The London Early Years Foundation

Annual Report 2022/23 and Statement of Accounts

LEYF Nurseries

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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 the impacts resulting from the pandemic on the business, children and parents 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.

As London Early Years Foundation reaches 120 years, we trace our progress since our establishment in 1903 as the City of Westminster Health Society (WHS). Both novel and pioneering, WHS was rooted within Britain's social reform movement whose proponents stood fiercely against poverty. Fast forward to today, that same spirit drives us to provide access to affordable, high quality Early Years Education and Care to London's children, especially those living in disadvantage. Now as the London Early Years Foundation (LEYF), we also continue to lead the way in designing and delivering unique research-based approaches to how our children learn.

We are immensely proud of what we have achieved – even as the conditions still prove to be tough. At a time of economic challenges, a focus on employment has put Early Years in the spotlight with the Chancellor announcing a huge expansion of funded childcare for working families. Early Years providers have continually suffered from a disconnect between Government policy and the challenges of the Early Years market and the needs of families and children. It is therefore essential that such an expansion is carried out with care and in consultation with our sector.

We know that the value of nursery goes far beyond simply allowing parents to go to work. This has been highlighted by The Princess of Wales and The Royal Foundation whose research emphasises early intervention and the benefits of tackling the root causes of social issues like addiction and poor mental health by focusing on the child's formative first five years.

As a charitable social enterprise, we emphasise the need for all children to have equal access to the benefits of quality Early Years Education and Care. This is mainly only available to the children of parents who can pay for it, as entire settings and funded places are disappearing in areas where families are unable to pay the fees.

At LEYF we are striving to address this issue by building resilience and sustainability into every aspect of our operations so we can continue to support those in most need. This has meant doing whatever we can to attract and retain our staff who are our most vital resource. We have also expanded our training offer to support LEYF staff's development while also inviting external learners onto our programmes such as our Early Years Chef Academy Diploma and Sustainability in Early Years Diploma.

We are developing our partnerships to uncover new opportunities for collaboration which directly benefit our children and bring us closer to the communities we serve. Our Sustainability Strategy, launched in February 2023, sets out our vision for creating a community of practice and mutual support across the sector for finding solutions to economic challenges without harming the planet. There is a lot to feel excited and hopeful about as we deliver our strategy.

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.

“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.

June O'Sullivan

June O’Sullivan OBE
Chief Executive

Michael T Garstka

Mike Garstka
Chair

Who we are and what we do

London Early Years Foundation (LEYF) is one of the UK's largest charitable social enterprises with a social purpose of 'changing the world one child at a time'.

We achieve our social purpose by giving London's children aged 0–5 years 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 – helping them to achieve their full potential.

LEYF supports over 4,139 children and families through our social enterprise model, whereby we use surplus generated from a few nurseries in more affluent areas to cross-subsidise operations in more deprived areas of London.

LEYF employs over 800 staff at 40 nurseries in 12 boroughs across London – working closely with the local communities we serve. We also have our best-in-class LEYF Training Academy to support internal and external Early Years professionals – including apprenticeships, Early Years Chef Academy, and our own Early Years degree programme. Through our Academy, we aim to share best practice, innovation and the latest research – enabling us to drive real change in the Early Years sector.

4,139
children supported

72%
apprentice retention

40
nurseries

800+
staff

1,300
children have funded only places

100%
Ofsted Outstanding and Good nurseries

Importance of Early Years Education

The first five years of a child's life shapes their future life outcomes. This is because a child's brain develops faster during these years than at any other time of life.

High quality Early Years education can contribute to lasting upward mobility and help break cycles of poverty (Heckman, J. & Garcia J., 2019, online).

According to The Royal Foundation Centre for Early Childhood, the total cost to society of the remedial steps taken to address issues that might have been avoided through action in early childhood is estimated at £16.13 billion per year (2021, online). Provision of Early Years Education and Care also lifts barriers to employment as it enables parents to go to work.

In March 2023, the Chancellor of the Exchequer announced plans to provide 30 hours of funded childcare for working parents with children from nine months old up to school age by September 2025. However, just 20% of children from families in the bottom third of earnings are currently eligible for the Government's 30 funded-hours scheme which excludes unemployed or studying parents.

Too many children are already being left behind, trapped in a cycle of poverty, locked out of funded childcare due to a chronically underfunded and fragmented Early Years provision in the UK. Disadvantaged children are paying the highest price for this dysfunctional system.

Whereas 70% of parents who are eligible for the 30-hour offer are in the top half of earners.

To deliver high quality nursery education to all – and close the attainment gap that emerges before children start primary school – we require a refocusing of leadership and pedagogy 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, that are all major challenges facing our sector – which, if not solved, may 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.

"Disadvantaged children and their families deserve more. We need to end the inequality in access to early education and care, by making entitlements universal for all children, no matter what their background."

Laura Barbour, Early Years Lead, The Sutton Trust

Equal hours

Research supported by The Sutton Trust has highlighted the impact of Early Years Education and Care for children from different socio-economic backgrounds. More disadvantaged children are set to gain the greatest benefit to their cognitive development compared to their more affluent peers. These benefits are substantially greater if the provision is of high quality (Sutton Trust, 2023).

Challenges in Early Years in the UK

The current Early Years system has been developed incrementally without a clear overall strategy, resulting in a complex system that is inefficient, unsustainable and inequitable. In today's economic climate, the sector finds itself saddled with myriad challenges.

Disadvantaged children are paying the highest price for this dysfunctional system. They are losing out because the Early Years sector does not support those who need it most:

Accessibility

In England, there is a growing shortage of nursery places with more closures of settings in the most deprived areas compared to the least deprived areas. This trend is becoming 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. High inflation is increasing financial pressure on settings in more deprived areas particularly as, typically, they rely on income from families accessing Government 'funded-only' provision, which has been knowingly and chronically underfunded by the Government (EYA: Early Years Alliance, 2021). Also, without 'top-up' fees from parents that nurseries in the more affluent areas receive, many nurseries in poor areas struggle to survive.

Quality

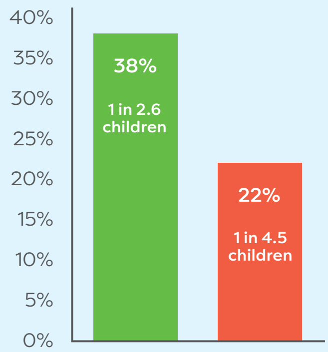
Inequality of access to high quality provision compounds in the most deprived areas of England, where only 14% of nurseries are rated 'Outstanding', compared to 26% in the least deprived areas. In London, the situation is worse: only 11% are rated 'Outstanding' in the most deprived areas, compared to 21% in the least deprived areas (Ofsted, 2023, online). High quality staff are critical for high quality provision. Due in large part to chronic underfunding, major challenges for recruitment and retention in the Early Years sector remain at crisis level. On top of this, the sector has needed to keep up with increases to the National Living Wage without receiving additional funding.

Affordability

While the cost of provision is increasing for all parents, families who are less well-off are feeling this the most as this will eat into a higher proportion of household incomes.

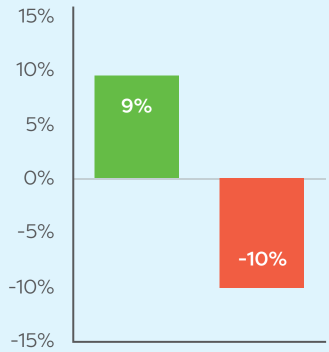
There are fewer Early Years places per child in the most deprived areas

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



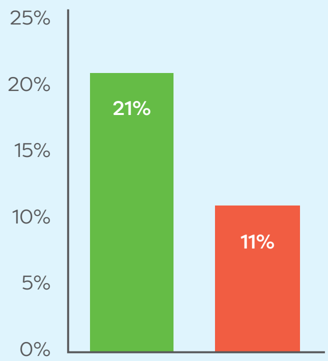
Nurseries in deprived areas are closing since it is unsustainable to operate

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



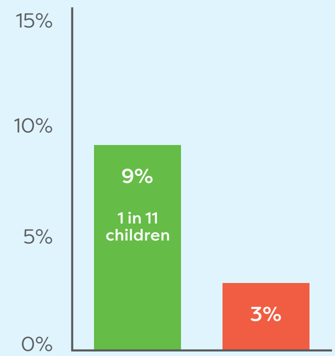
The nurseries that do remain are much lower quality on average

% Ofsted 'Outstanding' (London, March 2023)



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

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

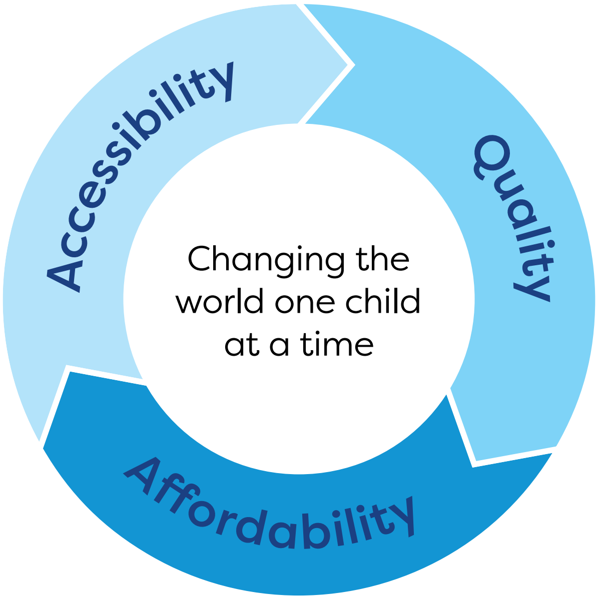


Least deprived   Most deprived

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.



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 sustainable business to achieve our social purpose

LEYF is a registered charity that is self-sustaining through our social enterprise model. LEYF operated 40 (as of end of March 2023) award-winning nurseries, in 12 boroughs across London.

The first five years profoundly impact future life chances which is why high quality Early Years education is so important to support all children, no matter their background, 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 2-year-old places in London, subsidising 31% of our places. During the financial year 2022/23, that was 1,300 children.

LEYF welcomes all children into our nurseries irrespective of their social background or ability. LEYF champions diversity across our staff team. We firmly believe that children need role models from all walks of life. We are proud that 7% of our staff are men compared to the national sector average of 3% (Early Years Wales) and 51% of our staff are from minority ethnic communities (as of March 2023).

We pride ourselves on creating an inclusive family environment for all our employees. Staff turnover remains high even though our average length of service is 4.2 years. We are delighted to be able to offer competitive pay and benefits to LEYF staff, some of whom attended a LEYF nursery when they were children. 120 years since our founding in 1903, LEYF continues to set the agenda with our tireless campaigning to raise the status of Early Years staff, inequality in access to education and child poverty. This is also how we intend to build sustainability-minded future leaders through our Green LEYF initiative.

31%

of our children were on funded only places

of our nurseries are rated 'Outstanding' vs 16% on average in London

Tackling the injustice of poverty

LEYF operates nurseries primarily in areas of deprivation where there wouldn't otherwise be a high quality nursery available

LEYF has seven nurseries across London (Angel, Burgess Park, Stockwell, Eastbury, Ford Road, Mark's Gate and Wandsworth Bridge) that currently have foodbanks where they provide families with support through food, clothing, toiletries, hygiene products and shoes.

Through innovative partnerships we aim to make our foodbanks self-sustaining. We have partnered with City Harvest who provide us with food which would otherwise be wasted.

Their deliveries stock our community foodbanks and Nursery Chefs use the food within our kitchens to cook high quality, nutritious meals for our children.

Sal's Shoes have been providing us with nearly-new or new and preloved shoes to support our families. Bloody Good Period have provided us with sanitary products and The Hygiene Bank support us with toiletries and household items. These items can be expensive for some families so our judgement-free foodbanks are one way we make lives a little bit easier.

In December 2022, we ran our first ever 'From one family to another campaign' with the support of Baby Bank HQ and Little Village. We involved parents, staff and our partners in a donation drive for food, clothing and toys to support families in need.

We received a huge amount of support from parents and corporate partners including Permira, Bain, Ernst & Young and Clifford Chance. Overall, 16 carloads of items were donated – fully stocking our foodbanks and providing 105 Christmas parcels for families.

Did you know?

LEYF is one of the largest providers of the funded 2-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 120-year history

London Early Years Foundation began as the City of Westminster Health Society (WHS) in 1903, a time of poverty and shockingly high mortality.

Born out of the social reform movement of the Victorian era, our founders were distressed by the conditions they saw around them. Among them was Margaret Horn, herself a pupil of social reformer and feminist, Octavia Hill.

Horn and selfless volunteers pioneered child health and welfare decades before we had the NHS – embarking on an ambitious plan to provide communities with the support they needed. In its early years, the WHS provided Westminster's families with medical and dental inspections, antenatal clinics, cookery classes and more.

Following the Second World War our focus shifted primarily to running high quality Toddlers' Clubs and nurseries that helped prepare children for life's big milestones such as starting school. In 1977 we became Westminster Children's Society with six Toddlers' Clubs and nurseries attended by over 250 children per day. We remained pioneers of Early Years Education and Care and continued to be unafraid to trailblaze – strengthening children's social and cultural capital through music and movement classes and library visits.

Fast forward to 2006, we began the journey to becoming a social enterprise. Developing financial self-sustainability, we set about being able to offer the same high quality nursery experience to families across the city regardless of background.

And then in 2009, with 19 nurseries in our family, we changed our name again – this time to reflect that we had expanded beyond Westminster's borders. Today, as London Early Years Foundation, we support an average of nearly 4,500 children a year across 12 boroughs, delivering high quality Early Years Education and Care from birth to 5 years old – no matter what the postcode.

"Today, as London Early Years Foundation, we support on average nearly 4,500 children a year across 12 boroughs delivering high quality Early Years Education and Care from birth to 5 years old."

Our journey

Putting our staff first enables children to thrive

Our talented and dedicated staff teams make a real difference to children's lives and are our most important asset. We invested in our people in a challenging operating climate.

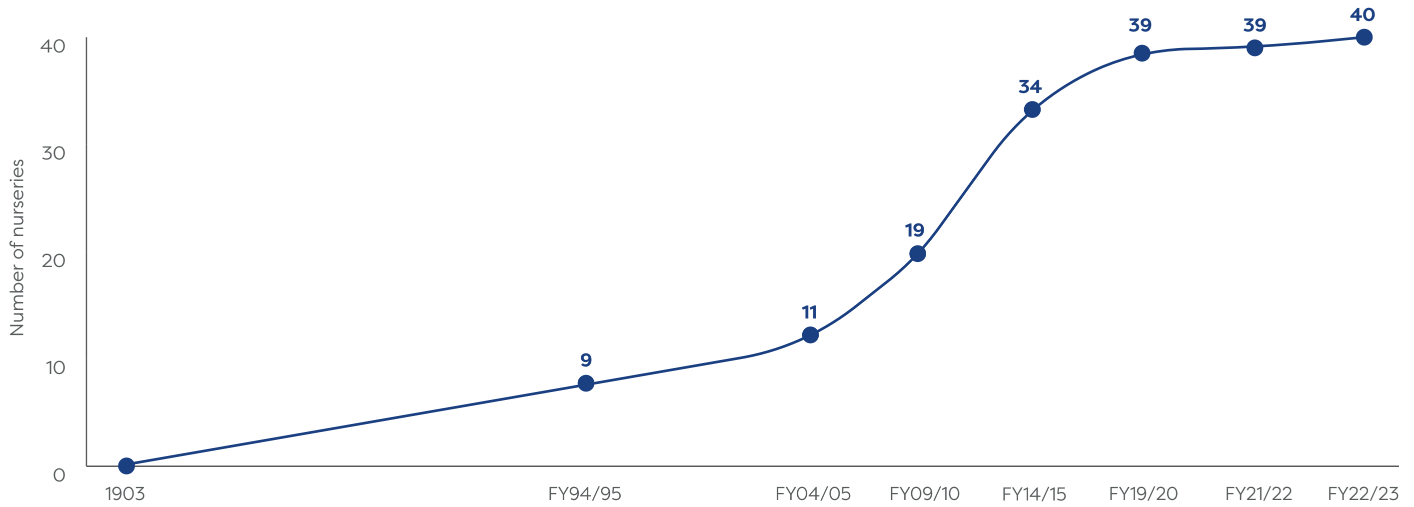
In response to the high cost of living, we put together our winter benefits package. This included a cost of living payment for all our permanent staff and an increase in nursery discount to 70% of fees for all staff with a child at a LEYF nursery. In spring 2023, we announced a pay increase for our permanent staff and ensured that all qualified nursery teachers are paid in line with the increased London Living Wage.

We want to reward our staff as much as we are able and ensure that LEYF remains as competitive to the potential new staff we need. While this cost reflects on our bottom line, we are committed as ever to financial sustainability. We expanded our training offer by welcoming more colleagues from across the sector to learn with LEYF – taking on external applicants for our Chef Academy Early Years Food and Nutrition course. Major projects aimed at recruitment and increasing nursery occupancy have been a key focus for our central office teams.

As a learning organisation, we continuously seek to deepen our ability 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).

