THE LONDON EARLY YEARS FOUNDATION

England & Wales · Charity number 299686

Details

Other names	WESTMINSTER CHILDREN'S SOCIETY
Status	Registered
Legal form	Charitable company
Company number	02228978
Registered	1988-03-31
Register	View on the Charity Commission register

Contact

Address	London Early Years Foundation 121 Marsham Street London SW1P 4LX
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Email	leyf@leyf.org.uk
Website	www.leyf.org.uk

Activities

Objects: THE OBJECTS OF THE CHARITY ARE:2.1 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; AND2.2 TO PROMOTE EDUCATION AND VOCATIONAL TRAINING IN RESPECT OF ALL MATTERS RELATING TO CHILD CARE, THE UPBRINGING OF CHILDREN AND THE PROTECTION AND HEALTH OF CHILDREN.

Activities: The 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.

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Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services
- **What:** General Charitable Purposes
- **Who:** Children/young People

Geography

- **Area of benefit:** CITY OF WESTMINSTER
- Throughout London

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£37,158,611	£36,377,558	£3,281,657	941
2024-03-31	£32,080,481	£32,464,031	£2,500,604	868
2023-03-31	£29,040,275	£29,436,719	£2,884,154	793
2022-03-31	£27,123,556	£26,960,551	£3,280,598	814
2021-03-31	£22,219,410	£22,220,175	£3,117,593	788

Trustees

Name	Role	Appointed
Anthony Roy Perkins		2019-07-23
Anu Vishwas Sarkar		2024-03-21
James Peter Hicks		2025-09-23
Kirsty Reed		2022-09-15
MICHAEL THOMAS GARSTKA		2014-11-10
Ravi Verma		2022-12-15
Soumya Sarah Sowani Holliday		2021-12-13
Wajeha Qureshi		2025-12-11

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THE LONDON EARLY YEARS FOUNDATION

England & Wales - Charity number 299686

Accounts

The London Early Years Foundation



Leyf Nurseries

Annual Report 2024/25 and Statement of Accounts

Company no: 02228978 Charity no: 299686

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Message from our Chair and Chief Executive

Dear Friends and Supporters,

This year, we have continued to stay true to our mission of changing the world one child at a time by delivering high-quality early years education and care to young children especially those living in the most disadvantaged communities. Three quarters of our nurseries are located in neighbourhoods ranked among the most deprived in the country, where families face not only financial hardship but also a severe shortage of nursery places. In some of these areas, there are barely half as many childcare places as in more affluent parts of London, making our presence and our purpose all the more vital.

Across all our settings, quality remains at the heart of everything we do. Ofsted inspected several of our nurseries this year, and every one of them achieved a rating of Outstanding or Good. We were also proud to be ranked the second highest for quality among the 25 largest nursery groups in the UK in the latest Nursery World league table, a reflection of our collective dedication and expertise.

Sustaining this level of excellence takes ongoing investment in our people and our pedagogy. Through the LEYF Pedagogy Development System (LPDS) and our London Institute of Early Years, we nurture the professional growth of our staff at every stage from apprentices to degree- level learners. This year, we welcomed new apprentices, delivered hundreds of training sessions, and supported degree candidates who are developing into the next generation of inspiring early years leaders.

Our teachers, chefs, and nursery staff are the heartbeat of LEYF. Their creativity, care, and commitment shine through in every interaction with our children and families. It was wonderful—but not surprising—to see this reflected in our latest staff engagement survey, where 88% of respondents said they "feel proud to work for LEYF," and 90% said they are "motivated to work for an organisation driven by social purpose." These results affirm that our focus on culture, wellbeing, and development is making a real difference.

We also grew this year—welcoming more children, increasing occupancy to post-Covid highs, and expanding our footprint with five new nurseries across Brixton, Newham, and Hillingdon.

Beyond our nurseries, LEYF continues to influence the wider early years sector through research, training, and advocacy. We refreshed our Brilliant Babies programme and Twoness of Twos report, helping educators deepen their understanding of two-year-olds' learning and care. We also continue to campaign passionately for fair access to quality early years education for all children especially the most disadvantaged and for a funding system that allows nurseries to thrive sustainably.

Together, we are shaping a future where every child, regardless of background, has the best possible start in life.



Dr June O'Sullivan OBE
Chief Executive

Mike Garstka
Chair

88%

of staff engagement survey respondents said they **"feel proud to work for LEYF."**

Who we are, what we do and our social purpose

London Early Years Foundation (LEYF) is the UK's largest charitable childcare social enterprise with an ambition of 'changing the world, one child at a time'. We currently have 40 nurseries across 12 London boroughs.

We have a fascinating history. Originally developed by a group of medical philanthropists in 1903 to address the shocking mortality of mothers and children in Westminster, we have been shaped by the historical, economic and social contexts of the times, eventually becoming a social enterprise in 2008. Our social purpose is to change the world one child at a time by giving London's children aged 0–5 years access to the highest quality Early Years Education and Care, no matter their background – helping them to achieve their full potential.

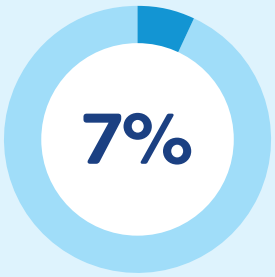


We have designed our social pedagogy to support all children to thrive. It is the basis of everything we do and ensures all our business decisions are made around the interests of the children. Our pedagogy is designed to drive social justice by ensuring all children, but especially those from poor and disadvantaged backgrounds, exceed educationally.

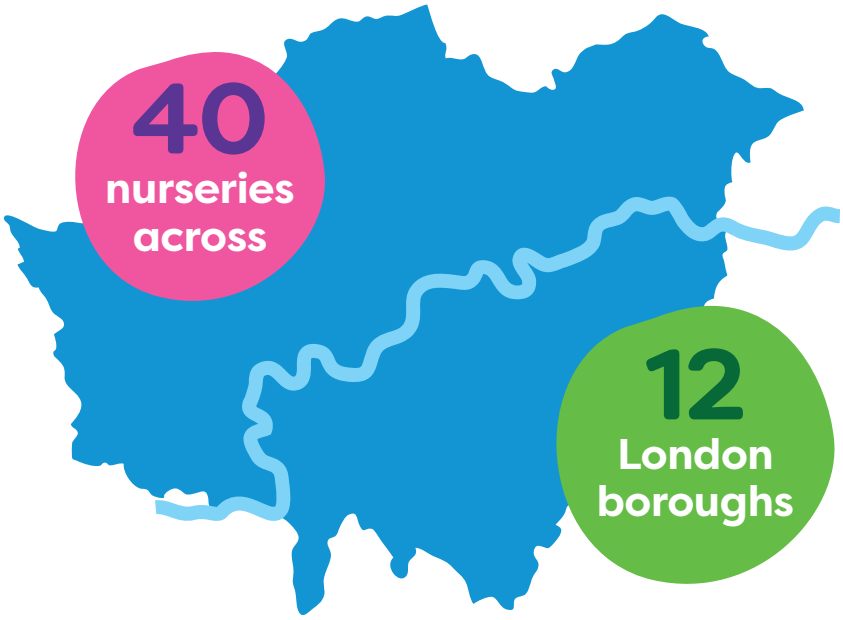
For example, more than 44% of our nurseries are Ofsted rated 'Outstanding' versus an average of 14% nationally.

Our colleagues are our most important asset, and we respect the knowledge, skills and positive attitude they bring to their roles. We pride ourselves on creating an inclusive family environment for all our staff. We are proud that 7% of our staff are men compared to the national sector average of 3% (DfE, online, 2019) and 46% of our staff are from minority ethnic communities.

Staff turnover remains high across the Early Years sector; however, the average length of service at LEYF is 5.1 years, which has increased from 4.8 years in the prior year and reflects the great work managers have been doing to create positive work and team environments to protect retention.



of our staff are men compared to the national sector average of 3%



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 themselves and others whose own children are attending a LEYF nursery.

We know that the best service is delivered by well-trained and motivated staff and is highly valued by parents. We therefore pride ourselves on our award-winning training for all our staff, delivered through our London Institute of Early Years (LIEY). Staff are supported to learn and develop in many pedagogical, and leadership skills as well as offering development through qualification from apprentices to degrees.

Early Years Chefs can access accredited CPD programmes through the Early Years Chef Academy. All staff can learn to become coaches or sustainability champions. We are now offering some of these programmes to the wider Early Years sector and strengthening our praxeological research with academic partners



from across the world. Research at LEYF is designed to drive continuous quality improvement by anchoring our learning into practice.

> **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 themselves and others whose own children are attending a LEYF nursery.**



100%
Ofsted Outstanding and Good nurseries

4,191
children supported

1,198
funded-only places

140
apprentices

898
staff

62
NPS score

Supporting all our children

LEYF welcomes all children, including those with Special Educational Needs and Disabilities (SEND) who we know are too often turned away from other settings.

The number of children with SEND in our nurseries continues to increase but we remain consistent in our endeavours to provide for these children, so they can access relevant and effective intervention and support. We will watch with interest as the Department for Education commissions some national research to understand what is driving these increases.

Inclusive practice at LEYF is guided by the Children and Families Act 2014, Equality Act 2010: guidance - GOV.UK and SEND_Code_of_Practice_January_2015, which was reviewed in 2024 alongside the statutory framework for the Early Years Foundation stage for group and school providers. All of which are delivered through the LEYF Pedagogy.



Our recently updated SENDCo Induction Pack is designed to support our newly trained SENDCos to acquire the necessary level of knowledge and competence to fulfil their role. This induction makes the responsibilities of the SENDCo explicit and highlights their role in monitoring the impact of the provision that is in place for those children with identified needs and/or SEND within their nursery. SENDCos also advise their wider team on the best ways to support any children with SEND or potential learning delays.

This year, the SEND team has worked on the creation of a LEYF SEND Toolkit, to inform and support the Ordinarily Available Provision (OAP) at LEYF settings. OAP is the range of activities, opportunities and strategies that are offered as basic good practice to support a range of additional needs without the need for a formal diagnosis or specialist support. At LEYF, the OAP is informed by the LEYF Pedagogy, LPDS and LEYF SEND Toolkit.

“Our recently updated SENDCo Induction Pack is designed to support our newly trained SENDCos to acquire the necessary level of knowledge and competence to fulfil their role.



Our newly created LEYF SEND Toolkit



of LEYF SENDCos hold an NCFE Cache Level 3 Award

We have continued to offer all LEYF SENDCos the opportunity to complete the NCFE CACHE Level 3 Award for Special Educational Needs Coordinators in Early Years Settings, with a total of 32 (80%) LEYF SENDCos holding this award. In addition, four SENDCos are currently completing the training and another seven are enrolled for the next cohort commencing in April 2024.

We run termly LEYF SENDCo Forums to provide SENDCos with opportunities to share ideas and best practice, gain support from colleagues and receive updates on relevant local and national developments.

A SEND consultation forum is also delivered on a termly basis, so that SENDCos can engage in collaborative learning using a problem-solving framework to discuss challenges they face in their role.

Requests from nurseries for the SEND team to deliver training to support children with SEND has been high this year. This reflects teachers' need to confidently address the increasing numbers

We run termly LEYF SENDCo Forums to provide SENDCos with opportunities to share ideas and best practice, gain support from colleagues and receive updates on relevant local and national developments.



of children on the SEND continuum or who have been identified as having learning delays. Throughout 2024/25, 18 nursery training days or twilight training sessions have featured training on SEND strategies and/or processes.

Strategic ambition



LEYF prides itself on being a very agile organisation.

We have reshaped our strategic ambition in response to the current financial climate and changes to Government childcare policy by using our experience and expertise to remain competitive and influential.

We revised the four strategic objectives agreed at the Trustee Awayday in February and re-designed a reporting tracking system to show progress against the functional targets created to drive the objectives.

Financial sustainability

- Ensure LEYF remains a sustainable organisation now and for the future.
- Ensure that LEYF can access national and local Government funding opportunities while continuing to advocate for policies that will ensure our financial sustainability.

Optimise our social impact

- Position LEYF as a scalable model of social enterprise childcare; offering a business model that is attractive to Government and policymakers.
- Position our London Institute for Early Years by delivering training, research and consultancy across the sector nationally and internationally.
- Optimise our impact through national and international partnerships.

Increase the number of LEYF children

- Keep LEYF in the limelight as an organisation that puts children at the heart of the organisation. Ensure this narrative is shared with the public so we become the go-to nursery group.
- Track growth opportunities through networks and collaborate across the Early Years sector, social enterprise and the wider business landscape.
- Promote the LEYF business model and social justice pedagogy by speaking at EYEC national and international events, as well as continue to campaign to encourage staff to follow us so we can recruit to extend the nurseries.

Build our brand

- Raise the LEYF voice and extend the reach of our media and PR to make LEYF a go-to brand for high quality EYEC.
- Strengthen the LEYF pathway to local authorities, parents and partners using a range of media and communication channels.
- Develop the LEYF Employee Value Proposition to create a warm and empathetic environment in which all our staff can thrive.

Amplify and advocate:

Giving a voice to the under-served

We campaign on a range of issues including child poverty, transforming the Early Years food offer, sustainability informed staff and recognising and rewarding a greater diversity of apprentices and staff across the workforce.

The London Early Years Foundation's (LEYF) annual Margaret Horn Debate has focused on many contested issues in the Early Years and reminds us just how political the sector is and how big economic and social issues impact our children's lives. Since its formation, we have covered topics including social justice, child poverty, pedagogy, multi-generational approaches, men in childcare, child health and obesity, and many others.

This year, the debate question was: Is modern parenting fit for purpose? We examined the concept of modern parenting and how we have moved from child rearing to creating the verb 'to parent', moving parents to centre stage, which has led to the growth of a multi-million-pound industry of parent influencers, books and courses with a conflicting set of messages.

Our panel was chaired by The Telegraph journalist, Anna Tysack and included Dr Jade Redfern, a psychologist who also operates on social media, Professor Ellie Lee, an academic who leads the Centre for Parenting Culture Studies at the University of Kent, Funmi Adeogan, a very experienced LEYF Nursery Manager, Mike Abbott, the LEYF Director of Operations and father of an autistic son, and Sue Palmer, the author of Toxic Childhood.

The debate was wide-ranging but recognised that large-scale social problems don't start with them, but parenting reflects society, culture, politics and social inequality, and how the modern world is changing places a big burden on parents as to how to respond.

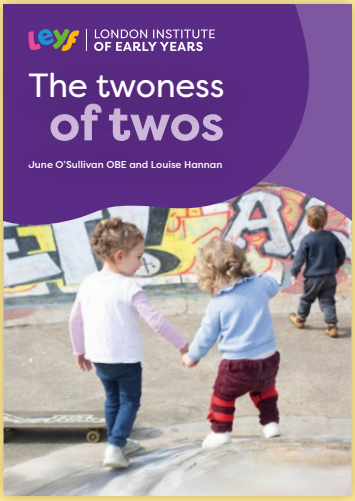
Children no longer play out because of the fear of traffic and heightened risk of safety. Parents face huge commercial pressures from sophisticated corporate marketing departments to get them to buy things for children that aren't good for them, for example, screen-based toys which pretend to be educational or food that is fuelling the obesity crisis. The dominance of technology, screen time and social media was a strong theme aggravated by the unhelpful lack of consistent guidance.

The debate highlighted the importance of the parent-child relationship and our role to in nurturing parents to feel confident in their parenting decisions. It is something we will come back to again.

A voice for children and the sector

This year, one contribution to the sector was the refreshed research report, The Twoness of Twos. This was in response to the Government policy to expand the two-year-old offer from 15 to 30 hours in a sector with a shortage of qualified and experienced staff.

Our report was written to help students and staff new to working with two-year-olds to meet the rapid development needs of delightfully spirited toddlers. It was well received, with over 500 downloads.



"The debate highlighted the importance of the parent-child relationship and our role to in nurturing parents to feel confident in their parenting decisions.

Section 1: Social Purpose

The Social Justice Pedagogy

The Social Justice Pedagogy is our teaching and learning model and reflects our commitment to social justice. It underpins all that we do and enables the continuous cycle of improvement that shapes our practice.

Created by Dr. June O'Sullivan and implemented at LEYF, the Social Justice Pedagogy draws on extensive research into how young children learn. It is thoughtfully designed to narrow the achievement gap and equip all children with the skills, knowledge and confidence they need to flourish, regardless of their background.

The Social Justice Pedagogy is formed of seven distinct but interconnected strands, which together create rich experiences for our children, supporting their continuous learning and development.



The seven strands of the Social Justice 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)

As an organisation, we are committed to continual improvement and we track progress through our unique reflective tool, the LEYF Pedagogical Development Scales (LPDS). Each nursery conducts an audit of their provision twice a year using the LPDS and then these are moderated and evaluated across all the organisation to track themes and patterns, and they shape our annual training and development plan. This enables us to maintain a cycle of improvement which is further supported through action research projects.

Since the inception of the LPDS in 2018, we have been tracking



our nurseries' LPDS scores which are agreed through a reflective process and strong pedagogical conversations led by nursery managers.

This reflective approach drives quality of delivery and is key to our commitment to providing every child attending a LEYF nursery with a high-quality Early Years experience.

However, quality is driven through a continuous improvement loop and this means we regularly review the approach and scoring. We therefore completed a comprehensive review of our documentation and moderation processes this year, including redesigning the criteria for



sustainability to ensure our nurseries are supported to set ambitious targets for how they articulate and implement the Social Justice Pedagogy.

This review has allowed us to establish a refreshed data baseline, providing a clear foundation for future development and highlighting both nursery strengths and areas for focused improvement.

> **This review has allowed us to establish a refreshed data baseline, providing a clear foundation for future development.**

The Social Justice Pedagogy Rope



Section 1: Social Purpose

London Institute of Early Years

Supporting our people and the sector with award-winning training and CPD delivered through our London Institute of Early Years.

The London Institute of Early Years (LIEY) delivers award-winning training and CPD, educating our LEYF colleagues and the wider sector. The LIEY offers an elevated way to share new and existing training while expanding our practice-based research.

We offer a comprehensive range of qualifications, from apprenticeships to an Early Childhood Honours degree in partnership with the University of Wolverhampton. We also provide specialist courses like our CACHE-accredited Chef and SENDCo programmes, and our unique Sustainability Diploma. All training is delivered by experienced in-house experts.

As sector leaders, we also provide consultancy, research and bespoke workshops, sharing best practices in areas like infant development, outdoor learning, social leadership and sustainability.

Our commitment to quality is validated by successful external quality assurance visits, maintaining our Level 1 grading and affirming our dedication to developing exceptional Early Years professionals.

Following the continued success of both our Chef training programme and continued advocacy for the right of every child to have access to nutritionally balanced food, we have experienced a particularly high volume of requests to share our expertise in early childhood nutrition.

Some of these have included:

- Nourish Our Future Essex (NOFE): A keynote speech and workshop at this conference on supporting children's development at mealtimes
- Guernsey: A series of workshops on the policy and practice of supporting nutrition in the EYFS
- Nursery World Big Day Out: A live demonstration of cooking for children with allergies
- Department of Health and Social Care: Consulting on the implementation of supervised tooth brushing in Early Years settings.

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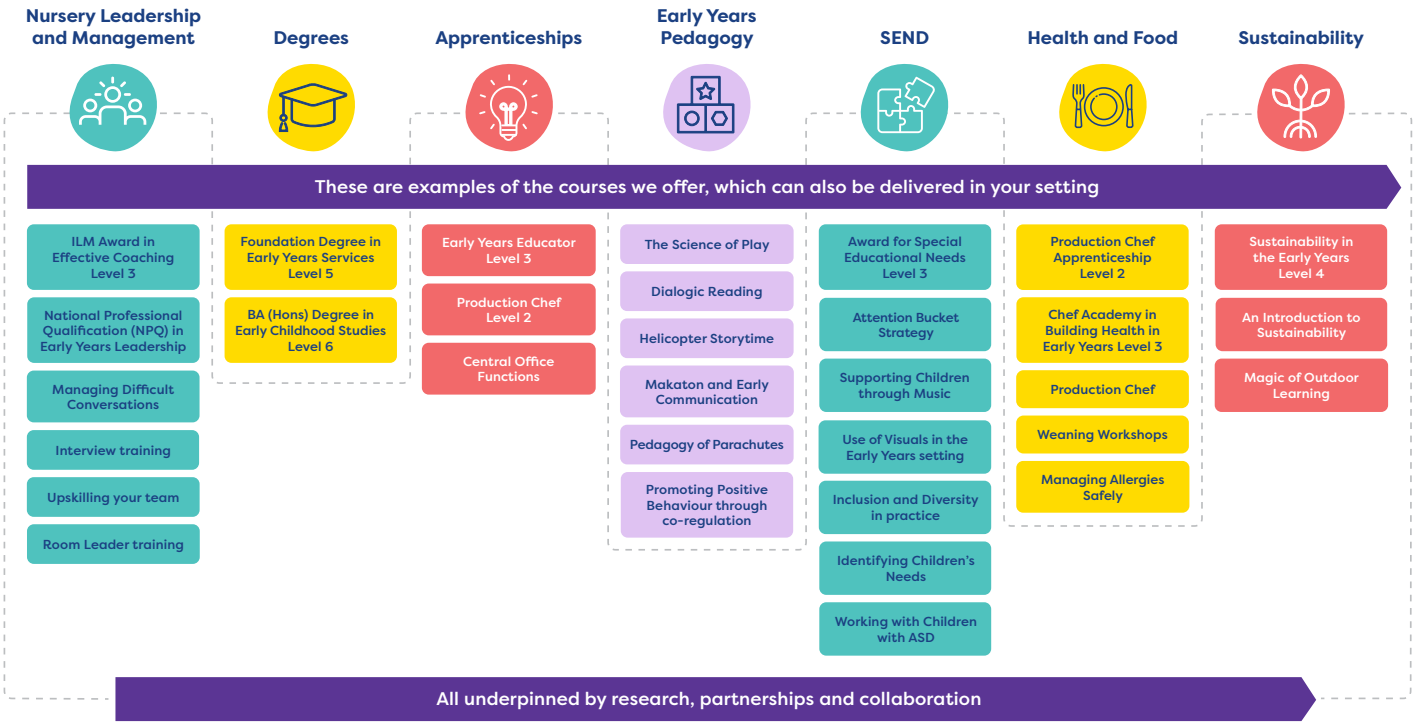


We have also expanded our range of leadership programmes, with the introduction of the LEYF Leadership Programme, a social leadership programme for current and aspiring Room Managers to build their confidence as they take their first steps into a leadership role. This course has been well received, and as a result we are currently operating a waiting list due to a high demand for places across the organisation.

Number of learners enrolled on accredited programmes:

Course	Learners who have completed the programme	Learners still currently in progress	Total learners FY 24/25
LEYF Degree	5	20	25
Level 4 Award in promoting Sustainability in an Early Years Setting	7	14	21
Level 3 Award in Building Health through Food	10	5	15
Level 3 Award for SENDCOs	11	5	16

London Institute of Early Years training offering



Section 1: Social Purpose

Apprenticeship programme

Our apprentices are supported on their learning journey by the team in the LEYF Apprentice Academy who nurture and coach them as they apply their learning in practice within our nurseries.

The LEYF Apprentice Academy provides a comprehensive enrichment programme to complement the formal training offered by the apprenticeship providers. Our dedicated team, now strengthened by an additional Apprentice Programme Officer, offers a significant level of support to both apprentices and their teams through in-person discussions at the Apprentice Academy, virtual meetings and in-person nursery visits.

Alongside this, each apprentice has a workplace coach to help them synthesise classroom theory with learning and practice. A refreshed marketing approach, highlighting the additional support we offer our apprentices, has had a positive impact on our apprentice recruitment and we have seen a 58% growth in applications and the cohort sizes increasing from 20–25 to 30–35 to accommodate this.

Our Apprentice Programme won the Central YMCA Awards 2024 category Employer of the Year. The judges were impressed with the comprehensive support programme for learners, from induction through to completion and the level of ancillary bespoke support for each learner. They recognised 'A caring employer with an ethos of inclusion, equality and empathy that shines through their support of apprentices in their employ' as one of our many attributes.





growth in applications to LEYF's Apprentice Academy

> **"[LEYF is] a caring employer with an ethos of inclusion, equality and empathy that shines through their support of apprentices in their employ as one of our many attributes."**
>
> YMCA Award judges

All apprentice training takes place at the LEYF Apprentice Academy attached to our Burgess Park Nursery, which offers one large training space and two breakout rooms for quiet study and revision, a resource library and a laptop lending scheme.

The laptop lending scheme has supported apprentices to access virtual learning, carry out independent research and complete coursework, eliminating and the barrier to access technology.

During the year, we had nine cohorts of Early Years Educator apprentices, totalling 140; a 77.86% increase from last year. Many of our apprentices, including both internal LEYF nursery staff, had not previously had the opportunity to complete a qualification. In addition to Early Years Educator apprentices, we also had three apprentices in Central Office complete their qualifications with two receiving a Distinction. This year, we celebrated the completion of our first Early Years Chef Apprentice who passed with a Distinction.

We fund our Apprentice Programmes through our own levy pot as well as generous levy transfers from JPMorgan Chase and Pearsons, totalling £681,000. As demand grows, we will continue to utilise our own levy for staff CPD and explore further levy transfer partnerships.



“The learning I have received alongside the apprenticeship has made me a better nursery teacher. I see the theories we are learning and think to myself, ‘Wow, that’s the theory we learnt in action!’ and it makes me realise I’m doing the right thing and even makes me want to do the degree now.”

LEYF Apprentice at Camberwell Grove

“In school, I was always told I wouldn’t amount to much as I struggled to complete my schoolwork. With the apprenticeship, I have grown so much in my confidence, and I am achieving things I never knew I could.”

LEYF Apprentice at Carlton Hill

Section 1: Social Purpose

Sustainability at LEYF

Ensuring Long-Term Sustainability while Upholding Economic, Social, Environmental and Community Commitments.



Economic Sustainability: Sustainable Reduction of Consumables and Cost Efficiency

To promote sustainable practices across our nurseries, we have implemented measures to significantly reduce the use of consumable materials. By streamlining procurement processes, prioritising reusable and recyclable materials, and promoting resource-conscious behaviours among staff and children, we are achieving cost savings while reducing waste. These efforts align with our financial sustainability goals and our commitment to environmental responsibility.



Enhancing Outdoor Learning and Biodiversity through Ward Budget funding

Through Ward Budget funding (funding provided by Councils to support local issues), we have secured financial support for five nurseries to enhance their outdoor learning environments.

These improvements include new resources, raised garden beds for food growing and biodiversity enhancements such as pollinator-friendly planting and wildlife habitats. By enriching our outdoor spaces, we are fostering children's connection with nature while improving the ecological value of our nursery grounds.



