Learning & Development	13 107	160 612	-	18 565	277	192 561	80 609
Recruitment and Personnel	662 280	-	-	442 130	7 560	1 111 970	446 460
Property	2 871 461	-	-	34 248	-	2 905 709	1 891 888
Consumables and Activities	1 267 234	-	-	1 056 052	35 742	2 359 028	1 871 173
Depreciation, Amortisation & Loss on disposal	413 477	-	-	120 810	74 363	608 650	529 660
Audit and Other Professional Fees	-	-	574 197	44 029	59 921	678 147	610 519
	20 197 080	160 612	574 197	5 458 065	570 597	26 960 551	22 220 175
Support costs	5 458 065	-	-	(5 458 065)	-	-	-
Governance costs	574 197	-	(574 197)	-	-	-	-
Total expenditure 2022	26 229 342	160 612	-	-	570 597	26 960 551	
Total expenditure 2021	21 733 718	65 360	-	-	421 097		22 220 175

6 Net expenditure for the year

This is stated after charging:

	2022 Total £	2021 Total £
Depreciation	513 870	488 293
Amortisation	80 875	22 857
Loss on disposal of fixed assets	13 904	18 511
Interest payable	47 939	70 357
Operating lease rentals:		
Property	1 305 429	800 931
Equipment hire	38 188	27 636
Auditor's remuneration (excluding VAT):		
Current Year Audit	60 000	61 400
Prior Year Audit	2 020	40 697

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

7 Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022 Total £	2021 Total £
Salaries and wages	16 777 606	14 775 213
Social security costs	1 309 018	1 143 243
Employer's contribution to defined contribution pension schemes	1 017 862	871 410
	19 104 486	16 789 866

During the year redundancy and settlement costs were £52,979 (2021: £132,274), of which £2,000 related to ex-gratia payments.

Agency Costs for the year were:

903 566 328 887

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2022 No.	2021 No.
£60 001 - £70 000	2	3
£70 001 - £80 000	-	-
£80 001 - £90 000	1	3
£90 001 - £100 000	2	-
£100 001 - £110 000	1	1
£110 001 - £120 000	-	-
£120 001 - £130 000	1	1

The total employee benefits including pension and national insurance contributions of the key management personnel were £731,612 (2021: £626,409).

The charity Trustees were not paid or received any other benefits from employment with the charity in the year (2021: £Nil). No charity Trustee received payment for professional or other services supplied to the charity (2021: £Nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and were £Nil for the year (2021: £Nil).

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2022 No.	2021 No.
Childcare	742	722
Training	5	5
Support	67	61
	814	788

In March 2022, the number of staff employed on an FTE basis were 576 (2021: 606).

9 Related party transactions

There was a donation during the year of £10,000 (2021: £8,000) from the Aurelia Foundation, the donation was restricted as part of the Doubling Down fund.

The total expense incurred for services to related parties during the year was £62,135 (2021: £43,959). This amount includes a payment of £8,779 (2021: £2,110) for gardening services to Glow Gardens and £13,526 (2021: £13,528) to Chartered Wealth Management which employs a close family member of the Chief Executive Officer and a key member of staff. Other payments of £38,330 (2021: £28,321) were made to family members of the Chief Executive Officer.

As at 31 March 2022, a total amount of £14,574 (2021: £Nil) was payable to Chartered Wealth Management and Glow Gardens and have been included in trade creditors.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

10 Taxation

The charitable company is exempt from corporation tax as all of its income is charitable and is applied for charitable purposes.

11 Intangible fixed assets

	Software*	Goodwill Acquired Nurseries	Total
	£	£	£
Cost or valuation			
At the start of the year	375 307	103 145	478 452
Additions in year	101 889	-	101 889
At the end of the year	477 196	103 145	580 341
Amortisation			
At the start of the year	-	83 400	83 400
Charge for the year	75 061	5 814	80 875
At the end of the year	75 061	89 214	164 275
Net book value			
At the end of the year	402 135	13 931	416 066
At the start of the year	375 307	19 745	395 052

All of the above assets are used for charitable purposes.