> **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.**

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

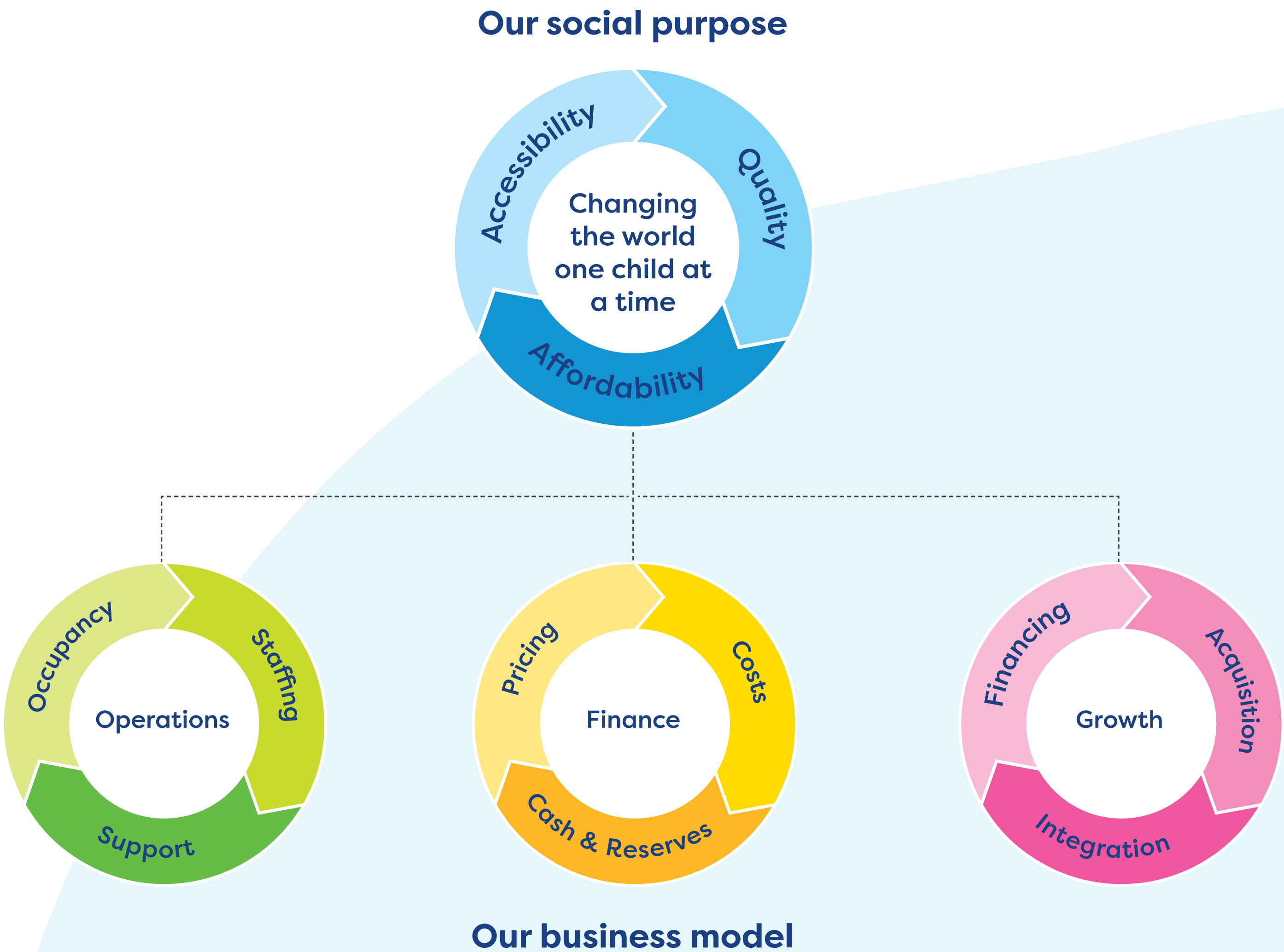


An innovative social enterprise

We have engineered our social enterprise model so that it maximises our ability to deliver LEYF's social purpose.

LEYF provides access to high quality and affordable Early Years Education and Care that is sustainable so that we can continue to support our children and families in the long term.

We do this through our repeatable and scalable business model, which combines operational excellence, financial rigour and a considered 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 cross-subsidy model

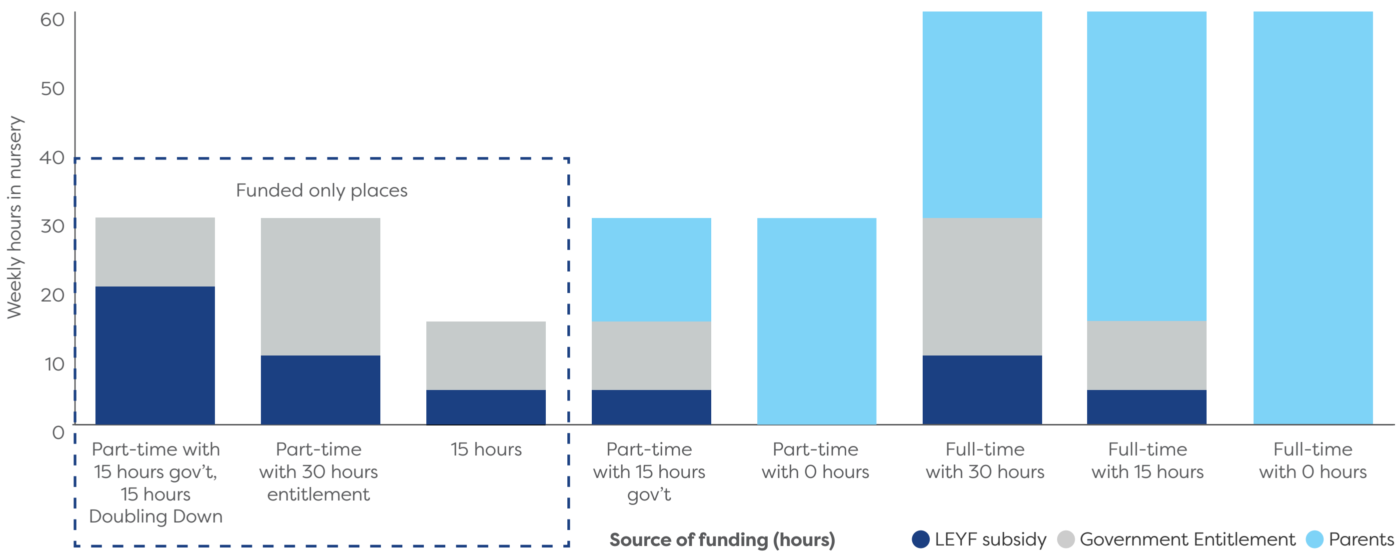
LEYF's cross-subsidy module works across three levels: Children, nurseries and LEYF-wide. Children can access LEYF nurseries through a range of funding sources. We have a mixed model of grant-funded and fee paying nurseries. LEYF wide, we operate our nurseries in areas of higher deprivation and flex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

At LEYF, we operate a model that cross-subsidises our offering across several levels:

Children

Through providing 'funded only' places, where LEYF covers one third of the costs to operate (Government entitlements only cover two thirds of the operating expenses). We also fundraise to provide up to 15 additional hours per week to children most in need through our 'Doubling Down' programme.

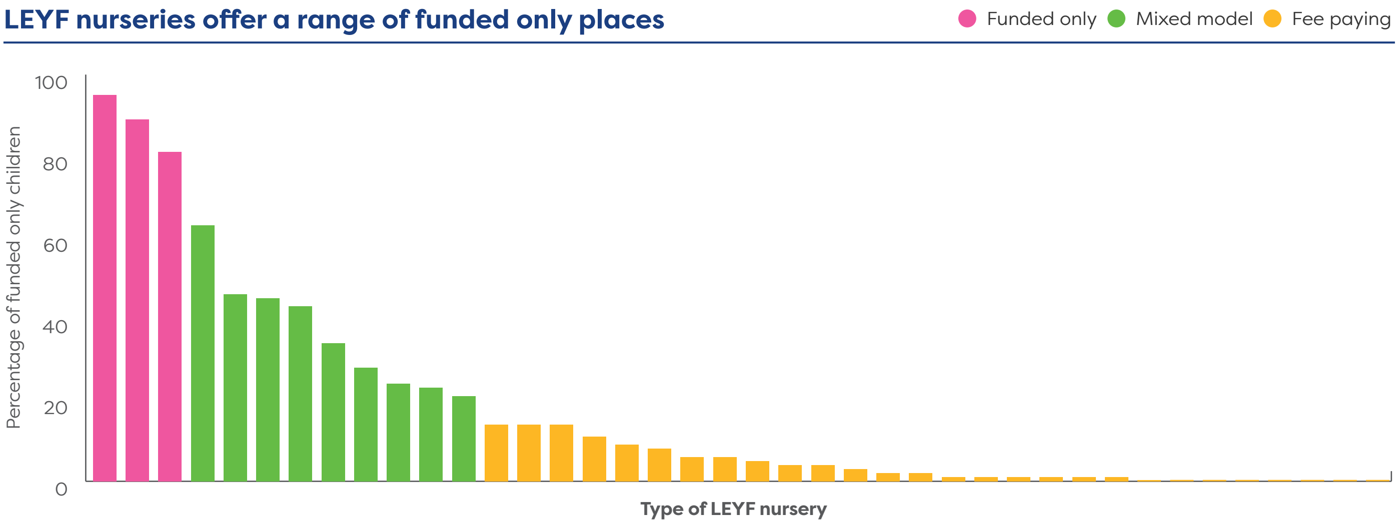
LEYF is one of the few providers that offers these funded only places, with no top-up fees



Nurseries

31% of our places are 'funded only' which we are able to offer term-time-only, alongside our mixed model and fee-paying nurseries.

LEYF nurseries offer a range of funded only places

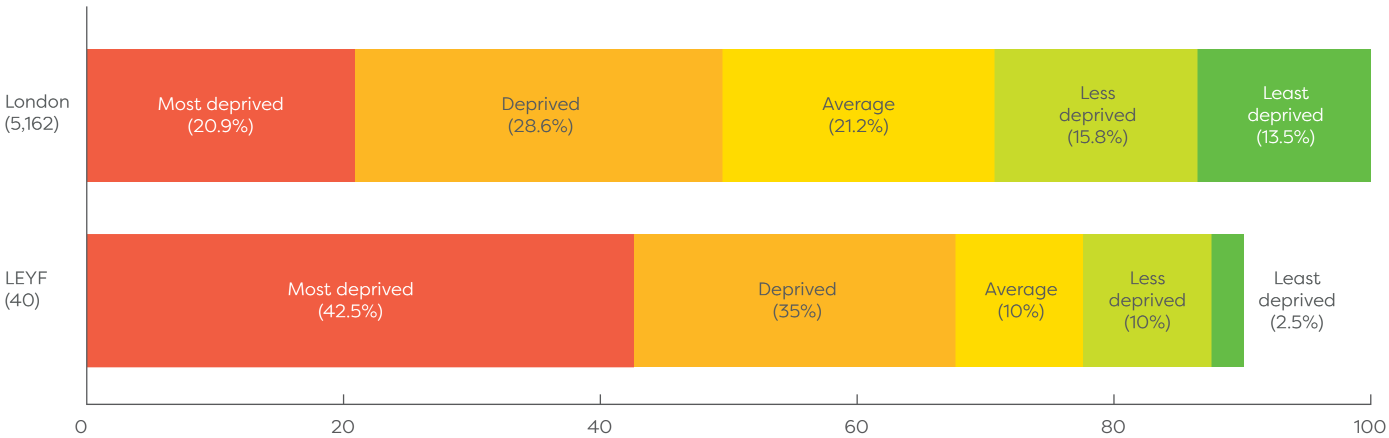


LEYF

Through our strategy of operating in areas of higher deprivation, over 77% of our nurseries are located in areas of London identified as 'most deprived' and 'deprived'. This is a deliberate 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 deprivation 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).

Doubling Down: Providing a lifeline to children trapped in poverty with extra hours in nursery

Percentage of 'childcare on non-domestic premises' according to deprivation (March 2023)



Section 1: Social Purpose

LEYF's 'What?'

At LEYF, children are at the centre of all that we do. We seek to make a difference to young lives at the same time as positively impacting the lives of staff, parents, communities and society.

LEYF is committed to providing high quality Early Years Education and Care in all our 40 (as of end of March 2023) nurseries. All our staff receive high quality training and continued professional development. Parents and communities are a strong part of nursery life – enabling us to advance our social purpose. We have created valuable partnerships with local authorities, Government taskforces and other socially driven organisations, which enable us to provide support that goes beyond our nursery service – also reaching members of the community and driving innovation in the sector – thereby amplifying our impact.

Accessibility	Quality	Affordability
	ACROSS ALL	
LEYF Global Academy	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

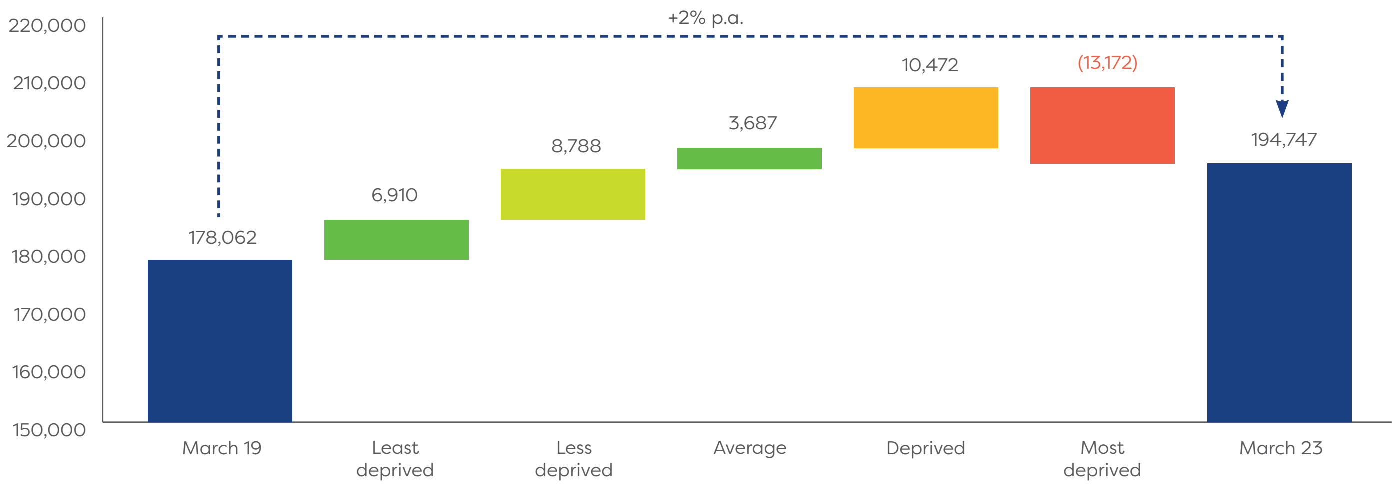
Over the past four years, while there has been an average of **2%** increase per annum in the number of nursery places in London, there has been a **9%** decline in places in the most deprived areas (Ofsted, 2023).

At LEYF, we work against this trend by continuing to operate in areas of London that need us most, with more than 77% of our nurseries located in the 'most deprived' and 'deprived' areas of London (vs. an average of 50% of nurseries across London).

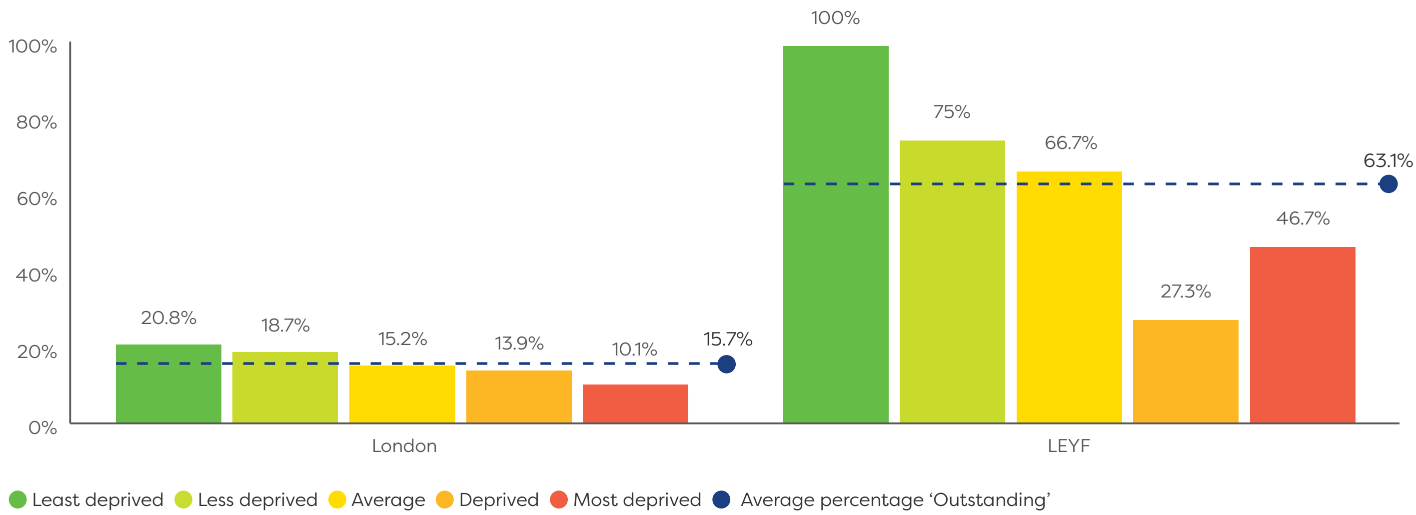
Moreover, in London, the least deprived areas have almost double the number of 'Outstanding' nurseries vs. the most deprived areas. That means the children who most need high quality education and care are less likely to be able to access it.

> At LEYF, the quality of our nurseries is consistently above London averages.

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



Percentage of 'childcare on non-domestic premises' rated as Ofsted 'Outstanding' by deprivation ranking (March 2023)



Section 1: Social Purpose

Accessibility: Securing access to entitlements

Beyond operating in areas of need, to ensure there is 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 daily nutritious, healthy meals and snacks.

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.

A number of our 2-year-olds and 3- and 4-year-olds, do not pay any fees to attend our nurseries. These 2-year-olds 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. In both scenarios, LEYF is covering approximately one third of the operating costs to provide these hours – made possible by our social enterprise model.