Expanding Food Growing Initiatives and Supporting Food Banks

We have successfully secured grants to establish and maintain seasonal allotments at various nurseries, providing children with hands-on opportunities to learn about food production, sustainability and healthy eating. These growing spaces not only educate children about where their food comes from but also contribute fresh fruits and vegetables to local food banks, supporting families experiencing food insecurity.

In addition, we have obtained additional funding to ensure the continued operation of food banks associated with our nurseries. This initiative strengthens our role in community support, helping families access nutritious food during challenging times.

> **"We are achieving cost savings while reducing waste. These efforts align with our financial sustainability goals and our commitment to environmental responsibility.**

Commitment to Renewable Energy and Sustainable Operations

Currently, 24 of our nurseries are operating on 100% renewable energy, significantly reducing our carbon footprint. We are committed to further expanding this initiative in the coming year, ensuring that even more of our nurseries transition to green energy sources. This is a key step in our broader sustainability strategy, reinforcing our leadership in environmentally responsible Early Years education.

By integrating sustainability into every aspect of our operations, we are not only safeguarding the future of LEYF but also creating lasting positive impacts for children, families and communities across London.



Achieving a Fully Decarbonised Building – Micky Star Nursery and Pre-school

As part of our commitment to sustainable Early Years education, we have successfully de-carbonised Micky Star Nursery and Pre-school, making it one of our most environmentally friendly sites. This milestone reflects our ongoing efforts to transition to low-carbon operations across all our nurseries, reducing energy consumption and reliance on fossil fuels.

Diverting Nappy Waste from Landfill to Energy-from-Waste (EfW) Facilities

We have successfully redirected **67.89 tonnes** of nappy waste from landfill to Energy-from-Waste (EfW) facilities, preventing unnecessary landfill accumulation and reducing greenhouse gas emissions. This initiative has resulted in a carbon footprint reduction of **41.40 tonnes** of CO_2e, demonstrating our commitment to sustainable waste management and innovative solutions for one of the most significant waste streams in Early Years settings.

Significant Reductions in Consumables (2023/24 – 2024/25)

Through targeted sustainability initiatives, we have achieved substantial reductions in single-use consumables, cutting waste and promoting more eco-friendly alternatives.

Key achievements include:

6,450
fewer sheets of paper used across nurseries, promoting digital alternatives and responsible printing practices.

1,700
fewer wipes used, reducing unnecessary disposable products.

20,479
fewer individual gloves used, streamlining usage while maintaining hygiene standards.

182,296
fewer paper towel sheets used, thanks to improved hand-drying strategies and increased use of reusable options.

These reductions not only lower our environmental footprint but also generate financial savings that can be reinvested into the nurseries.

Driving a Greener Future through Sustainable Partnerships

One of the ways we are embedding sustainability into our daily practices is by developing and nurturing our 12 strategic sustainability partners, to anchor sustainability throughout our organisation. These partnerships allow us to deliver essential resources and support to families while helping us demonstrate the knowledge and habits to children to help them become responsible global citizens. We are currently ensuring that no child goes without the basics they need to learn and grow.

Our collaborations focus on key areas such as:

- Food, clothing and essential supplies: Our resource banks provide families with everyday necessities.
- Sponsorship for nappies and wipes: Two nurseries have been fully sponsored for an entire year, ensuring that children have access to essential hygiene products while attending nursery.
- Nappy banks: A total of **17,700 nappies** and **33,200 wipes** have been donated to establish dedicated nappy banks, supporting families experiencing financial hardship.
- Footwear support: **377 pairs of shoes** have been donated by Sal's Shoes to ensure that children have proper footwear, reducing barriers to participation in nursery activities.
- Bike access for children: **475 bikes** have been donated through Bike Works to support nurseries and a bike-lending scheme, promoting active travel and early cycling skills.
- Through our partnership with Sproot Baby, we have prevented **1,300 pieces of clothing** from ending up in landfill by supporting a circular economy for children's clothing. By promoting reuse and responsible disposal, we are reducing textile waste and fostering a more sustainable approach to children's fashion.



Leading the Way in Sustainability Education

As we continue to educate both internal and external students about the importance of sustainability in Early Years settings, our Level 4 qualification – Developing Sustainability in the Early Years remains a world-first qualification in the sector. Endorsed by CACHE/NCFE, this course equips educators with the knowledge and tools needed to embed sustainability into their practice.

The qualification is further enhanced by our community of practice, bringing together educators, researchers and sector leaders to share best practices and drive positive change from across the world.

Global Impact: Mangrove Forest Project in Kenya

Beyond our local efforts, LEYF is actively supporting international climate action through our Mangrove Forest Project in Kenya.

This project aligns with our commitment to environmental sustainability and social responsibility, ensuring that our impact extends far beyond the UK.

2,200

mangrove trees planted, significantly contributing to global carbon absorption

1,980

tonnes of carbon absorbed, as mangroves sequester four times more carbon than terrestrial trees

275

working hours created for local farmers, supporting sustainable livelihoods and economic growth in the region.


We are proud of leading the Early Years sector by educating professionals in sustainability-informed practices.

Section 2: Operations and Finance

Controlled growth and improved staffing levels

The financial year ending March 2025 demonstrated the organisation's maturity as we move through a period of growth, driven by increasing Government funding and managed acquisition. Staff vacancies have reduced through focused recruitment efforts and improving staff turnover figures.

We ended the year in March with a pleasing 77% occupancy level, which was in line with the previous year-end despite a growth in capacity to 2,350 FTE. Overall occupancy grew by 4.8% to 1,804 FTE at year-end. Growth was strongest in 2- to 3-year-olds, driven by the introduction of new Government funding for this age group from April 2024, though an anticipated similar growth in occupancy from 9-months to 2-year-olds was not forthcoming from September 2024 when this additional funding was introduced.

Our Annual Parent Survey was completed in January 2025 and showed a pleasing 1-point improvement to 62 points – a third annual increase of 1%, as measured by the Net Promoter methodology. The mean parent score of 9.89, out of a possible 10, meant that 69% of our parents scored us at 9 or 10 out of 10, another pleasing improvement of 1% year on year. Just 7% of our parents scored us at 6 or below (detractors) and we have already begun detailed action plans to address specific points raised in the detailed feedback, which particularly focused on improving communication through consistent, daily use of the parent app.

Towards the latter part of the financial year, the acquisition of Brixton Garden in Brixton (which was formed through the merger of our relocating Brixton Recreation Centre nursery on the site of the acquired Little Angels setting), and the acquisition of a fourth setting in the Borough of Newham (Green Gate Nursery) has demonstrated LEYF's commitment to controlled growth in mixed demographic areas away from the historic central London areas, in line with population movement.

The successful tender prior to Christmas 2024 for the three Local Authority owned nurseries in Hillingdon, which completed in August 2025, will further increase our capacity, drive increased occupancy through adding 250 additional places, and mean entry into a thirteenth London Borough, this time in the west of the capital. This demonstrates our ambition for managed growth away from areas of population decline in the centre.



parent approval rating (January 2025)

Children at our newly opened Brixton Garden Nursery and Pre-school

Section 2: Operations and Finance

Summary financial performance

Although the Early Years sector continues to face pressures from delivering the phased roll-out of the Government's expansion of funded hours, the significant increase in staff costs and persistent inflationary challenges, LEYF has had a very successful year, delivering a surplus of £0.8m (FY23/24: £0.4m deficit).

Although LEYF does not aim to make significant surpluses, following several years of deficits or very small surpluses, it was essential that reserves were increased to ensure LEYF's financial sustainability and to generate sufficient cash to fund the ongoing investment in growth.

The surplus of £0.8m was driven by an increase in contribution generated by the nurseries, with a year-on-year increase in occupancy of 51 FTEs, primarily from recently acquired nurseries, combined with the impact of operating nurseries with larger capacity and the reduction in the use of agency staff, and with central costs being held broadly flat.



This has increased the unrestricted reserves to £2.2m (FY23/24: £1.2m) and total reserves to £3.3m (FY23/24: £2.5m), with cash increasing to £2.7m (FY23/24: £2.5m), despite further investment in new and existing nurseries.

Key financial indicators:

Total income

FY24/25	FY23/24
£37.2m	£32.1m

Operating surplus/(deficit):

FY24/25	FY23/24
£0.8m	£(0.4)m

EBITDA

FY24/25	FY23/24
£2.0m	£0.8m

Capital re-invested in growth

FY24/25	FY23/24
£1.0m	£0.8m

Cash

FY24/25	FY23/24
£2.7m	£2.5m

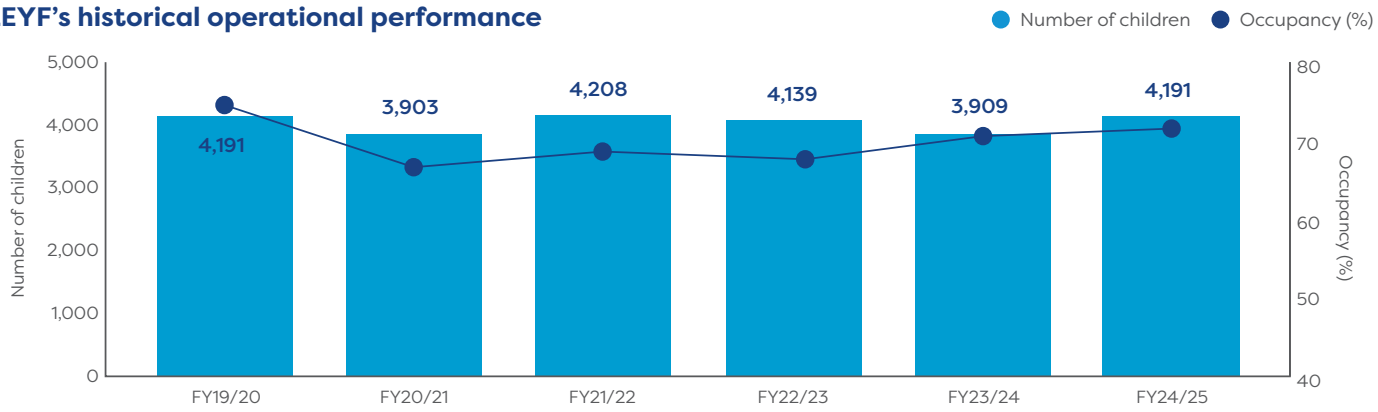
Gross debt

FY24/25	FY23/24
£3.6m	£4.3m

Section 2: Operations and Finance

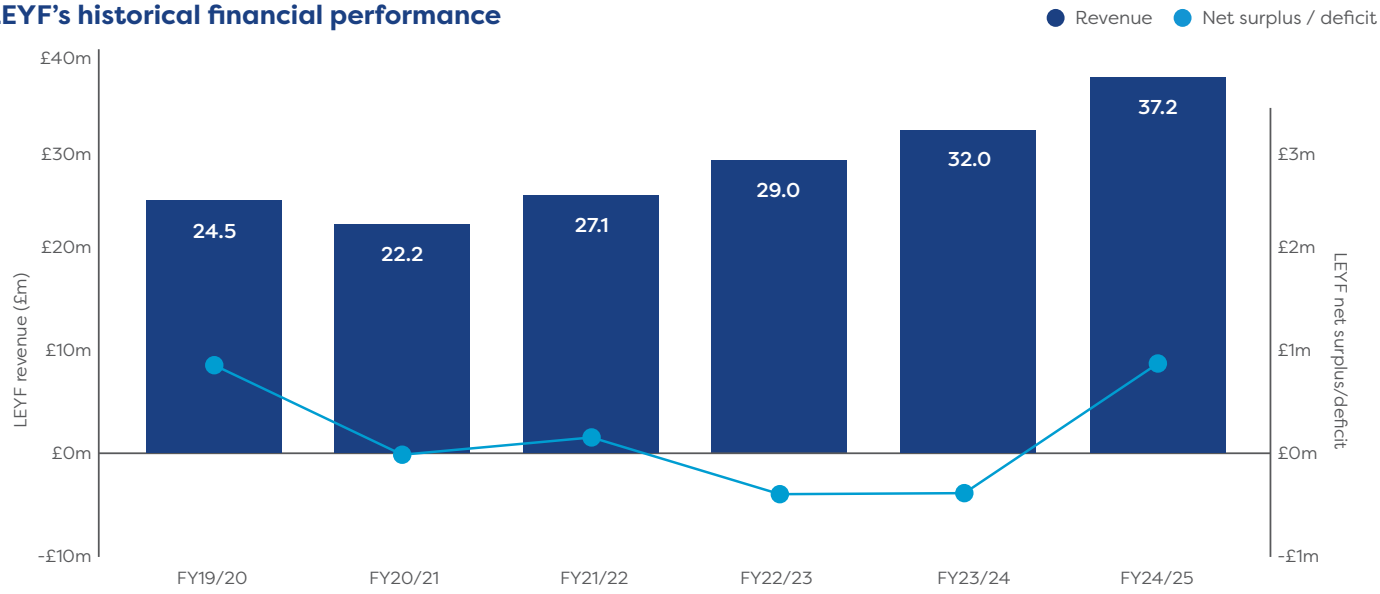
Historical performance

LEYF's historical operational performance



FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Capacity					
1949	2080	2204	2257	2219	2392
Average number of places per nursery					
50	51	53	57	59	57

LEYF's historical financial performance



LEYF's historical social impact performance

	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Dosage (average hours per week attended)	32	32	32	33	35	34
Duration (average number of months attended by leavers)	17	19	17	18	20	20
Quality (% Ofsted 'Outstanding')	60%	56%	52%	47%	46%	47%

Section 2: Operations and Finance

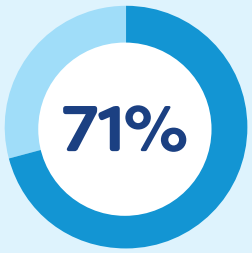
Valuing our staff

LEYF values and celebrates the wonderful diversity of our workforce, which brings positive outcomes and experiences for our staff, for the children attending our nurseries and for the communities in which we operate.

Our staff are key to delivering our ambition of changing the world, one child at a time, and we strive to attract and retain talented people who are motivated to do great things for our children.

Attracting and retaining our talented staff in an extremely competitive market remains a priority for LEYF. We continue to make great strides towards our aspiration that all staff earn the London Living Wage (LLW) and whilst we are not quite there yet, we continue to take steps towards this and currently have over 71% of our eligible staff being paid the LLW and above. We were pleased to see that in our recent engagement survey (online, 2025) the number of staff feeling their pay is reasonable compared to similar jobs in other organisations increased by 5%.

We continue to review salaries, using robust external benchmarking, to recognise the hard work and commitment of our staff, while remaining competitive in the sector. We appreciate that our staff turn up ready to give their best each day, but they appreciate our compassionate approach when they are faced with various challenges from their lives outside of work.



of our eligible staff are being paid the London Living Wage (LLW) and above

One way we have helped is by doubling our benefits this year. We are delighted to be able to signpost both staff and managers to a range of relevant resources to support their financial and emotional wellbeing including financial education and planning, counselling services, mindfulness, as well as a range of guidance and support.

> **Attracting and retaining our talented staff in an extremely competitive market remains a priority**



Diversity and inclusion

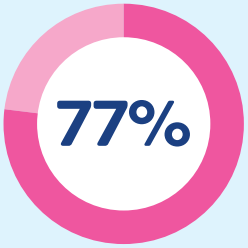
LEYF prides itself on being an organisation where apprentices and staff feel they belong.

Inclusion is not a buzzword but core to how we attract, recruit and develop all our staff. They are encouraged to contribute their views through research questionnaires, staff forums, task and finish groups, and the apprentice voice.

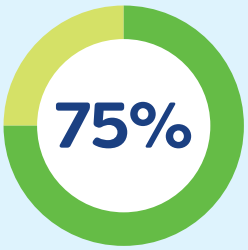
We firmly believe children benefit from learning in a culture of harmonious relationships with role models from diverse backgrounds, which is why we are proud to attract and retain such an interesting workforce. Children want to engage in activities with teachers who are passionate pedagogues and who make the interaction fun and enjoyable – in effect, children select the 'best person for the job', and that is effectively what we aim to replicate in our work environment.

> **We firmly believe children benefit from learning in a culture of harmonious relationships with role models from diverse backgrounds, which is why we are proud to attract and retain such an interesting workforce.**

We were very pleased to see this feeling reflected in our recent engagement survey results (online, 2025) which showed that:



of staff felt that LEYF continues to take action to improve equality, diversity and inclusion



of staff felt a sense of belonging at LEYF, which increased by 7% vs the prior year



of respondents felt our workforce is representative of the diversity of people in the communities we serve

We have continued to champion and campaign to increase men in childcare because of the positive benefits we see this brings for everyone. The Early Years sector has historically been female-dominated and currently 98% of the sector remains female. We have managed to increase the proportion of men working in the sector because we know having a gender-balanced workforce brings many benefits.

Our total workforce is currently 7% male and 93% female, which has remained constant since the previous year. This year, despite the female weighting across the Early Years sector and not just at LEYF, we are delighted to have progressed further in closing our gender pay gap.



Our Men in Childcare Forum has continued to promote internal networking among our male staff, offering peer support to our male colleagues through termly connections with LEYF team members across nurseries and COT. During these forums, participants were engaged on campaigns, upcoming roles and projects, recruitment strategies to attract more men into Early Years, as well as updates from the sector and current research.

These forums have proven to be particularly effective in enhancing a sense of community and increasing the camaraderie support across the organisation more visibly.

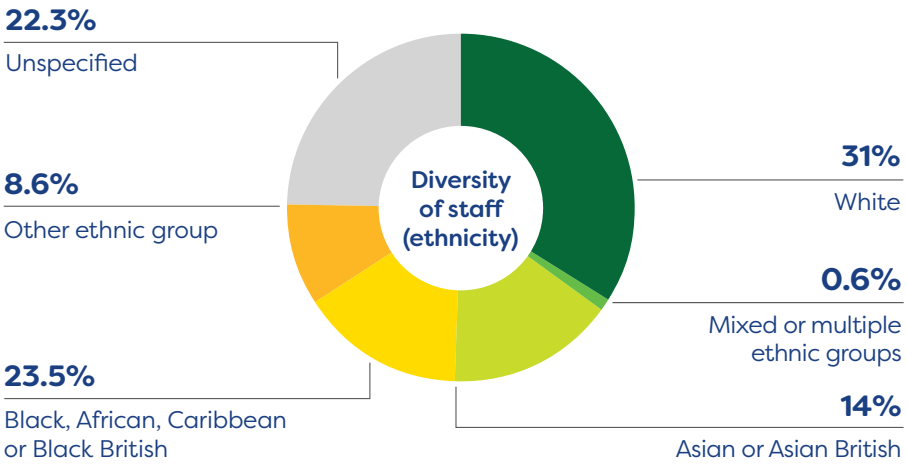
We continue to be proud of the number of men in childcare at LEYF, and for those within our nurseries, they have emphasised the significance of this and the sense of belonging they feel whilst working at LEYF.

The next steps for this forum include reviewing the operational structure to ensure impact is optimised, as well as strengthening links on broader topics such as marketing, recruitment and retention. Research will also continue to be a core pillar for the forum, with new research activities planned for this year.

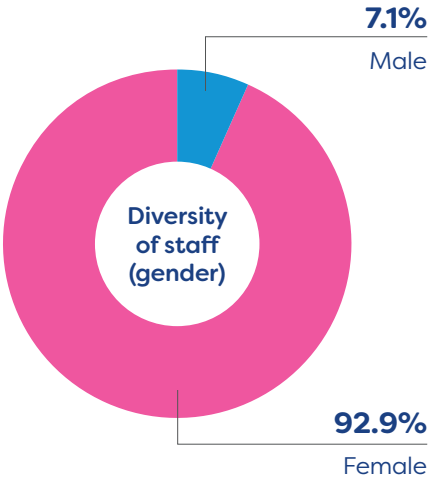
To help us achieve our goal of a diverse and inclusive workplace, we have implemented several initiatives including:

- training our managers to consider unconscious bias when recruiting staff
- engaging positively with a variety of employee representative groups including Men in Childcare, Employee Council and the Voice of Our Apprentices
- funding opportunities for our staff to advance and grow their careers with us by studying for qualifications from apprenticeship to degree level
- implementing tools, processes and training to ensure we attract a diverse candidate pool to all LEYF roles including our Board
- carrying out research that highlights the needs of the children from a range of backgrounds
- harnessing the importance of a multi-generational approach in both our Pedagogy for the children and when thinking about where we advertise, so we attract the most diverse candidate pool we can. This would apply for any candidates joining us as apprentices, staff or joining our Board of Trustees.

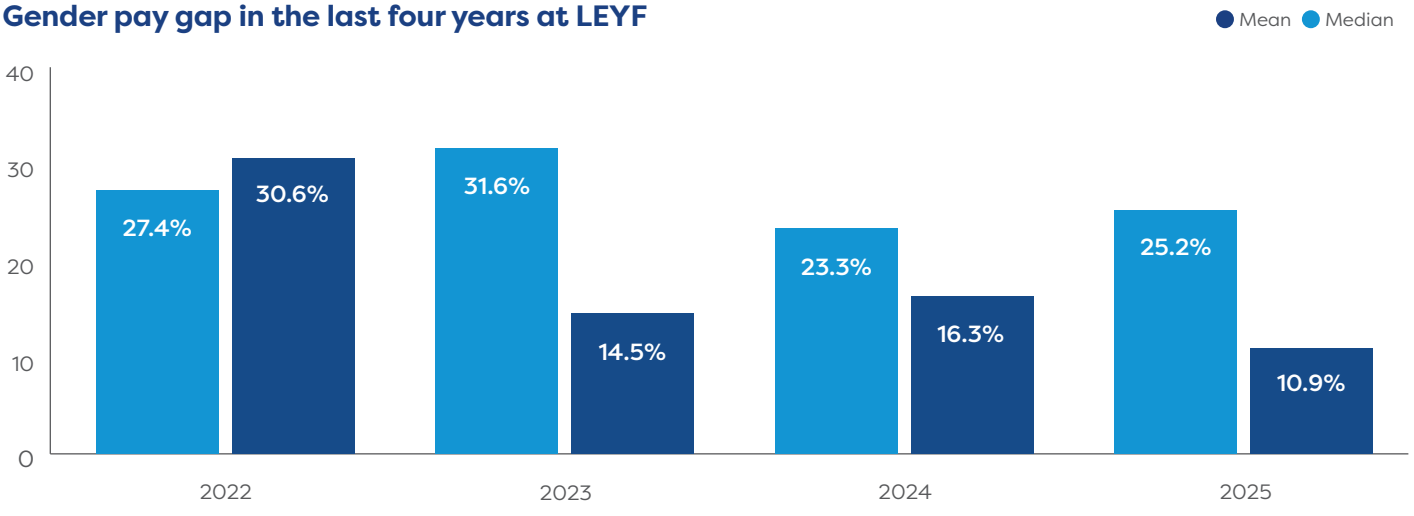
Reported ethnic diversity of staff across LEYF nurseries (FY24/25)



Reported gender diversity of staff across LEYF nurseries (FY24/25)



Gender pay gap in the last four years at LEYF



Section 2: Operations and Finance

Continuing to grow in a challenging environment

Despite the ongoing challenges of increasing staff costs, changing demographics in London and uncertainty relating to the expansion of funded hours, LEYF has continued to adapt and remain a sustainable organisation, whilst maximising social impact, but also has continued to make further progress on its growth ambition.

In August 2024, LEYF acquired Little Angels Nursery, now called Brixton Garden Nursery in Lambeth. The existing LEYF Brixton Nursery staff and children moved over to Brixton Garden shortly after and joined the existing families and staff team.

The original Brixton Nursery did not have any outdoor space, so this was a very welcome change for all, as the impressive garden in Brixton Garden Nursery allows the children to flourish in their outdoor learning environment, which many inner London children often don't get to experience. Outdoor exploration is key to enriching the learning experience.

Brixton Garden Nursery has since been transformed by a refurbishment, giving the tired nursery a new lease of life. The nursery has enhanced its capacity, allowing LEYF to further meet demand for places in the area and provided a fresh, calm nurturing environment for more children in the community.

Also, in August 2024, Harrow Road Nursery moved to the brand-new purpose-built Royal Oak Nursery space in partnership with Westminster City Council. The larger nursery offers more space, including a large garden, for children to learn and thrive in a new environment. The purpose-built kitchen provides healthy and nutritional meals and snacks for the children.



Laura Henry-Allain reads to the children at Brixton Gardens Nursery and Pre-school

In March 2025, LEYF acquired Early Years Nursery in Newham, now called Greengate Nursery. The very unique building is popular in the community and the nursery was a welcome addition to our Newham cluster. The nursery provides quality education for the children in Newham and has potential to expand its reach further.