*Included in software are cost relating to the development of the charity's Customer Relationship Management system as well as cost relating to the upgrade of the charity's website. The website upgrade has not been completed as at 31 March 2022 and no amortisation has been included for this project. Total development cost not completed as at 31 March 2022 and thus not amortised was £0.1m (2021: £0.4m).

12 Tangible fixed assets

	Leasehold Properties & Improvements	Marsham Street Building	Nursery, Computer & Office Equipment	Fixtures and Fittings	Total
	£	£	£	£	£
Cost or valuation					
At the start of the year	2 603 107	2 796 853	950 763	718 810	7 069 533
Additions in year	735 609	-	61 697	96 213	893 519
Disposals	(161 977)	-	(26 053)	(8 406)	(196 436)
At the end of the year	3 176 739	2 796 853	986 407	806 617	7 766 616
Depreciation					
At the start of the year	1 116 330	846 297	521 904	303 547	2 788 078
Charge for the year	268 594	58 259	106 341	80 676	513 870
Disposals	(157 570)	-	(19 777)	(5 185)	(182 532)
At the end of the year	1 227 354	904 556	608 468	379 038	3 119 416
Net book value					
At the end of the year	1 949 385	1 892 297	377 939	427 579	4 647 200
At the start of the year	1 486 777	1 950 556	428 859	415 263	4 281 455

All of the above assets are used for charitable purposes.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

13 Debtors

	2022 £	2021 £
Trade debtors	241 727	254 810
Other debtors	26 289	31 431
Prepayments	417 264	265 390
Accrued income	78 032	75 361
	763 312	626 992

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Loans	605 883	648 305
Trade creditors	974 255	689 426
Taxation and social security	329 506	279 077
Other creditors	1 653 213	1 864 779
Accruals	875 497	196 955
Deferred income (Note 15)	1 089 268	1 283 096
	5 527 622	4 961 638

15 Deferred income

Deferred income in the year ended 31 March 2022 are payments received from parents and local authorities in advance for services that are to be delivered after 31 March 2022.

	2022 £	2021 £
Balance at the beginning of the year	1 283 096	773 050
Amount released to income in the year	(1 283 096)	(773 050)
Amount deferred in the year	1 089 268	1 283 096
Balance at the end of the year	1 089,268	1 283 096

16 Creditors: amounts falling due after one year

	2022 £	2021 £
Loans	2 100 000	2 876 720
	2022 £	2021 £
Less than one year	605 883	648 305
Between two to five years	2 100 000	2 576 720
Over five years	-	300 000
Total due	2 705 883	3 525 025

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

A loan agreement of £3,000,000 under the Coronavirus Business Interruption Loan Scheme (CBILS) was entered into on 11 June 2020 and was drawn down on 24 September 2020. The loan is repayable over 72 instalments from this date. The first 12 months is a capital and interest fee period after which the interest at the Bank Base Rate +2.5% is repayable quarterly and capital repayments for £50,000 were repayable monthly from October 2021. The balance owing as at 31 March 2022 is £2,705,883 which includes interest outstanding of £5,883.

The loan is secured by a fixed and floating charge, the fixed charge is secured over all the assets of the charity and the floating charge is over all the other property, assets and rights which is not subject to any other effective fixed charge.

Until April 2021, Bridges Fund Management and Big Issue Invest LLP each loaned £1,750,000 at an annual interest rate of 8% which were secured by way of a floating charge on the organisations assets. Loans were reviewed with revised covenant and repayment terms agreed to October 2017. Both loans were fully repaid in April 2021. In 2005, a 25-year Futurebuilders loan for £300,000 was provided by Social Investment Business Ltd. This was repayable in monthly instalments over the agreed term. The agreed balance owing is £Nil (2021: £190,191) and was unsecured at an annual interest rate of 6%. The loan was repaid in full in June 2021.

17 Pension scheme

LEYF operates a defined contribution scheme for its employees offering an employer contribution of 7% of annual salary for all eligible staff. Outstanding contributions awaiting payment at the 31 March 2022, included in other creditors, were £113,320 (2021: £123,824). Any liability and expenses are allocated as unrestricted or restricted funds on the same basis as employee-related costs.