Case study: Wandsworth Bridge Nursery

The team at our Wandsworth Bridge Nursery and Pre-School in Fulham know that many parents struggle financially, and have noticed more and more children coming to the Nursery hungry.

In response, the Nursery started its foodbank for families most in need back in 2020. However, the need has only grown. The most recent figures show that 28% of children in the Borough of Wandsworth live in households with an income less than 60% of the UK median (Trust for London 2021). Nursery Manager Sandra says: “It’s not just people on benefits who need food now. It is tough for many who are working at the moment. Parents tell us that they always prioritise paying their rent and energy bills over buying food.”

Food insecurity is a real issue for so many children – Deputy Manager Bobbi Jo adds that it is increasingly difficult for parents to buy healthy as well – with

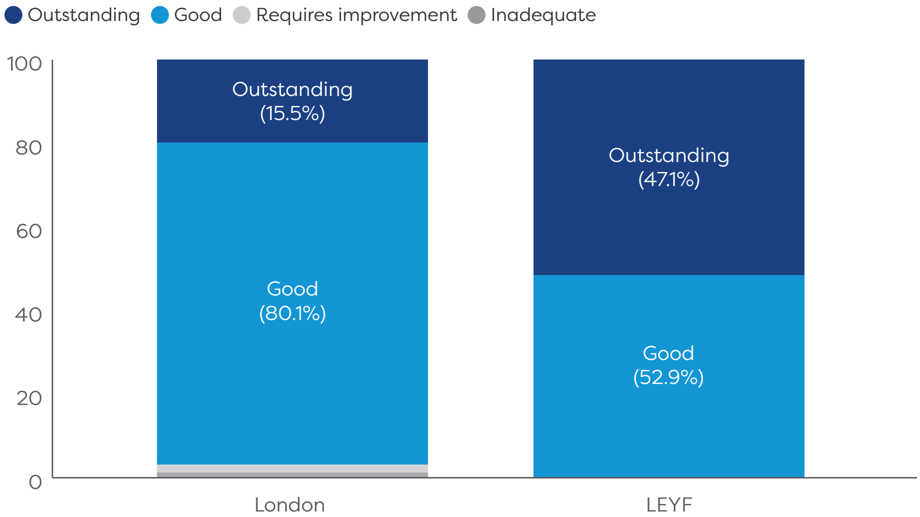
fast food often being cheaper. At Wandsworth Bridge Nursery, children are guaranteed a hot, nutritious meal and snacks as well as receiving food education to set them up with healthy habits for life.

Section 1: Social Purpose

Quality: Outstanding education for all

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

LEYF actively pursues the highest standards of provision in our nurseries. We recognise the importance of Early Years, the quality of teaching and children's experiences at nursery which are the focal points for Ofsted inspections. 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 reflects our social enterprise approach and ensures all children are given a strong start regardless of their background.

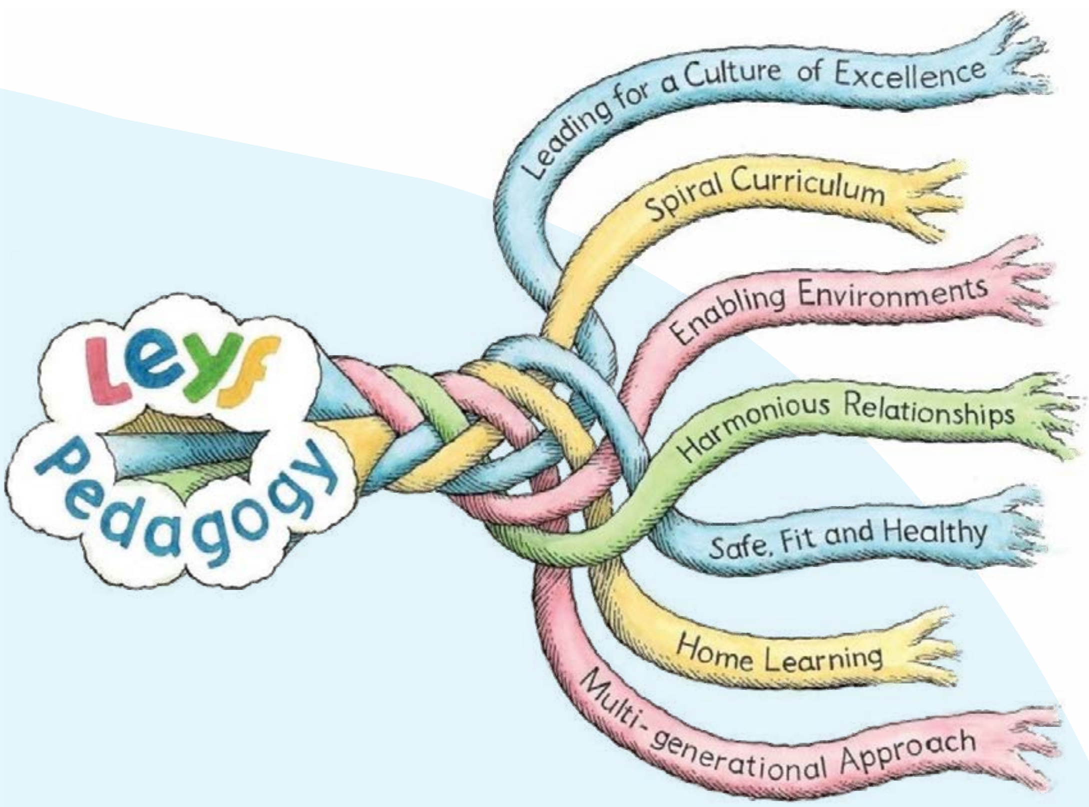
LEYF's Pedagogy is designed to strengthen children's educational success by widening their social and cultural capital, with a strong focus on language and communication, giving all children an equal chance to thrive. So, just by attending a LEYF nursery, children build social capital through the friendships 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 provide 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)



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.

Accredited training in-house

Our LEYF Training Academy is registered to deliver both CACHE/NCFE accredited and endorsed and ILM accredited qualifications. These include a Level 3 award for SENDCos, Level 4 endorsed qualification by CACHE/NCFE, 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/NCFE endorsed accreditation - Health in the Early Years, 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.

LEYF's Training Academy offering

These are examples of the courses we offer, which can also be delivered in your setting

Apprenticeships
- Early Years Educator Level 3
- Production Chef Level 2
- Central Office Functions

Early Years Pedagogy
- Baby you're Fantastic
- The Science of Play
- Dialogic Reading
- Helicopter Storytime
- Makaton and Early Communication
- Pedagogy of Parachutes
- Promoting Positive Behaviour through Co-regulation

SEND
- Award for Special Educational Needs Level 3
- Attention Bucket Strategy
- Supporting Children through Music
- Use of visuals in the Early Years Setting
- Inclusion and Diversity in Practice
- Identifying Children's Needs
- Working with Children with ASD

Sustainability
- Sustainability in the Early Years Level 4
- An Introduction to Sustainability
- Magic of Outdoor Learning

Health and Food
- Production Chef Apprenticeship Level 2
- Chef Academy in Building Health in Early Years Level 3
- Production Chef
- Weaning Workshops
- Managing Allergies Safely

Degrees
- Foundation Degree in Early Years Services Level 5
- BA (Hons) Degree in Early Childhood Studies Level 6

Nursery Leadership and Management
- ILM Award in Effective Coaching Level 3
- National Professional Qualification (NPQ) in Early Years Leadership
- Managing Difficult Conversations
- Interview Training
- Upskilling your Team
- Room Leader training

Section 1: Social Purpose

Quality: A continuous cycle of improvement underpins our practice

LEYF's Pedagogy is inspired by research into young children's development and all training at LEYF centres 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 and the wider Early Years sector.

All nurseries complete bi-annual audits of their provision, facilitated by our unique LEYF Pedagogy Development Scale (LPDS) which we first created in 2016, and has been updated several times to reflect the ever-evolving needs of children. The L&D 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 increased across six out of the seven strands of the Pedagogy this year. The most significant increase was in the Leading for a Culture of Excellence strand, which is reflective of the recent focus on leadership development, including the introduction of the NPQEYL, the reintroduction of termly Room Leader training and the reframing of Nursery Manager and Deputy Manager training.

Scores have marginally reduced in the Harmonious Relationships strand, which may be reflective of current staffing challenges across the sector. Building relationships within each nursery community may have been impacted by the need to share staff across nurseries and use bank staff to remain compliant with legal staff-to-child ratios.

Average LPDS Score (out of 5, December 2021)

LFCE	SC	EE	HR	SFH	HL	MGA
2.95	2.83	2.97	3.15	2.91	2.86	2.61

Average LPDS Score (out of 5, December 2022)

LFCE	SC	EE	HR	SFH	HL	MGA
3.13	2.91	3.05	3.05	2.97	2.97	2.77

Action research

LEYF is a learning organisation. By conducting action research through a reflective learning loop, teachers develop the confidence, knowledge and skills to extend and deepen their practice. This directly influences quality of teaching in our nurseries. Our our recently developed change model provides a framework that allows us to analyse, adopt, anchor and amplify our research findings.

Several action research projects are currently taking place across LEYF with some being led by our degree students. Among these are investigations into the most effective use of SEND funding, the impact of removing 'toys' from the nursery environment, and home learning, plus an evaluation of the experiences of our recent all-male apprentice cohort.

Section 1: Social Purpose

Quality: Sustainability at LEYF

There are three pillars of sustainability which we seek to balance across LEYF: economic sustainability, social sustainability and environmental sustainability.

The economic pillar relates to our business model and our campaigning against child poverty which enables disadvantaged children access to our high quality Early Years Education and Care. Social sustainability is inbuilt into our operations and practice. Environmental sustainability reflects our efforts to move towards net zero and reduce our carbon footprint. All 3 pillars are key to our efforts to help build a community help build a community of sustainability-informed children, staff and parents.

Green LEYF is an organisational commitment to educating our nurseries and our communities to be as green-minded as possible. Our goal is to reach net zero by 2030, and with our ongoing initiatives and progression in our carbon footprint measurement and reduction, we are well on our way.

We have continued to bring Early Years Sustainability into the wider agenda with the launch of our **Sustainability Strategy** in February 2023. We also won awards including the Nursery World 'Eco-friendly' award and the Planet Mark 'Employee Engagement' award.

The journey so far and where we are going

Monitoring our environmental footprint
The embedding of ISO 14001, an international standard for designing and implementing an environmental management system, has meant the organisation has a clear goal. This has allowed us to develop streamlined procurement processes and support our sustainable partners in their own green journey.

Measuring our carbon footprint
We have received a second certification for measuring our carbon footprint through Planet Mark, which allows us to continue to work towards the reduction of our organisational carbon footprint. Even in the early stages of our green journey we have made reductions.

We are also gathering higher quality data from all our nurseries and providers – improving the information we submit. As we begin the cycle for our third certification, we look to also measure our social sustainability with support from our eco-champions based in each nursery.

Building sector expertise
Our innovative 'Developing Sustainability in the Early Years' Level 4 qualification is endorsed by CACHE/NCFE. This qualification aims to introduce principles of sustainability through Early Years pedagogy, process and practice. We have completed six cohorts – each represents opportunities to measure and evaluate our impact and amplify sustainable practice across LEYF and the wider sector.

Green LEYF
We have started our Sustainability Garden project at our New Cross Nursery and Pre-School. This has inspired 'mini-projects' at four other nurseries led by our eco-champions, including seasonal growing allotments and promoting biodiversity all of which ignited the children's interests.

We are working with our sustainable partners to expand our community of practice. We have woven sustainability into our pedagogy and practice both indoors and outdoors and kick-started research projects on air quality and propagation. We have also initiated social sustainability projects within the wider community.

Section 1: Social Purpose

Quality: Health, food and nutrition

Nutrition and health are a priority at LEYF. We adopt a holistic approach to food education by teaching children and adults about healthy food and supporting parents with food-based home learning activities.

LEYF Chef Academy

LEYF's Early Years Chef Academy trains chefs working in Early Years to be experts in child nutrition and food education, and drives a whole setting approach to food, which encourages children, staff and parents to develop healthier eating habits.

Following the internal success of the LEYF Early Years Chef Academy, the only chef-specific qualification of its kind, we opened this CACHE-endorsed Level 3 award to external candidates. To date we have successfully trained 24 Chefs across the UK, from London to Scotland. We are particularly targeting nurseries that offer fully funded places to children.

The mid-point evaluation of the Chef Academy was published in January 2023 and highlighted the value of an Early Years-specific chef qualification.

Key findings:

- Chefs found the training useful and worthwhile
- Chefs reported improved understanding of child nutrition
- Chefs reported improved confidence in encouraging healthy choices
- Chefs were interacting more with children, other staff and parents about healthy eating
- Expected improvements to children's diets have started to materialise.

Research into food and nutrition in Early Years settings with EYA

In October 2022, together with the Early Years Alliance (EYA), LEYF conducted quantitative and qualitative research into food and nutrition at over 500 Early Years settings. The research showed that settings were being negatively impacted by rising food prices which affected their ability to serve healthy food to children despite doing their best to cope. There is only so much they can do without passing on increases to parents – which will further lock out the most disadvantaged.

Supporting families

The cost-of-living crisis has hit families across London hard, affecting families in areas of deprivation the most. LEYF runs seven foodbanks and community pantries across our nurseries to support families in need. LEYF has formed an exciting partnership with City Harvest, a not-for-profit organisation delivering food to support our foodbanks that would otherwise end up in landfill.

"I think the Chef Academy a brilliant idea because healthy eating is very important especially for children at an early age. If children start with a concept of healthy eating at such a young age, maybe it will become a habit when they are older."

Parent from a participating nursery

I have learned how to work with the children and how to get them participating, how to involve them."

Chef

Staff listened to the chef more and asked for more advice, mutual respect levels have increased."

Manager from a participating nursery

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 nursery affordable for our parents – and our staff.

Increasingly, we are seeing families struggling to cope with the ever-increasing cost of living. We have established foodbanks at seven of our nurseries – supporting around 270 parents. 85% of the families using our foodbanks have children in receipt of the 2-year-old offer. Three of these (Stockwell Gardens, Eastbury and Wandsworth Bridge) are supplied by our partner, City Harvest, which delivers surplus food directly to our nurseries. This sustainable approach is in line with our Sustainability Strategy. We have built similar partnerships with other organisations such as Bloody Good Period for period products for parents and staff who need them.

In addition, we have looked at practical support including:

- Parents can opt for shorter days and save 20% on fees where this suits their needs.
- We offer a 10% sibling discount on the oldest child's fees. This is applied after factoring in funded hours.
- We are also on hand to advise parents who are studying or receive Universal Credit about how best to access additional fee support.

Nursery discounts for staff

We reviewed our package of staff benefits as we want to reward our teams for their loyalty. Permanent staff who work at one of our nurseries or at our central office can take advantage of our offer of a 70% discount on nursery fees if they place their child at 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.

Employee Giving initiative

We know that some of our staff are involved in community projects or are quietly taking on personal fundraising initiatives outside of work. This year we launched a new initiative to support LEYF staff to make a difference by awarding £200 for projects that matter to them, e.g. running a marathon or volunteering at a soup kitchen. Members of staff at our Katharine Bruce Nursery have been delivering hot meals to local people experiencing homelessness on the weekends. This initiative has helped them to continue doing this with LEYF's full backing.

> **We have established foodbanks at seven of our nurseries – supporting around 270 parents.**

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.

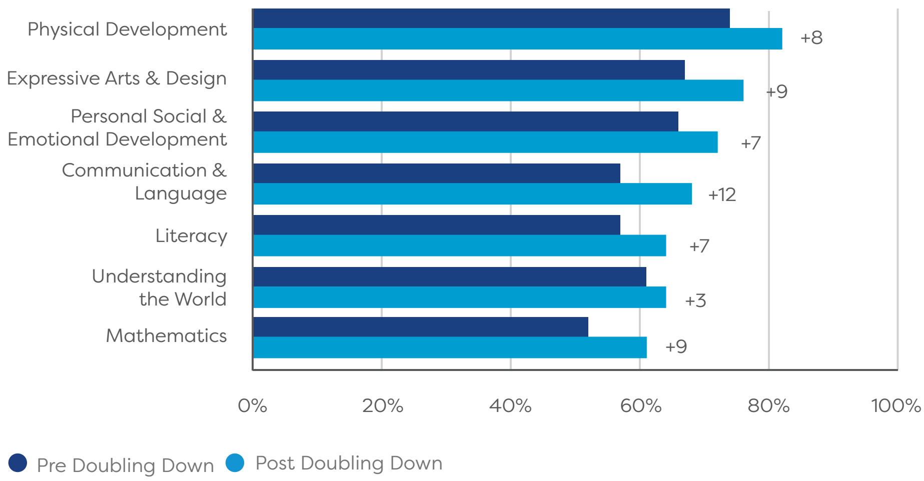
LEYF set up the Doubling Down programme in October 2020, as a response to seeing the most vulnerable children arriving at nursery hungry, anxious and developmentally delayed due to the impact of lockdowns and living in poverty. The scheme gave children most in need up to 15 additional hours at nursery.

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. It is essential that we continue to evaluate the effectiveness of the programme so the benefits of additional provision can be made clear to policymakers.

We have successfully extended the programme thanks to funding from The Westminster Foundation. The Duke of Westminster (left) visited our Katherine Bruce Nursery to hear how funding from his foundation will be spent.

LEYF also fundraises through various initiatives like The Childhood Trust's 'Champions for Children' matched funding campaign. These run alongside our campaigning year-round 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.

Percentage of children at expected level of development across Early Years foundation stage (EYFS) areas of Learning & Development



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.

The Childhood Trust
CHAMPIONS for CHILDREN
Supporting vulnerable children affected by coronavirus

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 aims and to identify areas for increased focus at LEYF or within specific nurseries.

