

Barn Owls Pre-school, Parsonage Croft, Burwash Road, Etchingham, East Sussex TN11 7AD

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Email: helen@etchinghambarnowls.co.uk

Chairman's Report for year ended 31 July 2023

The Barn Owls Pre-School year, which ended 31 July 2023 was a challenging year with a number of significant headwinds faced. The rising cost of living and inflation affected both our costs and the position of our parents, and years of inadequate funding from central government took its toll on our operating costs leading to a significant loss, which is covered in detail in the financials section.

As a reminder, Barn Owls operates as a not-for-profit charitable organisation providing early years education for children aged 2-4 in Etchingham and the surrounding areas. We are not owned by government or private shareholders and our aim is to be a community asset providing excellent childcare at reasonable cost, whilst ensuring our staff are paid fairly. Barn Owls is managed by a group of voluntary trustees and operates under the regulation of Ofsted and the Charity Commission. Whilst we aim to have strong ties with Etchingham C of E Primary School and share part of the same premises, we are not owned or managed by the school in any way.

Throughout the year we have broadly been operating at our maximum capacity and have consciously 'over-staffed' at times to ensure that individual needs of all our children have been catered for. We have seen over 20 leavers this year, the majority moving on to Burwash and Etchingham primary schools.

Interestingly, we are still seeing the effects of the Covid lockdown period on the children coming through the setting with speech and language as well as their personal, social and emotional development all behind where we would normally expect. Whilst the children will no doubt catch up it is interesting to see the lasting implications the tumultuous Covid period had.

Finally, we are now fully up and running with Tapestry, an online learning journal. Last year we invested in ipads so that staff can capture the children's learning journeys in real time and log these online for parents to see. The move coincided with a change in the curriculum and after the initial trial period is now proving popular with both parents and staff alike.

Financials

Following a challenging year ended July 2022 where the setting made a £9.3k loss, the year ended July 2023 resulted in an increased loss of £18.2k. We were aware that this was going to be a challenging year and had ensured the cash reserves were in place to absorb this loss.

The main challenge we have faced is the Early Years Education Entitlement (EYEE) funding (i.e. the rate we are paid by local government for the free childcare certain people are entitled to) has not kept pace with the rise in the national living wage (NLW). We have been committed to paying all our staff the NLW as a bare minimum and the rises in this benchmark over the past two years (from April 2022 and April 2023) have been 6.6% and 9.7%. By contrast the rise in EYEE funding in those two years has been approx 3.9%/3.9% and 4.9%/10.1% (3-4 year old/2 year old) respectively. As these two factors are by far our biggest source of income/expense, this has been the source of the loss over the past 2 years. On a more positive note, an interim increase in EYEE rates was announced from September 2023 (32.7% for 2 yo and 10.6% for 3/4 yo), which will bring down the deficit for FY24. We have also had to make modest rises to the fee levels, which we have done roughly in line with the NLW increase.

As well as the increased wage bill we have seen a rise in premises costs and general expenses caused by inflationary pressures, which further contributed to the loss in the year.

The profit and loss account for the year ended 31 July can be found as an Appendix to this report.

Next Year

As alluded to earlier, I am hopeful that the increase in EYEE funding in both April 2023 and September 2023 will help to ensure that we break even in the next financial year. Early years childcare has risen up the political agenda in recent times and it appears the chronic underfunding of this sector is slowly starting to be addressed. However, it is inevitable that we will also need to raise the rates of parent fees as well. Our rates are notably cheaper than most local offerings and we are committed to keeping them as low as possible whilst ensuring the viability of the setting.

Historically we have a far smaller proportion of 2 year olds compared to 3&4 year olds but the government is extending its offer of 15 hours free childcare to more working parents from April 2024, so we will see what effect this has on parents wishing to enrol their 2 year olds.

We continue to be the main feeder for Etchingham C of E Primary school and it is important we

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maintain strong ties with the school given the reception children operate under the same curriculum and it is hugely beneficial for those children moving on to the primary school to have that familiarity. We also benefit from a strong relationship with Burwash C of E Primary school which we will look to foster and continue given the numbers of pupils that move on to there.

We expect there to be a continued pause on any spending on new capital equipment whilst the financial position stabilises.

Conclusion

Despite the headwinds mentioned, there is cause for optimism and with the increased funding provided by government I expect Barn Owls to be in a financially stronger position this time next year. That said, costs will need to be monitored tightly throughout the year to ensure the viability and sustainability of the setting going forwards.

I would like to register my thanks to Helen and her wonderful team of staff. They are what makes the setting a success and work tirelessly to provide an outstanding education to the children.

Finally, there are currently 2 trustee vacancies that we are looking to fill. The role of a trustee is not an onerous one, nor does it require prior knowledge of the childcare sector. We can only keep running Barn Owls if we have people in the community willing to support so if you are interested, please contact Helen (contact details on header) or me on justinlyontaylor@gmail.com.

Best regards,

Justin Lyon Taylor (Chair of Trustees)

Appendix 1 - Accounts to 31 July 2023

Date: 18/11/2023

Time: 16:39:24

Etchingham Barn Owls Preschool

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Profit and Loss

From: Month 1, August 2022

To: Month 12, July 2023

Chart of Accounts:

Default Layout of Accounts

	<u>Period</u>	<u>Year to Date</u>	
Sales			
Parent Fees	33,997.12	33,997.12	
ESCC Fees	87,086.40	87,086.40	
Fundraising	51.00	51.00	
Donations	4.99	4.99	
School Uniform	61.60	61.60	
School Dinners	5,174.03	5,174.03	
Nursery Grant	165.00	165.00	
	126,540.14		126,540.14
Purchases			
Advertising	122.40	122.40	
	122.40		122.40
Direct Expenses			
	0.00		0.00
Gross Profit/ (Loss):	<u>126,417.74</u>		<u>126,417.74</u>
Overheads			
Gross Wages	112,292.45	112,292.45	
SMP	10,291.19	10,291.19	
Employers National Insurance	6,309.76	6,309.76	
Employers Pensions	3,025.89	3,025.89	
SMP, SSP SAP Reclaimed	(10,291.19)	(10,291.19)	
Premises Expenses	6,326.60	6,326.60	
Hall Hire	35.00	35.00	
Business Rates	2,166.40	2,166.40	
Postage	14.70	14.70	
Office Stationery	305.92	305.92	
Computer Software	158.28	158.28	
Pre-school General Expenses	7,605.67	7,605.67	
Refreshments	52.72	52.72	
Accountancy	1,472.80	1,472.80	
Professional Fees	156.00	156.00	
Repairs and Renewals	366.06	366.06	
Cleaning	380.70	380.70	
Bank Charges	95.55	95.55	
Training Costs	358.00	358.00	
Insurance	858.17	858.17	
School Meal Costs	2,600.58	2,600.58	
	144,581.25		144,581.25
Net Profit/ (Loss):	<u>(18,163.51)</u>		<u>(18,163.51)</u>

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Etchingham Barn Owls Preschool
Profit and Loss

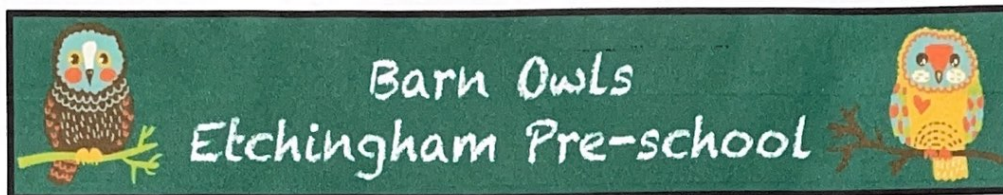
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