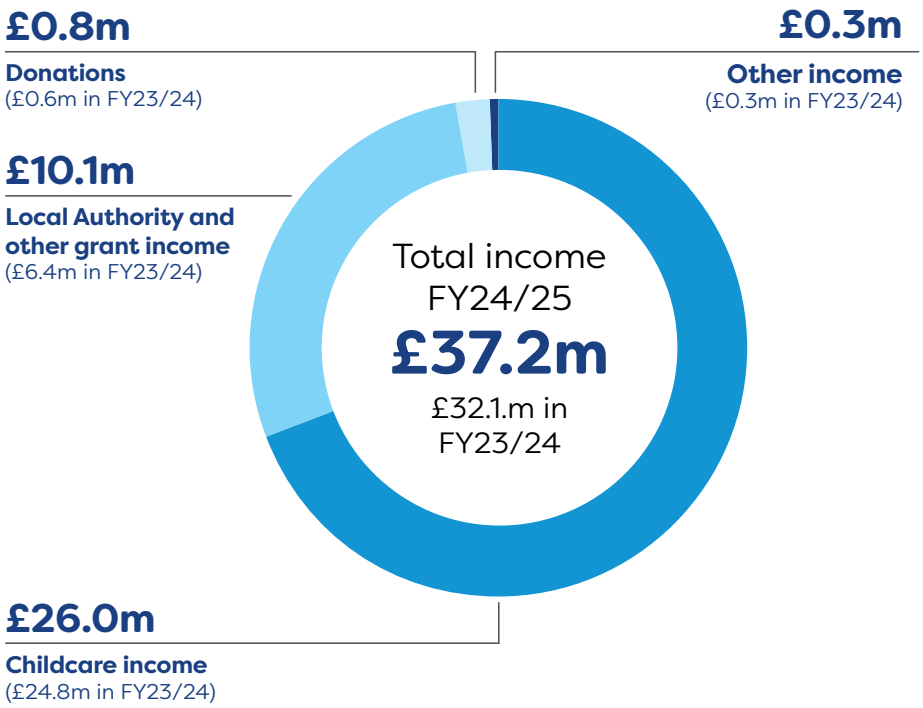
The opening of our brand-new Royal Oak Nursery and Pre-school

Income and expenditure

Income

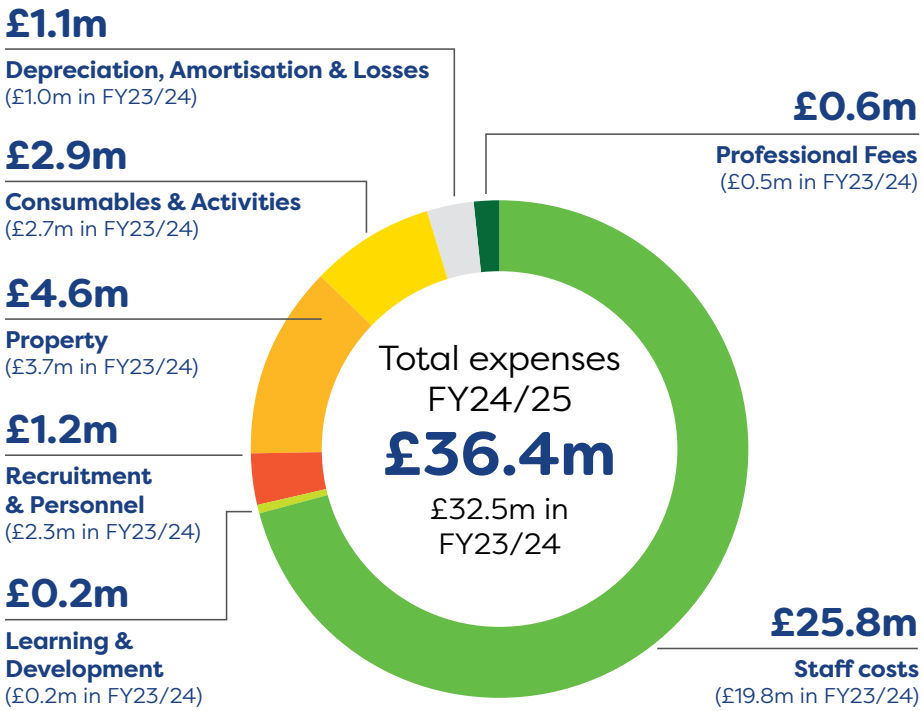
Total income was up £5.1m on the prior year, with parental fees continuing to be the largest source of income, increasing year on year by £1.2m (+5%). However, with the expansion of funded hours, this now represents 70% of total income, down from 77% in FY23/24. Parental fees will continue to fall as a percentage of total income, as the phased roll-out of the Government's expansion of funded hours continues in FY25/26.

The Local Authority and other grant income has increased by £3.7m (+ 58%), primarily because of this expansion in funded hours, but also through increased occupancy across the nurseries.



Expenditure

Total expenses of £36.4m were £3.9m higher than the prior year, driven primarily by the year-on-year increase in staff costs of £3.5m, partly offset by a £0.9m reduction in agency costs. This increase in staff costs was mainly attributed to the 10% increase in the London Living Wage and 8% increase in the National Minimum wage from 1st April 2024, but also as a result of the increase in number of LEYF staff employed, to support the growth in occupancy.



Section 3

Statement of Accounts

THE LONDON EARLY YEARS FOUNDATION

Charity Reference and Administrative Details

For the year ended 31 March 2025

Administrative information

Status	The organisation was founded in 1903 and is now a charitable company limited by guarantee, incorporated on 10th March 1988 and registered as a charity on 31st March 1988.
Governing document	The 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 Audit LLP** 130 Wood Street London EC2V 6DL

THE LONDON EARLY YEARS FOUNDATION

Report of Trustees including the strategic report

For the year ended 31 March 2025

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2025. 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 R	**Ravi Verma** Trustee F R
Lauren Georgia Hart Trustee F S	**Anu Vishwas Sarkar** Trustee S	**James Hicks** Trustee
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

Shirley Paddock has also acted as a Nursery Ambassador for LEYF since January 2024

Anu Vishwas Sarkar was appointed on 21 March 2024

Allan Lambert resigned as a Trustee and member of the Social Impact Committee on 23 July 2025

James Hicks was appointed on 23rd September 2025

Executive Management Team

June O'Sullivan OBE
Chief Executive and Company Secretary

Kevin Dyson
Director of Finance

Michael Abbott
Director of Operations

Melanie Wright
Director of People and Culture

Alex Mawer
Director of Sales, Marketing and Communications
(Appointed April 2025)

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 53 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 five 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.

The appointment process has three elements: an interview with the CEO and a member of the Executive Management Team (EMT); 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. The induction process includes meetings with the 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 6 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 of 31 March 2025 was 10 (2024: 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.

In FY24/25, the reserves policy was reviewed and approved by the FinCom. The reserves policy was updated to better reflect the measures used and assessed to support our ambition and long-term growth strategy. The policy was applied throughout FY24/25 and continues to be considered appropriate.

The surplus for the year was £0.8m. The total amount of reserves as at the reporting date shows restricted funds of £1.1m and unrestricted general fund reserves as £2.2m. Overall total charity funds are £3.3m.

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 £2.1m. 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. Like prior years, the cash balance remains more than the cash reserve on an ongoing basis and the unrestricted funds matched as at year-end the level required as at 31st March 2025.

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.

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.

Remuneration of Executive Management Team (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

Donations received from Trustees during the year were nil (2024: £16,600). During the year LEYF received Gifts in Kind with an estimated value of £43,240 (2024: £62,000) for volunteered days from EY graduates and Room hire for two events from Bain. EY is a related party as one of LEYF's Trustees is a partner of the firm, but has no involvement in this transaction. Two Trustees of LEYF are related to Bain & Company and are partners of the firm. All donations were without conditions attached.

The total expense incurred for services to related parties during the year was £54,905 (2024: £54,803). This amount includes payments of £51,405 (2024: £39,059) that were made to family members of the Chief Executive Officer and a key member of staff under current standard employment and supplier terms. In addition £3,500 (2024: £3,345) was paid for a membership of Social Enterprise (UK) which is a charity connected to the Chief Executive officer.

Employment practices

LEYF works hard to create a culture of dignity and respect, striving to ensure that our work and learning environments are welcoming, inclusive and respectful. LEYF has a variety of policies such as our Dignity at Work policy, which promotes the expected behaviours, and confirms how someone could raise any issues they may have experienced.

Candidates for employment or promotion, both internal and external, will be assessed objectively against the skills, experiences and values requirements for the job. We are committed to implementing any reasonable adjustments where candidates may request support for reasons such as disability or neurodiversity.

LEYF holds regular forums and strategy meetings to share and inform, discuss for input and feedback, listen and engage, as well as update on a range of topics including staff organisational strategy, external matters staff, the planning of the future direction of LEYF, employee engagement and parent survey results and much more.

LEYF reviews and maintains a suite of employee benefits to encourage employee retention and involvement, and we are proud to have doubled the benefits offering this year for our staff.

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 considers the anticipated impact of the continued roll-out of the 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.

Future forecasts show 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 exists to cover a period of at least 12 months from the date of sign off.

Risk management

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

Systems include:

- a long-term strategic plan, annual business plan and annual budget, all of which are approved by the Trustees;
- regular consideration by the 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 a 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 as to 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 Health and Safety). 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, particularly the increasing reliance on income from Government funding. 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 continue to impact occupancy levels, operational costs, 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.

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

- safeguarding the children
- Health and Safety 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 them.

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 the 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.

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 £2.2m (2024: £1.6m).

THE LONDON EARLY YEARS FOUNDATION

Statement of Trustees' Responsibilities

For the year ended 31 March 2025

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

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



Michael Garstka, Chair of Trustees

11 December 2025

THE LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2025

Opinion

We have audited the financial statements of London Early Years Foundation (the 'charitable company') for the year ended 31 March 2025 which comprise the statement of financial activities, the balance sheet, 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 2025 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, including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, 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.

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 set out on page 35, 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).

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.

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 Audit LLP

Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street
London
EC2V 6DL

Date: 12 December 2025

THE LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2025

	Note	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Income from:							
Donations	2	584 852	210 719	**795 571**	383 405	237 596	621 001
Charitable activities							
Childcare Income	3	35 588 701	493 019	**36 081 720**	30 498 980	608 699	31 107 679
Training Income	3	87 976	-	**87 976**	89 108	-	89 108
Interest Income		54 791	-	**54 791**	53 290	-	53 290
Other		62 777	75 776	**138 553**	155 621	53 782	209 403
Total income		36 379 097	779 514	**37 158 611**	31 180 404	900 077	32 080 481
Expenditure on:							
Charitable activities							
Childcare Expenditure	4	34 969 894	945 283	**35 915 177**	30 964 854	942 456	31 907 310
Training Expenditure	4	461 726	655	**462 381**	552 585	4 136	556 721
Total expenditure		35 431 620	945 938	**36 377 558**	31 517 439	946 592	32 464 031
Net surplus/(deficit) for the year		947 477	(166 424)	**781 053**	(337 035)	(46 515)	(383 550)
Net movement in funds		947 477	(166 424)	**781 053**	(337 035)	(46 515)	(383 550)
Reconciliation of funds:							
Total funds brought forward	18	1 226 937	1 273 667	**2 500 604**	1 563 972	1 320 182	2 884 154
Total funds carried forward		2 174 414	1 107 243	**3 281 657**	1 226 937	1 273 667	2 500 604

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.

THE LONDON EARLY YEARS FOUNDATION

Balance sheet

For the year ended 31 March 2025

	Note	£	2025 £	£	2024 £
Fixed assets:					
Intangible assets	10		1 484 151		1 261 752
Tangible assets	11		6 760 676		6 216 066
			8 244 827		7 477 818
Current assets:					
Debtors	12	1 656 696		1 215 359	
Cash at bank and in hand	20	2 707 817		2 524 172	
		4 364 513		3 739 531	
Liabilities:					
Creditors: amounts falling due within one year	13	(6 502 589)		(5 168 154)	
Net current (liabilities)/assets			(2 138 076)		(1 428 623)
Total assets less current liabilities			6 106 751		6 049 195
Creditors: amounts falling due after one year	16		(2 825 094)		(3 548 591)
Total net assets			**3 281 657**		2 500 604
The funds of the charity:	18				
Restricted income funds			1 107 243		1 273 667
Unrestricted income funds:					
General funds			2 174 414		1 226 937
Total charity funds			**3 281 657**		2 500 604

The financial statements on pages 28 to 53 were approved by the Board and authorised for issue on 11th December 2025 and signed on its behalf by:



Michael Garstka
Chair

11th December 2025
Company number: 02228978

THE LONDON EARLY YEARS FOUNDATION
Statement of Cash Flows
For the year ended 31 March 2025

	Note	£	2025 £	£	2024 £
Cash flows from operating activities	19		2 982 334		494 207
Cash flows from investing activities:					
Purchase of intangible assets		(477 018)		(29 531)	
Purchase of tangible assets		(1 394 276)		(1 308 266)	
Investment in subsidiary		-		25 276	
Net cash used in investing activities			(1 871 294)		(1 312 521)
Cash flows from financing activities:					
Proceeds from borrowing		-		322 000	
Repayments of borrowing		(714 475)		(614 916)	
Interest paid		(212 920)		(200 969)	
Net cash used in/ provided by financing activities			(927 395)		(493 885)
Change in cash and cash equivalents			183 645		(1 312 199)
Cash and cash equivalents at the beginning of the year			2 524 172		3 836 371
Cash and cash equivalents at the end	20		**2 707 817**		2 524 172

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.

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 and cash forecasts, along with the underlying assumptions, and are confident that LEYF is a going concern. The latest forecast demonstrates LEYF's ability to meet its obligations and liabilities. Over the past year, LEYF has consistently met its obligations and liabilities, and the Trustees are satisfied that LEYF will continue to do so over the next twelve months.

In the Spring 2023 budget, the government announced a significant expansion and investment in childcare entitlements. During the year the initial changes have been implemented, along with increased funding rates from local authorities. This has had a positive impact on cash flow and performance during the year. The final stage of the expansion is due in September 2025, again a positive impact on performance and cashflow is expected as a result of these policy changes.

The Trustees consider it reasonable to prepare the accounts on a going concern basis, as sufficient funding exists to cover a period of at least 12 months from the date of sign-off.

d) Income

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

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

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

e) Donations of gifts

On receipt, cash gifts are recognised on the basis of the value of the gift to the charity which is 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 consideration of impairment of goodwill. Estimates are based on historical experience and other pertinent information, actual results may differ from these estimates.

g) Interest receivable

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

1 Accounting policies (continued)

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

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

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

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

Childcare	79%
Training	1%
Support costs	19%
Governance costs	1%
	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.

1 Accounting policies (continued)

l) Termination benefits

Settlement and redundancy costs 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) Rental charges

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

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

1 Accounting policies (continued)

p) Investments

Investments in equity shares which are not publicly traded are measured at fair value, if fair value cannot be reliably 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 Donations

	Unrestricted £	Restricted £	**2025 Total £**	2024 Total £
Donations	324 242	210 719	**534 961**	368 713
Gifts in Kind	260 610	-	**260 610**	252 288
	584 852	210 719	**795 571**	621 001

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.

3 Charitable activities

	Unrestricted £	Restricted £	2025 Total £	2024 Total £
Income from charitable activities				
Childcare fees	25 712 836	-	**25 712 836**	24 751 807
Local Authority grants	9 873 907	267 121	**10 141 028**	5 944 152
Other grant income	1 958	225 898	**227 856**	411 720
Sub-total for Childcare income	35 588 701	493 019	**36 081 720**	31 107 679
Training Income	87 976	-	**87 976**	89 108
Sub-total for Other income	87 976	-	**87 976**	89 108
Total income from charitable activities	35 676 677	493 019	**36 169 696**	31 196 787

Local Authority grants totalling £9,620,596 (2024: £5,671,578) received relates to funded hours for children from 9 months to 4 years old.

Restricted income from charitable activities in the prior year was £608,699.

4 Expenditure

	Charitable activities						
	Childcare Provision £	Training £	Governance costs £	Support costs £	Restricted Funds £	2025 Total £	2024 Total £
Staff costs (Note 6)	19 980 191	324 640	-	4 810 690	686 315	**25 801 836**	22 097 060
Learning & Development	32 802	137 086	-	62 294	655	**232 837**	191 180
Recruitment and Personnel	880 911	-	-	299 296	-	**1 180 207**	2 272 975
Property	4 550 960	-	-	67 333	-	**4 618 293**	3 683 501
Consumables and Activities	1 278 875	-	-	1 462 441	141 999	**2 883 315**	2 747 207
Depreciation Amortisation & Losses	810 523	-	-	200 115	93 319	**1 103 957**	961 609
Audit and Other Professional Fees	-	-	469 333	64 130	23 650	**557 113**	510 499
	27 534 262	461 726	469 333	6 966 299	945 938	**36 377 558**	32 464 031
Support costs	6 966 299	-	-	(6 966 299)	-	-	-
Governance costs	469 333	-	(469 333)	-	-	-	-
Total expenditure 2025	**34 969 894**	**461 726**	**-**	**-**	**945 938**	**36 377 558**	**-**
Total expenditure 2024	30 964 854	552 585	-	-	946 592	-	32 464 031

5 Net expenditure for the year

This is stated after charging:

	2025 Total £	2024 Total £
Depreciation	**790 299**	721 579
Amortisation	**254 620**	221 712
Loss on disposal of fixed assets	**59 367**	12 262
Loss on investments	**-**	6 054
Interest payable	**204 217**	255 010
Operating lease rentals:		
Property	**1 853 999**	1 310 671
Equipment hire	**37 574**	34 376
Auditor's remuneration (excluding VAT):		
Current Year Audit	**52 850**	50 850
Other costs (financial and taxation advice)	**710**	2 311

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

Staff costs were as follows:

	2025 Total £	2024 Total £
Salaries and wages	**22 124 713**	19 185 143
Social security costs	**2 003 087**	1 548 837
Employer's contribution to defined contribution pension schemes	**1 379 630**	1 172 081
Apprentice levy	**294 407**	190 999
	25 801 837	22 097 060

During the year redundancy and settlement costs were £142,548 (2024:£11,150), of which £24,000 relate to ex gratia payments (2024: £11,150).

Agency Costs for the year were:	**898 125**	1 891 547

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

	2025 No.	2024 (Restated) No.
£60 001 - £70 000	**8**	6
£70 001 - £80 000	**2**	1
£80 001 - £90 000	**2**	2
£90 001 - £100 000	**-**	-
£100 001 - £110 000	**-**	-
£110 001 - £120 000	**1**	1
£120 001 - £130 000	**1**	-
£130 001 - £140 000	**1**	2
£140 001 - £150 000	**1**	-
£150 001 - £160 000	**2**	1

The total employee benefits including pension and national insurance contributions of the key management personnel were £785,816 (2024: £727,456).

The charity Trustees were not paid or received any other benefits from employment with the charity in the year (2024: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2024: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and were £Nil for the year (2024: £Nil).

7 Staff numbers

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

	2025 No.	2024 No.
Childcare	**852**	779
Training	**14**	13
Support	**75**	76
	941	868

In March 2025, the number of staff employed on an FTE basis were 724 (2024: 641).

8 Related party transactions

Donations received from Trustees during the year were nil (2024: £16,600). During the year LEYF received Gifts in Kind with an estimated value of £43,240 (2024: £62,000) for volunteered days from EY graduates and room hire for two events from Bain. EY is a related party as one of LEYF's Trustees is a partner of the firm, but has no involvement in this transaction. Two Trustees of LEYF are related to Bain & Company and are partners of the firm. All donations were without conditions attached.

The total expense incurred for services to related parties during the year was £54,905 (2024: £54,803). This amount includes payments of £51,405 (2024: £39,059) that were made to both the Chief Executive Office and a key member of staff, which were made under standard employment and supplier terms. In addition £3,500 (2024: £3,345) was paid for a membership of Social Enterprise (UK) which is a charity connected to the Chief Executive Officer.

As at 31 March 2025 a total amount of £Nil (2024: £1,942) was payable to related parties and have been included in trade creditors.

9 Taxation

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

10 Intangible fixed assets

	Software* £	Goodwill Acquired Nurseries £	**Total £**
Cost or valuation			
At the start of the year	689 058	1 116 104	**1 805 162**
Additions in year	2 019	475 000	**477 019**
Transfers in the year	-	-	**-**
Disposals in the year	-	-	**-**
At the end of the year	691 077	1 591 104	**2 282 181**
Amortisation			
At the start of the year	340 008	203 402	**543 410**
Charge for the year	124 176	130 444	**254 620**
Transfers in the year	-	-	**-**
Disposals in the year	-	-	**-**
At the end of the year	464 184	333 846	**798 030**
Net book value			
At the end of the year	226 893	1 257 258	**1 484 151**
At the start of the year	349 050	912 702	**1 261 752**

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.

11 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	5 311 064	2 804 544	1 001 935	877 397	**9 994 940**
Additions in year	1 054 045	17 141	100 355	222 735	**1 394 276**
Disposals	(191 102)	(3 624)	(81 359)	(2 663)	**(278 748)**
At the end of the year	6 174 007	2 818 061	1 020 931	1 097 469	**11 110 468**
Depreciation					
At the start of the year	1 703 882	1 002 475	618 033	454 484	**3 778 874**
Charge for the year	507 759	59 781	123 023	99 736	**790 299**
Disposals	(133 066)	(3 624)	(80 028)	(2 663)	**(219 381)**
At the end of the year	2 078 575	1 058 632	661 028	551 557	**4 349 792**
Net book value					
At the end of the year	4 095 432	1 759 429	359 903	545 912	**6 760 676**
At the start of the year	3 607 182	1 802 069	383 902	422 913	**6 216 066**

All of the above assets are used for charitable purposes.

12 Debtors

	2025 £	2024 £
Trade debtors	**701 189**	363 715
Other debtors	**96 148**	101 300
Prepayments	**730 607**	683 572
Accrued income	**128 752**	66 772
	1 656 696	1 215 359

13 Creditors: amounts falling due within one year

	2025 £	2024 £
Loans	**796 449**	796 130
Trade creditors	**871 161**	861 889
Taxation and social security	**437 101**	379 507
Other creditors	**1 602 464**	1 379 695
Accruals	**1 213 500**	886 996
Deferred income (Note 14)	**1 581 914**	863 937
	6 502 589	5 168 154

14 Deferred income

Deferred income in the year ended March 2025 are payments received from parents and local authorities in advance for services that are to be delivered after 31 March 2025.

	2025	2024
	£	£
Balance at the beginning of the year	**863 937**	1 032 598
Amount released to income in the year	**(863 937)**	(1 032 598)
Amount deferred in the year	**1 581 914**	863 937
Balance at the end of the year	**1 581 914**	863 937

15 Creditors: amounts falling due after one year

	2025	2024
	£	£
Loans	**2 825 094**	3 548 591

	2025	2024
	£	£
Less than one year	**796,449**	796,130
Between two to five years	**2,378,469**	973,836
Over five years	**446,625**	2,574,755
Total due	**3,621,543**	4,344,721

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 2025 is £905,521 (2024: £1,509,141) which includes interest of £5,521 (2024: £9,141).

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.

On 5 May 2022, LEYF launched a bond issue through Triodos Bank UK Limited (the Registrar). These bonds were in the form of 1,500,000 bonds each with a nominal value of £1, with a minimum investment of £50, repayable on 31 May 2029 and 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 2025 the balance owing is £1,558,045 (2024: £1,559,281), which includes interest of £59,045 (2024: £59,281). The bonds are unsecured.

On 1 November 2022, LEYF entered into a loan agreement with The 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 2025 the balance owing is £93,337 (2024: £110,359), which includes interest of £nil (2024: £275). This loan is unsecured.

On 31 March 2023,LEYF received an £800,000 loan from Trust for London Trustee with a further £322,000 received on 22 May 2023. The loan bears interest at a variable rate of 0.5% above the Bank of England base rate, capped to 4%. The first 12 months of interest were rolling interest and forms part of the total capital outstanding. Capital and interest monthly repayments began on 1 May 2024. As at 31 March 2025, the balance owing is £1,064,640 (2024: £1,165,940). The total interest capitalised was £39,369 (2024: £43,940). This loan is unsecured.

16 Pension scheme

LEYF operates a defined contribution scheme for its employees offering an employer contribution of 7% of annual salary (2024: 7%) for all eligible staff. Outstanding contributions awaiting payment at 31 March 2025, included in other creditors, were £173,218 (2024: £141,870). Any liability and expenses are allocated as unrestricted or restricted funds on the same basis as employee related costs.

17 Analysis of net assets between funds

	General Unrestricted £	Restricted £	2025 Total Funds £
Fixed assets	7 523 655	721 172	**8 244 827**
Net current assets	(2 524 147)	386 071	**(2 138 076)**
Long-term liabilities	(2 825 094)	-	**(2 825 094)**
Net assets at the end of the year	**2 174 414**	**1 107 243**	**3 281 657**

	General Unrestricted £	Restricted £	2024 Total Funds £
Fixed assets	6 688 543	789 275	**7 477 818**
Investments	-	-	**-**
Net current liabilities	(1 913 015)	484 392	**(1 428 623)**
Long-term liabilities	(3 548 591)	-	**(3 548 591)**
Net assets at the end of the year	**1 226 937**	**1 273 667**	**2 500 604**

18 Movements in funds

2024/25	At the start of the year £	Incoming resources £	Outgoing resources £	**At the end of the year £**
Restricted funds:				
Marsham Street Renovations	714 326	-	(52 942)	**661 384**
Carlton Hill Refurbishment	69 582	-	(12 104)	**57 478**
Funding for Vulnerable Children	()	150 000	(145 745)	**4 255**
Colville Crisis Funding	12 516	-	-	**12 516**
Food Banks	1 867	26 338	(2 667)	**25 538**
Chef Academy Funding	86 225	-	(85 319)	**906**
SEND Funding	-	234 399	(234 399)	**-**
LEYF Training Academy Funding	228 667	218 898	(266 823)	**180 742**
Strategic Growth Funding	125 000	27 722	(26 572)	**126 150**
Other Funds	35 484	122 161	(119 371)	**38 274**
Total restricted funds	1 273 667	779 518	(945 942)	**1 107 243**
Total unrestricted funds - general funds	1 226 937	36 379 097	(35 431 620)	**2 174 414**
Total funds	2 500 604	37 158 615	(36 377 562)	**3 281 657**

2023/24	At the start of the year £	Incoming resources £	Outgoing resources £	**At the end of the year £**
Restricted funds:				
Marsham Street Renovations	767 268	-	(52 942)	**714 326**
Carlton Hill Refurbishment	81 686	-	(12 104)	**69 582**
Funding for vulnerable children	27 518	206 959	(234 477)	**-**
Colville Crisis Fund	12 516	-	-	**12 516**
Food Banks	4 993	100	(3 226)	**1 867**
Chef Academy Funding	89 591	101 266	(104 632)	**86 225**
SEND Funding	-	244 824	(244 824)	**-**
LEYF Training Academy Funding	189 403	260 354	(221 090)	**228 667**
Strategic Growth Funding	125 000	-	-	**125 000**
Other Funds	22 207	86 574	(73 297)	**35 484**
Total restricted funds	1 320 182	900 077	(946 592)	**1 273 667**
Total unrestricted funds - general funds	1 563 972	31 180 404	(31 517 439)	**1 226 937**
Total funds	2 884 154	32 080 481	(32 464 031)	**2 500 604**

18 Movements in funds (continued)

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 clubs and food hampers.

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

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

Chef Academy Fund was launched in July 2019. A grant from Guy's and St Thomas' Charity supporting the evaluation of how the Chef 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.

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

	2025	2024
	£	£
Net surplus/(deficit) income for the reporting period (as per the statement of financial activities)	**781 053**	(383 550)
Depreciation and amortisation charges	**1 044 918**	943 292
Loss on disposal of tangible fixed assets	**59 367**	12 262
Investment losses	**-**	6 054
Interest payable	**204 217**	255 010
(Increase) in debtors	**(441 337)**	(185 626)
Increase/(decrease) in creditors	**1 334 116**	(153 235)
Net cash provided by operating activities	**2 982 334**	494 207

20 Analysis of cash

	At 1 April 2024	Cash flows	**At 31 March 2025**
	£	£	**£**
Cash at bank and in hand	2 524 172	183 645	**2 707 817**
Total cash and cash equivalents	2 524 172	183 645	**2 707 817**

21 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:

	£	£	**2025 £**	2024 £
	Property	Other	**Total**	Total
Less than one year	1 597 287	30 024	**1 627 311**	1 523 058
One to five years	5 740 635	30 121	**5 770 756**	4 941 017
Over five years	7 330 585	-	**7 330 585**	6 986 659
	14 668 507	60 145	**14 728 652**	13 450 734

22 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.