Measure	Description	FY19/20	FY20/21	FY21/22	FY22/23
ACCESSIBILITY					
Number of Children	Unique children that attended a LEYF nursery	4,191	3,903	4,208	4,139
Number of Funded Only Children	Unique children entirely funded through Local Authority grants	1,253	1,249	1,464	1,267
Funded Children FTE	Full-time equivalent children funded through Local Authority grants	352	347	451	617
Funded Hours	Hours attended funded through Local Authority grant income	856,139	831,712	1,140,414	1,087,903
Funded Hours – grant only		369,133	392,751	512,126	423,773
Funded hours - 2YOO or EYPP		487,006	438,961	628,289	664,129
Children with SEND	Children with special educational needs and disability (SEND)	341	405	478	375
Children with SEND (%)	% of children with special educational needs and disability (SEND)	8%	10%	11%	9%
Children Living in Deprivation (%)	Estimated % of children living in deprivation based on IDACI*	28%	29%	29%	22%
Ethnic Diversity of Children	% of children not identified as white	46%	47%	50%	51%
Multi-Generational Approach Score (out of 5)	LPDS score related to community connections and cohesion	2.52	2.48	2.42	2.77
Number of Apprenticeships	Number of apprenticeships that completed their training	37	63	52	25
Male Staff (%)	% of staff identified as male	6.5%	7.3%	7.3%	6.6%
Ethnic Diversity of Staff	% of staff Identified as white	55%	55%	56%	58%
QUALITY					
'Good' or 'Outstanding' nurseries (%)	% rated nurseries with 'Good' or 'Outstanding' Ofsted report	100%	97%	100%	100%
'Outstanding' Nurseries (%)	% rated LEYF nurseries with 'Outstanding' Ofsted report	60%	56%	52%	47%
Duration (months)	Average number of months attended by leavers	17.5	19.2	17.3	18.4
Duration (% above target)	% of leavers that attended nursery for over 80 weeks	39%	46%	41%	41%
Dosage (hours)	Average hours per week attended	32.3	32.4	32.5	33.4
Dosage (% above target)	% of children attending nursery for over 30 hours per week	63%	62%	61%	64%
LPDS Score (out of 5)	Average LEYF Pedagogy Development Scale (LPDS)	2.66	2.87	2.784	2.731
LPDS Improvement (%)	% improvement in LPDS vs. previous year		0.21	-0.086	-0.053
Staff with EY Qualifications	Number of LEYF staff with Level 3 or 4 EY Qualifications	436	436	541	541
Staff with EY Degrees	Number of LEYF staff with Level 5 or 6 EY Degrees	164	159	133	96
EY Expertise Qualifications	Number of expertise EY Qualifications completed by staff	10	78	70	52
Safeguarding Incidents	Number of reported safeguarding incidents	12	8	13	14
Health & Safety Incidents	Number of reported health & safety incidents	5	6	9	16
AFFORDABILITY					
Funded Children (% FTEs)	% of full-time equivalent children funded by Local Authority grants	24%	25%	29%	30%
Funded Hours (% hours)	% of hours funded through Local Authority grant income	22%	23%	33%	30%
Mixed Model Nurseries	Nurseries with > 10% and < 90% funded children FTEs	7	10	13	9

* Income Deprivation Affecting Children Index

Section 2: Operations

Adapting our approach in a changing world

As we entered the new financial year, demand for places was largely returning to pre-COVID levels, but parents were looking to use sessions in nurseries more flexibly. Allied to this it was becoming clear that staffing challenges had become endemic.

As the new culture of hybrid working became firmly embedded, these changes showed most in some of our central London settings in Westminster and Lambeth, where population changes caused by Brexit and the pandemic were further compounded by fewer working parents travelling into offices for full week working. Nurseries in more dormitory boroughs on the outskirts, and particularly towards the East, where more housing development is now concentrated, conversely benefited from these changes of population and working patterns.

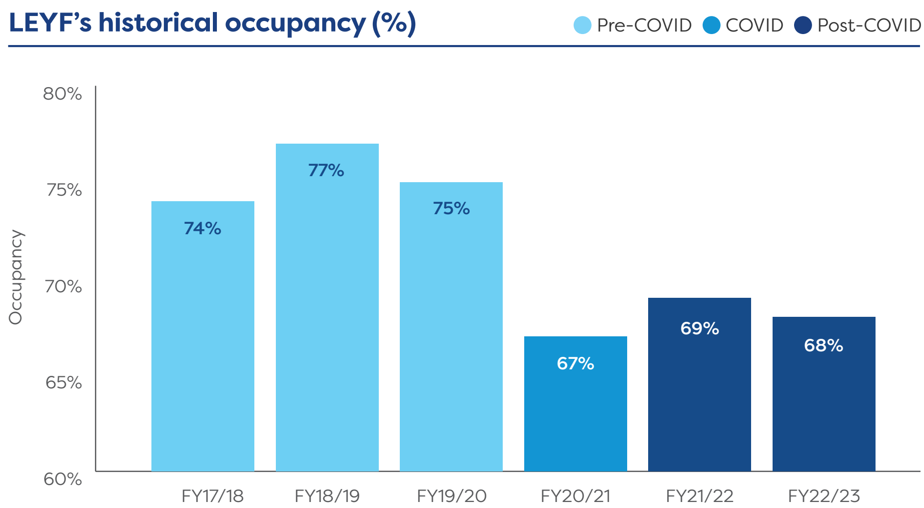
While the total average occupancy of our nurseries across the year increased in real terms by 94 Full Time Equivalent children (FTEs) compared with the previous financial year (1,628 vs 1,534), the average percentage occupancy actually fell as the capacity across our nursery estate had risen from 2,213 children capacity to 2,378 children, with the acquisition of Hither Green Nursery and Pre-School. The fall from 69% average occupancy to 68% occupancy is therefore explained by a combination of parental location, workplace changes, immature acquisitions and staffing challenges.

While occupancy was challenging, the necessity for fee increases to combat growing cost pressures from general inflation and wage increases, saw fee income rise by 5.7% across the year. While this increase was not sufficient to achieve budgeted sales targets, the focus on tight cost controls, particularly in the critical area of staffing costs, did mitigate shortfalls, and meant that at full year the overall operating margin, while lower than the budgeted 21.6%, was maintained at almost 21%.

> **The necessity for fee increases to combat growing cost pressures from general inflation saw fee income rise by 5.7% across the year.**

Our annual Parents' Survey has historically taken place six months after the annual fee review; however, with the fee review moving back to April 2023 from the post-pandemic September review, the survey will now take place in October 2023. It is important to note that parental satisfaction will remain a critical measure of our success and it is important to us that we maintain the highest levels of parental satisfaction through balancing high quality, flexible Early Years education with value for money.

LEYF's historical occupancy (%)



Section 2: Operations

Delivering on our strategy

While the changes and pressures of changing patterns in demand and ongoing staffing challenges have undoubtedly led to a deceleration of growth plans in 2022/23, LEYF is still committed to growing in the coming years at a sensible pace.

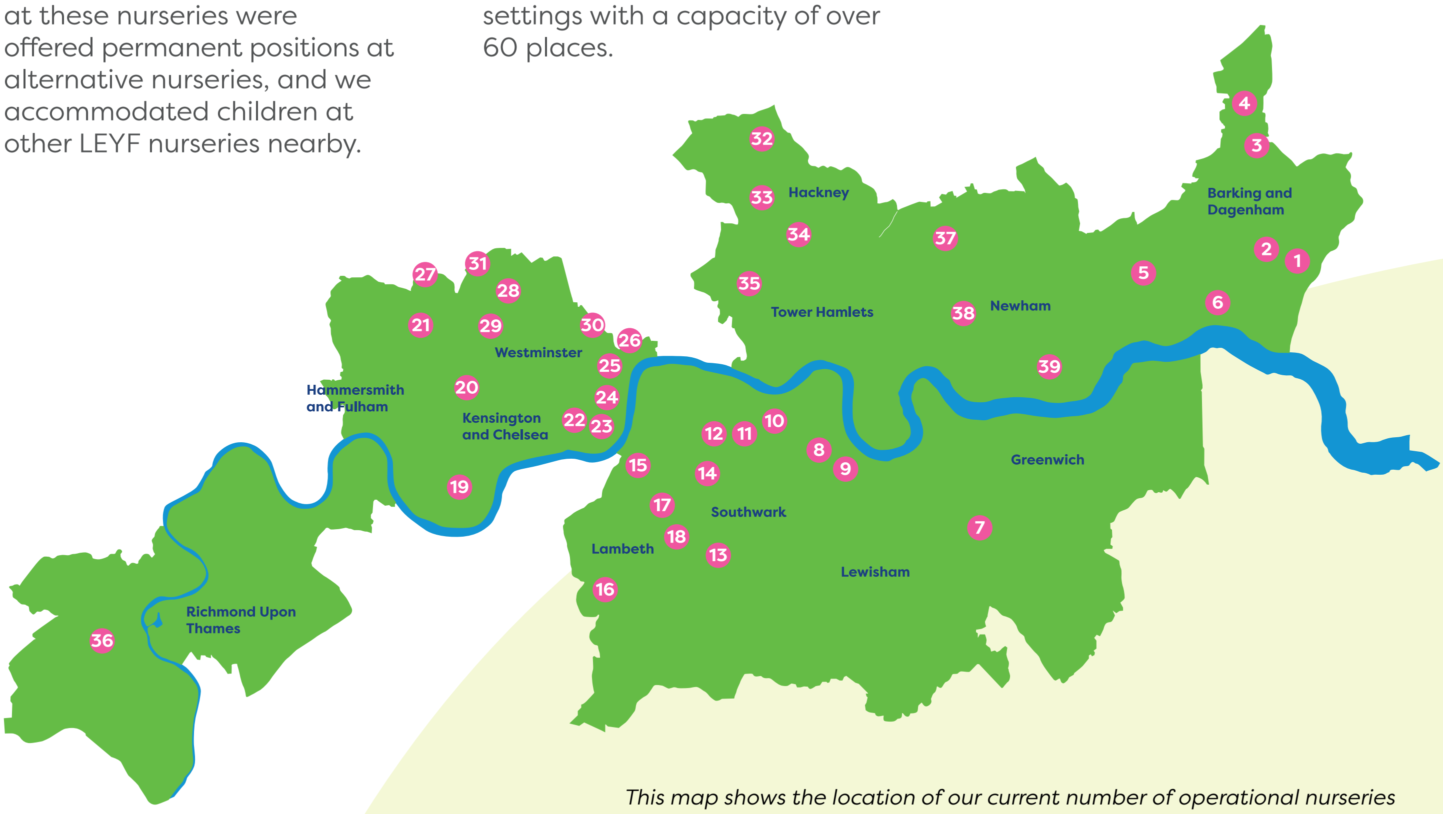
LEYF is particularly looking to expand in mixed and high deprivation locations, while balancing the need to generate surplus in more affluent areas to support this critically important service through our cross-subsidy social impact model.

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 two of our nurseries – Abbot's Manor in Westminster and Henry Fawcett in Lambeth on 31 March 2023. This was necessary due to their financial performance, low future pipeline opportunities and increased operating costs. All the staff at these nurseries were offered permanent positions at alternative nurseries, and we accommodated children at other LEYF nurseries nearby.

Our drive to acquire new settings continues. LEYF acquired an independent nursery in Lewisham in November 2022 (Lysth Nursery, subsequently renamed as Hither Green Nursery and Pre-School), and completed our first new-build setting for a number of years in the Borough of Greenwich at Thames Reach, which opened early May 2023. Plans continue for further acquisitions, as guided by the changing demographics in London, including two potential relocations of existing nurseries to further strengthen our portfolio going forward.

As we ended the year, the average nursery size continued to grow, from 57 places in 2021/22 to 59 places in 2022/23, in line with our plan to open new settings with a capacity of over 60 places.

> **"During the year, we worked on optimising our existing portfolio of nurseries, to ensure we were delivering the best possible experiences for our children.**



This map shows the location of our current number of operational nurseries

Section 2: Operations

Safeguarding our children

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

Safeguarding is a standing agenda item at all Board of Trustees meetings and is further scrutinised by our Social Impact Committee, which is chaired by LEYF Trustee Som Holliday.

Employees access a variety of safeguarding and safety awareness training courses via our online platform, through face-to-face and virtual courses facilitated by LEYF Training Academy, and through local authority Early Years services.

We completed our Annual Safeguarding and Health and Safety review of all aspects of safeguarding including Child Protection and Health and Safety monitoring for 2022. LEYF's organisational policies and procedures are reviewed regularly to ensure these are robust and encompass all our statutory responsibilities. These were presented to Trustees via our Social Impact Committee.

All Health and Safety and safeguarding issues are logged centrally to ensure compliance with mandatory reporting regulations. We conduct a critical review of all child protection and safeguarding incidents and use the learning to increase knowledge and improve practice through the LEYF safeguarding training programme.

Health and Safety

The easing of COVID-19 infection rates and restrictions during 2022 greatly supported the return to pre-COVID working arrangements.

A continuation of effective health and hygiene practices across our nurseries ensured children, families and staff remained protected and COVID-19 related illnesses remained at a very low level.

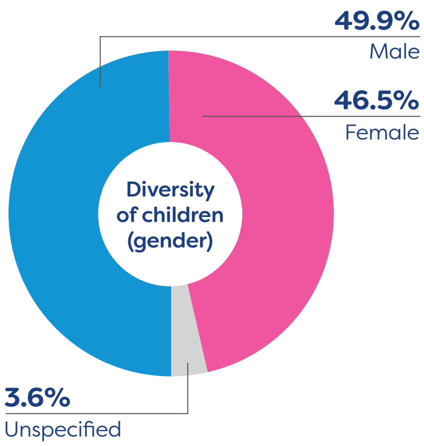
The Children's Services Team, Facilities Manager and Audit & Compliance Manager work together to support Nursery Management teams in the undertaking of and adhering to H&S related tasks and processes.

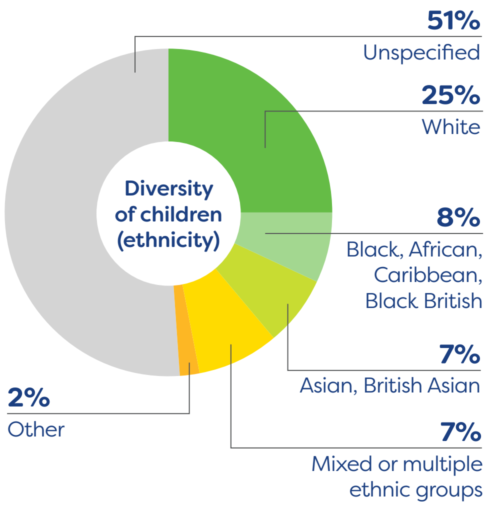
Section 2: Operations

Supporting all our children

Over the year, we supported over 4,000 children. Every one of our 40 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 (FY22/23)





SEND at LEYF

LEYF's Special Educational Needs and Disability (SEND) Strategy is shaped by our ambition of changing the world, one child at a time – setting out how we include SEND as part of our social impact. We can only achieve our ambition if there is a clearly communicated and shared understanding of the SEND Strategy underpinned by the principles of early identification of need, early intervention, personalisation and inclusion.

Guided by the SEND Code of Practice, our Strategy focuses on inclusive practice and removing barriers to learning, as well as referencing the Children and Families Act 2014 and the Equality Act 2010. It aims to support teachers, children and families across LEYF.

In total, 375 children with SEND attended LEYF nurseries in 2023 (27 with EHCP), which equated to 9% of all children attending a LEYF setting. The predominant area of need among children with SEND were those in the category of communication and interaction, with 73% of children having this recorded as their primary need. This data is aligned with national evidence.

In line with statutory requirements, there are SENDCos in every LEYF nursery and we are committed to supporting children with SEND to thrive.

9%

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

Case study

Since COVID-19 we have seen a steady increase in the numbers of children with SEND and developmental delays, which has led to a sharp increase in requests for additional support from nurseries by parents. We have expanded our team to deal with such requests – which include everything from funding or needs assessment applications, liaising with parents and external agencies, to working with teachers to implement appropriate intervention strategies. Our new experienced SEND Advisor was recruited internally – having previously managed nurseries with high numbers of children with SEND. The SEND Advisor works closely with our Teachers and SEND Co-ordinators (SENDCos) to identify learning delays and appropriate strategies. The SEND Advisor also coaches and role models to help staff become confident in using these themselves.

Section 2: Operations

Supporting our parents and carers

Parents are crucial to our work, and we aim to deepen our support for parents by building on our strategic and sustainable community partnerships. We have been bringing these to life with a range of activities which have a meaningful and far-reaching impact on the community and serve as a model of national best practice.

Learning happens everywhere including in the home. This is why we have our Home Learning approach which gives parents an active role in growing their child's communication, numeracy and progress towards 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 ParentZone 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.

Case study

LEYF welcomes children whose families are refugees from across the world, and in 2022 one such family was from Ukraine. Having fled the Russian invasion, the family needed help settling into a new life in London. Our Nursery Manager has strong links within the community, and proactively signposted the family to other services for support. This was also an opportunity to teach children about migrant and refugee families – pointing out that moving to a new country is different to going on holiday.

This is just one example of how we include parents in the work we do and emphasises why building good relationships across the nursery community is a key part of our ethos. We know just how important relationships with parents, carers and families are to children's well-being.

> **"I have been thoroughly impressed by the care my two children have received. Staff have brought kindness, fun and affection, as well as their broad professional experience, to their care of my sons, and we are so grateful."**
>
> Parent, Bessborough Nursery

> **"Honestly one of the best choices I've ever made to benefit my child's education. I'm more than happy with how he's developing."**
>
> Parent, Weir Link Nursery

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.