18 Analysis of net assets between funds

	General Unrestricted £	Restricted £	2022 Total Funds £
Fixed assets	4 124 994	938 272	5 063 266
Net current assets	270 964	46 368	317 332
Long-term liabilities	(2 100 000)	-	(2 100 000)
Net assets at the end of the year	2 295 958	984 640	3 280 598
	General Unrestricted £	Restricted £	2021 Total Funds £
Fixed assets	3 670 434	1 006 073	4 676 507
Net current liabilities	1 133 624	184 182	1 317 806
Long-term liabilities	(2 876 720)	-	(2 876 720)
Net assets at the end of the year	1 927 338	1 190 255	3 117 593

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

19 Movements in funds

2021-22	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers	At the end of the year £
Restricted funds:					
Marsham Street Renovations	873 152	-	(52 942)	-	820 210
Carlton Hill Refurbishment	105 895	-	(12 105)	-	93 790
Funding for vulnerable children	118 771	-	(118 771)	-	-
Colville Crisis Fund	13 891	-	(1 375)	-	12 516
Food banks funding	4 831	5 500	(5 917)	-	4 414
Chef Academy Fund	53 746	144 870	(156 983)	-	41 633
SEND Funding	-	169 479	(169 479)	-	-
Other Funds	19 969	45 132	(53 024)	-	12 077
Total restricted funds	1 190,255	364 981	(570 596)	-	984 640
Total unrestricted funds - general funds	1 927 338	26 758 575	(26 389 955)	-	2 295 958
Total funds	3 117 593	27 123 556	(26 960 551)	-	3 280 598
2020-21	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers	At the end of the year £
Restricted funds:					
Marsham Street Renovations	926 094	-	(52 942)	-	873 152
Carlton Hill Refurbishment	118 000	-	(12 105)	-	105 895
Funding for vulnerable children	-	270 000	(151 229)	-	118 771
Colville Crisis Fund	16 843	-	(2 952)	-	13 891
Food Banks	-	11 550	(6 719)	-	4 831
Chef Academy Fund	33 542	47 100	(26 896)	-	53 746
SEND Funding	1 074	144 504	(145 578)	-	-
Other Funds	120 749	35 276	(22 676)	(113 380)	19 969
Total restricted funds	1 216 302	508 430	(421 097)	(113 380)	1 190 255
Total unrestricted funds - general funds	1 902 056	21 710 980	(21 799 078)	113 380	1 927 338
Total funds	3 118 358	22 219 410	(22 220 175)	-	3 117 593

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

Purposes of restricted funds

Marshall Street Renovations Fund received funds from Westminster City Council, Social Investment Business and a number of other donors to fund the renovation of 121 Marshall Street offices and Marshall Street Nursery.

Carlton Hill Refurbishment Fund received funds from Westminster City Council to fund the capital works required at the nursery when we took on the nursery.

Funding for Vulnerable Children includes donations received to provide additional hours for vulnerable children, summer club and food hampers.

Colville Crisis Fund was transferred from Colville Nursery Centre when we took ownership of the nursery in order to be used to support local parents with their nursery fees in times of personal crisis and parents staying in the local refuge who are not able to afford childcare.

Funding for Food Banks relates to donations received to support the running of our Food Banks.

Chef Academy Fund was launched in July 2019. A grant from Guy's and St Thomas' Charity over three years for supporting the evaluation of how the chefs Training Academy can have an impact on Early Years environments and in turn eating behaviours, to help improve children's health.

SEND Funding received to support the provision of children with additional Special Education Needs and Disabilities.

Other Funding relates to Green LEYF which helps us to develop environmental activities across our bursaries, Special Support Fund for families in crisis and other small value funds.

Fund Transfers in the prior year related to Gifts in Kind recognised in restricted funds released to unrestricted funds as a brought forward correction.