23 Capital Commitments

As at 31 March 2025, there were no outstanding capital commitments (2024: £Nil).

24 Net debt reconciliation

	At 1 April 2024 £	Cash flows £	Other non-cash changes £	**At 31 March 2025 £**
Cash at bank and in hand	2 524 172	183 645	-	**2 707 817**
Debt due within one year	(796 130)	923 930	(924 249)	**(796 449)**
Debt due after one year	(3 548 591)	1 000	722 497	**(2 825 094)**
Total cash and cash equivalents	(1 820 549)	1 108 575	(201 752)	**(913 726)**

25 Subsequent events

On 18 August 2025, LEYF acquired three nurseries from the London Borough of Hillingdon.

On 31 August 2025 LEYF received a loan of £400,000 from Esmee Fairbairn Foundation.

Nurseries

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

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

www.leyf.org.uk

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

02078348679
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@leyfonline

THE LONDON EARLY YEARS FOUNDATION

England & Wales - Charity number 299686

Accounts



Leyf Nurseries

The London Early Years Foundation

Annual Report 2023/24 and Statement of Accounts





Company number 02228978

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Case study:

Food and family support network

LEYF operates nurseries primarily in areas of deprivation where there would not otherwise be a high-quality nursery available. In order to better support parents who live in poverty, we formed the LEYF Food and Family Support Network, which provides families with much needed support including food, clothing, toiletries, hygiene products and shoes.

The Food and Family Support Network includes seven of our nurseries which run foodbanks: Angel, Burgess Park, Eastbury, Ford Road, Marks Gate, Stockwell, Wandsworth Bridge nurseries; the network also includes LEYF senior chefs from Stockwell, Marks Gate, Playhouse, Earls Court and support from our Learning & Development team including our chef trainer Sean Cowden.

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 on-site kitchens to cook high quality, nutritious meals for our children.

Bloody Good Period and Beauty Bank have provided us with self-care and hygiene products and The Hygiene Bank supports



us with toiletries and household items. Sal's Shoes has donated nearly new or new and preloved shoes to support our families at our Burgess Park Nursery. All 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 2023, we ran our second 'From One Family to Another' campaign. We involved parents, staff and our partners in a donation drive for food to support families in need.

We received great support from parents and corporate partners including Permira and Clifford Chance. Donations ensured our foodbanks were well stocked over the Christmas period with staples such as flour, rice and cereals.



Message from our Chair and Chief Executive

This year, we made steady progress keeping the business on track, deepening our Sustainability Strategy through every level of the organisation while preparing for one of the biggest childcare policy changes ever.

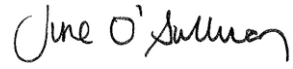
This is the plan initiated by the previous Government to expand the childcare funded offer starting by doubling the 15 hours currently available to eligible parents of 2-year-olds from April 2024. The success of the plan depends on several factors, discussed later in this report, but being able to recruit sufficient qualified, capable and competent staff is key. This remains a challenge and we have spent the year focusing on recruiting, retaining staff and ensuring we do our best to offer fair salaries, decent benefits and access to great training and development opportunities. It was therefore very satisfying to launch the London Institute of Early Years, which enables us to extend our current award-winning programmes, qualifications and research across the wider sector.

This year we focused our research on the plight of children with a parent in prison and our free, downloadable **Best Practice Pack** was designed to help colleagues across the Early Years sector better support children, families and staff in nurseries and childcare settings to manage this sad situation compassionately.

Every year, we look at our portfolio of nurseries and make decisions about their viability. Changes are usually due to demographic changes and this year was no exception. London is changing and the birth rate is dropping, especially in central London boroughs. We therefore closed two nurseries where this was an issue but balanced that decision by opening Thames Reach, our brand-new nursery in Greenwich. We moved Fire Station to a new home in Stoke Newington Church Street based in the grounds of St Mary's Church of England Primary School with a great garden and more space to take additional children. In doing this we have also created a positive partnership with the school.

This is one of our many partnerships, including a very innovative relationship with City Harvest which provides our qualified chefs, trained at the London Institute of Early Years, to use donated food that would otherwise be wasted. The project is enabling us to use money we would have spent on food to fund places for children from more disadvantaged homes who do not meet the criteria of the Government childcare policy, a situation which is likely to increase with the expansion plan. The need for our social enterprise model remains essential if society believes that every child should be able to access high quality education and care no matter where they live or what their backgrounds.

Nothing is ever achieved without the support of a great team, and we would like to thank everyone working at LEYF and our Board of Trustees for their energy and commitment to our social purpose. They remain strong advocates for children in the Early Years sector and continue to bravely lead the charge to change the world, one child at a time.



June O'Sullivan OBE
Chief Executive



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 an ambition 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, no matter their background – helping them to achieve their full potential. LEYF has also launched the London Institute of Early Years to support internal and external Early Years staff: providing training for apprentices, Early Years chefs and colleagues who want to study for an Early Years degree, complete CPD programmes, learn how to coach or become sustainability champions. The choice is wide and growing to meet the needs of the sector and to respond to innovation driven through our research with partners from across the world.

Our 120-year pioneering history

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

Born out of the social reform movement of the Victorian era, our founders pioneered child health and welfare decades before we had the NHS. In its early years, the WHS provided Westminster's families with medical and dental inspections, antenatal clinics, cookery classes and more. In 2009, with 19 nurseries in our family, we changed our name to London Early Years Foundation. Now, with 39 nurseries, we are as dedicated to social reform as when we started our journey.



Respecting and rewarding our staff

We recognise that our staff teams are our most important asset and respect the skills and knowledge they bring to their role. The new Government funding for childcare announced in the Spring Budget 2023 will impact our business model. However, we want to reward our staff as much as we are able and ensure that LEYF remains competitive and attracts and retains the staff we need. In spring 2024, we announced a pay increase for our permanent staff and ensured that all qualified nursery teachers are paid in line with the increased National Minimum Wage and London Living Wage.

3,909
children supported

1,100
children have funded-only places

39
nurseries

75%
apprentice retention

800+
staff

100%
Ofsted Outstanding and Good nurseries

Our social purpose

What we experience in our early years, from conception to the age of five, shapes the developing brain, which is why providing positive physical, emotional and cognitive opportunities in our nurseries is so crucial.



An innovative social enterprise

LEYF is a charitable social enterprise. We operate 39 (as at end of March 2024) award-winning nurseries, in 12 boroughs across London. Our social enterprise model is engineered so that it maximises our ability to deliver LEYF's social purpose.

High quality Early Years Education and Care is so important to support all children, no matter their background, to achieve their full potential. This is why we are committed to ensuring the sustainability of our cross-subsidy model, whereby all surplus is reinvested back into the business to fund places for disadvantaged children. LEYF is one of the largest providers of funded 2-year-old places in London, subsidising 27% of our places. During the financial year 2023/24, that was nearly 1,100 children.

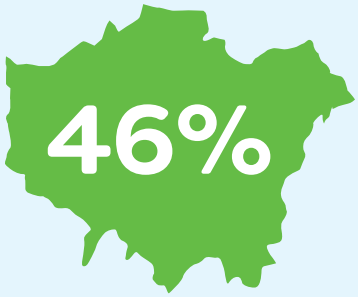
LEYF welcomes all children into our nurseries irrespective of their social background or ability, and champions diversity across our staff team. We firmly believe that children need role models from all walks of life. We are proud that 7% of our staff are men compared to the national sector average of 3% (DfE, online, 2019) and 46% of our staff are from minority ethnic communities.

We pride ourselves on creating an inclusive family environment for all our employees. Staff turnover remains high across the Early Years sector; however, the average length of service at LEYF is 4.8 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 themselves.



27%

of our children were on funded-only places



of our nurseries are rated 'Outstanding' vs 15% on average in London



4.8 years

average staff length of service at LEYF

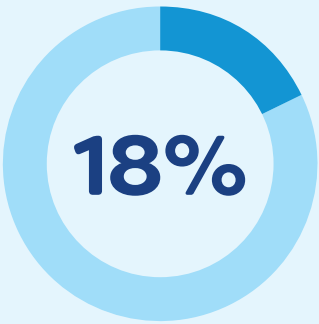
LEYF continues to set the political agenda, tirelessly campaigning to raise the status of Early Years staff and address inequality in access to education and child poverty. We are also a founding member of the Early Education and Childcare Coalition, working with the wider sector for an Early Years Education and Childcare sector that delivers for our children, for parents and for society.

Early Years education drives social mobility

The first five years of a child's life are critical to support social mobility and yet the previous Government continually denied children living in poverty the same access to nursery education as their better-off peers.

Evidence shows that there are compounding positive effects from prolonged attendance in higher quality Early Years settings. For example, literacy rates for children at school entry who attend high quality nursery for two to three years were nearly eight months ahead of their peers who had not attended nursery (Taggart et al. 2015, online).

Once behind research shows children never catch up academically. Research that tracked the lives of over 11,000 pupils who sat their GCSEs in 2016 or 2017 showed that one in five (18%) did not achieve a grade 4 in both English Language and Maths – and half (48%) of those were identified as falling behind as early as age five (Elliot Major, L. & Parsons, F., online, 2022).



one in five pupils (18%) did not achieve a grade 4 in both English Language and Maths

This is why LEYF places a high emphasis on literacy and foundational maths skills, as we know this gives young children a head start in learning essential life skills that they will use daily,

> **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).**

as well as preparing them for when they begin school.

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

Yet despite well-researched evidence which shows the importance of the early years of a child's life, a 2022 survey by the Royal Foundation Centre for Childhood found that only 17% of the UK population identified the period between pregnancy and the age of five as the most important period for shaping a child's future (2022, online).

The Government's new childcare offer is being rolled out from April 2024, starting with 15 hours of childcare to all working parents with a two-year-old. By September 2025, all eligible pre-school children of working parents can access 30 hours of funded childcare during term time.



There is widespread concern as the new offer continues to overlook disadvantaged children. Just 20% of children from families in the bottom third of earnings are eligible for the Government's existing 30 funded hours scheme, which excludes unemployed or studying parents. Whereas 70% of parents who are eligible for the 30-hour offer are in the top half of earners.

We call on the new Labour Government to ensure a fairer system that enables all children to have access to high quality provision; we need to rethink the current childcare system. It is time to refocus provision and pedagogy through a much stronger social justice lens. We need to reframe Early Years leadership to highlight the positive impact staff have on the lives of children and celebrate their contribution, particularly as we negotiate the negative impact of poverty on children's lives.

Challenges in the Early Years in the UK

The extension of Government-funded childcare was announced without consultation with the sector and presents new challenges to an Early Years system that has been chronically underfunded for many years.

Providers across the sector consistently cite recruitment as the biggest barrier to this scheme's success. The Early Education and Childcare Coalition (EECC), of which LEYF is a member, reported that only 17% of nurseries would be able to deliver these additional hours due to underfunding, staff shortages and financial pressure (EECC, online, 2023).

The rollout of the new Government childcare offer in April 2024 coincides with a 10% increase in the National Minimum/Living Wage. We welcome Government efforts to help those on low pay and at LEYF any surplus is reinvested in our people, so our wages are competitive.

While the National Minimum Wage has increased by 52.5% (2017-2024), the average rate provided by local authorities for funded places has only increased by 12.7% during the same period.

To address the country-wide staffing shortfall, the Department for Education (DfE) launched a recruitment campaign 'Do Something Big'. LEYF supported this by providing media opportunities at three of our nurseries, plus case studies of our teachers which feature on the DfE campaign. Please see here: [Real stories - Early Years Careers]

Accessibility

In England, there is a growing shortage of nursery places with more closures of settings in the more deprived areas compared to the least deprived areas. 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 (EYA: Early Years Alliance, 2021).

Quality

Inequality of access to high quality provision is compounded in the most deprived areas of England, where only 14% of nurseries are rated 'Outstanding', compared to 27% in the least deprived areas. In London, the situation is worse: only 11% are rated 'Outstanding' in the most deprived areas, compared to 20% in the least deprived areas (Ofsted, 2023, online). The LEYF nurseries have 46% judged Outstanding, which is significant given 75% of our nurseries are sited in poor neighbourhoods.

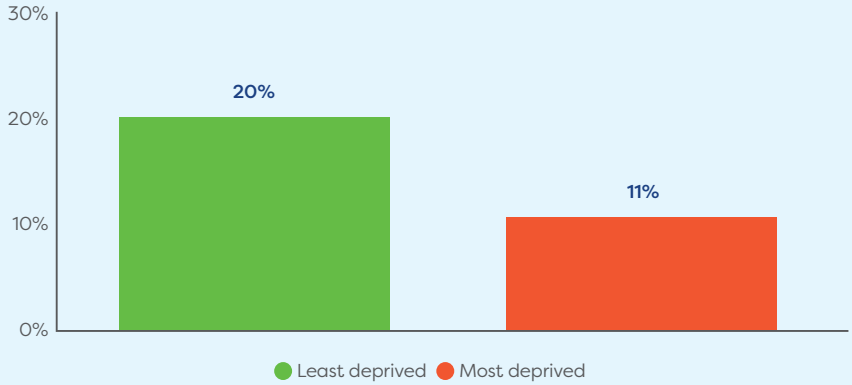
Affordability

The average cost of full-time nursery (50 hours a week) for a child under two in Britain will be £15,709 for 2024 up from up £15,000 in 2023 (Coram, online, 2023). This represents approximately 45% of average pay for a full-time worker in the UK.

Increasing staff to child ratios has been introduced by Government as a way of addressing affordability in Early Years. However, with providers reporting higher numbers of children with Special Educational Needs and Disabilities (SEND) most consider changes to ratios as likely to have a negative effect on their ability to support children and families, and on the wellbeing of employees.

Nurseries remaining in deprived areas are of much lower quality on average

% Ofsted 'Outstanding' - London



Note: EYR – Early Years Register; Source: Ofsted

Strategic ambition

As a social enterprise, we can quickly respond to changes in operating environment to remain sustainable now and for future generations of children.

LEYF prides itself on being a very agile organisation. We have reshaped our strategic ambition in response to the current financial climate and changes to Government childcare policy by using our experience and expertise to remain competitive and influential.

We revised our four strategic objectives agreed at the Trustee away day in February and re-designed a reporting tracking system to show progress against the functional targets created to drive the objectives.



Financial sustainability

- Ensure LEYF remains a sustainable organisation now and for the future.
- Ensure that LEYF can access national and local government funding opportunities while continuing to advocate for policies that will ensure our financial sustainability.

Optimise our social impact

- Position LEYF as a scalable model of social enterprise childcare; offering a business model that is attractive to Government and policy-makers.
- Position our London Institute for Early Years by delivering training, research and consultancy across the sector nationally and internationally.
- Optimise our impact through national and international partnerships.

Increase the number of LEYF children

- Keep LEYF in the limelight as an organisation that puts children at the heart of the organisation. Ensure this narrative is shared with the public so we become the go-to nursery group.
- Track growth opportunities through networks and collaborate across the Early Years sector, social enterprise and the wider business landscape.
- Promote the LEYF business model and social justice pedagogy by speaking at EYEC national and international events, as well as continue to campaign to encourage staff to follow us so we can recruit to extend the nurseries.



Build our brand

- Raise the LEYF voice and extend the reach of our media and PR to make LEYF a go-to brand for high quality EYEC.
- Create a pathway to LEYF with local authorities, parents and partners using a range of media and communication channels.
- Develop the LEYF Employee Value Proposition to create a warm and compassionate environment in which all our employees can thrive and grow.

Amplify and advocate

We campaign on a range of issues including child poverty, transforming the Early Years food provision, better funding of the Early Years sector, recognising and rewarding staff and for greater diversity in the sector workforce.

The London Early Years Foundation's (LEYF) annual Margaret Horn Debate has focused on many contested issues in the Early Years and reminds us just how political the sector is and how big economic and social issues impact our children's lives.

Since its formation, we have covered topics including social justice, child poverty, pedagogy, multi-generational approaches, men in childcare, child health and obesity, and many others. This year, the debate question was: 'Is the expansion of childcare going to solve the childcare problem?'

The panel was chaired by Bethan Stanton, Deputy Editor, Work and Careers at the Financial Times. She was joined by Courteney Donaldson, Managing Director, Childcare and Education at Christie & Co; Josie Irwin, Senior National Officer Equality Unit at UNISON; Neil Leitch, CEO of Early Years Alliance; June O'Sullivan, CEO of LEYF; and Sarah Ronan, Director of Early Education and Childcare Coalition.

We debated whether the Government proposals to expand education and childcare is a double-edged sword. We asked if higher-income families should be supported with additional funding at the expense of those children from poorer backgrounds? The audience was from the Early Years sector workforce, plus some parents.

A voice for children and the sector

LEYF campaigns on issues that affect the sector, always ensuring that the children whose voice is too often silent is at the heart of all we do.

LEYF collaborated with the national charity Prison Advice and Care Trust (Pact) that supports prisoners, people with convictions and their children and families to co-produce the first ever free downloadable Best Practice toolkit, to help Early Years staff to understand and best support children in their nurseries affected by the imprisonment of a parent or a close relative.

According to the National Information Centre on Children and Offenders (NICCO), which is delivered by Barnardo's in partnership with His Majesty's Prison and Probation Service (HMPPS), there are 310,000 children with a parent in prison in England and Wales (NICCO, online, 2024).

Many children with a parent in prison will go on to lead happy and fulfilling lives. But children are always the innocent party, and some will suffer from the traumatic impact of having a parent in prison, leading to poor physical and mental health especially as some of them will have witnessed some of the criminal activity or even the arrest of their parent.



Section 1: Social Purpose

Tackling inequalities in our communities

There are many other initiatives we run at LEYF to help our parents and employees with the cost of living.

We have looked at practical support for parents so we can help where we can, including 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.

Double hours for children most in need

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. This programme was extended through the year thanks to funding from The Westminster Foundation.

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, among the best in the sector, if they place their child at a LEYF nursery.

Hardship fund

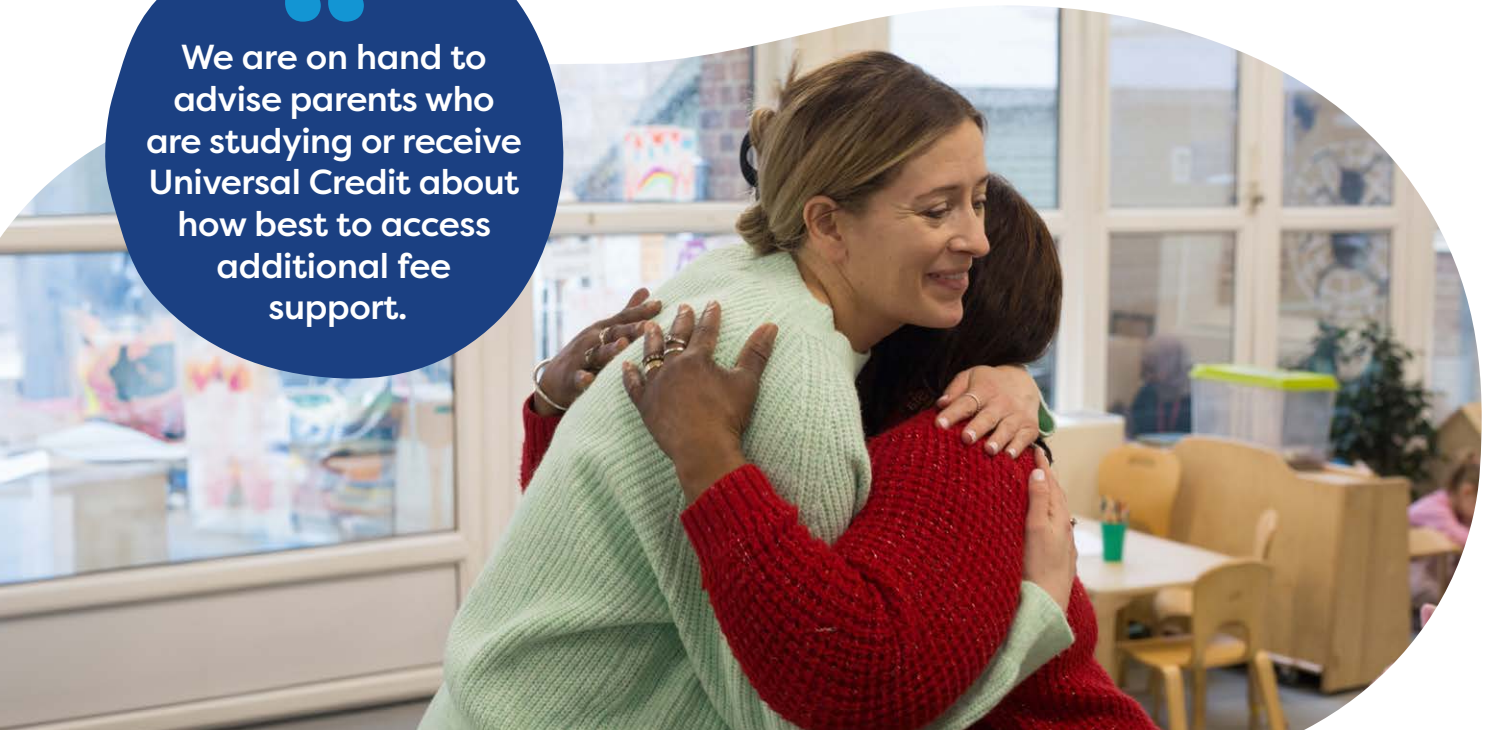
LEYF understands that financial difficulties can arise, and we operate a hardship fund which we fund from the surplus we generate. This allows us to support staff and parents with grants up to £500.

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 homeless local people on the weekends. The initiative has helped them with the cost of cooking implements, enabling them to continue this project with LEYF's full backing.

> **"We are on hand to advise parents who are studying or receive Universal Credit about how best to access additional fee support.**



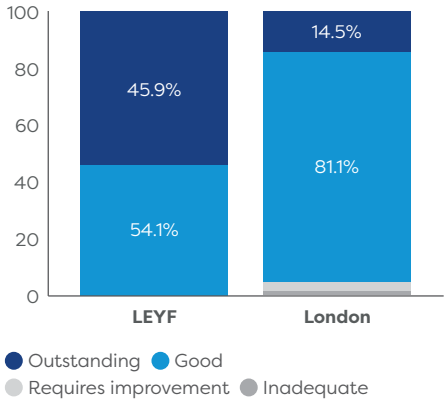
Section 1: Social Purpose

High quality education for all

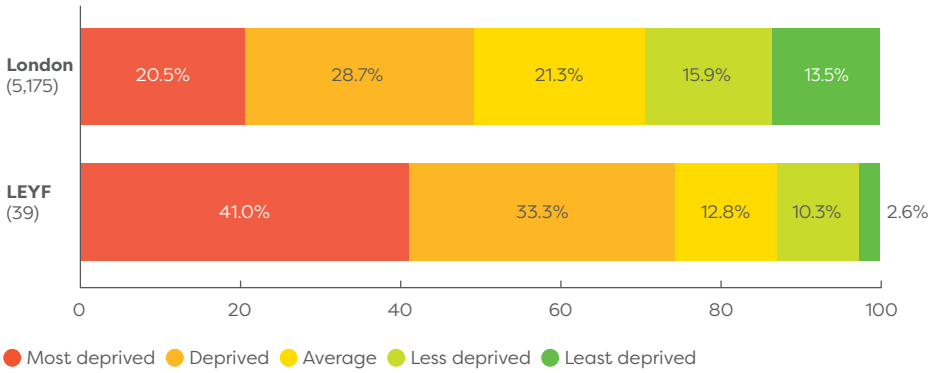
LEYF has three times the number of Ofsted 'Outstanding' ratings than the national average.

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.

Percentage of Ofsted ratings LEYF vs London by category



Percentage of 'children on non-domestic premises' according to deprivation (March 2024)



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

LEYF's Pedagogy

The LEYF Pedagogy underpins all we do and enables the continuous cycle of improvement that underpins our practice.



The LEYF Pedagogy is our teaching and learning model and reflects our commitment to social justice. It is informed by a wide range of research into young children's learning and is thoughtfully designed to narrow the achievement gap and equip all children with the skills, knowledge and confidence they need to flourish, regardless of their background.

LEYF's Pedagogy is formed of seven distinct but interconnected strands which together create rich experiences for our children, supporting their continuous learning and development.

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)

As an organisation we are committed to constant improvement, with ongoing action research projects taking place across all nurseries. All nurseries complete bi-annual audits of their provision, facilitated by our unique LEYF Pedagogy Development Scale (LPDS). These audits enable nursery teams to celebrate areas of strength and identify areas for improvement, often leading to new action research projects.

Over the last year action research included an exploration of children's planning meetings; an evaluation of teachers' perspectives on outdoor risky play; and a review of the implementation of children's self-regulation strategies.

LPDS data is collated by our Learning and Development (L&D Team), and used to identify trends and training needs, both at individual nurseries and across the entire organisation.

LPDS data year on year shows that average scores increased across all seven strands of the Pedagogy demonstrating that our approach to driving quality through Pedagogy, People and Practice is effective:

The most notable improvement has continued to be Leading for a Culture of Excellence. This is reflective of the increase in leadership training available at LEYF. In addition to the NPQEYL (National Professional Qualification: Early Years Leadership) training programme, we have begun delivering leadership training at all Managers and Deputy Managers meetings.

Our NPQEYL programme was recently scrutinised as part of the Teacher Development Trust's (TDT) Ofsted inspection for whom we deliver the programme, which included meetings with LEYF facilitators, students and observation of a teaching session. Ofsted awarded an 'Outstanding' judgement, and we were happy to have been part of the inspection process. We have also developed a training programme for new and aspiring Room Managers, so are hopeful that scores in this area will continue to grow. The Spiral Curriculum strand score has also seen a significant increase and reflects the high volume of training requests the L&D team received from nursery management teams, centred on the themes of teaching, learning and planning.

Pedagogy average (out of 5, December 2023)

1. LFCE	2. SC	3. EE	4. HR	5. SFH	6. HL	7. MGA
3.13	2.91	3.05	3.05	2.97	2.97	2.77

Pedagogy average (out of 5, July 2024)

1. LFCE	2. SC	3. EE	4. HR	5. SFH	6. HL	7. MGA
3.56	3.28	3.28	3.49	3.21	3.13	3.05

Section 1: Social Purpose

London Institute of Early Years

Supporting our people and the sector with award winning training delivered through our London Institute of Early Years.

This year, we were proud to launch our London Institute of Early Years, which is open to external learners and all LEYF employees. Through the Institute, we aim to share best practice, innovation and the latest research to drive real change across the Early Years sector. All our courses are informed by our practice-based action research.