The past 12 months have been exceptionally difficult for the Early Years sector in terms of recruitment. Attracting and retaining staff in a very competitive market has become our number one priority. LEYF has long had an aspiration that all our staff earn at least the London Living Wage. We recognise that we are not there yet. However, our pay award review has resulted in bigger salary increases for our lowest paid staff.

We know staff have been affected by the high cost of living. We continue to review salaries to ensure that we are competitive and that our pay recognises the hard work and commitment of our staff.

In addition, we reviewed our staff benefits and introduced several new benefits including:

- Birthday Leave – All permanent staff (including Apprentices) are given an extra day's holiday to celebrate their birthday.
- Buying and Selling Annual Leave – We want all staff to take time off to rest and relax, but at the same time we recognise that some staff are happy to exchange some holiday for pay while others would rather purchase additional holiday.

As a supportive measure for all permanent staff, we were able to provide a one-off Cost of Living payment in November 2022 of £250 for staff who worked 30 hours or more per week and £150 for those who worked between 15 and 30 hours per week. Furthermore, in December 2022 we gave all staff a £50 gift voucher as a 'thank you' for their hard work over the year.

Section 2: Operations

Supporting and training our staff

Finding new ways to support our staff continues to be a focus at LEYF. We prioritise regular, open communications across the organisation and enable two-way conversations as much as possible. Staff well-being continues to be embedded in all areas of working life.

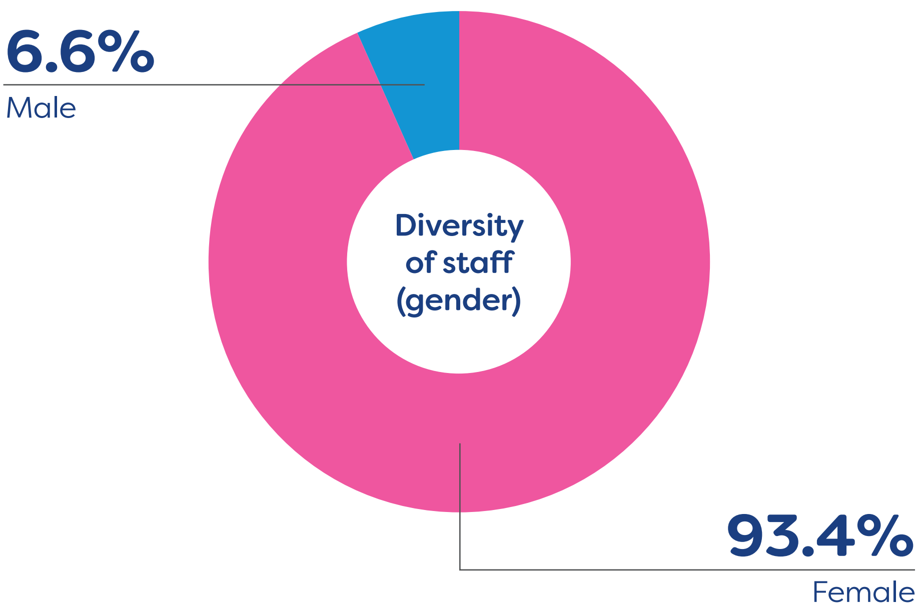
Our CEO June O'Sullivan's book, co-written with Lala Manners, Think, Feel, Do: A Wellbeing Handbook for Early Years Staff, has been a springboard for well-being initiatives within our nurseries – such as open-door policies and weekly mindfulness exercises. Managers based in our Central Office also look out for their teams' well-being even though staff mostly split their week between in-person and remote working. We also have a Wellbeing Working Group whose activities include sharing ideas, gathering feedback and disseminating good practice.

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 pathways 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.

Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
• Welcome induction	• Traineeships • Apprenticeships	• Apprentices • EYE qualifications • SEND Award	• Sustainability • Chef Award	• Foundation Degree	• Honours Degree

“We also have a Talent Enrichment programme to enable conversations between staff and their managers to plan their development and continue on their career path. These ongoing conversations are designed to ensure that staff feel supported and stay and grow with LEYF.

Reported gender diversity of staff across LEYF nurseries (FY22/23)



Apprentices

Our Apprentice Strategy highlights the need to build a pipeline of highly skilled and qualified staff in response to the current Early Years recruitment challenges. LEYF provides a comprehensive enrichment programme to complement formal training offered by apprenticeship providers. This consistently receives positive feedback from our apprentices. Alongside this, each apprentice has a workplace apprentice coach for support in synthesising classroom theory with teaching practice. This multifaceted approach has had a positive impact on our retention, which is 72% in comparison with the national average of 58.8%.

Our Apprentice Programme was also shortlisted for Large Employer of the Year in the Multicultural Apprenticeship Awards 2022 and nominated for the Apprenticeship Employer of the Year for the National Apprenticeship Awards 2022.

All apprentice training takes place at the LEYF Apprentice Academy attached to our Burgess Park Nursery, which has been enhanced through the addition of a resource library and a laptop lending scheme. This has supported apprentices to access virtual learning, carry out independent research and complete coursework where this may have been a barrier due to a lack of access to technology.

This year we have nine active cohorts of Early Years apprentices, amounting to a total of 53 apprentices. This includes our internal apprentice cohort, to support the career progression of LEYF staff who may not have previously had the opportunity to complete a qualification. We also have three central office apprentices: two are completing Level 4 internal auditor apprenticeships; with the third completing a Level 3 payroll administrator qualification. We have employed a part-time Apprenticeship Programme Officer plus a full-time Education Employment Advisor to enable us to scale our apprentice programmes. This expansion will also enable us to begin offering apprenticeships to future Early Years chefs.

We fund our Apprentice Programme through our own LEYF levy pot as well as receiving Levy transfers from our partners at JPMorgan Chase, Permira and Pearsons, who have donated a total of £681,000.

"The apprenticeship allows us to apply what we learn at the Academy to our practice within our nurseries. Collectively, we share ideas to strengthen our teaching skills, ultimately benefitting the children. A day at work after learning something new results in a new journey for the children."

LEYF Apprentices (Eastbury, Barking Riverside and Gumboots)

LEYF Degree in Early Years

We continue to deliver our pioneering Foundation Degree for Early Years professionals accredited by the University of Wolverhampton.

The degree is entirely taught and assessed by our L&D Team. A fourth cohort of students embarked on this unique learning experience 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.

LEYF also teaches the Level 6 BA (Hons) Early Childhood Studies (top-up). LEYF staff with a Level 5 qualification in Early Years are able to undertake another 18 months of study to achieve a full honours degree. Since launching in 2021, due to the success of the LEYF degree and thanks to generous support from JPMorgan Chase, we are now hiring two full-time degree lecturers to ensure the LEYF degree remains sustainable as a clear pathway for career progression for all Level 3 qualified LEYF staff.

Section 2: Operations

Inclusion and diversity

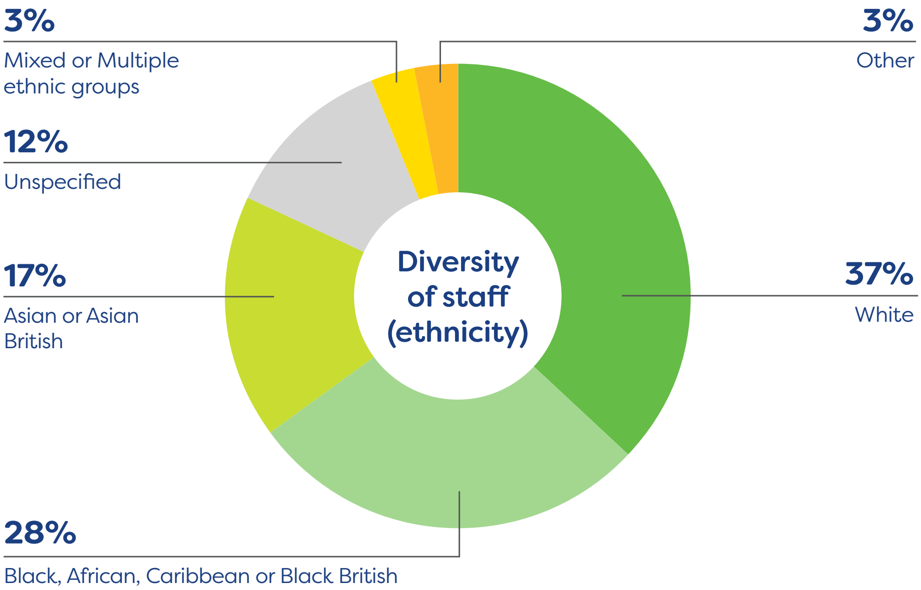
LEYF is an organisation which champions tolerance and understanding and wants to build an inclusive organisation so that no one is either advantaged or disadvantaged on account of their age, gender, identity, race, sexual orientation, physical or mental ability, ethnicity or beliefs.

We don't organise our nurseries around religious identities or promote religious worldviews. We welcome all staff, children and parents regardless of their religious or non-religious backgrounds. LEYF operates in the Early Years Education and Care sector, which is historically female-dominated and currently 97% of the sector remains female. Our total workforce is currently 7% male and 93% female.

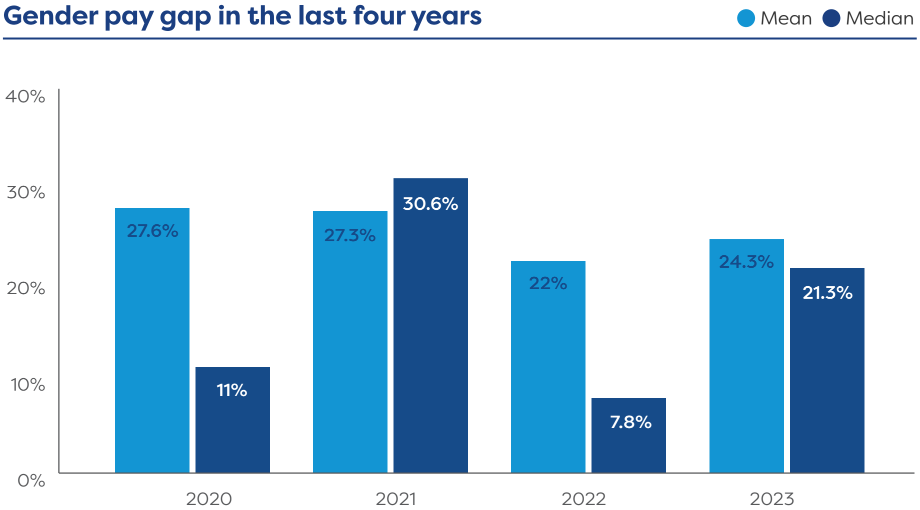
LEYF also works hard to promote career development for all employees and conducts regular pay reviews to ensure that our salaries are competitive. We take great pride in the diversity of our teams, which support and reflect the diversity of the communities we serve. We strive to foster belonging and empowerment at work and in our nurseries.

Our campaign to increase men in childcare continues, including us running our Men in Childcare Working Group which leads on our campaign but also offers peer support to our male colleagues. At LEYF, we believe that encouraging more men to join our sector and providing the support and development opportunities for all our staff to advance and grow in their careers will result in a more equal distribution of men and women across all levels of the organisation.

Reported ethnic diversity of staff across LEYF nurseries (FY22/23)



Gender pay gap in the last four years



Section 3: Finance

Summary financial performance

This has been a very challenging year for the Early Years sector. With the ongoing cost of living and staffing crisis, impacting negatively on occupancy levels, staffing and operational cost, LEYF stayed focussed on its long-term strategy.

Getting it right in this difficult economic climate whilst staying true to our ambition was priority. We invested in our children, staff and future growth, and implementing initiatives to explore flexible hours to drive occupancy as well as recruit and maintain the best quality staff. This helped to ensure that we reach as many children as possible and give them the best developmental and learning experience possible. As a result of this, LEYF reported a deficit of £0.4m as at 31 March 2023 (FY21/22: £0.2m surplus). Our investment in growth and people resulted in a reduction in our cash reserves and increase in long-term debt.

Key financial indicators:

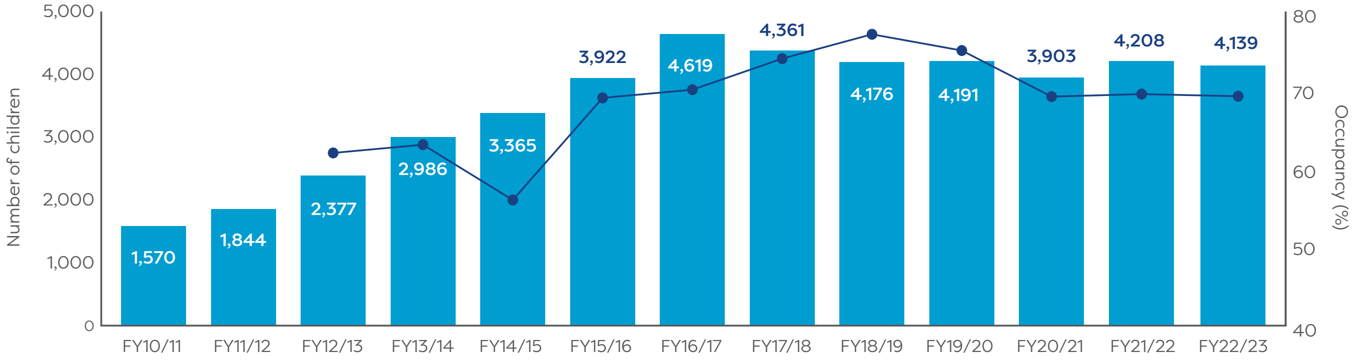
	FY22/23	FY21/22
Total income	£29.0m	£27.1m
Operating (deficit)/surplus before adjusting items:	£(0.4)m	£0.2m
Adjusted EBITDA*	£0.6m	£0.9m
Capital re-invested in growth	£1.8m	£0.7m
Cash	£3.8m	£5.1m
Gross Debt	£4.6m	£2.7m

*Adjusted EBITDA is calculated as a total operating (deficit)/surplus with adjusting items of interest, depreciation and amortisation added back.

Section 3: Finance

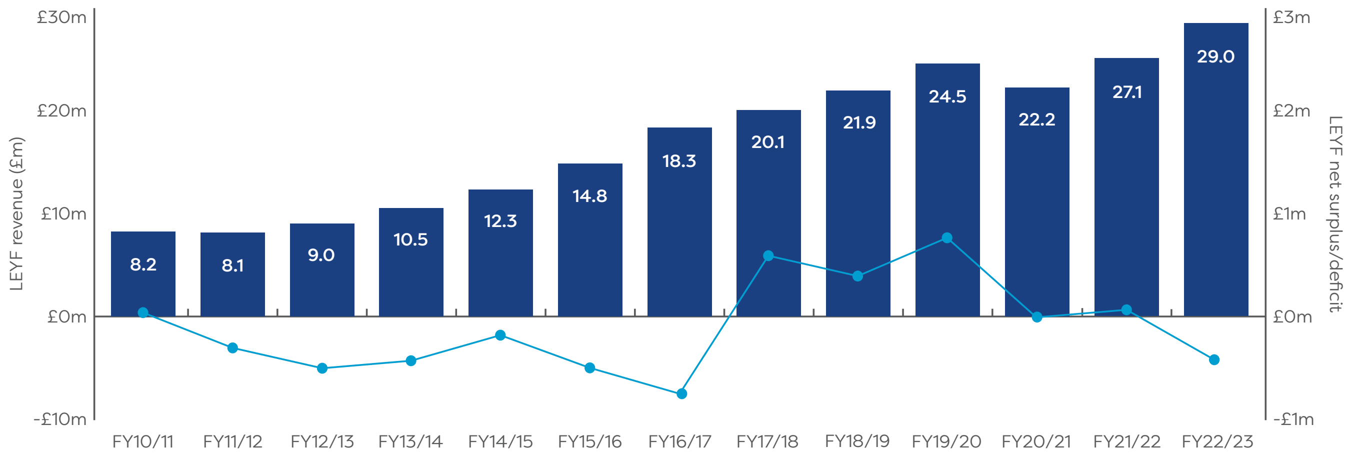
Historical performance

LEYF's historical operational performance



FY10/ 11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23
Number of nurseries												
21	23	24	26	34	38	38	37	37	39	39	39	40
Average number of places per nursery												
39	42	42	44	47	50	51	51	50	51	53	57	59

LEYF's historical financial performance



LEYF's historical social impact performance

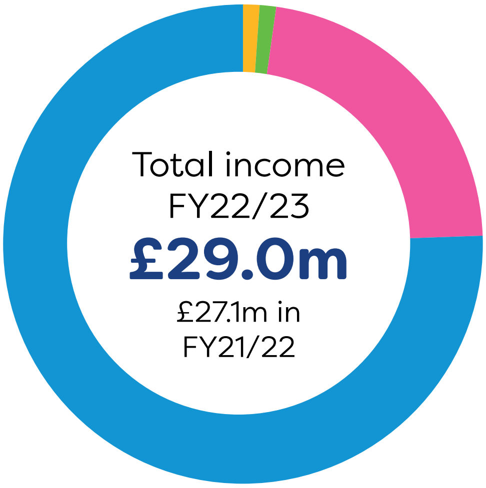
	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23
Dosage (average hours per week attended)	24.8	24.5	26.1	28	30.7	32.2	32.3	32.5	33.4
Duration (average number of months attended by leavers)	12.3	14.4	14	14.6	16.8	16.8	18.5	17.3	18.4
Quality (% Ofsted 'Outstanding')	20%	35%	61%	59%	60%	60%	56%	52%	47%

Section 3: Finance

Income

Childcare income
£22.0m
£20.0m in FY21/22

Parental fees are our largest income stream and make up 76% of our total income, delivering income of £22.0m, this is an increase of 9.7% from the prior year. With the average number of children attending slightly lower than the previous year, the increase was largely driven by the increase in parental fees implemented at the start for the new school year in September 2022.