20 Reconciliation of net expenditure to net cash flow from operating activities

	2022 £	2021 £
Net surplus/(deficit) (as per the Statement of Financial Activities)	163 005	(765)
Depreciation and amortisation charges	594 745	511 150
Loss on disposal of tangible fixed assets	13 904	18 511
Interest payable	47 940	70 357
(Increase)/decrease in debtors	(136 320)	350 340
Increase in creditors	606 390	318 915
Net cash provided by operating activities	1 289 664	1 268 508

21 Analysis of cash

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	5 652 452	(570 810)	5 081 642
Total cash and cash equivalents	5 652 452	(570 810)	5 081 642

22 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	£	£	2022 £	2021 £
	Property	Other	Total	Total
Less than one year	1 262 698	36 833	1 299 531	943 147
One to five years	2 157 871	50 678	2 208 549	2 382 811
Over five years	918 833	-	918 833	630 232
	4 339 402	87 511	4 426 913	3 956 190

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2022

23 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

24 Capital commitments

As at 31 March 2022, the outstanding capital commitments totalled £66,000 (2021: £200,899 – Gumboots extension) being the cost to refurbish Colville Nursery and Pre-school.

25 Market Nursery

On 13 September 2019, The Market Nursery Ltd (Market Nursery) was acquired by LEYF for the value of £Nil. At 31 March 2020, LEYF determined that the fair value could not be reliably determined and that therefore Market Nursery Limited would be recognised at cost less impairment (£Nil). After acquisition, the activity of the nursery was rolled up into LEYF. As at 31 March 2021 LEYF did not prepare consolidated financial statements as the inclusion of The Market Nursery Ltd was not material for the purpose of giving a true and fair view. The Market Nursery Ltd was dissolved on 13 April 2021.

26 Newham Nurseries

On 1 April 2021 the operating activities of three nurseries in the London Borough of Newham were transferred to LEYF from Newham Training and Education Centre (Newtec) for the value of £Nil. The transfer of the operations of Deanery Road Nursery, Cumberland Road Nursery and University of East London Garden Nursery, took place via a transfer agreement whereby LEYF agreed to continue to provide nursery services to these three nurseries. Parental deposits of £44k were transferred over, as well as a cash balance of £44k. No other material assets or liabilities were transferred.

27 Net debt reconciliation

	At 1 April 2021	Cash flows	Other non-cash changes	At 31 March 2022
	£	£	£	£
Cash at bank and in hand	5 652 452	(570 810)	-	5 081 642
Debt due within one year	648 305	(637 535)	595 113	605 883
Debt due after one year	2 876 720	(176 720)	(600 000)	2 100 000
Total cash and cash equivalents	<u>9 177 477</u>	<u>(1 385 065)</u>	<u>(4 887)</u>	<u>7 787 525</u>

28 Subsequent events

On 27 April 2022, LEYF secured funding of £0.7m with the JPMorgan Chase Foundation in support of Enabling Progression for Early Years Educators to Transform Children's Lives. The funds will be received in 3 yearly instalments starting July 2022. On 21 September 2022, LEYF received its first instalment of £0.3m.

On 5 May 2022, LEYF launched a bond issue through Triodos Bank UK Limited (the Registrar). These bonds were in the form of 1,500,000 bonds each with a nominal value of £1, with a minimum investment of £50, repayable on 31 May 2029, and at an average interest rate of 4.75%, payable on 31 May each year commencing in 2023. On 7 July 2022, £1.0m bonds were allotted, with the balance of £0.5m being allotted on 1 September 2022.

On 18 November 2022, LEYF exchanged on the acquisition of Lysth Ltd, a company providing nursery services, for an amount of £1.1m. The net asset value acquired are estimated to be £0.1m. Expected completion date will be 24 November 2022. Control of the nursery as well as any agreed assets and liabilities will be transferred over on completion date.

leyf Nurseries

Experiences in early childhood literally shape lives and are often the root cause of today's hardest social challenges such as addiction, poor mental health and homelessness.

LEYF is impelled by the need to provide best quality education and care every day in our nurseries, as we know this will make the biggest difference to children's futures.

www.leyf.org.uk

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