The training offered by the Institute encompasses all levels from Apprentice to an Honours degree accredited by the University of Wolverhampton, as well as specialist courses including our CACHE accredited Early Years Chef qualification and our Sustainability award, and also our ILM accredited SENDCo courses. Our ever-expanding range of CPD courses are currently only offered internally but we plan to open these up to external students in the coming months starting with our specialist baby training. All our courses are delivered by our in-house experts who have lived experience of working in nurseries and understand how quality, evidence-based practice delivers the best outcomes for very young children.

As a sector leader, the Institute also offers consultancy and research and bespoke training. We are also rolling out good practice guides, which will be free to access starting with our Prison's Pack to support those working in Early Years who are caring for children with a parent in prison.



Quality accredited training

Our training is quality assured. Our ILM accredited qualifications delivered in-house include a Level 3 Award for SENDCos and Level 3 Award in Effective Workplace Coaching.

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 our efficient management and our commitment to training, which is key to developing high quality staff.

London Institute offering

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

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

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

Early Years Pedagogy
- 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

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

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

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

All underpinned by research, partnerships and collaboration

Section 1: Social Purpose

LEYF degree

We continue to deliver our pioneering degrees for Early Years professionals, taught and assessed by our Institute's L&D Team, and accredited by the University of Wolverhampton.

This year, our partnership with Wolverhampton University and the delivery of the degree underwent an intensive review process. We were assessed by partners across the University and at other Higher Education institutions. Feedback was very positive, and comments included:

> **"Students feel well supported by the LEYF team, have pastoral care and have been signposted to resources available to them provided by the University."**

> **"The students see themselves as professionals and the courses support the development of their professional identity. The teaching team is very passionate and support the students, the profession and practitioner research."**

We welcomed our fifth cohort of Foundation Degree (Level 5) students, and our second cohort of BA Hons top-up (Level 6) students. Both programmes are now open to external students through our London Institute of Early Years. We were immensely proud to attend our first graduation event at the University of Wolverhampton, with a group of Foundation Degree and BA Hons top-up students who had completed their studies this year.

Undertaking degree-level study has continued to have a positive impact on staff progression, with 56.5% of all LEYF degree students having received one or more promotion since commencing their studies.



We began offering the Early Years Graduate Practitioner Competencies and are the first of Wolverhampton University's partner colleges to do so. We have worked closely with the University to amend their processes to suit our context. The introduction of the competencies means that our degree can be considered a full and relevant qualification, due to having an element of assessed practice, and enables us to recruit students who do not hold a full and relevant Level 3 Early Years qualification. All students who complete the competencies will also receive an additional Graduate Practitioner accreditation.



JPMorgan Chase

JPMorgan Chase Foundation has continued to support our 'Progression Programme for Early Years Educators', enabling 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).

Section 1: Social Purpose

Health, food and nutrition

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

LEYF Chef qualification

LEYF created the Early Years Chef Level 3 qualification endorsed by CACHE/NCFE in 2019, which is now provided by our London Institute of Early Years. Over the last five years, 54 Early Years chefs have attended the training. LEYF appointed O'Donnell Evaluations to analyse the impact of the qualification on chefs attending the course and the benefit to their nurseries and families. The LEYF Chef Academy Impact Report 2023 (LEYF, online, 2023) demonstrates the success of the course and enabled LEYF to review, learn and improve our offer.

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:

96%

of chefs reported an improved understanding of the impact of food on children's health and development.

92%

of chefs reported an improved understanding of age-appropriate portion sizes.

50%

of nurseries reported that the affordability of their menus had improved, due to changes to portion sizes and menus, which had reduced food waste.



Working together to create change

We worked closely with the DfE to produce content for the Early Years nutrition pages on the Government website, which launched in March 2024. We delivered guidance on nutrition from birth to under 5-year-olds for the sector. This includes written content, digital graphics, five short videos and 11 downloadable recipe cards. See **here**.

LEYF's connection with food campaigns, food networks and health social enterprises has expanded. We are part of some exciting workshops, projects and roundtable discussions including work with Bremner Co, City Harvest, Sustain and the APPG for social enterprise's work to transform the UK food system.

> **"As soon as we saw the course, we wanted to jump on it because there's not much out there that is tailored towards nursery chefs. Other training is more for the practitioners."**
>
> Chef

> **"This should be a national requirement for chefs to have within the Early Years because if we don't get it right now, it's probably too late by the time they go to primary school..."**
>
> Manager from a participating nursery

> **"All EY chefs should do this course; I feel it should be compulsory along with a food hygiene certificate for all nurseries."**
>
> Parent from a participating nursery

Section 1: Social Purpose

Apprenticeship programme

Our apprenticeships are supported on their learning journey by the team in the LEYF Apprentice Academy who nurture and coach them as they apply their learning to their practice within our nurseries.



LEYF Apprentice Academy provides a comprehensive enrichment programme to complement formal training offered by apprenticeship providers.

The LEYF Apprentice team offers a significant level of support in person at the Apprentice Academy, online and through video calls and through nursery visits to support both the apprentice and nursery teams. Alongside this, each apprentice has a workplace apprentice coach for support to help them synthesise classroom theory with teaching practice. This multifaceted approach has had a positive impact on **our retention, which is 75% in comparison to the national average of 55.7%**.

Our Apprentice Programme was again shortlisted for Large Employer of the Year in the Multicultural Apprenticeship Awards 2023 and nominated for the Employer of the Year for the Central YMCA Award 2023 where we received a commendation for our Outstanding Contribution and Dedication as an Apprenticeship Partner.

All apprentice training takes place at the LEYF Apprentice Academy attached to our Burgess Park Nursery, which offers one large training space and a secondary small training space, a resource library, revision space and a laptop lending scheme. The laptop scheme has supported apprentices to access virtual learning, carry out independent research and complete coursework, eliminating the barrier to access technology.

During the year, we had seven cohorts of Early Years apprentices, amounting to a total of 109 EYE apprentices who were actively on a course or started during this time. This included LEYF employees in our nurseries, many of whom may not previously had the opportunity to complete a qualification.

We also have four central office apprentices: one is finishing their Level 4 internal auditor apprenticeship; one completing a Level 3 payroll administrator qualification; one completing their Information Communications Technician Level 3; and for the first time we have one degree-level Apprenticeship in Senior Leadership Level 7. This year, we were able to start our first ever apprenticeship programme for Early Years chefs with two learners joining.

We fund our Apprentice Programmes through our own LEYF levy pot as well as using levy transfers from our partners at JPMorgan Chase, Permira and Pearsons, who have donated a total of £681,000, allowing us to continue to support new learners.

> **"As a care leaver, this apprenticeship has shown me that I can achieve things for myself. The support from the Apprentice Team and my nursery setting has really helped me getting through this."**
>
> LEYF Apprentice, Marsham Street Nursery

> **"The apprenticeship allows us to reflect on what we are doing in our settings and professionally challenge using our newfound knowledge, which in turn is upskilling our colleagues with the most up-to-date information in Early Years."**
>
> LEYF Apprentice, Barking Riverside Nursery

> **"I really didn't like school but doing this makes me think I can actually do this, and I really want to go on to do the degree in the future."**
>
> LEYF Apprentice, Children's Garden Nursery

Section 1: Social Purpose

Sustainability at LEYF

LEYF aims to be the sector-leading sustainability organisation, weaving our pioneering approach throughout the organisation, while working in partnership with the sector to amplify best practice.

Early Years is a natural place to engage children and colleagues in conversations about sustainability. Green LEYF is the organisational commitment to educating our nurseries and our communities to be as green-minded as possible.

The launch of the LEYF Sustainability Strategy, in February 2023, positioned us as pioneering advocates for sustainability in the sector, a subject which has become more prominent across both the Early Years and the education sectors.



The journey so far and where we are going

Monitoring our environmental footprint

Another successful year for LEYF's ISO 14001 accreditation. This is the international standard for designing and implementing an environmental management system. LEYF was successfully re-certified with zero recommendations for future development.

Measuring our carbon footprint

We finalised the third year certification for measuring our carbon footprint through Planet Mark and have begun our fourth year measurement. Current initiatives including new outdoor spaces at several of our nurseries with greater carbon absorption capabilities will result in further reduction to our organisational carbon footprint.

We expanded our social sustainability Mangrove Forest Project in Kenya to 1,500 trees, currently absorbing 225 tonnes of carbon and creating 188 working hours for local farmers. Find out more here: [Forest of LEYF Nurseries | Evertreen]

We expanded our social sustainability Mangrove Forest Project in Kenya to

1,500 trees

Building sector expertise

As we continue educating internal and external students about the importance of being more 'green-minded' in their settings, our Level 4 qualification endorsed by CACHE/NCFE, Developing Sustainability in the Early Years, remains a world first Early Years qualification and is enhanced by our community of practice.

LEYF continues to lead the sector on sustainability with countless articles, speaking events, consultancy, guidance and support, plus a quarterly Green LEYF newsletter for nurseries and parents.

Green LEYF

In May 2023, we opened Thames Reach Nursery and Pre-school, our first nursery designed using sustainable principles. The nursery has an 'A' energy performance certificate (EPC), sustainably sourced resources and a bio-diverse outside space.

Our Hither Green Nursery and Pre-school's garden redesign was also completed and now provides a space that is inclusive of all children. We continue to expand our approach to biodiversity through seasonal allotments, bee-friendly gardens, local partnerships and outdoor projects to deepen our sustainability practice.

Section 2: Operations

Overcoming challenges to our operational model

This fiscal year continues to highlight that the challenges of recruitment and retention of qualified nursery staff, reduced hourly average of child sessions per week and inflationary cost pressures experienced since the pandemic were all very much still present.

We saw continuing improvement in occupancy numbers overall, driven by the maturing three nursery acquisitions from 2022 in Newham, and the successful launch of the Thames Reach nursery in Greenwich.

Occupancy rose overall in full-time equivalent numbers by around 50 children per year to a peak of over 1,700 FTE per week. This and the slight improvements in the recruitment of Level 3 staff, along with an increased number of apprentices in the pipeline makes us confident that our ability to increase supply of places will continue to improve through 2024 and into 2025.

Occupancy rose overall in full-time equivalent numbers by around

50

children per week

to a peak of over 1,700 FTE per week.

This will be needed as we endeavour to meet the expected growth in demand over the coming months which will be driven by the launch of the Government's increased funding for 2- to 3-year-olds from April 2024 and for 9 months to 2-year-olds from September 2024.



Our Annual Parent Survey was completed in November 2023 and showed a pleasing 1 point improvement to 61 points on the previous year, as measured by the Net Promoter methodology. The main areas for improvement centred around staff changes and improving daily and weekly feedback to parents in certain settings. Overall, the satisfaction levels were very high, and it was pleasing to receive staunch support from parents for the service they receive.

Recruitment remains challenging in more affluent boroughs and wards. To encourage strong candidates to apply, we have continued to expand the flexibility of contracts. Three- and four-day contracts are particularly attractive, and these have also been advertised for nursery management positions. Combined with the maintenance of staff turnover rates, which have reduced to below pre-pandemic levels, we have seen the number of vacancies reduce overall; though in some settings the recruitment situation inhibited us achieving our occupancy potential.

The significant increase of 10% to the National Living Wage from April 2024 has meant that further fee increases have been necessary, in line with increases seen across the Early Year sector. LEYF will always look to deliver the best value for our parents and as such we have undertaken numerous fee comparison studies to ensure that we remain competitive while continuing to deliver the highest quality education and care across London.

Section 2: Operations

Supporting and 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, face-to-face and virtual courses facilitated by our London Institute of Early Years and through local authority Early Years training.

We completed our Annual Safeguarding and Health and Safety review of all aspects of safeguarding, including Child Protection and Health and Safety monitoring for 2023. 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.

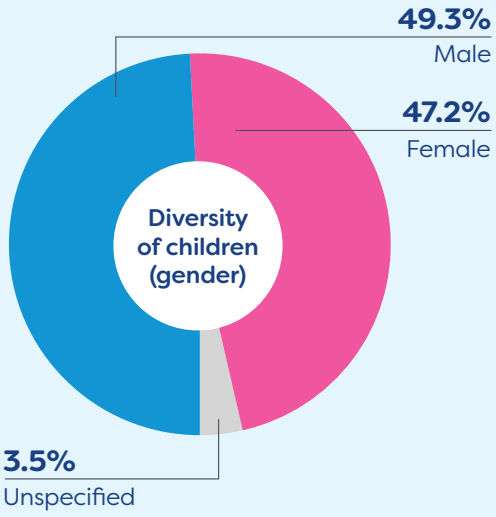
All Health and Safety and safeguarding issues are logged centrally, to ensure compliance with mandatory reporting regulations. We conduct a critical review of all child protection and safeguarding incidents and use the learning to increase knowledge and improve practice through the LEYF safeguarding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

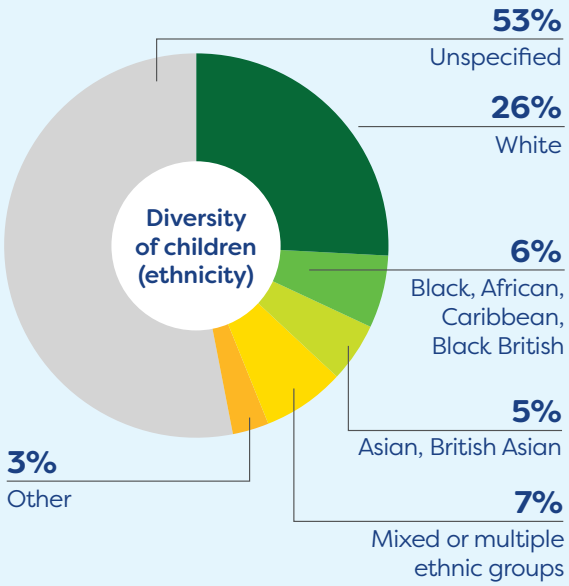
Health and Safety

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

It is our priority to retain a very safe and healthy environment for the children, families and staff. Effective health and hygiene practices across our nurseries ensures children, families and staff remain protected from the effects of infectious diseases.

Reported diversity of children across LEYF nurseries (FY23/24)





Section 2: Operations

Supporting all our children

LEYF welcomes all children, including those with identified needs, including Special Educational Needs and Disabilities (SEND) who we know are too often turned away from other settings.



We are seeing increasing numbers of children with SEND. In 2023/24, 352 children with SEND attended LEYF nurseries which equated to 10% of all children attending a LEYF setting (LEYF, 2023, p5).

Inclusive practice at LEYF is guided by the Children and Families Act 2014, Equality Act 2010 and SEND Code of Practice alongside the Statutory framework for the Early Years Foundation stage for group and school providers.

Our recently updated SENDCo Induction Pack is designed to support our newly trained SENDCos (Special Educational Needs and Disabilities Coordinators) to acquire the necessary level of knowledge and competence to fulfil their role. This induction makes the responsibilities of the SENDCo explicit and highlights their role in monitoring the impact of the provision that is in place for those children with identified needs and/or SEND within their nursery. SENDCos also advise their wider team on the best ways to support any children with SEND or potential learning delays.

This year, the SEND team has worked on the creation of a LEYF SEND Toolkit, to inform and support the Ordinarily Available Provision (OAP) at LEYF settings. Ordinarily Available Provision is the range of activities, opportunities and strategies that are offered as basic good practice to support a range of additional needs without the need for a formal diagnosis or specialist support. At LEYF, the OAP is informed by the LEYF Pedagogy, LPDS and LEYF SEND Toolkit.

Case study

We run termly LEYF SENDCo Forums to provide SENDCos with opportunities to share ideas and best practice, gain support from colleagues and receive updates on relevant local and national developments. A SEND consultation forum is also delivered on a termly basis, so that SENDCos can engage in collaborative learning using a problem-solving framework to discuss challenges they face in their role.

Requests from nurseries for the SEND team to deliver training to support children with SEND has been high this year. This reflects teachers' need to confidently address the increasing numbers of children on the SEND continuum or identified learning delays. Throughout 2023, 16 nursery training days or twilight training sessions have featured training on SEND strategies and/or processes.



We have continued to offer all LEYF SENDCos the opportunity to complete the NCFE CACHE Level 3 Award for Special Educational Needs Coordinators in Early Years Settings, with a total of 26 (67%) LEYF SENDCos holding this award. In addition, three SENDCos are currently completing the training, and another seven are enrolled for the next cohort commencing in April 2024.

Section 2: Operations

Measuring LEYF'S social impact

Measure	Description	FY 20/21*	FY 21/22*	FY 22/23*	FY 23/24
ACCESSIBILITY					
Number of Children	Number of unique children that attended a LEYF nursery	3,834	4,140	4,041	3,909
Number of Children FTE	Number of Full time Equivalent children that attend a LEYF nursery	1,401	1,534	1,556	1,589
Number of Funded Only Children	Number of unique children entirely funded through Local Authority grant income	1,224	1,417	1,216	1,051
Funded Children FTE	Number of full-time equivalent children funded through Local Authority grant income	351	391	374	353
Children with SEND	Number of children with Special Educational Needs and Disability (SEND)	405	478	375	363
Children with SEND (%)	% of children with Special Educational Needs and Disability (SEND)	11%	12%	9%	9%
Children Living in Deprivation (%)	Estimated % of Children living in deprivation based on IDACI* (Income Deprivation Affecting Children Index)	21%	21%	21%	21%
Ethnic Diversity of Children	% of children not identified as white	47%	50%	49%	45%
Multi-Generational Approach Score (out of 5)	LEYF Pedagogy Development Scale (LPDS) score related to community connections and cohesion	2.48	2.42	2.77	3.05
Male Staff (%)	% of staff identifying as male	7%	7%	7%	7%
Ethnic Diversity of Staff	% of staff not identified as white	55%	56%	58%	55%
Staff on London Living Wage	% of staff on LLW		43%	68%	71%
QUALITY					
Good' or 'Outstanding' nurseries (%)	% rated LEYF nurseries with 'Good' or 'Outstanding' Ofsted report	97%	100%	100%	100%
Outstanding' Nurseries (%)	% rated LEYF nurseries with 'Outstanding' Ofsted report	56%	52%	47%	46%
Duration (months)	Average number of months attended by leavers	19	17	18	20
Duration (% above target)	% of leavers that attended nursery for over 80 weeks	49%	42%	42%	52%
Dosage (hours)	Average hours per week attended	33	33	34	35
Dosage (% above target)	% of children attending nursery for over 30 hours per week	62%	64%	65%	68%
LPDS Score (out of 5)	Average LEYF Pedagogy Development Scale (LPDS) across all nurseries	2.87	2.90	2.98	3.29
LPDS Improvement (%)	% improvement in LPDS vs. previous year	8%	1%	3%	10%
Safeguarding Incidents	Number of reported safeguarding incidents	8	13	14	15
Health & Safety Incidents	Number of reported Health & Safety incidents	6	9	16	13
AFFORDABILITY					
Funded Hours	Hours attended funded through Local Authority grant income	835,445	930,142	889,427	836,891
Funded Hours (% hours)	% of hours funded through Local Authority grant income	30%	30%	28%	26%

**Prior year numbers have been restated due to improvements in calculation methods*

Section 2: Operations

Valuing our employees

LEYF values all our employees, who are key to delivering our ambition of changing the world, one child at a time. LEYF works hard to employ talented people who are motivated to do great things for our children.

Attracting and retaining our talented employees in an extremely competitive market continues to be a priority. LEYF has long had an aspiration that all our people earn the London Living Wage (LLW). We are not there yet; however, we have taken steps towards this with over 70% of our eligible employees being paid the LLW and above.

We know employees have been affected by the high cost of living. We continue to review salaries to ensure we remain competitive and that our pay recognises their hard work and commitment. We also signpost staff and managers to a range of robust resources to support with financial education, guidance and support.

The mental health and wellbeing of our people is a focus, and this year we reviewed our employee assistance provider with our Wellbeing Champions. As a result, we switched provider, which enabled us to improve the support available to our



employees and eligible members of their household, provide access to an enhanced counselling service, a level of health support and guidance, and a range of specialists available to support them on all life matters.



of eligible employees are being paid the LLW and above.



> **The mental health and wellbeing of our people is a focus, and this year we improved our employee assistance provider.**

Inclusion and diversity

LEYF is an organisation which champions tolerance and understanding and puts focus on building an inclusive organisation where our staff feel they belong.

We are very pleased that our recent Employee Engagement Survey results (WorkBuzz, online, 2024) showed that 80% of respondents felt people of all cultures and backgrounds are treated fairly, equally and with respect. 87% of respondents felt our workforce is representative of the diversity of people in the wider communities we serve. In the category of diversity and inclusion questions more broadly, we were pleased to be ranked +7% over the benchmark by WorkBuzz for similar organisations in terms of industry and size that are within their client group.

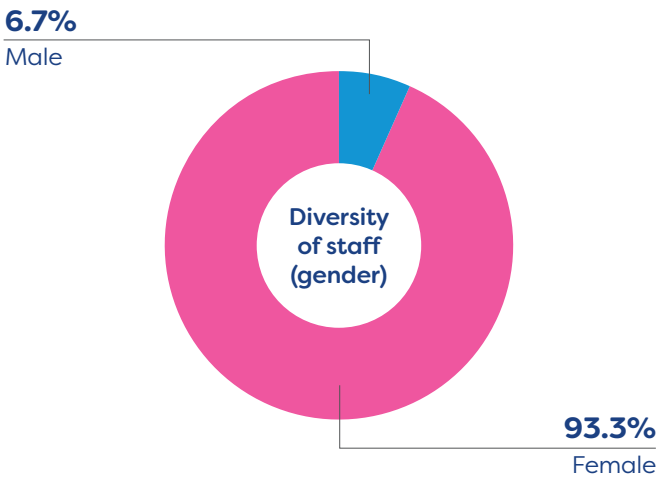
Our campaign to increase men in childcare continues. The Early Years sector is historically female-dominated and currently, 97% of the sector remains female. We have managed to increase the proportion of men working in the sector because we know having a gender-balanced workforce brings many benefits. Our total workforce is currently 7% male and 93% female.

With support for our Men in Childcare Forum, we have continued to promote internal networking among our male staff, offering peer support to our male colleagues. They played a pivotal

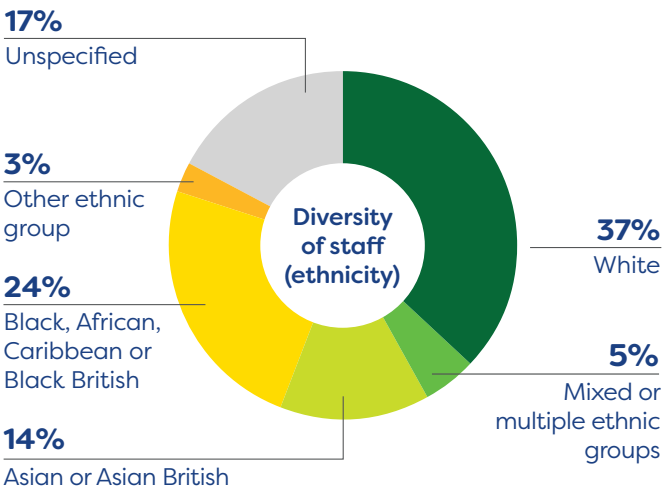


role in leading our campaigns, both internally and externally. For example, we launched our film 'Men ARE in Childcare', which was very well received and can be viewed **here**. This year, despite the female weighting across the Early Years sector and not just at LEYF, we are delighted to have progressed further in closing our gender pay gap.

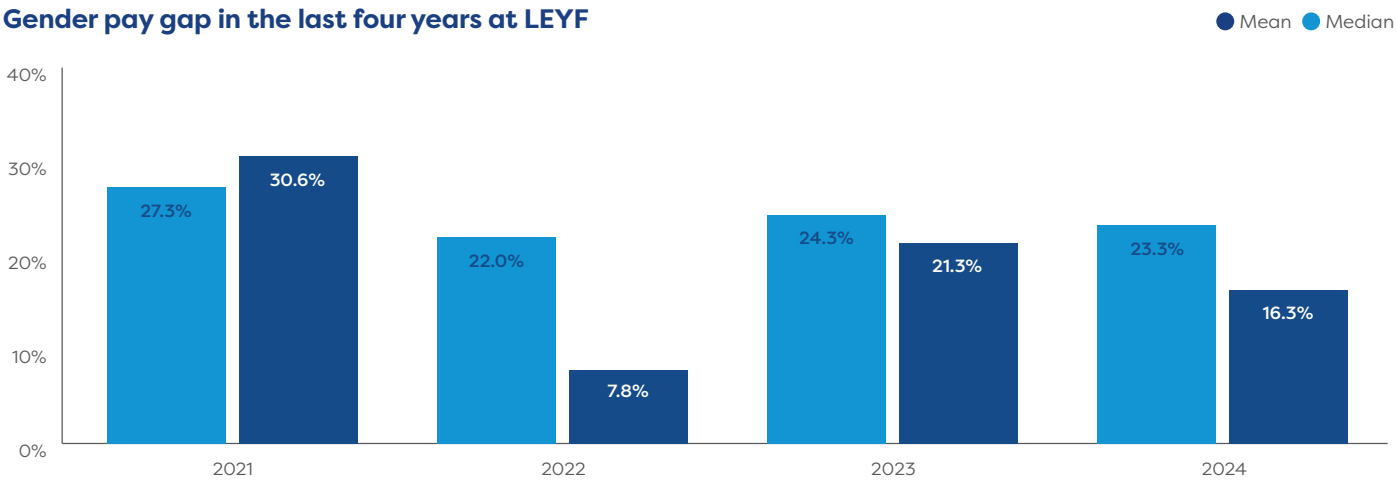
Reported gender diversity of staff across LEYF nurseries (FY23/24)



Reported ethnic diversity of staff across LEYF nurseries (FY23/24)



Gender pay gap in the last four years at LEYF



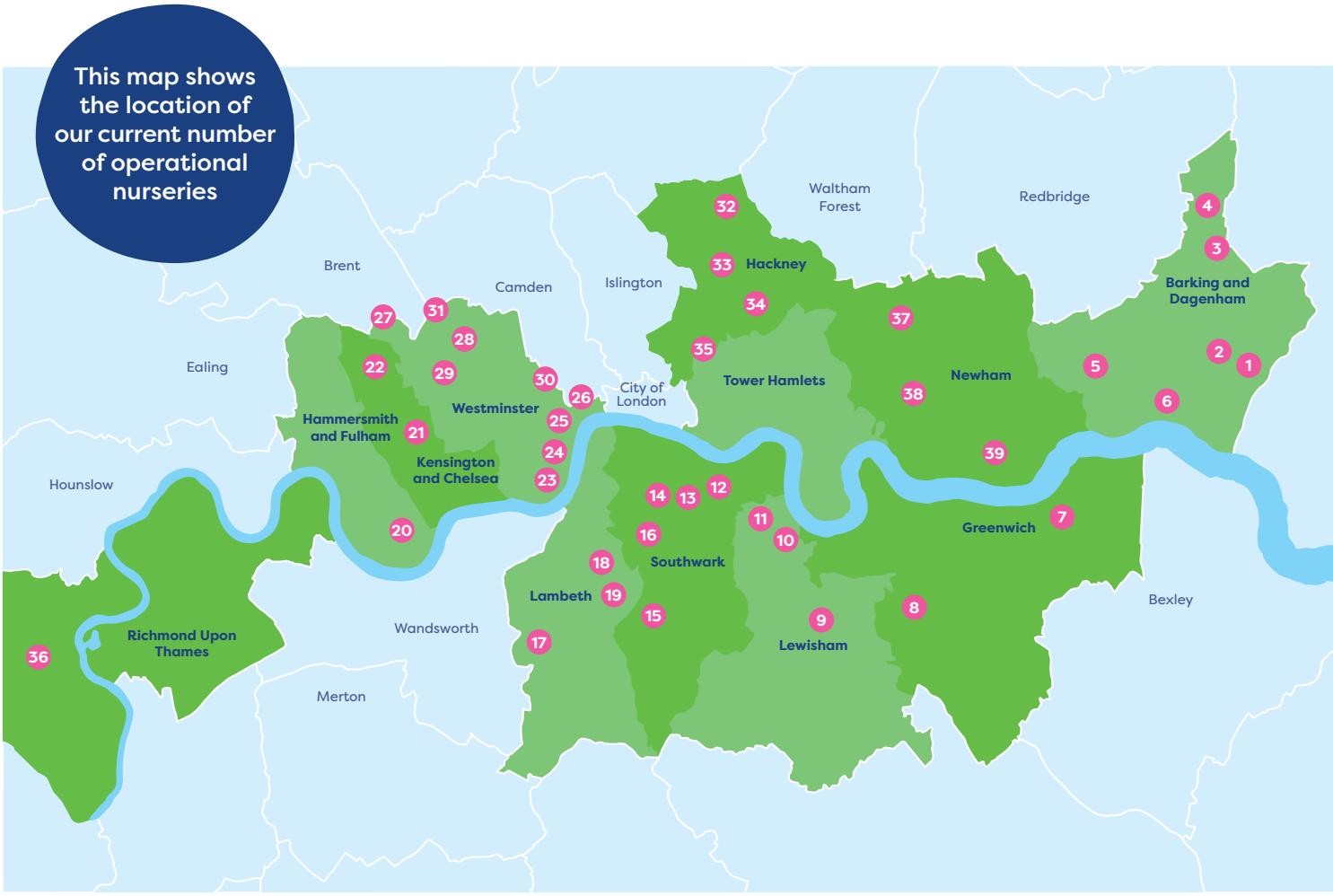
Section 2: Operations

Embracing change and adapting to market shifts

As a dynamic organisation, we need to be able to respond to changing demographics and demand for places so we can maximise our social impact and remain a sustainable organisation.