Local Authority grant income
£6.4m
£6.2m in FY21/22

This comprises grant funding from local authorities across 12 boroughs and Government workplace nurseries. Grant income increased by 3% from £6.2m to £6.4m.

Donations
£0.5m
£0.6m in FY21/22

Donations decreased by 22%. This is due to a decrease in donations received in the form of Gifts in Kind which reduced from £0.4m to £0.2m. This was offset by funds received to provide additional hours for vulnerable children, summer club and food hampers.

Other income
£0.2m
£0.2m in FY21/22

Other income consisted of various smaller income related items including incentives relating to LEYF's Apprenticeship Programme, royalties and rebates received. The total amount of other income remained consistent year on year.

Section 3: Finance

Expenditure

Staff cost
£19.8m
£19.1m in FY21/22

Staff cost increased by 3.6% to £19.8m. The overall increase is consistent with the average annual increase received by all permanent members of staff as well as the increase in the FTE number of staff from 576 to 603 staff members.

Property
£3.0m
£2.9m in FY21/22

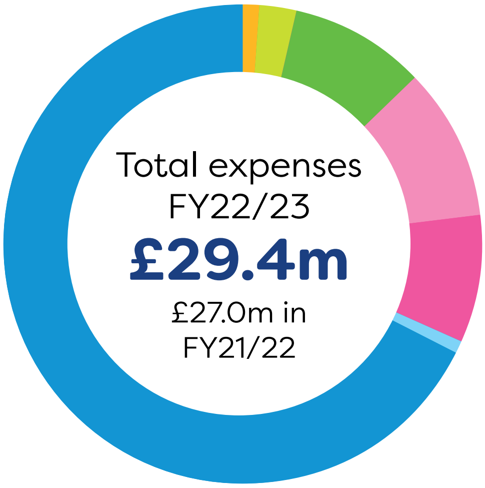
Costs associated with the properties the nurseries operate from increased by 7% on a like for like basis. The increase was due to an increase in inflation, business rates, funds spent on ensuring our buildings are in good condition. The year on year increase was 2%, the difference being due to backrent adjustments.

Consumables, activities and interest paid
£2.7m
£2.4m in FY21/22

The key drivers of the 14.8% increase were marketing and advertising costs, with the aim to drive occupancy levels and recruitment, as well as software subscriptions. LEYF focused on upgrading and investing in its systems to drive efficiencies and support its future growth plans. Interest paid on funding from lenders increased significantly due to the increase of interest rates linked to the Bank of England base rate and new loans provided during the year.

Agency and recruitment
£2.5m
£1.1m in FY21/22

The staffing crisis across the sector has continued to have a significant impact on LEYF. There were no other options than to use more expensive agency and bank staff for cover in order to uphold the best quality care and education for the children. As a result, agency cost increased by 150% from £1m to £2.3m, and recruitment cost increased by 23% to £0.2m.



Depreciation, amortisation & loss on disposal
£0.7m
£0.6m in FY21/22

The increase of 20.7% is due to the continued investment in and refurbishment of our properties, including the goodwill arising from the acquisition of Hither Green Nursery.

Audit and professional fees
£0.4m
£0.7m in FY21/22

The decrease in professional fees of £0.3m is due to the decrease in the value of Gifts in Kind relating to consultancy fees as well as a general decrease in legal fees paid for lease and other negotiations.

Learning and development
£0.3m
£0.2m in FY21/22

In order to provide the best care, education and experience for children, LEYF continued to invest in training opportunities for staff and widening the pool of resources to ensure they are well equipped and up to date with the latest childcare guidance and development needs. This is reflected in the increased spend on training cost of 37.8% compared to the prior year.

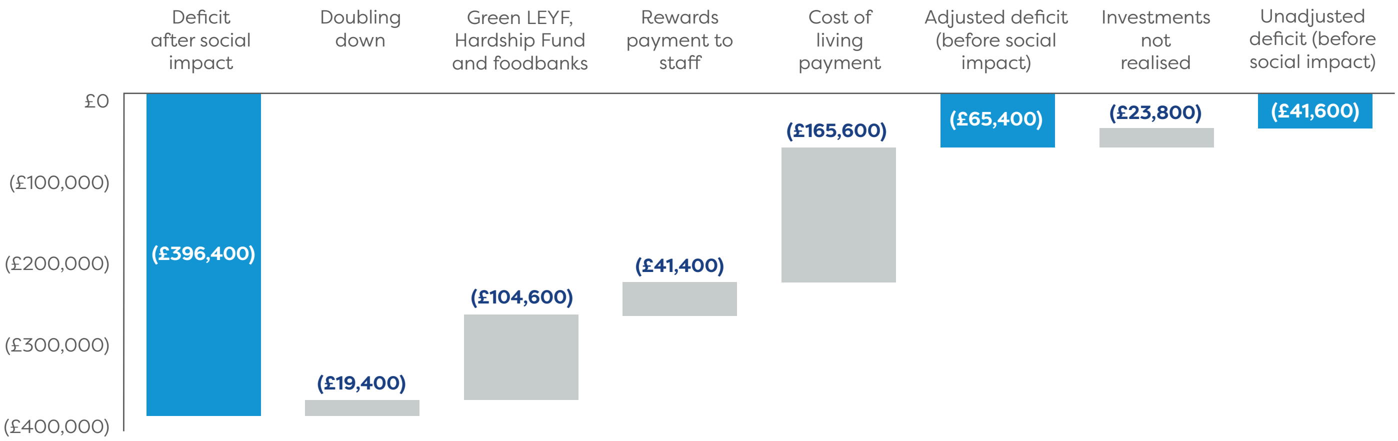
Section 3: Finance

Financial implications of reinvesting in our social impact and long-term strategy

Results of reinvestment in our social impact

As a charitable social enterprise, we continually make decisions to enhance our social impact. This has implications for our year-end financial position. In the FY22/23, these decisions had an impact of £0.3m, and resulted in a £0.1m deficit vs. the £0.4m reported.

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



Section 3: Finance

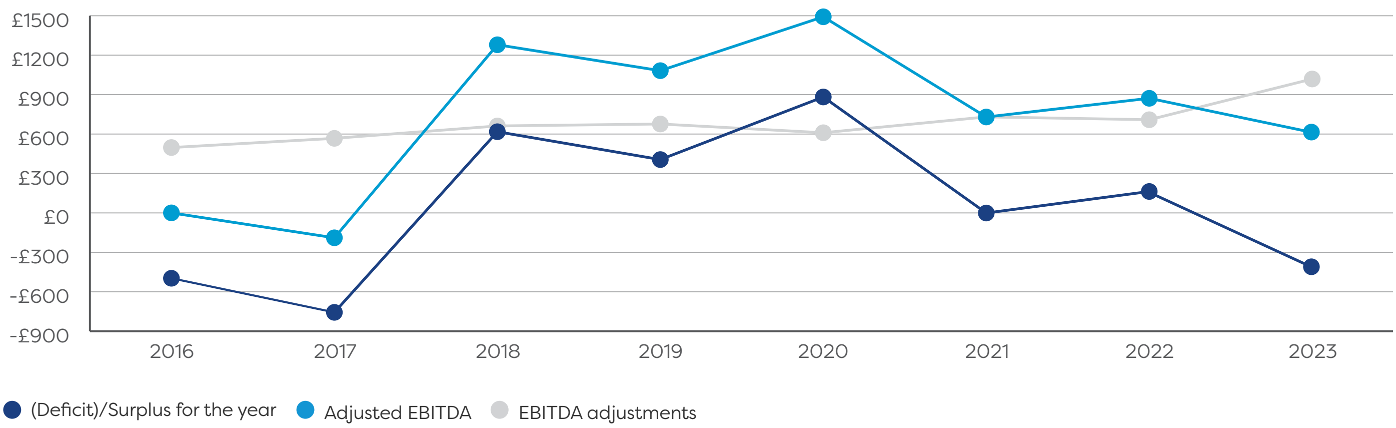
Impact of reinvesting in our growth strategy

Adjusting our earnings to incorporate the impact on Interest, depreciation, amortisation and exceptional items relating to growth.

With our social purpose at the centre of everything we do, LEYF has continued to build on its long-term strategy, continuing to invest and improve the premises we operate to give the children the best educational experience they deserve. We have invested in improving our systems and carefully managed funding options to support our future growth plans. LEYF has adjusted its deficit reported at year-end of **£0.4m** (FY21/22 – £0.2 surplus) to incorporate the impact of these items. The total impact on the deficit for the year was **£1.0m** (FY21/22 – **£0.7m**) and, as expected with the aim of achieving our strategy, has increasingly grown over several years. This resulted in an Adjusted EBITDA surplus of **£0.6m** (FY21/22 – **£0.9m**).

> LEYF has continued to build on its long-term strategy, continuing in investing and improving the premises we operate from to give the children the safest and best educational experience they deserve.

Impact of adjusted EBITDA items on (Deficit)/Surplus (£000)



Section 4: Growth

Strategic ambition

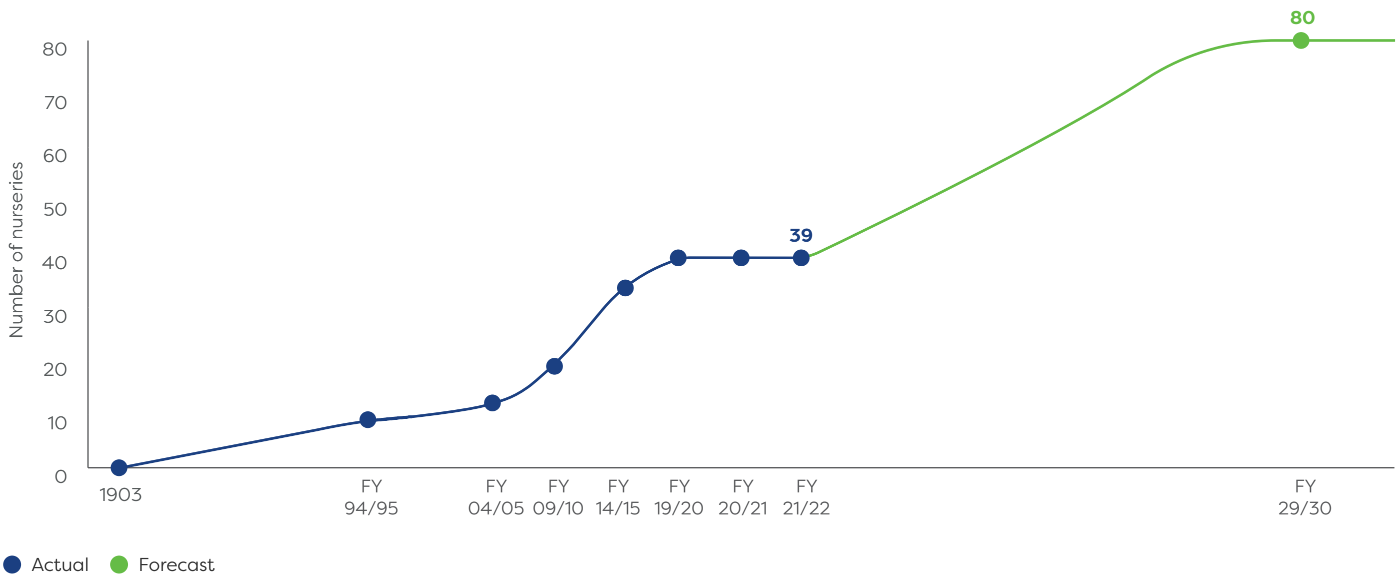
At LEYF, we are embarking on the next phase of our growth strategy. We want to transform children's lives and tackle the educational inequalities which prevent all children from having an equal opportunity to succeed.

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 the 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 an Early Years policy that is sustainable, scalable and systemic.

While there has been significant change in the sector over the past year – our ambition remains unchanged. However, we adapt our operational plans as required to navigate through uncertain times and maintain our sustainable social enterprise model.

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



Section 4: Growth

Financing to support our strategy

Delivering our strategic ambition will require ~£15-20m financing over the next ~5-7 years, depending on the pace at which we progress along the journey, and the type of opportunities that arise.

For us, the most important criteria when considering our financing options (beyond the obvious low rates and preferential terms) is flexibility. This is especially important since attractive opportunities move quickly in the nursery sector (where we're up against 85% of operators that are 'for-profit'). There is therefore a fine balance between having enough firepower to put forward a competitive offer for an opportunity, but not too much that we are unnecessarily paying interest and fees on the debt.

During this financial year, we made significant progress towards our financing goal and have secured investment required for the first five new nurseries to expand our 'breadth'.

We began the year by securing a £1.5m charity bond through Triodos Bank's crowdfunding platform, which was our single largest investment raised to date, and included meaningful support from Joseph Rowntree Foundation. The preparation required to raise this financing then put us in a solid position to share our story more widely. We are extremely proud to be partnering with other like-minded organisations that share our social purpose: Stone Family Foundation, Trust for London, Esmée Fairbairn Foundation – all of which have offered us attractive terms and the ability to draw down financing when required.

While we have made progress, there is still more financing required to tackle the education inequalities that exist. And while social investment is a good alternative for us, as a registered charity we can also secure philanthropic donations to support our ambition, which have the added benefit of being 20% more impactful (since we then do not have to pay fees or interest on the debt). We are grateful to

Post code Innovation Trust and Player's of People's Postcode Lottery, who is supporting us with blended social finance as part grant and part loan. We have also been chosen as a portfolio charity for the Greater Share Education Fund, which will provide us with unrestricted grants in ~5+ years – making any donations in LEYF now highly leveraged.

We would like to thank all our partners who support us and are committed to continuing that support in years to come:

Triodos Bank

JRF JOSEPH ROWNTREE FOUNDATION

THE STONE FAMILY FOUNDATION

ef Esmée Fairbairn FOUNDATION

POSTCODE INNOVATION TRUST

GreaterShare

Section 4: Growth

Expand to more nurseries: Building a pipeline and integrating Hither Green

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 look to support nurseries in areas that would otherwise be forced to close because of the knock-on effects from the pandemic and increasing cost pressures.

LEYF's operational plan in the 2022/23 fiscal year was focused on consolidating the learning from previous growth phases and strengthening the foundations required for longer-term sustainable and scalable impact. We also built a strong pipeline of acquisition opportunities and secured the financing required for the next year or two of growth.

On 24th November 2022, we successfully acquired Hither Green Nursery (formerly Lysth Nursery). Hither Green accommodates 48 children up to the age of five and includes two baby rooms, a toddler room and a pre-school room, building on LEYF's cluster of nurseries in nearby boroughs. Since bringing the nursery into the LEYF family, we have invested in refurbishments and new resources for the children, while focusing on building a nurturing environment for the children, staff and families.

Throughout the year, we have also been preparing to open a brand-new purpose-built nursery at The Reach in West Thamesmead – bringing jobs and high quality Early Years Education and Care to the local community. This is our second nursery in the borough of Greenwich, and accommodates 74 children from birth to five years, offering both funded and fee-paying places. Opened on 9th May 2023, the custom-built nursery is in line with LEYF's core design and sustainability principles and includes light, airy rooms – all of which benefit from floor to ceiling windows on one side. The nursery garden presents many opportunities for outdoor learning and the purpose-built kitchen will provide healthy and nutritious meals and snacks every day.

> "We will look to support nurseries in areas that would otherwise be forced to close because of the knock-on effects from the pandemic and increasing cost pressures."

Section 4: Growth

Innovate and embed: Strengthening partnerships

At LEYF, we believe that through partnerships with like-minded organisations we can enhance our social impact and expand the range of benefits for our children, families and staff.

A number of these partners support us through generous donations:

JPMorgan Chase & Co.

Westminster Foundation

The Childhood Trust – Alleviating the impact of child poverty

Social Business Trust

Impact on Urban Health

Postcode Innovation Trust

JPMorgan Chase

JPMorgan Chase is committed to advancing a more inclusive economy, bringing its resources, from business to philanthropy, to create pathways to opportunity.

Since April 2022, JPMorgan Chase Foundation has been supporting our 'Progression Programme for Early Years Educators' which enables us to scale the number of people LEYF upskills, trains and promotes as promising LEYF teachers and Early Years educators. Our partnership has supported us to expand our award-winning Learning and Development Team to build internal capacity to train more LEYF Early Years teachers to complete a University Degree (Level 5 Foundation or Level 6 Honours). This provides increased opportunities for career progression amongst our staff, and often increases their average wages.

Isha is a Level 6 student undertaking our pioneering LEYF Early Years degree. Brimming with passion, she talks about the benefits the degree has had for her practice while working at Gumboots Nursery in East Dulwich:

"It was in 2021 when I asked myself 'Where do I want to be in three years' time?' That's when I decided to do the LEYF degree. I had full support from my manager who was my referee for the application. Since then, I have never looked back!

"I have been able to share my learning from the course with the rest of the Nursery Team. The degree has been so valuable because it challenges many assumptions about Early Years. It's a brilliant reminder of how, every day, we are learning."

See new Degree video **here**.

"The degree has been so valuable because it challenges many assumptions about Early Years. It's a brilliant reminder of how, every day, we are learning."

Westminster Foundation

Westminster Foundation is an independent grant-making trust that is committed to inspiring children and young people (aged 0–25) in life's early stages, giving them the opportunity to thrive, build confidence and raise their aspirations. The Foundation believes that early intervention is critical to health, security and fulfilment.

Since October 2022, Westminster Foundation has been supporting LEYF's 'Doubling Down' programme which gives children locked out of the Government's 30 funded hours access to an extra 15 hours per week at nursery plus a nutritious hot meal daily. Over the next five years, the grant from the Foundation will support 100 children across the borough of Westminster.

The Childhood Trust

The Childhood Trust is London's child poverty charity, dedicated to alleviating the impact of poverty on children and young people living in the capital. The Trust runs a number of giving campaigns **'Champions for Children'**, **'Christmas Campaign'** and **'On The Breadline – Cost of Living Christmas Appeal'**. Over 2022/2023 we have been fortunate to benefit from The Childhood Trust's support across all three of these giving campaigns, and the funds received have been allocated to supporting more children through LEYF's Doubling Down programme providing families with a lifeline of 15 extra hours at nursery.

City Harvest

City Harvest's mission is to reduce industry food waste by redistributing quality, nutritious surplus food to those facing food poverty. City Harvest provides free food for 1.2 million meals a month to 375+ charities across London feeding people unable to afford food. Our two organisations came together with the goal of developing a unique way of utilising surplus food to reduce the costs of buying food from for-profit providers for our kitchens, tracking savings made and reinvesting back into supporting children from disadvantaged backgrounds to gain access to additional hours at nursery.

The partnership has delivered great outcomes for children, chefs and families, and reduced food waste. City Harvest food has been used to support healthy meals for children with over 146,000 meals and snacks provided during the first six months of the partnership. LEYF has now saved over £11,000 in food costs which is being reinvested back into support children through the Doubling Down programme.

We have also been able to benefit families we support through those LEYF nurseries with foodbanks, as the partnership enables us to provide fresh produce to struggling families.

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

Social Business Trust

Bain & Company

EY

Permira

Clifford Chance

Supplies and resources

bikeworks

Sals Shoes

HOPE is all you need

City Harvest London – Rescuing Food, People & Planet

Dental Wellness Trust

community playthings

Little Village

The Baby Bank

The Hygiene Bank

Bloody Good Period

Section 4: Growth

Amplify and advocate: Giving a voice to the undeserved

We campaign on a range of issues that 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 – "Is nursery the best place for a child?"

In December we held the LEYF Annual Margaret Horn Debate. This year the debate addressed the challenge of a hybrid market-led sector, which also requires Government funding to deliver a contract for universal 15- or 30-hour funded places.

The panel was chaired by journalist Meredith Jones Russell, who is a regular contributor to Nursery World. She was joined by Marc James, Quality Assurance and Registration Lead at Tiney; Dr Norma Raynes, Chief Executive at From Generation 2 Generation; Owen Thomas, Managing Director and Head of Programmes at Fathers (Future Men); June O'Sullivan, CEO at LEYF; and Sian Aiken, Parent.

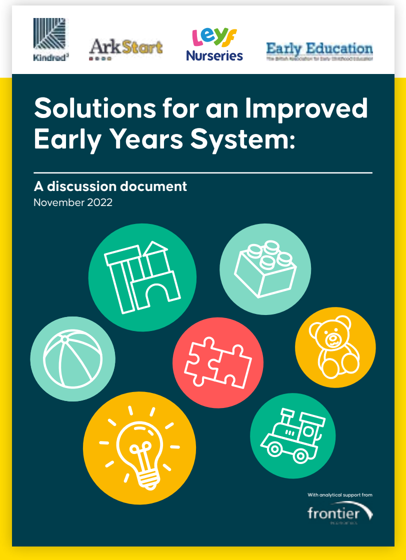
We debated the staffing crisis and the disregard from Government which continually fails to see the importance of our sector's contribution to the national infrastructure, both in terms of economic benefits to parents who work and the social and educational benefits to children.

This year, we joined the Early Education and Childcare coalition, initially hosted by the UK Women's Budget Group to increase collaboration across the sector.

Case study

We supported the coalition of Early Years organisations to help articulate the current challenges in the Early Years sector and identify a series of practical and affordable potential solutions for more efficient and effective spending in England.

There is widespread acceptance that the current system is broken, and the coalition has produced four new economic options which improve the system for children, parents and providers. The analysis by Frontier Economics, one of the largest economic consultancies in Europe, is based on current Government spending but shows how radical rebalancing could better support working families and lead to better outcomes for children.



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Statement of accounts

LONDON EARLY YEARS FOUNDATION

Charity Reference and Administrative Details

For the year ended 31 March 2023

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 preserve 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	**Darwin Gray LLP** 9 Cathedral Road Cardiff CF11 9HA
Auditors	**Buzzacott LLP** 130 Wood Street London EC2V 6DL

LONDON EARLY YEARS FOUNDATION

Report of Trustees including the strategic report

For the year ended 31 March 2023

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2023. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' and (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 published in October 2019.

Board of Trustees

The Trustees currently serving, who are also directors of the company, under company law are as follows:

Michael Garstka
Chair of the Board
R

Richard Timmins Treasurer F	**Anthony Perkins** Trustee F	**Ravi Verma** Trustee F
Lauren Georgia Hart Trustee F	**Latif Noorali Sayani** Vice Chair F R	**Allan Lambert** Trustee S
Soumya Holliday Trustee S	**David Inness Rae** Trustee F	**Kirsty Ann Reed** Trustee S

F Finance Committee R Remuneration and Nominations Committee S Social Impact Committee

Mary Wynne Finch has acted as Nursery Ambassador for LEYF since November 2014
Susanna Castro-Kemp resigned on 11 April 2022
Kirsty Ann Reed was appointed on 15 September 2022
Mary Josephine Doogan and Helen Jenner resigned on 15 September 2022
Lauren Georgia Hart and Ravi Verma were appointed on 15 December 2022
Madeleine Blackburn resigned on 3 March 2023
Latif Noorali Sayani resigned on 29 June 2023

LONDON EARLY YEARS FOUNDATION

Report of Trustees including the strategic report

For the year ended 31 March 2023

Executive Management Team

Ms June O'Sullivan OBE
Chief Executive and Company Secretary

Mr Kevin Dyson
Director of Finance

Mr Michael Abbott
Director of Operations

Ms Melanie Wright
Director of People and Culture
(Appointed on 26 June 2023)

Ms Sally Clark
Head of Marketing and Communications

Ms Samantha Crème
Director of Strategy & Business Development
(Resigned on 19 May 2023)

Mr Lorenzo Chiozzi
Head of People and Performance
(Resigned on 8 November 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 detailed on pages 28 to 49 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 four 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 approves the strategy and 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 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 (RemNom) Committee 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 both Trustees and relevant officers of LEYF in their membership.

The FinCom oversees the preparation of the annual budget which is then recommended to the Board for approval. The work of the committee includes a 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 as a whole.

During the financial year, FinCom met six 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 considers these for future strategic decisions. Additionally, the committee ensures that LEYF and the Board of Trustees meet the safeguarding and H&S statutory requirements.

RemNom advises the Board of Trustees about governance issues including Board effectiveness, Trustee recruitment, executive-level compensation and employee rewards and succession planning. New Trustees are appointed by the full Board of Trustees. There is an open recruitment process and Trustees are sought based on their knowledge, skills and experience and how these will benefit the organisation.

LONDON EARLY YEARS FOUNDATION

Report of Trustees including the strategic report

For the year ended 31 March 2023

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 co-ordinated and a recommendation is made to the Board. If there is consensus, the potential Trustee is invited to shadow a Board meeting. Appointment is made after that, followed by an induction. During the FY22/23, Kirsty Anne Reed, Lauren Georgia Hart and Ravi Verma joined the Board of Trustees. Susanna Castro-Kemp, Mary Josephine Doogan, Helen Jenner and Madeleine Blackburn resigned. Post-year-end, Latif Noorali Sayani resigned.

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 2023 was 10 (2022: 10). The Trustees have no beneficial interest in LEYF.

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.

During the current financial year, the reserves policy was reviewed, updated and approved by the Finance Committee. The reserves policy was updated to better reflect the measures used and assessed to support our ambition and long-term growth strategy.

The deficit for the year was £(0.4)m. The total amount of reserves as at the reporting date shows restricted funds of £1.3m and unrestricted general fund reserves as £1.6m. Overall total charity funds are £2.9m.

The unrestricted funds in the balance sheet include the impact of accumulated amortisation of goodwill and acquisitions and depreciation of capital expenditure related to growth. Given the non-cash nature of these accounting entries, the accumulated amortisation and depreciation on growth are added back to restricted reserves to reflect the business-as-usual funds available.

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. A dynamic target for the cash reserve has been set as one month's operating payroll cost, in accordance with the pre-agreed budget for the year. 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.

Applying this policy requires an unrestricted cash reserve of £1.5m. LEYF monitors the level of cash and unrestricted reserves held monthly as part of the management reporting process to ensure reserves are maintained at the agreed level. Similar to prior years, the cash balance remains in excess of the cash reserve on an ongoing basis and the unrestricted funds matched as at year-end the level required as at 31 March 2023.

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. The reserves policy is not a static policy and is reviewed every year or more often if the circumstances of the charity or the environment in which it operates change with time. The amount held in reserves is monitored during the course of the year as part of LEYF's budgetary processes.

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.

LONDON EARLY YEARS FOUNDATION

Report of Trustees including the strategic report

For the year ended 31 March 2023

Remuneration policy

LEYF has undertaken a review of the company-wide remuneration policy taking into consideration the National 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 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

A donation received from the Aurelia Foundation in the prior year for £10,000 was restricted as part of the Doubling Down fund. Donations received from the trustees during the year were £15,900 (2022: £6,160).

The total expense incurred for services to related parties during the year was £65,552 (2022: £62,135). This amount includes a payment of £4,471 for gardening services to Glow Gardens that employs a close family member of the CEO, and £13,526 to Chartered Wealth Management who employs a close family member of a key member of staff who has now left office. Other payments of £47,555 were made to family member of the Chief Executive Officer and a key member of staff for business administration services.

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 will be 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 commitments will not form the basis of employment decisions except where necessary. Fair and full consideration of applications made for employment by disabled persons will be given, having regard for their particular aptitudes and abilities, as well as continuing the employment of, and arranging training for, employees who have become disabled persons while employed, and consideration of development and promotion of disabled persons will be on a fair basis.

LEYF holds regular Staff Forums and Strategy Meetings to listen to employees while informing them of organisational and external matters concerning them as employees as well as updating and including them in the planning of 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 takes into account the anticipated impact of the recently announced expansion of government funded hours, 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 launched a bond issue through Triodos Bank UK Limited (the Registrar) and secured funding from Trust for London and The Postcode Innovation Trust. These new loans are used to fund the planned growth of nurseries. LEYF also made uninterrupted monthly payments to its Coronavirus Business Interruption Loan Scheme (CBILS).

Future forecasts shows that LEYF will require funding to support the organisation's growth strategy, this will be monitored closely by the Trustees. The Trustees consider it reasonable to prepare the accounts on a going concern basis, as sufficient funding exist to cover a period of at least 12 months from the date of sign off.

LONDON EARLY YEARS FOUNDATION

Report of Trustees including the strategic report

For the year ended 31 March 2023

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 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 are 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 team 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, information or 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 the relevant regulatory body. LEYF maintains a strong culture of reporting incidents. Each of these risks is overseen by the Board of Trustees or a delegated committee.

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 of the need for its services and the availability of future funding.

The Board of Trustees has 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 exposure to risk. 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:

- Changes in Government legislation of funding that alters the fundamentals of the childcare business. This could have far-reaching consequences for the charity depending on the nature of the change.
- The impact of 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, quality of delivery and staff morale.
- 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.
- The impact of rising interest rates on loans which will result in increased finance cost and indirectly impact on our long-term plans for growth.

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.

LONDON EARLY YEARS FOUNDATION

Report of Trustees including the strategic report

For the year ended 31 March 2023

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

- Safeguarding the children
- H&S risks.

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

Financial instruments

LEYF's financial instruments are operational cash generation from trading activities and loans from four providers: Bonds issued through Triodos Bank UK Limited (The Registrar), CBILS, Trust for London Trustee and Postcode Innovation Trust. 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.

New loans for the year include the bond issue provided through Triodos Bank UK Limited (The Registrar) launched in May 2022, and the receipt of loans from Postcode Innovation Trust in November and Trust for London Trustee in March 2023.

Liquidity risk

The charity manages its cash, borrowings and working capital in order to provide the social impact of our purpose while ensuring the charity has sufficient liquid resources to meet the needs of the operation. LEYF now has unrestricted reserves of £1.6m (2022: £2.3m).

LONDON EARLY YEARS FOUNDATION

Statement of Trustees' Responsibilities

For the year ended 31 March 2023

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.

Each of the trustees confirms that:

- 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.

Buzzacott LLP were 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

13 December 2023

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2023

Opinion

We have audited the financial statements of the London Early Years Foundation (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2023 and of 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 twelve 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 and statement of accounts, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and statement of accounts]. 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, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has 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 2023

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 trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which 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 trustees' responsibilities statement, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognize non-compliance with applicable laws and regulations; and
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom (FRS 102), the Charities Act 2011 and the Companies Act 2006) and those that relate to the Code of Fundraising.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- performed substantive testing of expenditure including the authorization thereof; and
- tested journals to identify unusual transactions.

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2023

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available 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.

Buzzacott LLP

Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2023

	Note	Unrestricted £	Restricted £	**2023 Total £**	Unrestricted £	Restricted £	2022 Total £
Income from:							
Donations	2	338 731	144 428	**483 159**	577 877	44 230	622 107
Charitable activities							
Childcare Income	3	27 541 178	815 414	**28 356 592**	25 938 236	318 820	26 257 056
Training Income	3	19 562	-	**19 562**	4 800	-	4 800
Interest Income		19 310	-	**19 310**	640	-	640
Other	4	150 752	10 900	**161 652**	237 021	1 932	238 953
Total income		28 069 533	970 742	**29 040 275**	26 758 574	364 982	27 123 556
Expenditure on:							
Charitable activities							
Childcare Expenditure	5	28 293 941	631 640	**28 925 581**	26 229 342	570 402	26 799 744
Training Expenditure	5	507 578	3 560	**511 138**	160 612	195	160 807
Total expenditure		28 801 519	635 200	**29 436 719**	26 389 954	570 597	26 960 551
Net (deficit)/surplus for the year		(731 986)	335 542	**(396 444)**	368 620	(205 615)	163 005
Net movement in funds		(731 986)	335 542	**(396 444)**	368 620	(205 615)	163 005
Reconciliation of funds:							
Total funds brought forward	20	2 295 958	984 640	**3 280 598**	1 927 338	1 190 255	3 117 593
Total funds carried forward		1 563 972	1 320 182	**2 884 154**	2 295 958	984 640	3 280 598

All of the charity's activities derived from continuing operations during the above two financial years.
The Charity has no recognised gains or losses other than those shown above.

LONDON EARLY YEARS FOUNDATION

Balance sheet

For the year ended 31 March 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets:					
Intangible assets	11		1 453 933		416 066
Tangible assets	12		5 641 643		4 647 200
Investment in Subsidiary	13		31 330		-
			7 126 906		5 063 266
Current assets:					
Debtors	14	1 029 733		763 312	
Cash at bank and in hand	12	3 836 371		5 081 642	
		4 866 104		5 844 954	
Liabilities:					
Creditors: amounts falling due within one year	15	(5 200 149)		(5 527 622)	
Net current (liabilities)/assets			(334 045)		317 332
Total assets less current liabilities			6 792 861		5 380 598
Creditors: amounts falling due after one year	17		(3 908 707)		(2 100 000)
Total net assets			**2 884 154**		3 280 598
The funds of the charity:	20				
Restricted income funds			1 320 182		984 640
Unrestricted income funds:					
General funds			1 563 972		2 295 958
Total charity funds			**2 884 154**		3 280 598

The financial statements on pages 63 to 79 were approved by the Board and authorised for issue on 13th December 2023 and signed on its behalf by:

Michael T Garstka

Michael Garstka
Chair

Company number: 02228978

LONDON EARLY YEARS FOUNDATION

Cash flow Statement

For the year ended 31 March 2023

	Note		2023		2022
		£	£	£	£
Cash flows from operating activities	21		(154 023)		1 289 664
Cash flows from investing activities:					
Purchase of intangible assets		(1 172 689)		(101 889)	
Purchase of tangible assets		(1 572 786)		(893 519)	
Investment in subsidiary		(57 646)			
Net cash used in investing activities			(2 803 121)		(995 408)
Cash flows from financing activities:					
Proceeds from borrowing		2 425 000		-	
Repayments of borrowing		(600 000)		(814 255)	
Interest paid		(113 127)		(50 811)	
Net cash provided by/(used in) financing activities			1 711 873		(865 066)
Change in cash and cash equivalents			(1 245 271)		(570 810)
Cash and cash equivalents at the beginning of the year			5 081 642		5 652 452
Cash and cash equivalents at the end	22		**3 836 371**		5 081 642

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

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) (March 2018) and the Companies Act 2006. The financial statements are in GBP (£) which represents both presentational 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. The organisation is a registered charity limited by guarantee. Company number 02228978 and Charity number 299686.

Lysth Ltd is a wholly owned subsidiary of the London Early years Foundation which was acquired during the period. Company Number 08799336. Consolidated accounts have not been prepared as the subsidiary is not considered material to the group and by virtue of s405b of the Companies Act 2006. 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, 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 launched a bond issue through Triodos Bank UK Limited (the Registrar) and secured funding from Trust for London and The Postcode Innovation Trust. These new loans are used to fund the planned growth of nurseries. LEYF also made uninterrupted monthly payments to its Coronavirus Business Interruption Loan Scheme (CBILS). Future forecasts shows that LEYF will require funding to support the organisation's growth strategy, this will be monitored closely by the Trustees. The Trustees consider it reasonable to prepare the accounts on a going concern basis, as sufficient funding exist 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. The primary source of income are parental fees, government grants and occasionally donations.

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 their monetary value. 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, depreciation, amortisation, lease dilapidations and goodwill. Estimates are based on historical experience and other pertinent information, actual results may differ from these estimates.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

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.

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 objects 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

Expenditure is 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	75.3%
Training	1.7%
Support costs	22.0%
Governance costs	1.0%
	100%

Support and governance costs 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.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

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.

n) Intangible fixed assets

Intangible fixed assets are made up of goodwill relating to the acquisition of nurseries, and software, development and implementation cost relating to the charity's Customer Relationship Management system (CRM), Human Resources system (HR), and the charity's website.