> **Our new Thames Reach Nursery is our second in the borough of Greenwich and was financed with social investment from Trust for London, a foundation working to tackle poverty and inequality.**

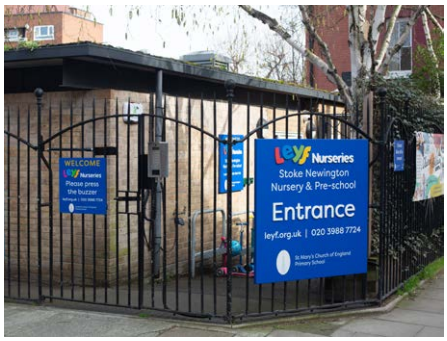


In May 2023, we opened Thames Reach Nursery and Pre-School, a brand-new purpose-built nursery at The Reach in West Thamesmead – bringing jobs and high quality Early Years Education and Care to the local community.

This new addition to LEYF's family of 39 nurseries across London is our second nursery in the borough of Greenwich and was financed with social investment from Trust for London, a foundation working to tackle poverty and inequality. LEYF is leasing the space from Peabody, one of London's oldest housing associations, and will be working in collaboration with the Peabody Community Foundation to create local partnerships that enrich children's learning.

The custom-built nursery has places for 74 children and was built in line with LEYF's core design and sustainability principles. The nurturing garden presents opportunities for outdoor learning and the purpose-built kitchen will provide healthy and nutritious meals and snacks every day.

In February 2024, we were pleased to move Fire Station Nursery & Pre-School, which had no garden, into a larger nursery space in St Mary's Church of England Primary School. The result is Stoke Newington Nursery and Pre-School, a 71-place nursery across



three rooms (babies, toddlers and pre-schoolers) and a large outdoor space designed specifically with the child at heart. This was the first partnership between LEYF and the London Diocesan Board for Schools, and we hope to see more in the future.

Section 3: Finance

Summary financial performance

The Early Years sector continues to be impacted by significant pressures from rising staffing costs and persistent inflationary challenges.

These factors have strained occupancy levels, staffing and operational costs, making it increasingly difficult to maintain sustainable Early Years provision.

In response, LEYF has focused on investing in our nurseries and preparing for the substantial expansion of Government-funded childcare. We have introduced several initiatives to support the recruitment and retention of our employees, ensuring that we can continue to provide high quality care and education. By focusing on these strategic investments, we aim to strengthen our workforce and enhance our capacity to serve more children, helping them access the best developmental and learning experiences possible.

Our investment in nurseries resulted in a reduction in our cash reserves. As a result of this, LEYF reported a deficit of £0.4m as at 31 March 2024 (FY22/23: £0.4m deficit).



Key financial indicators:

Total income

FY23/24	FY22/23
£32.1m	£29.0m

Operating (deficit)/surplus before adjusting items:

FY23/24	FY22/23
£(0.4)m	£(0.4)m

Adjusted EBITDA*

FY23/24	FY22/23
£0.8m	£0.6m

Capital re-invested in growth

FY23/24	FY22/23
£0.8m	£1.8m

Cash

FY23/24	FY22/23
£2.5m	£3.8m

Gross Debt

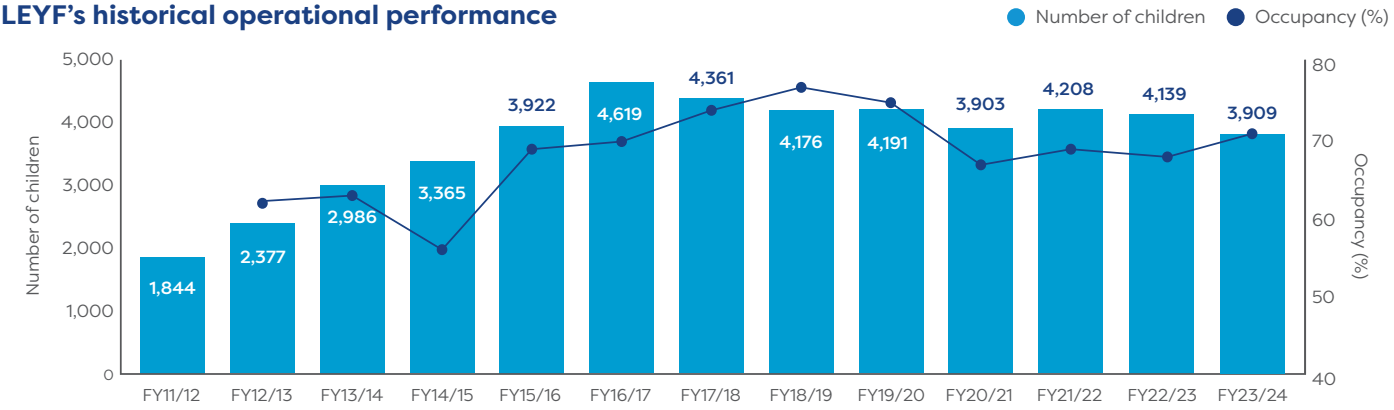
FY23/24	FY22/23
£4.3m	£4.6m

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

Section 3: Finance

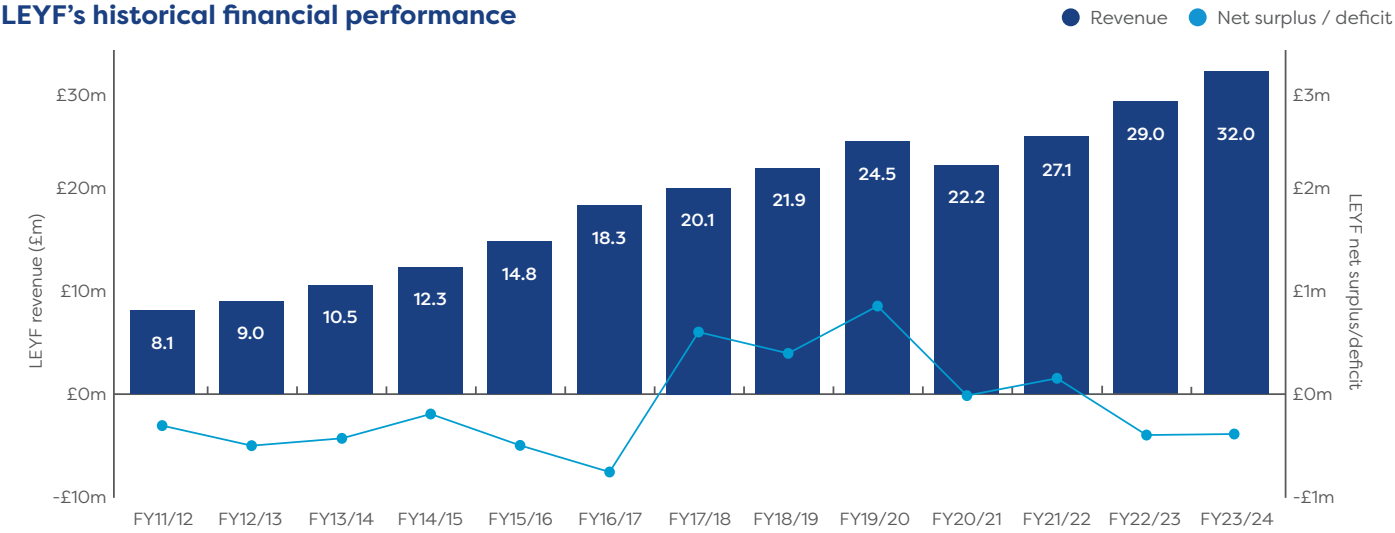
Historical performance

LEYF's historical operational performance



FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
Number of nurseries												
23	24	26	34	38	38	37	37	39	39	39	40	39
Average number of places per nursery												
42	42	44	47	50	51	51	50	51	53	57	59	57

LEYF's historical financial performance



LEYF's historical social impact performance

	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
Dosage (average hours per week attended)	25	25	26	28	31	32	32	32	33	35
Duration (average number of months attended by leavers)	12	14	14	15	17	17	19	17	18	20
Quality (% Ofsted 'Outstanding')	20%	35%	61%	59%	60%	60%	56%	52%	47%	46%

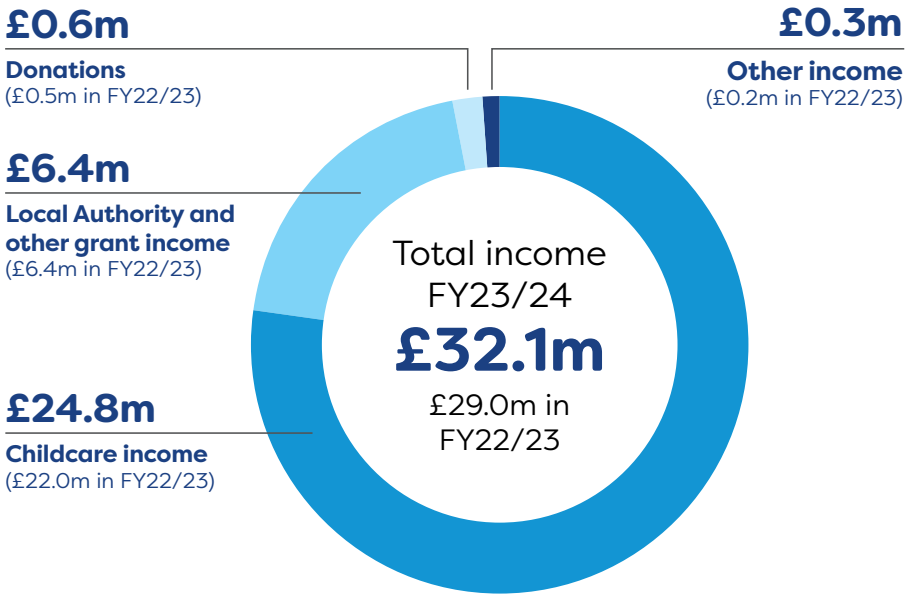
Section 3: Finance

Income and expenditure

Income

Parental fees continue to be our largest income stream making up **77% of our total income. At £24.8m, parental fees have increased by 13%** from the prior year. This is driven by a mix of inflationary fee increases and an increase in the number of children in LEYF nurseries.

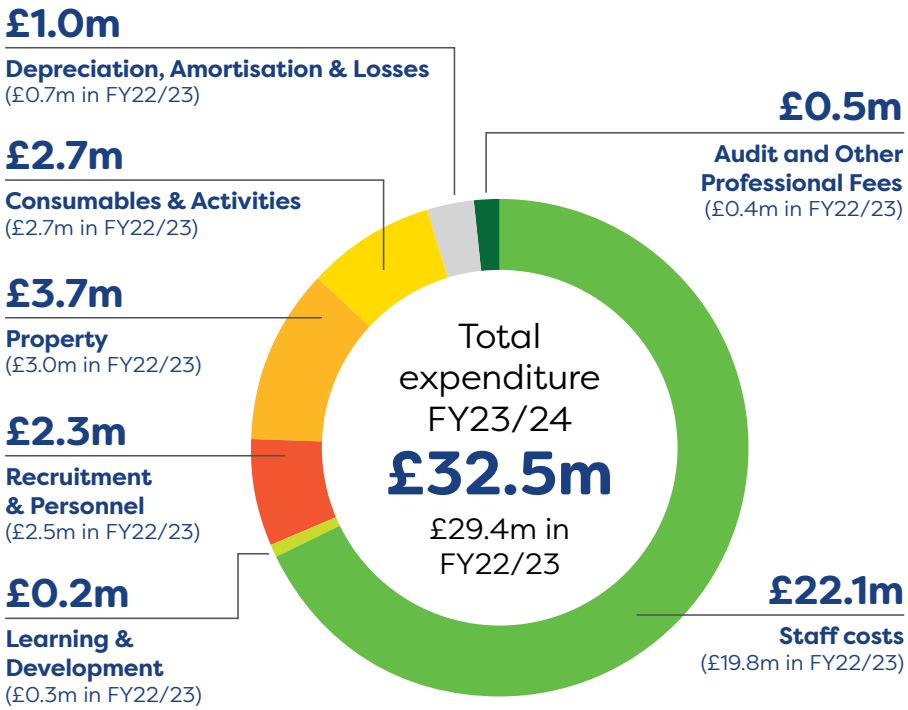
Local authority and other grant income primarily comprises local authority **funding for the provision of places in our nurseries which increased by £0.2m from the prior year**, this was offset by a reduction in other grant income.



Expenditure

Staff costs increased by 11% from the prior year to £22.1m. This is due to an increase in the number of full time equivalent staff and salary increases including increases to London Living Wage.

Property costs have increased by 23% to £3.7m due to continuing inflationary pressures on utilities and rental increases during the year.



Section 3: Finance

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Statement of accounts

LONDON EARLY YEARS FOUNDATION

Charity Reference and Administrative Details

For the year ended 31 March 2024

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 2024

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2024. 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 R	**Ravi Verma** Trustee F R
Lauren Georgia Hart Trustee F	**Anu Vishwas Sarkar** Trustee	**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 and is a member of the Social Impact Committee.

Latif Noorali Sayani resigned as a Trustee and member of the Finance Committee on 29 June 2023.

Anu Vishwas Sarkar was appointed on 21 March 2024.

LONDON EARLY YEARS FOUNDATION

Report of Trustees including the strategic report

For the year ended 31 March 2024

Executive Management Team		
June O'Sullivan OBE Chief Executive and Company Secretary	**Kevin Dyson** Director of Finance	**Michael Abbott** Director of Operations
Melanie Wright Director of People and Culture *(Appointed on 26 June 2023)*	**Sally Clark** Head of Marketing and Communications	**Samantha Crème** Director of Strategy & Business Development *(Resigned on 19 May 2023)*

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.

LEYF does not carry out any significant fundraising activities.

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 five 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 2024

The appointment process has three elements: an interview with the CEO and a member of the Executive Management Team (EMT); 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 FY23/24, Anu Vishwas Sarkar joined the Board of Trustees. Latif Noorali Sayani resigned.

The induction process includes meetings with the EMT, shadowing on committee meetings and visits to nurseries.

Trustees are encouraged to take part in LEYF events and attend appropriate development and training courses. An annual Board effectiveness survey is carried out and feeds into a governance action plan.

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 2024 was 10 (2023: 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.

In FY22/23, the reserves policy was reviewed, updated and approved by the FinCom. The reserves policy was updated to better reflect the measures used and assessed to support our ambition and long-term growth strategy. The policy was applied throughout FY23/24 and continues to be considered appropriate.

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 £1.2m. Overall total charity funds are £2.5m. Of the restricted reserves £0.8m can only be realised by disposing of fixed assets.

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 £1.8m. 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 was £2.5m at year end and 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 2024.

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 2024

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

Donations received from the Trustees during the year were £16,600 (2023: £15,900).

The total expense incurred for services to related parties during the year was £54,803 (2023: £65,552). This amount includes a payment of £Nil (2023: £4,471) for gardening services to Glow Gardens, which employs a close family member of the CEO and £12,399 (2022: £13,526) to Chartered Wealth Management, which employs a close family member of a key member of staff, who has now left office. Other payments of £39,059 (2023: £44,754) were made to family members of the CEO and a key member of staff under current employment standard employment and supplier terms. In addition, £3,345 (2023: £2800) was paid for a membership of Social Enterprise (UK), which is a charity connected to the CEO.

As at 31 March 2024, a total amount of £1,942 (2023: £14,417) was payable to related parties and have been included in trade creditors.

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.

General volunteers are not used by LEYF in the operation of the organisation.

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.

The Trustees consider it reasonable to prepare the accounts on a going concern basis, as no material uncertainties exist and sufficient funding exists 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 2024

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 as to 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 Health and Safety). 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 continue to impact occupancy levels, operational costs, quality of delivery and staff morale.
- The impact of wage and cost inflation on the operational activities of the nurseries in particular the exposure to the recent increases in the National Minimum Wage and London Living Wage. This could directly impact essential running cost of the nurseries.
- 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 2024

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

- Safeguarding the children
- Health and Safety 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 them.

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 the 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.

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 (2023: £1.6m).

LONDON EARLY YEARS FOUNDATION

Statement of Trustees' Responsibilities

For the year ended 31 March 2024

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

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



Michael Garstka, Chair of Trustees

9 October 2024

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2024

Opinion

We have audited the financial statements of London Early Years Foundation (the 'charitable company') for the year ended 31 March 2024 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 2024 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, including the Report of Trustees other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of Trustees, 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 Report of Trustees, 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 2024

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 Report of Trustees 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 set out on page 39, 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 recognise 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 2024

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

Date: 10 October 2024

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2024

	Note	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Income from:							
Donations	2	383 405	237 596	**621 001**	338 731	144 428	483 159
Charitable activities							
Childcare Income	3	30 498 980	608 699	**31 107 679**	27 541 178	815 414	28 356 592
Training Income	3	89 108	-	**89 108**	19 562	-	19 562
Interest Income		53 290	-	**53 290**	19 310	-	19 310
Other		155 621	53 782	**209 403**	150 752	10 900	161 652
Total income		31 180 404	900 077	**32 080 481**	28 069 533	970 742	29 040 275
Expenditure on:							
Charitable activities							
Childcare Expenditure	4	30 964 854	942 456	**31 907 310**	28 293 941	631 640	28 925 581
Training Expenditure	4	552 585	4 136	**556 721**	507 578	3 560	511 138
Total expenditure		31 517 439	946 592	**32 464 031**	28 801 519	635 200	29 436 719
Net (deficit)/surplus for the year		(337 035)	(46 515)	**(383 550)**	(731 986)	335 542	(396 444)
Net movement in funds		(337 035)	(46 515)	**(383 550)**	(731 986)	335 542	(396 444)
Reconciliation of funds:							
Total funds brought forward	19	1 563 972	1 320 182	**2 884 154**	2 295 958	984 640	3 280 598
Total funds carried forward		1 226 937	1 273 667	**2 500 604**	1 563 972	1 320 182	2 884 154

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 2024

	Note		2024 £		2023 £
Fixed assets:					
Intangible assets	10		1 261 752		1 453 933
Tangible assets	11		6 216 066		5 641 643
Investment in Subsidiary	12		-		31 330
			7 477 818		7 126 906
Current assets:					
Debtors	13	1 215 359		1 029 733	
Cash at bank and in hand	21	2 524 172		3 836 371	
		3 739 531		4 866 104	
Liabilities:					
Creditors: amounts falling due within one year	14	(5 168 154)		(5 200 149)	
Net current (liabilities)/assets			(1 428 623)		(334 045)
Total assets less current liabilities			6 049 195		6 792 861
Creditors: amounts falling due after one year	16		(3 548 591)		(3 908 707)
Total net assets			**2 500 604**		2 884 154
The funds of the charity:	19				
Restricted income funds			1 273 667		1 320 182
Unrestricted income funds:					
General funds			1 226 937		1 563 972
Total charity funds			**2 500 604**		2 884 154

The financial statements on pages 43 to 57 were approved by the Board and authorised for issue on 9 October 2024 and signed on its behalf by:



Michael Garstka
Chair

Company number: 02228978

LONDON EARLY YEARS FOUNDATION

Cash flow Statement

For the year ended 31 March 2024

	Note	£	2024 £	£	2023 £
Cash flows from operating activities	20		494 207		(154 023)
Cash flows from investing activities:					
Purchase of intangible assets		(29 531)		(1 172 689)	
Purchase of tangible assets		(1 308 266)		(1 572 786)	
Investment in subsidiary		25 276		(57 646)	
Net cash used in investing activities			(1 312 521)		(2 803 121)
Cash flows from financing activities:					
Proceeds from borrowing		322 000		2 425 000	
Repayments of borrowing		(614 916)		(600 000)	
Interest paid		(200 969)		(113 127)	
Net cash (used in)/ provided by financing activities			(493 885)		1 711 873
Change in cash and cash equivalents			(1 312 199)		(1 245 271)
Cash and cash equivalents at the beginning of the year			3 836 371		5 081 642
Cash and cash equivalents at the end	21		**2 524 172**		3 836 371

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2024

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.

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 and cash forecasts, along with the underlying assumptions, and are confident that LEYF is a going concern. The latest forecast demonstrates LEYF's ability to meet its obligations and liabilities. Over the past year, LEYF has consistently met its obligations and liabilities, and the Trustees are satisfied that LEYF will continue to do so over the next twelve months.

In the Spring 2023 Budget, the government announced a significant expansion and investment in childcare entitlements. In April 2024, the first of these entitlements was implemented, along with increased funding rates from local authorities. This is expected to have a positive impact on cash flow and performance as inflationary pressures begin to ease.

The Trustees consider it reasonable to prepare the accounts on a going concern basis, as no material uncertainties exist and sufficient funding exists to cover a period of at least 12 months from the date of sign-off.

d) Income

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

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

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

e) Donations of gifts

On receipt, cash gifts are recognised on the basis of the value of the gift to the charity which is 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 consideration of impairment of 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 2024

1 Accounting policies (continued)

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

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

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

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

Childcare	76%
Training	2%
Support costs	21%
Governance costs	1%
	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 2024

1 Accounting policies (continued)

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 cost will be 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 is 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 2024

1 Accounting policies (continued)

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 Donations

	Unrestricted £	Restricted £	**2024 Total £**	2023 Total £
Donations	131 117	237 596	**368 713**	305 869
Gifts in Kind	252 288	-	**252 288**	177 290
	383 405	237 596	**621 001**	483 159

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 2024

3 Charitable activities

	Unrestricted £	Restricted £	**2024 Total £**	2023 Total £
Income from charitable activities				
Childcare fees	24 751 807	-	**24 751 807**	21 965 858
Local Authority grants	5 699 328	244 824	**5 944 152**	5 720 932
Other grant income	47 845	363 875	**411 720**	669 802
Sub-total for Childcare income	30 498 980	608 699	**31 107 679**	28 356 592
Training Income	89 108	-	**89 108**	19 562
Sub-total for Other income	89 108	-	**89 108**	19 562
Total income from charitable activities	30 588 088	608 699	**31 196 787**	28 376 154

Local Authority grants totalling £5,671,578 (2023: £5,533,217) received relates to the 2-year-old offer and the National Education Fund for all 3-4 year olds.

Restricted income in the prior year was £815,414.

4 Expenditure

	Charitable activities						
	Childcare Provision £	Training £	Governance costs £	Support costs £	Restricted Funds £	**2024 Total £**	2023 Total £
Staff costs (Note 6)	16 466 286	443 234	-	4 469 285	718 255	**22 097 060**	19 784 111
Learning & Development	25 910	109 351	-	51 783	4 136	**191 180**	265 770
Recruitment and Personnel	1 732 892	-	-	540 083	-	**2 272 975**	2 531 670
Property	3 626 615	-	-	56 886	-	**3 683 501**	2 986 103
Consumables and Activities	1 232 907	-	-	1 403 064	111 236	**2 747 207**	2 546 055
Depreciation Amortisation & Losses	689 501	-	-	197 756	74 352	**961 609**	739 483
Audit and Other Professional Fees	-	-	379 902	91 984	38 613	**510 499**	419 703
	23 774 111	552 585	379 902	6 810 841	946 592	**32 464 031**	29 436 719
Support costs	6 810 841	-	-	(6 810 841)	-	-	-
Governance costs	379 902	-	(379 902)	-	-	-	-
Total expenditure 2024	**30 964 854**	**552 585**	**-**	**-**	**946 592**	**32 464 031**	**-**
Total expenditure 2023	28 293 941	507 578	-	-	635 200	-	29 436 719

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2024

5 Net expenditure for the year

This is stated after charging:

	2024 Total £	2023 Total £
Depreciation	**721 579**	562 774
Amortisation	**221 712**	134 822
Loss on disposal of fixed assets	**12 262**	15 570
Loss on investments	**6 054**	26 316
Interest payable	**255 010**	163 824
Operating lease rentals:		
Property	**1 310 671**	1 068 435
Equipment hire	**34 376**	36 048
Auditor's remuneration (excluding VAT):		
Current Year Audit	**50 850**	48 000
Prior Year Audit	**-**	3 870
Other costs (financial and taxation advice)	**2 311**	-

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

Staff costs were as follows:	2024 Total £	2023 Total £
Salaries and wages	**19 185 143**	17 081 232
Social security costs	**1 548 837**	1 490 861
Employer's contribution to defined contribution pension schemes	**1 172 081**	1 055 324
Apprentice levy	**190 999**	156 694
	22 097 060	19 784 111

During the year redundancy and settlement costs were £11 150 (2023: £85 641) all relating to exgratia payments (2023: £4 836).

Agency Costs for the year were:	**1 891 547**	2 271 845

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

	2024 No.	2023 No.
£60 001 - £70 000	**7**	3
£70 001 - £80 000	**1**	1
£80 001 - £90 000	**2**	-
£90 001 - £100 000	**-**	1
£100 001 - £110 000	**-**	2
£110 001 - £120 000	**-**	-
£120 001 - £130 000	**1**	-
£130 001 - £140 000	**-**	-
£140 001 - £150 000	**-**	1
£150 001 - £160 000	**2**	1

The total employee benefits including pension and National Insurance contributions of the key management personnel were £727,456 (2023: £770,759).

The charity Trustees were not paid nor received any other benefits from employment with the charity in the year (2023: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2023: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and were £Nil for the year (2023: £Nil).

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2024

7 Staff numbers

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

	2024 No.	2023 No.
Childcare	**779**	711
Training	**13**	10
Support	**76**	72
	868	793

In March 2024, the number of staff employed on an FTE basis were 641 (2023: 603).

8 Related party transactions

Donations received from Trustees during the year were £16,600 (2023: £15,900). During the year LEYF received Gifts in Kind with an estimated value of £62,000 (2023: £13,500) for volunteered days from EY graduates. EY is a related party as one of our Trustees is a partner in the firm, but has no involvement in this transaction. All donations were without conditions attached.

The total expense incurred for services to related parties during the year was £54,803 (2023: £65,552) excluding Gifts in Kind already disclosed above. This amount includes a payment of £Nil (2023: £4,471) for gardening services to Glow Gardens which employs a close family member of the Chief Executive Officer and £12,399 (2023: £13,526) to Chartered Wealth Management which employs a close family member of a key member of staff, who has now left office. Other payments of £39,059 (2023: £44,754) were made to family members of the Chief executive officer and a key member of staff under current employment standard employment and supplier terms. In addition £3,345 (2023: £2800) was paid for a membership of Social Enterprise (UK) which is a charity connected to the Chief executive officer.

As at 31 March 2024 a total amount of £1,942 (2023: £14,417) was payable to related parties and have been included in trade creditors. This outstanding balance is for services provided and not yet paid for. Post year end this balance has been settled and was not secured.

9 Taxation

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

10 Intangible fixed assets

	Software* £	Goodwill Acquired Nurseries £	**Total £**
Cost or valuation			
At the start of the year	599 885	1 153 145	**1 753 030**
Additions in year	29 531	-	**29 531**
Transfers in the year	59 642	-	**59 642**
Disposals in the year	-	(37 041)	**(37 041)**
At the end of the year	689 058	1 116 104	**1 805 162**
Amortisation			
At the start of the year	169 069	130 028	**299 097**
Charge for the year	111 297	110 415	**221 712**
Transfers in the year	59 642	-	**59 642**
Disposals in the year	-	(37 041)	**(37 041)**
At the end of the year	340 008	203 402	**543 410**
Net book value			
At the end of the year	349 050	912 702	**1 261 752**
At the start of the year	430 816	1 023 117	**1 453 933**

All of the above assets are used for charitable purposes.

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2024

*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 2024 and no amortisation has been included for this project. Total development cost not completed as at 31 March 2024 and thus not amortised was £60,315 (2023: £62,176).

11 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	4 439 115	2 784 032	995 171	789 264	**9 007 582**
Additions in year	1 097 829	-	124 211	86 226	**1 308 266**
Transfers in the year	(41 235)	24 634	(59 642)	16 601	**(59 642)**
Disposals	(184 645)	(4 122)	(57 805)	(14 694)	**(261 266)**
At the end of the year	5 311 064	2 804 544	1 001 935	877 397	**9 994 940**
Depreciation					
At the start of the year	1 439 822	947 906	607 738	370 473	**3 365 939**
Charge for the year	363 622	141 270	125 159	91 528	**721 579**
Transfers in the year	82 579	(82 579)	(59 641)	-	**(59 641)**
Disposals	(182 141)	(4 122)	(55 223)	(7 517)	**(249 003)**
At the end of the year	1 703 882	1 002 475	618 033	454 484	**3 778 874**
Net book value					
At the end of the year	3 607 182	1 802 069	383 902	422 913	**6 216 066**
At the start of the year	2 999 293	1 836 126	387 433	418 791	**5 641 643**

All of the above assets are used for charitable purposes.

12 Investment in Subsidiary

	2024 £	2023 £
Investment in Lysth Ltd	**-**	31 330
	-	31 330

On 2 January 2024 Lysth Ltd was dissolved.

13 Debtors

	2024 £	2023 £
Trade debtors	**363 715**	348 990
Other debtors	**101 300**	54 974
Prepayments	**683 572**	564 880
Accrued income	**66 772**	60 889
	1 215 359	1 029 733

14 Creditors: amounts falling due within one year

	2024 £	2023 £
Loans	**796 130**	674 889
Trade creditors	**861 889**	1 238 623
Taxation and social security	**379 507**	366 797
Other creditors	**1 379 694**	1 166 392
Intercompany loan	**-**	65 292
Accruals	**886 997**	655 558
Deferred income (Note 15)	**863 937**	1 032 598
	5 168 154	5 200 149

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2024

15 Deferred income

Deferred income in the year ended March 2024 are payments received from parents and local authorities in advance for services that are to be delivered after 31 March 2024.

	2024	2023
	£	£
Balance at the beginning of the year	**1 032 598**	1 089 268
Amount released to income in the year	**(1 032 598)**	(1 089 268)
Amount deferred in the year	**863 937**	1 032 598
Balance at the end of the year	**863 937**	1 032 598

16 Creditors: amounts falling due after one year

	2024	2023
	£	£
Loans	**3 548 591**	3 908 707

	2024	2023
	£	£
Less than one year	**796 130**	674 889
Between two to five years	**973 836**	1 570 280
Over five years	**2 574 755**	2 338 427
Total due	**4 344 721**	4 583 596

A loan agreement of £3,000,000 under the Coronavirus Business Interruption Loan Scheme (CBIL) 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 2024 is £1,509,141 (2023: £2,110,008) which includes interest of £9,141 (2023: £10,008).

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.

On 5 May 2022, LEYF launched a bond issue through Triodos Bank UK Limited (the Registrar). These bonds were in the form of 1,500,000 bonds each with a nominal value of £1, with a minimum investment of £50, repayable on 31 May 2029 and 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 2024 the balance owing is £1,559,281 (2023: 1,548,588), which includes interest of £59,281 (2023: £48,588). The bonds are unsecured.

On 1 November 2022, LEYF entered into a loan agreement with The Postcode Innovation Trust. An amount of £125,000 was received on 30 March 2023. Interest are 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 2024 the balance owing is £110,359 (2023: £125,000), which includes interest of £275 (2023: £nil). This loan is unsecured.

On 31 March 2023 LEYF received a £800,000 from Trust for London Trustee with a further £322,000 received on 22 May 2023 . The loan bears interest at a variable rate of 0.5% above the Bank of England base rate, capped to 4%. The first 12 months of interest were rolling interest and forms part of the total capital outstanding. Capital and interest monthly repayments starts on 1 May 2024. As at 31 March 2024 the balance owing is £1,165,940 (2023: £800,000). The total interest capitalised were £43,940. (2023: £Nil). This loan is unsecured.

17 Pension scheme

LEYF operates a defined contribution scheme for its employees offering an employer contribution of 7% of annual salary (2023: 7%) for all eligible staff. Outstanding contributions awaiting payment at 31st March 2024, included in other creditors, were £141,870 (2023: £122,145). Any liability and expenses are allocated as unrestricted or restricted funds on the same basis as employee related costs.

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2024

18 Analysis of net assets between fund

	General Unrestricted £	Restricted £	2024 Total Funds £
Fixed assets	6 688 543	789 275	**7 477 818**
Investments	-	-	**-**
Net current assets	(1 913 015)	484 392	**(1 428 623)**
Long-term liabilities	(3 548 591)	-	**(3 548 591)**
Net assets at the end of the year	**1 226 937**	**1 273 667**	**2 500 604**

	General Unrestricted £	Restricted £	2023 Total Funds £
Fixed assets	6 231 490	864 086	**7 095 576**
Net current liabilities	31 330	-	**31 330**
Net current liabilities	(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**

19 Movements in funds

2023-24	At the start of the year £	Income £	Expenditure £	**At the end of the year £**
Restricted funds:				
Marsham Street Renovations	767 268	-	(52 942)	**714 326**
Carlton Hill Refurbishment	81 686	-	(12 104)	**69 582**
Funding for vulnerable children	27 518	206 959	(234 477)	**-**
Colville Crisis Funding	12 516	-	-	**12 516**
Food banks	4 993	100	(3 226)	**1 867**
Chef Academy Funding	89 591	101 266	(104 632)	**86 225**
SEND Funding	-	244 824	(244 824)	**-**
LEYF Training Academy Funding	189 403	260 354	(221 090)	**228 667**
Strategic Growth Funding	125 000	-	-	**125 000**
Other Funds	22 207	86 574	(73 297)	**35 484**
Total restricted funds	1 320 182	900 077	(946 592)	**1 273 667**
Total unrestricted funds - general funds	1 563 972	31 180 404	(31 517 439)	**1 226 937**
Total funds	2 884 154	32 080 481	(32 464 031)	**2 500 604**

2022-23	At the start of the year £	Incoming resources £	Outgoing resources £	**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 Fund	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**

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2024

19 Movements in funds (continued)

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.

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 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.

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

	2024	2023
	£	£
Net (deficit)/surplus income for the reporting period (as per the statement of financial activities)	**(383 550)**	(396 444)
Depreciation and amortisation charges	**943 292**	697 596
Loss on disposal of tangible fixed assets	**12 262**	15 570
Investment losses	**6 054**	26 316
Interest payable	**255 010**	163 824
(Increase)/Decrease in debtors	**(185 626)**	(266 421)
(Decrease)/Increase in creditors	**(153 235)**	(394 464)
Net cash provided by/ (used in) operating activities	**494 207**	(154 023)

21 Analysis of cash

	At 1 April 2023	Cash flows	**At 31 March 2024**
	£	£	**£**
Cash at bank and in hand	3 836 371	(1 312 199)	**2 524 172**
Total cash and cash equivalents	3 836 371	(1 312 199)	**2 524 172**

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2024

22 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:

	£	£	**2024 £**	Restated* 2023 £
	Property	Other	**Total**	Total
Less than one year	1 499 065	23 993	**1 523 058**	1 370 687
One to five years	4 907 026	33 991	**4 941 017**	3 802 773
Over five years	6 986 658	-	**6 986 658**	6 968 266
	13 392 749	57 984	**13 450 733**	12 141 726

23 Legal status of the charity

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

24 Capital commitments

As at 31 March 2024, there were no outstanding capital commitments. (2023: £534,482 - Thames Reach Nursery improvements).

25 Net debt reconciliation

	At 1 April 2023 £	Cash flows £	Other non-cash changes £	**At 31 March 2024 £**
Cash at bank and in hand	3 836 371	(1 312 199)	-	**2 524 172**
Debt due within one year	(674 889)	674 889	(796 130)	**(796 130)**
Debt due after one year	(3 908 707)	(323 376)	683 492	**(3 548 591)**
Total cash and cash equivalents	(747 225)	(960 686)	(112 638)	**(1 820 549)**

26 Subsequent events

On 24th May 2024 LEYF entered into an asset purchase agreement with Little Angels Nursery School Ltd, which completed on 16th August 2024. LEYF has used this asset purchase to initiate a new lease for the associated property and begin operating a new nursery, Brixton Garden Nursery and Pre-School.

On 7th October 2024 LEYF entered into an asset purchase agreement with a value of £75,000 with The Foundations for learning Partnership Ltd, which has not yet completed. LEYF intends to use this asset purchase to initiate a new lease for the associated property and begin operating a new nursery.

Leyf Nurseries



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



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

www.leyf.org.uk



London Early Years Foundation
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Company no: 02228978 Charity no: 299686

THE LONDON EARLY YEARS FOUNDATION

England & Wales - Charity number 299686

Accounts

Company no: 02228978 Charity no: 229686



The London Early Years Foundation

Annual Report For the Year Ended 31st March 2023





The London Early Years Foundation

Annual Report 2022/23 and Statement of Accounts



Leyf Nurseries

Company number 02228978

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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 OBE
Chief Executive

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.

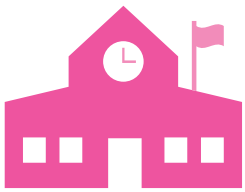
LEYF employs over 800 staff at 40 nurseries in 12 boroughs across London – working closely with the local communities we serve. We also have our best-in-class LEYF Training Academy to support internal and external Early Years professionals – including apprenticeships, Early Years Chef Academy, and our 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

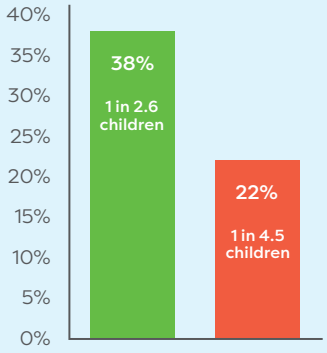
Inequality of access to high quality provision compounds in the most deprived areas of England, where only 14% of nurseries are rated 'Outstanding', compared to 26% in the least deprived areas. In London, the situation is worse: only 11% are rated 'Outstanding' in the most deprived areas, compared to 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.

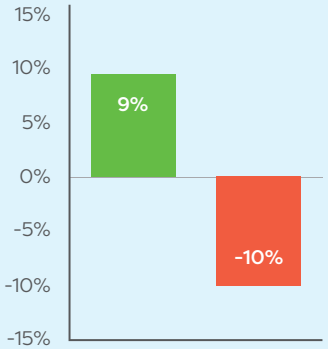
There are fewer Early Years places per child in the most deprived areas

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



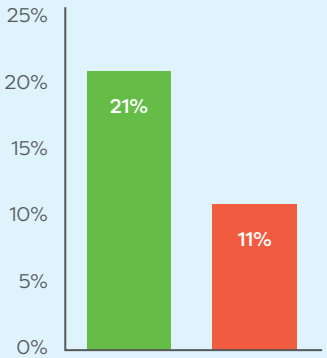
Nurseries in deprived areas are closing since it is unsustainable to operate

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



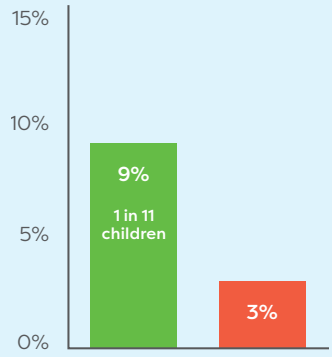
The nurseries that do remain are much lower quality on average

% 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.)

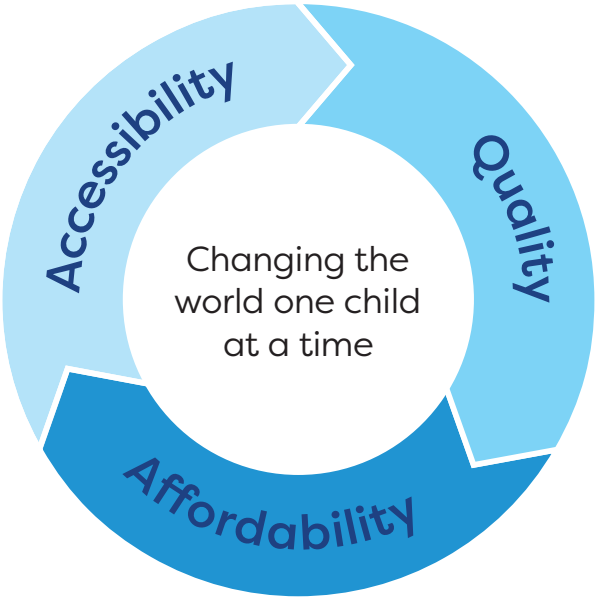


Least deprived Most deprived

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.





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.

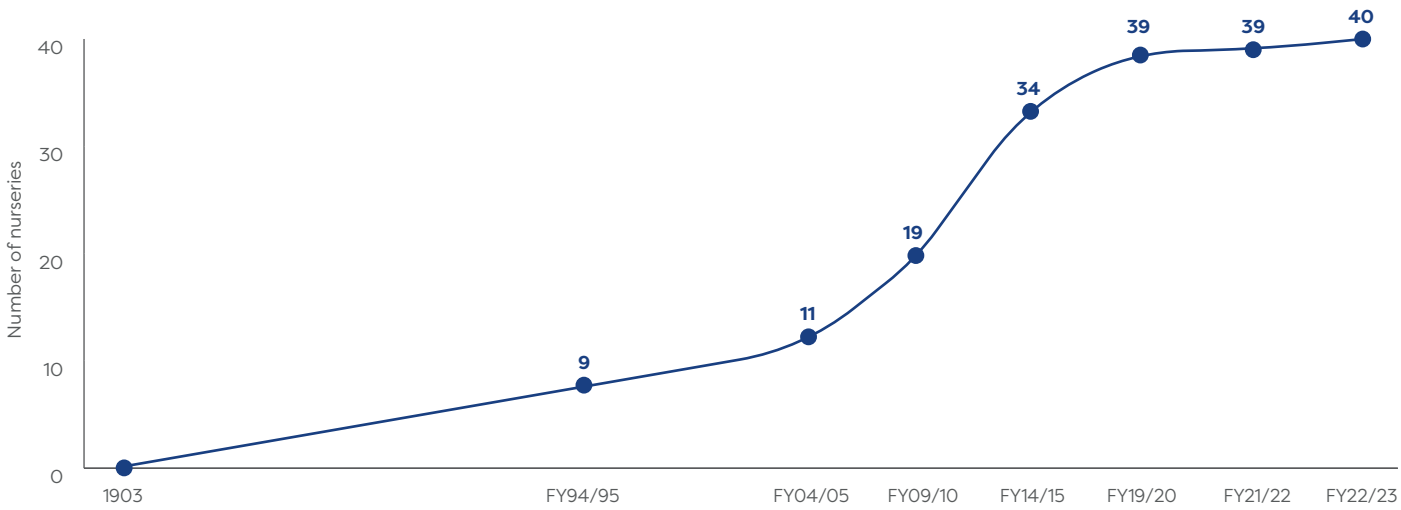
In response to the high cost of living, we put together our winter benefits package. This included a cost of living payment for all our permanent staff and an increase in nursery discount to 70% of fees for all staff with a child at a LEYF nursery. In spring 2023, we announced a pay increase for our 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

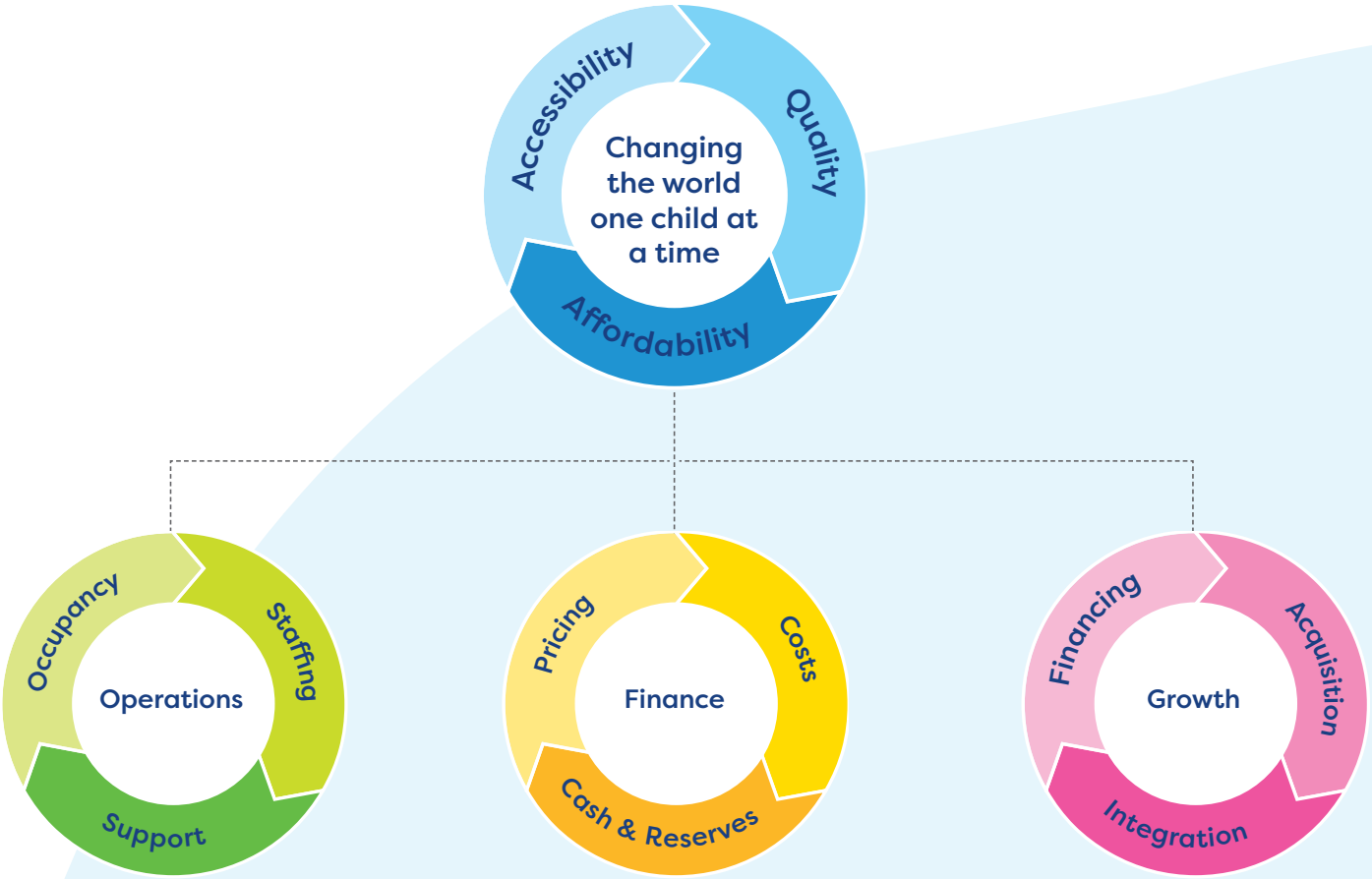
We have engineered our social enterprise model so that it maximises our ability to deliver LEYF's social purpose.

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 social purpose



Our business model

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.

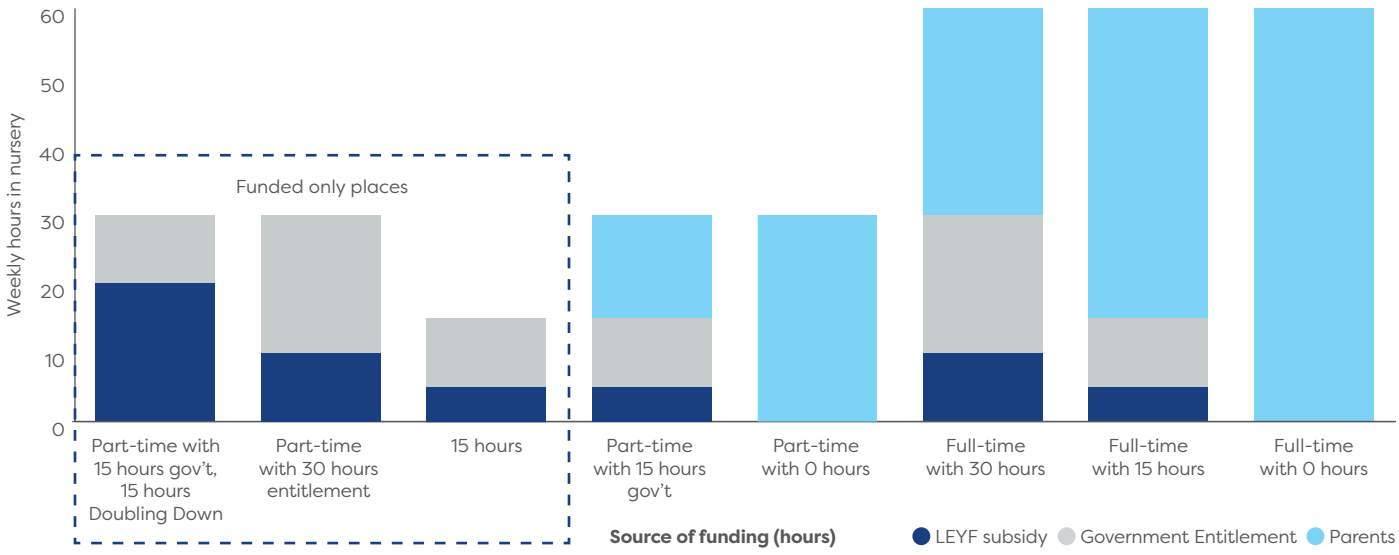
At LEYF, we operate a model that cross-subsidises our offering across several levels:

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.