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. Cash generating units 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 (profit making and social mission) nursery portfolio. There are no indications that any asset may be significantly impaired.

Software cost 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 live. Software cost are amortised over 5 years.

Development cost relating to the CRM system, website and HR system are capitalised in the accounts as intangible assets. Upon completion, these costs are amortised over the 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

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

p) Investments

Investments in equity shares which are not publicly traded are measured at fair value, if fair value cannot be reliability determined the investment will be valued at cost less impairment. Gains or losses on revaluation are taken to the statement of financial activities.

q) 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.

r) Cash at bank and in hand

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

s) 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.

t) 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 include a bank overdraft and a loan from the Coronavirus Business Interruption Loan scheme (CBILS), Bonds issued through Triodos Bank UK Limited (the Registrar), Trust for London Trustee and Postcode Innovation Trust. LEYF Property and assets are security for the CBILS loan.

The charity has debtors and creditors arising from its day-to-day operations to provide working capital. 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.

u) 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.

v) 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.

2 Income from donations

	Unrestricted £	Restricted £	**2023 Total £**	2022 Total £
Donations	161 441	144 428	**305 869**	229 096
Gifts in Kind	177 290	-	**177 290**	393 011
	338 731	144 428	**483 159**	622 107

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

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 2023

3 Charitable activities

	Unrestricted £	Restricted £	**2023 Total £**	2022 Total £
Income from charitable activities				
Childcare fees	21 965 858	-	**21 965 858**	20 017 476
Local Authority grants	5 568 242	152 690	**5 720 932**	6 082 748
Other grant income	7 078	662 724	**669 802**	156 832
Sub-total for Childcare income	27 541 178	815 414	**28 356 592**	26 257 056
Training Income	19 562	-	**19 562**	4 800
Sub-total for Other income	19 562	-	**19 562**	4 800
Total income from charitable activities	27 560 740	815 414	**28 376 154**	26 261 856

Local Authority grants totalling £5,533,217 (2022: £5,888,339) received relates to the 2 year old offer and the National Education Fund for all 3-4 year olds.

There were no unfulfilled government grants for the year ended 31 March 2023 (2022: none).

Restricted income in the prior year was £318,820.

4 Other income

	Unrestricted £	Restricted £	**2023 Total £**	2022 Total £
Government grants	-	-	**-**	33 182
Other Income	150 752	10 900	**161 652**	205 771
	150 752	10 900	**161 652**	238 953

During the prior year LEYF received government grants in relation to the Coronavirus Job Retention Scheme (CJRS) of £33,182. There were no unfulfilled conditions or other contingencies attached to the grants. This was the only form of central government assistance from which the charity has directly benefitted.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

5 Expenditure

	Charitable activities						
	Childcare Provision £	Training £	Governance costs £	Support costs £	Restricted Funds £	**2023 Total £**	2022 Total £
Staff costs (Note 7)	14 741 591	365 051	-	4 251 993	425 476	**19 784 111**	19 104 486
Learning & Development	22 416	142 527	-	97 267	3 560	**265 770**	192 561
Agency and Recruitment	2 081 274	-	-	446 196	4 200	**2 531 670**	1 111 970
Property	2 924 803	-	-	61 300	-	**2 986 103**	2 905 709
Consumables and Activities	1 276 832	-	-	1 203 772	65 451	**2 546 055**	2 311 089
Interest paid	-	-	-	163 824	-	**163 824**	47 939
Depreciation Amortisation & Losses	486 977	-	-	177 783	74 723	**739 483**	608 650
Audit and Other Professional Fees	-	-	295 784	62 129	61 790	**419 703**	678 147
	21 533 893	507 578	295 784	6 464 264	635 200	**29 436 719**	26 960 551
Support costs	6 464 264	-	-	6 464 264	-	-	-
Governance costs	295 784	-	(295 784)	-	-	-	-
Total expenditure 2023	**28 293 941**	**507 578**	**-**	**-**	**635 200**	**29 436 719**	**-**
Total expenditure 2022	26 229 342	160 612	-	-	570 597	-	26 960 551

6 Net expenditure for the year

This is stated after charging:

	2023 Total £	2022 Total £
Depreciation	**562 774**	513 870
Amortisation	**134 822**	80 875
Loss on disposal of fixed assets	**15 570**	13 904
Loss on investments	**26 316**	-
Interest payable	**163 824**	47 939
Operating lease rentals:		
Property	**1 068 435**	1 305 429
Equipment hire	**36 048**	38 188
Auditor's remuneration (excluding VAT):		
Current Year Audit	**57 600**	60 000
Prior Year Audit	**3 870**	2 020
Other costs (financial and taxation advice)	**-**	-

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

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

Staff costs were as follows:	**2023 Total £**	2022 Total £
Salaries and wages	**17 237 926**	16 777 606
Social security costs	**1 490 861**	1 309 018
Employer's contribution to defined contribution pension schemes	**1 055 324**	1 017 862
	19 784 111	19 104 486

During the year redundancy and settlement costs were £85,641 (2022: £52,979) of which £4 836 (2022: £2 000) related to exgratia payments.

Agency Costs for the year were:	**2 271 845**	903 566

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

	2023 No.	2022 No.
£60 001 - £70 000	**3**	2
£70 001 - £80 000	**1**	-
£80 001 - £90 000	**-**	1
£90 001 - £100 000	**1**	2
£100 001 - £110 000	**2**	1
£120 001 - £130 000	**-**	1
£140 001 - £150 000	**1**	-
£150,001 - £160,000	**1**	-

The total employee benefits including pension and national insurance contributions of the key management personnel were £770,759 (2022: £731,612).

The charity Trustees were not paid or received any other benefits from employment with the charity in the year (2022: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2022: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and were £Nil for the year (2022: £Nil).

8 Staff numbers

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

	2023 No.	2022 No.
Childcare	**711**	742
Training	**10**	5
Support	**72**	67
	793	814

In March 2023, the number of staff employed on an FTE basis were 603 (2022: 576).

9 Related party transactions

There was a donation during the year of £Nil from the Aurelia foundation, the donation was restricted as part of the doubling down fund (2022: £10,000). Donations received from the trustees during the year were £15,900 (2022: £6,160).

The total expense incurred for services to related parties during the year was £65 552 (2022: £62,135). This amount includes a payment of £4,471 (2022: £8,779) for gardening services to Glow Gardens which employs a close family member of the Chief Executive Officer and £13 526 (2022: £13,526) to Chartered Wealth Management which employs

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

9 Related party transactions (continued)

a close family member of a key member of staff, who has now left office. Other payments of £44,754 (2022: £36,830) were made to family members of the Chief executive officer and a key member of staff under standard employment terms. In addition £2,800 (2022: £1,500) was paid for membership of Social Enterprise (UK) which is a charity connected to the Chief executive officer.

As at 31 March 2023 a total amount of £14,417 (2022: £14,574) was payable to related parties and have been included in trade creditors.

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	477 196	103 145	**580 341**
Additions in year	122 689	1 050 000	**1 172 689**
At the end of the year	599 885	1 153 145	**1 753 030**
Amortisation			
At the start of the year	75 061	89 214	**164 275**
Charge for the year	94 008	40 814	**134 822**
At the end of the year	169 069	130 028	**299 097**
Net book value			
At the end of the year	430 816	1 023 117	**1 453 933**
At the start of the year	402 135	13 931	**416 066**

All of the above assets are used for charitable purposes.

*Included in software are costs relating to the development of the charity's Customer Relationship Management system, Human Resources system as well as costs relating to the upgrade of the charity's website. The Human Resources project has not been completed as at 31 March 2023 and no amortisation has been included for this project. Total development cost not completed as at 31 March 2023 and thus not amortised was £62,176 (2022: £101,889)

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

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	3 176 739	2 796 853	986 408	806 617	**7 766 617**
Additions in year	1 362 675	2 160	131 717	76 234	**1 572 786**
Disposals	(100 299)	(14 981)	(122 954)	(93 587)	**(331 821)**
At the end of the year	4 439 115	2 784 032	995 171	789 264	**9 007 582**
Depreciation					
At the start of the year	1 227 354	904 556	608 468	379 038	**3 119 416**
Charge for the year	308 521	58 331	114 575	81 347	**562 774**
Disposals	(96 053)	(14 981)	(115 305)	(89 912)	**(316 251)**
At the end of the year	1 439 822	947 906	607 738	370 473	**3 365 939**
Net book value					
At the end of the year	2 999 293	1 836 126	387 433	418 791	**5 641 643**
At the start of the year	1 949 385	1 892 297	377 940	427 579	**4 647 201**

All of the above assets are used for charitable purposes.

13 Investment in Subsidiary

	2023 £	2022 £
Investment in Lysth Ltd	**31 330**	-
	31 330	-

On 24 November 2022 Lysth Ltd was acquired by LEYF for the value of £1,107,646. The investment in Lysth Ltd has been recognised initially at fair value of £57,646, and goodwill on acquisition of £1,050,000. Lysth Ltd is a wholly owned subsidiary of LEYF. In January 2023 the operation of Lysth Nursery under Lysth Ltd ceased and the nursery began operating as Hither Green Nursery under LEYF. LEYF have not prepared consolidated financial statements as the inclusion of Lysth Ltd is not material for the purpose of giving a true and fair view. In the period ending 31 March 2023 the investment in Lysth Ltd recognised a loss in Investment of £26,316 in Lysth Ltd.

As of 1st January 2023, LEYF began operating Hither Green Nursery (formerly Lysth Nursery) from within LEYF and began to wind up the operations of Lysth Ltd. During the year LEYF paid for £32,714 of expenses on behalf of Lysth Ltd. Lysth Ltd received payments of £28,376 which relate to LEYF. Assets of £150,000 and Liabilities of £23,619 were transferred from Lysth Ltd to LEYF. The above transactions resulted in an intercompany creditor of £65,292 at year end.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

14 Debtors

	2023	2022
	£	£
Trade debtors	**348 990**	241 727
Other debtors	**54 974**	26 289
Prepayments	**564 880**	417 264
Accrued income	**60 889**	78 032
	1 029 733	763 312

15 Creditors: amounts falling due within one year

	2023	2022
	£	£
Loans	**674 889**	605 883
Trade creditors	**1 238 623**	974 255
Taxation and social security	**366 797**	329 506
Other creditors	**1 166 392**	1 653 213
Intercompany loan (Note 14)	**65 292**	-
Accruals	**655 558**	875 497
Deferred income (Note 17)	**1 032 598**	1 089 268
	5 200 149	5 527 622

16 Deferred income

Deferred income in the year ended March 2023 are payments received from parents and local authorities in advance for services that are to be delivered after 31 of March 2023.

	2023	2022
	£	£
Balance at the beginning of the year	**1 089 268**	1 283 096
Amount released to income in the year	**(1 089 268)**	(1 283 096)
Amount deferred in the year	**1 032 598**	1 089 268
Balance at the end of the year	**1 032 598**	1 089 268

17 Creditors: amounts falling due after one year

	2023	2022
	£	£
Loans	**3 908 707**	2 100 000

	2023	2022
	£	£
Less than one year	**674 889**	605 883
Between two to five years	**1 570 280**	2 100 000
Over five years	**2 338 427**	-
Total due	**4 583 596**	2 705 883

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 was an interest and capital free period after which interest at Bank Base Rate + 2.5% is repayable quarterly and capital repayments of £50,000 were repayable monthly from October 2021. The balance owing as at 31 March 2023 is £2,110,008 (2022: £2,705,883) which includes interest of £10,008 (2022: £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 other property, assets and rights which is not subject to any other effective fixed charge.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

17 Creditors: amounts falling due after one year (continued)

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 March 2029 and with an average interest rate of 4.75%, payable on 31 May each year. The first interest payment was paid on 31 May 2023. On 7 July 2022, £1.0m bonds were allotted, with the balance of £0.5m being allotted on 1 September 2022. As at 31 March 2023 the balance owing is £1,548,588, which includes interest of £48,588. The bonds are unsecured.

On 1 November 2022, LEYF entered into a loan agreement with Postcode Innovation Trust. An amount of £125,000 was received on 30 March 2023. Interest is payable monthly, at an annual rate of 3% with the effective interest start date of 1 April 2023. The loan is repayable in monthly instalments over the agreed term. As at 31 March 2023 no repayments have been made.

On 31 March 2023 LEYF received a £800,000 loan from Trust for London Trustee. The loan bears interest at a variable rate of 0.5% above the Bank of England base rate, capped at 4% and is repayable monthly. The capital is repayable on 31 March 2033. As at 31 March 2023 no repayments have been made.

18 Pension scheme

LEYF operates a defined contribution scheme for its employees offering an employer contribution of 7% of annual salary (2022: 7%) for all eligible staff. Outstanding contributions awaiting payment at the 31st March 2023, included in other creditors, were £122,145 (2022: £113,320). Any liability and expenses are allocated as unrestricted or restricted funds on the same basis as employee related costs.

19 Analysis of net assets between fund

	General Unrestricted £	Restricted £	**2023 Total Funds £**
Fixed assets	6 231 490	864 086	**7 095 576**
Investments	31 330	-	**31 330**
Net current assets	(790 141)	456 096	**(334 045)**
Long-term liabilities	(3 908 707)	-	**(3 908 707)**
Net assets at the end of the year	**1 563 972**	**1 320 182**	**2 884 154**

	General Unrestricted £	Restricted £	**2022 Total Funds £**
Fixed assets	4 124 994	938 272	**5 063 266**
Net current liabilities	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**

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

20 Movements in funds

2022-23	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers	At the end of the year £
Restricted funds:					
Marsham Street Renovations	820 210	-	(52 942)	-	**767 268**
Carlton Hill Refurbishment	93 790	-	(12 104)	-	**81 686**
Funding for vulnerable children	-	131 102	(103 584)	-	**27 518**
Colville Crisis Funding	12 516	-	-	-	**12 516**
Food banks	4 414	9 049	(8 470)	-	**4 993**
Chef Academy Funding	41 633	232 500	(184 542)	-	**89 591**
SEND Funding	-	152 690	(152 690)	-	**-**
LEYF Training Academy Funding	-	264 968	(75 565)	-	**189 403**
Strategic Growth Funding	-	125 000	-	-	**125 000**
Other Funds	12 077	55 433	(45 303)	-	**22 207**
Total restricted funds	984 640	970 742	(635 200)	-	**1 320 182**
Total unrestricted funds - general funds	2 295 958	28 069 533	(28 801 519)	-	**1 563 972**
Total funds	3 280 598	29 040 275	(29 436 719)	-	**2 884 154**

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	4 831	5 500	(5 917)	-	**4 414**
Chef Academy Funding	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**

Purposes of restricted funds

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

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

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 tackle childhood obesity.

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

LEYF Training Academy funding was received to support the upskilling in Early Years. There is a well-established link between qualified Early Year teachers and better outcomes for children.

Strategic growth funding is used to support our strategic growth, including expansion into areas of London where we can maximise our social impact.

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

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

	2023	2022
	£	£
Net (deficit)/surplus (as per the Statement of Financial Activities)	**(396 444)**	163 005
Depreciation and amortisation charges	**697 596**	594 745
Loss on disposal of tangible fixed assets	**15 570**	13 904
Investment losses	**26 316**	-
Interest payable	**163 824**	47 940
(Increase) in debtors	**(266 421)**	(136 320)
(Decrease)/Increase in creditors	**(394 464)**	606 390
Net cash (used in)/provided by operating activities	**(154 023)**	1 289 664

22 Analysis of cash

	At 1 April 2022	Cash flows	**At 31 March 2023**
	£	£	**£**
Cash at bank and in hand	5 081 642	(1 245 271)	**3 836 371**
Total cash and cash equivalents	5 081 642	(1 245 271)	**3 836 371**

23 Operating lease commitments

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

				Restarted*
			2023	2022
	£	£	**£**	£
	Property	Other	**Total**	Total
Less than one year	1 336 478	34 209	**1 370 687**	1 299 531
One to five years	3 801 848	925	**3 802 773**	3 378 436
Over five years	6 968 266	-	**6 968 266**	5 742 845
	12 106 592	35 134	**12 141 726**	10 420 812

*The 31 March 2022 numbers were restated to disclose the total liability if operating leases were held until contract expiry date rather than break clause date. The change resulted in the future lease payments as at 31 March 2022 to change from £4,426,913 to £10,420,812.

LONDON EARLY YEARS FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2023

24 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.

25 Capital commitments

As at 31 March 2023, the outstanding capital commitments totalled £534,482 (2022: £66,000 - Colville refurbishment) being the cost to fit out a newly acquired leasehold building to operate Thames Reach Nursery from which opened on 9 May 2023.

26 Net debt reconciliation

	At 1 April 2022 £	Cash flows £	Other non-cash changes £	**At 31 March 2023** **£**
Cash at bank and in hand	5 081 642	(1 245 271)	-	**3 836 371**
Debt due within one year	(605 883)	605 883	(674 889)	**(674 889)**
Debt due after one year	(2 100 000)	(2 425 000)	(616 293)	**(3 908 707)**
Total cash and cash equivalents	2 375 759	(3 064 388)	(58 596)	**(747 225)**

27 Subsequent events

On 9 May 2023 LEYF opened and began operating a new purpose built nursery in the Borough of Greenwich, Thames Reach Nursery and Pre-school.

On 6th December 2023, LEYF signed a new 15-year lease with The Governing Body of St Marys Church of England Primary School in Stoke Newington, to operate a new Nursery and Pre-school.

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

London Early Years Foundation
121 Marsham Street, London,
SW1P 4LX.

02078348679

info@leyf.org.uk

@leyfonline

Company no: 02228978
Charity no: 299686