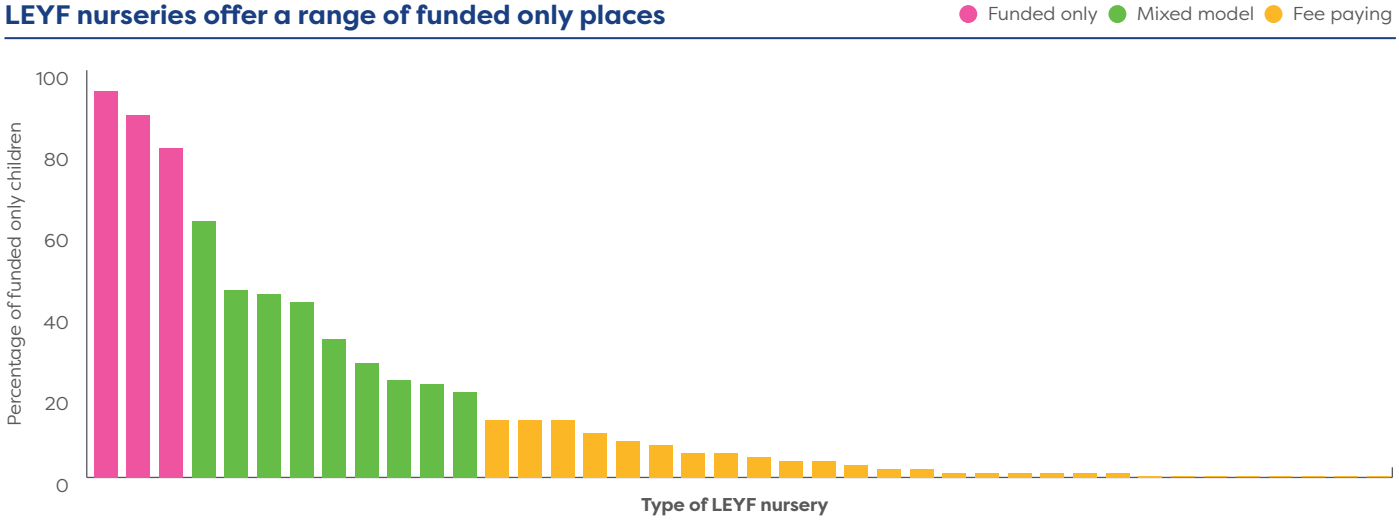
LEYF is one of the few providers that offers these funded only places, with no top-up fees



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



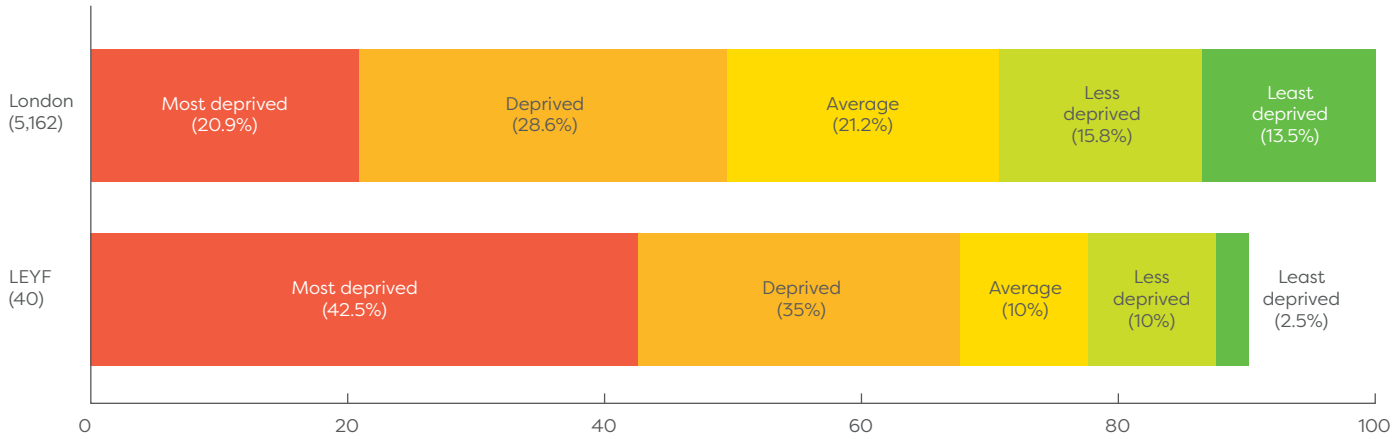
LEYF

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

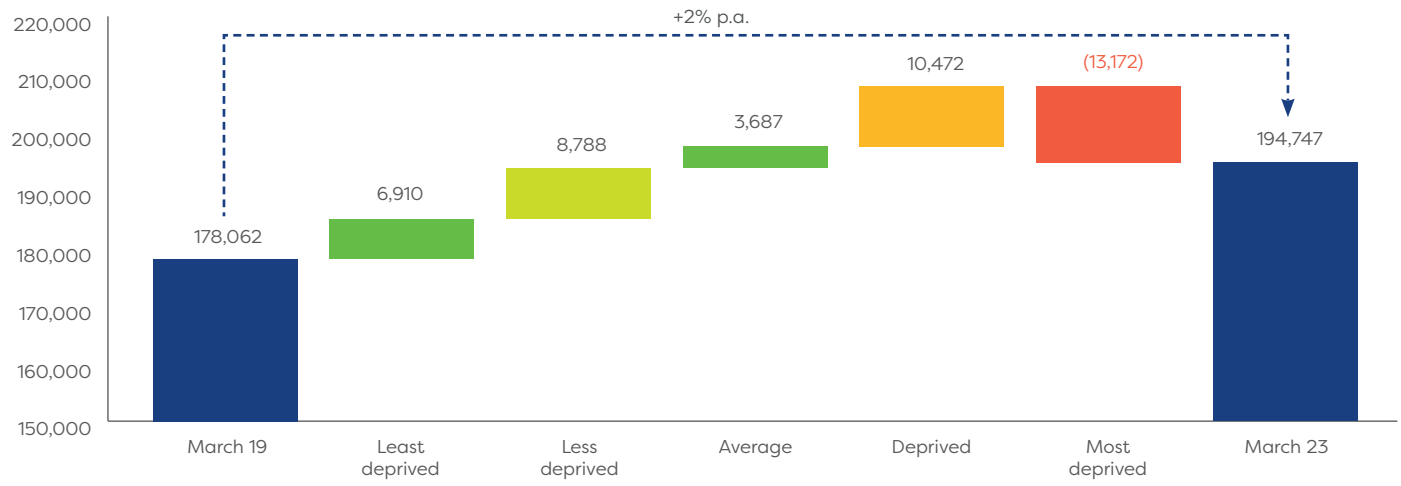
Over the past four years, while there has been an average of **2%** increase per annum in the number of nursery places in London, there has been a **9%** decline in places in the most deprived areas (Ofsted, 2023).

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).

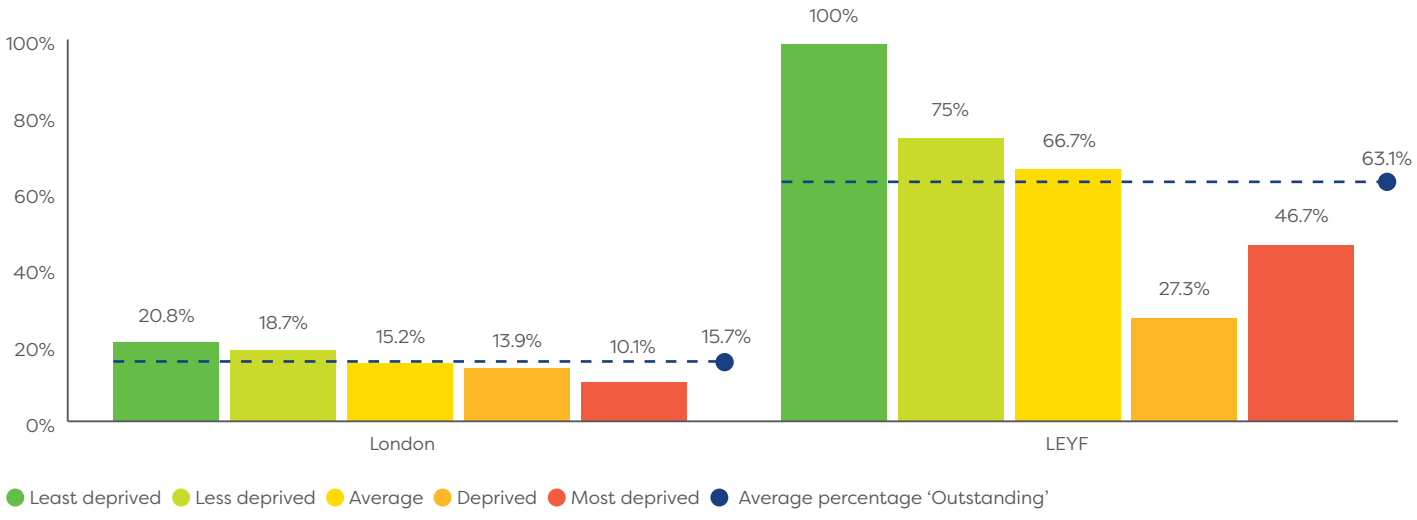
Moreover, in London, the least deprived areas have almost double the number of 'Outstanding' nurseries vs. the most deprived areas. That means the children who most need high quality education and care are less likely to be able to access it.

> **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.



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.

Funded only places

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

Case study: 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.

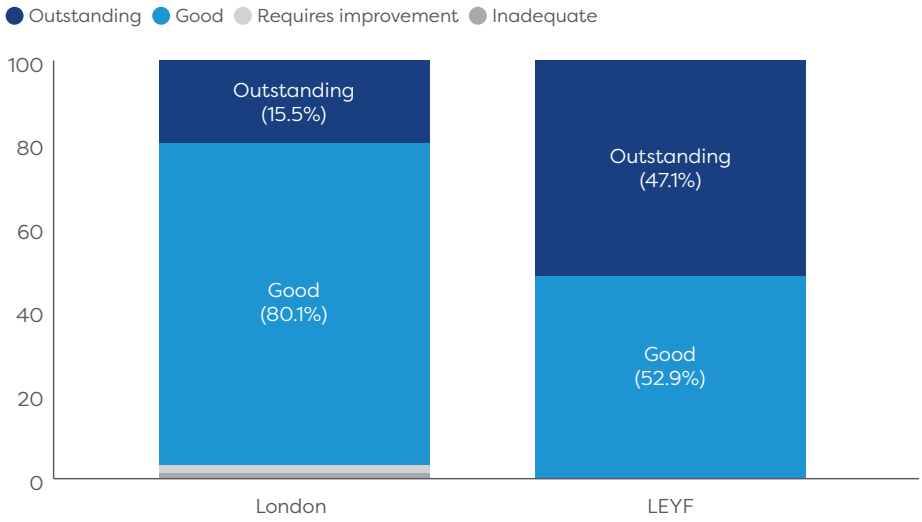


Section 1: Social Purpose

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.

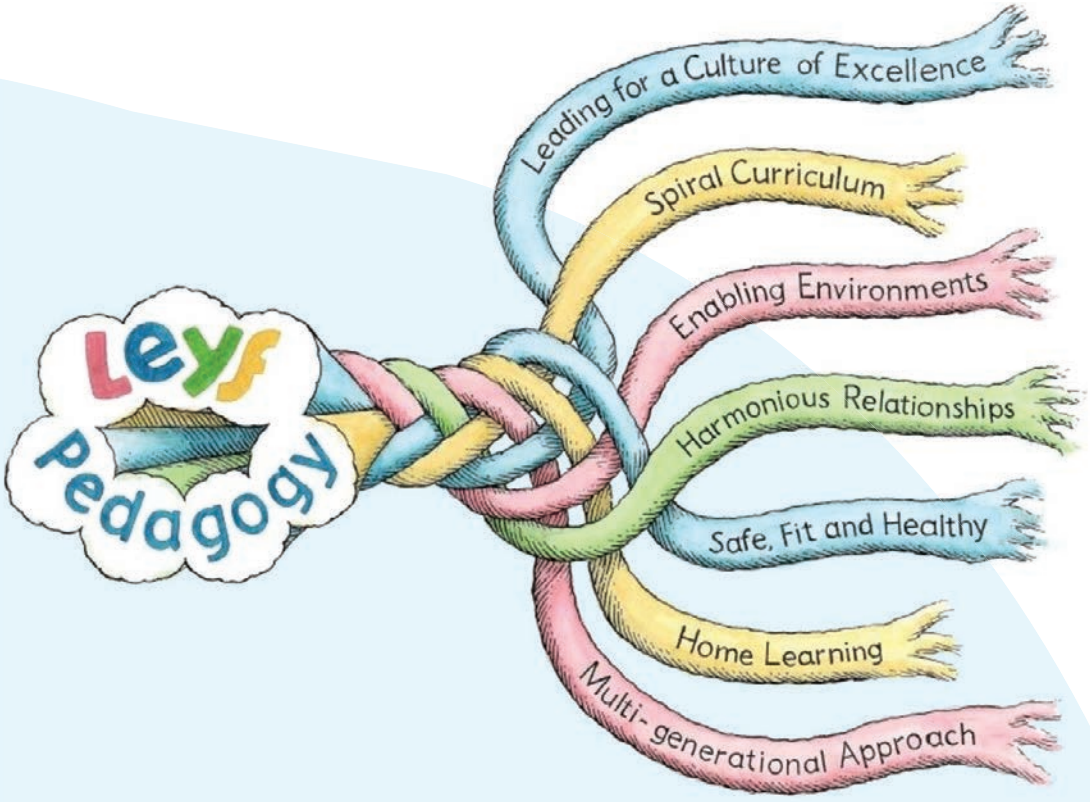
LEYF's Pedagogy is designed to strengthen children's educational success by widening their social and cultural capital, with a strong focus on language and communication, giving all children an equal chance to thrive. So, just by attending a LEYF nursery, children build social capital through the friendships 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 Pedagogy	SEND	Sustainability	Health and Food	Degrees	Nursery Leadership and Management
Early Years Educator Level 3	Baby you're Fantastic	Award for Special Educational Needs Level 3	Sustainability in the Early Years Level 4	Production Chef Apprenticeship Level 2	Foundation Degree in Early Years Services Level 5	ILM Award in Effective Coaching Level 3
Production Chef Level 2	The Science of Play	Attention Bucket Strategy	An Introduction to Sustainability	Chef Academy in Building Health in Early Years Level 3	BA (Hons) Degree in Early Childhood Studies Level 6	National Professional Qualification (NPQ) in Early Years Leadership
Central Office Functions	Dialogic Reading	Supporting Children through Music	Magic of Outdoor Learning	Production Chef		Managing Difficult Conversations
	Helicopter Storytime	Use of visuals in the Early Years Setting		Weaning Workshops		Interview Training
	Makaton and Early Communication	Inclusion and Diversity in Practice		Managing Allergies Safely		Upskilling your Team
	Pedagogy of Parachutes	Identifying Children's Needs				Room Leader training
	Promoting Positive Behaviour through Co-regulation	Working with Children with ASD				

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.

"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

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.

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.

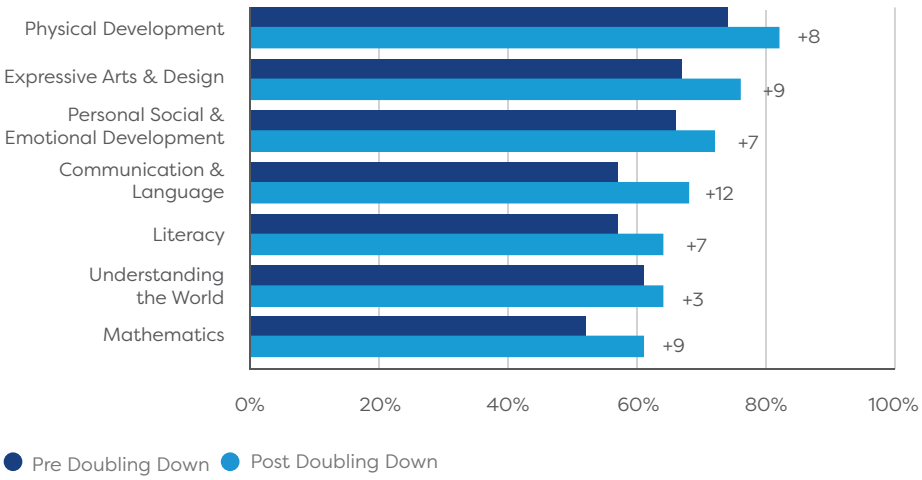


Case study

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

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



Section 1: Social Purpose

Measuring LEYF's social impact

At LEYF, we track key metrics across all elements of our social purpose: Accessibility, Quality and Affordability. We use these measures to monitor progress across our social impact 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.

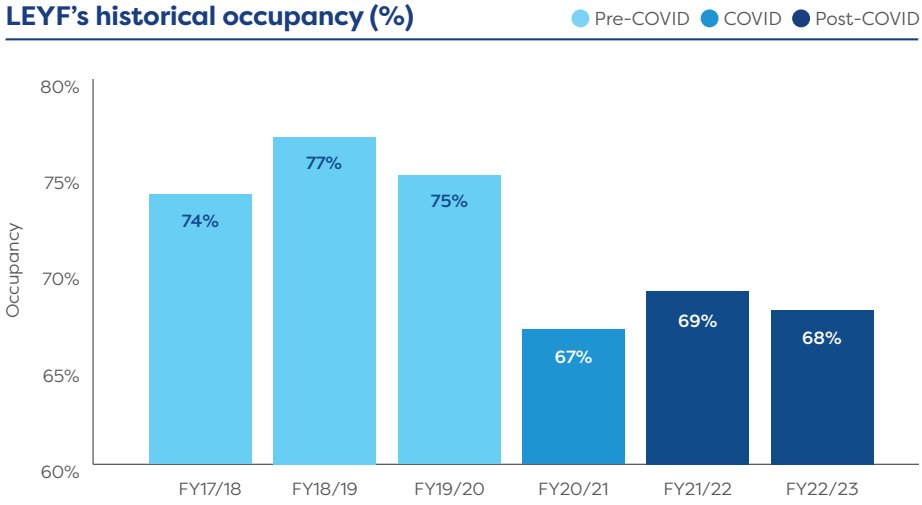
As the new culture of hybrid working became firmly embedded, these changes showed most in some of our central London settings in Westminster and Lambeth, where population changes caused by Brexit and the pandemic were further compounded by fewer working parents travelling into offices for full week working. 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.**

LEYF's historical occupancy (%)



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.

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.

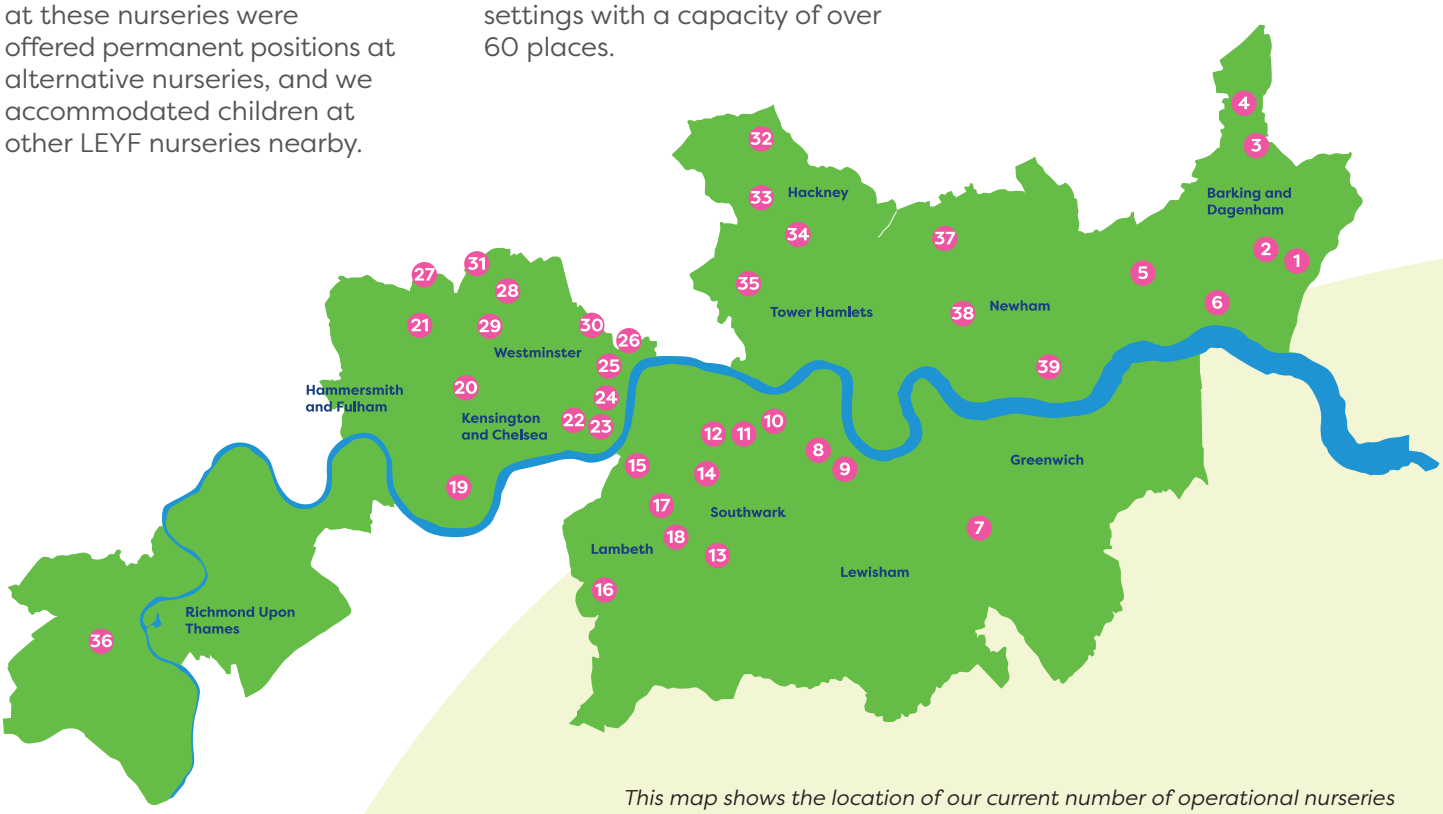
LEYF is particularly looking to expand in mixed and high deprivation locations, while balancing the need to generate surplus in more affluent areas to support this critically important service through our cross-subsidy social impact model.

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.

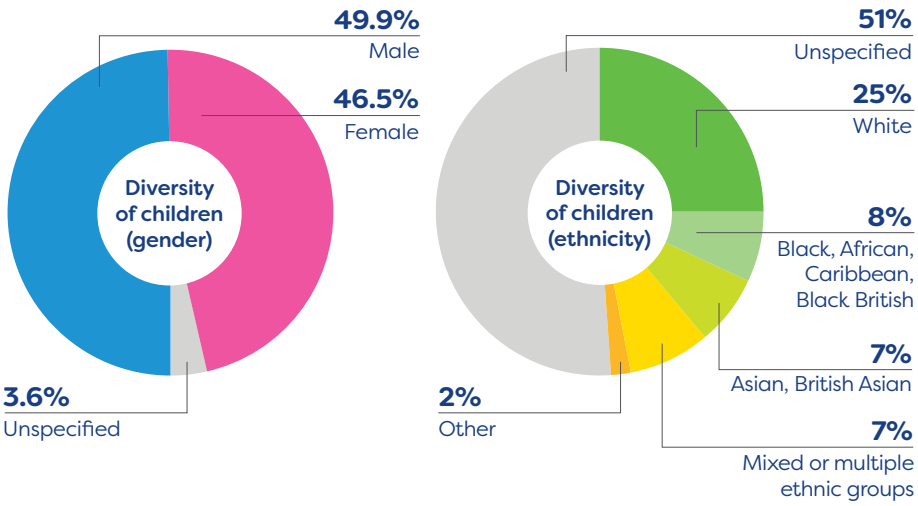


Section 2: Operations

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.

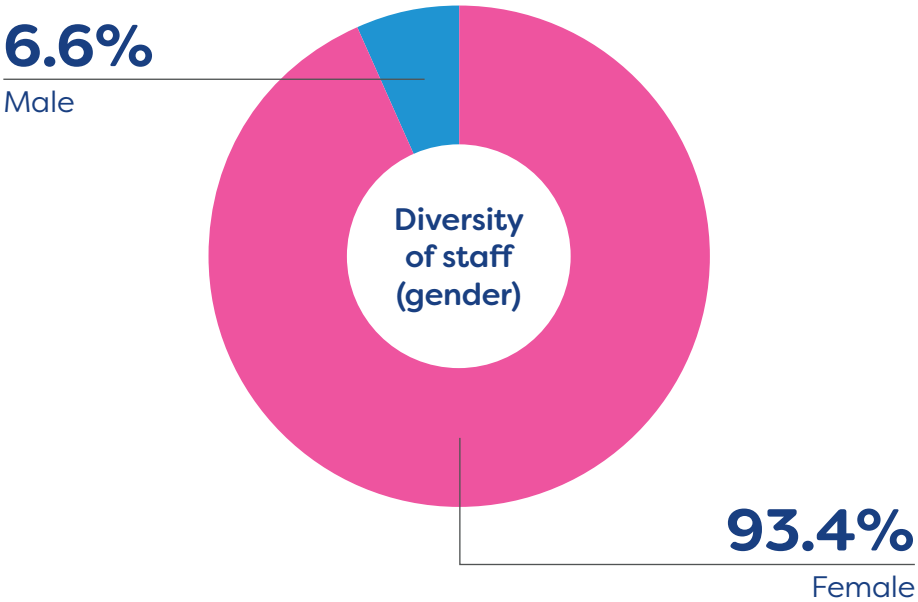
Our CEO June O'Sullivan's book, co-written with Lala Manners, Think, Feel, Do: A Wellbeing Handbook for Early Years Staff, has been a springboard for well-being initiatives within our nurseries – such as open-door policies and weekly mindfulness exercises. Managers based in our Central Office also look 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.



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

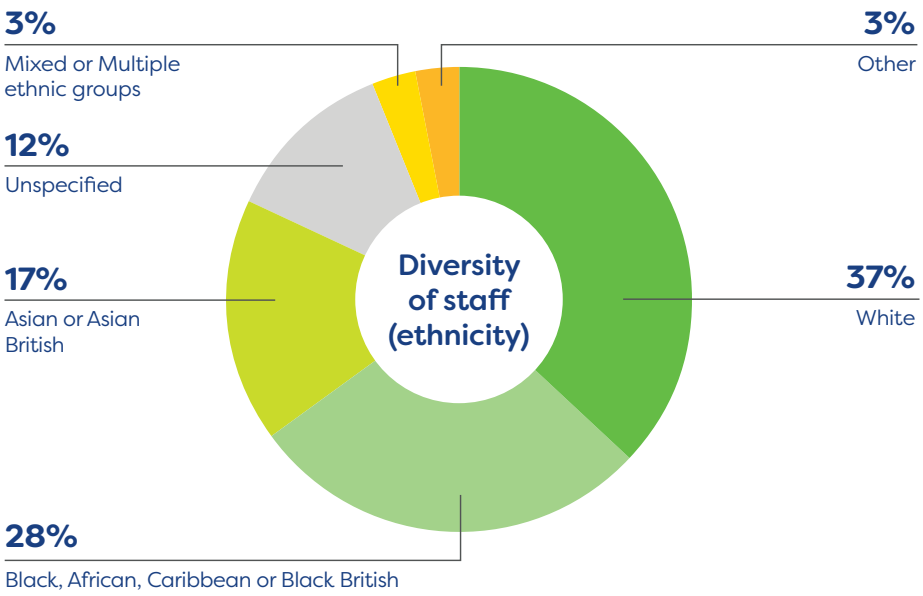
LEYF is an organisation which champions tolerance and understanding and wants to build an inclusive organisation so that no one is either advantaged or disadvantaged on account of their age, gender, identity, race, sexual orientation, physical or mental ability, ethnicity or beliefs.

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.

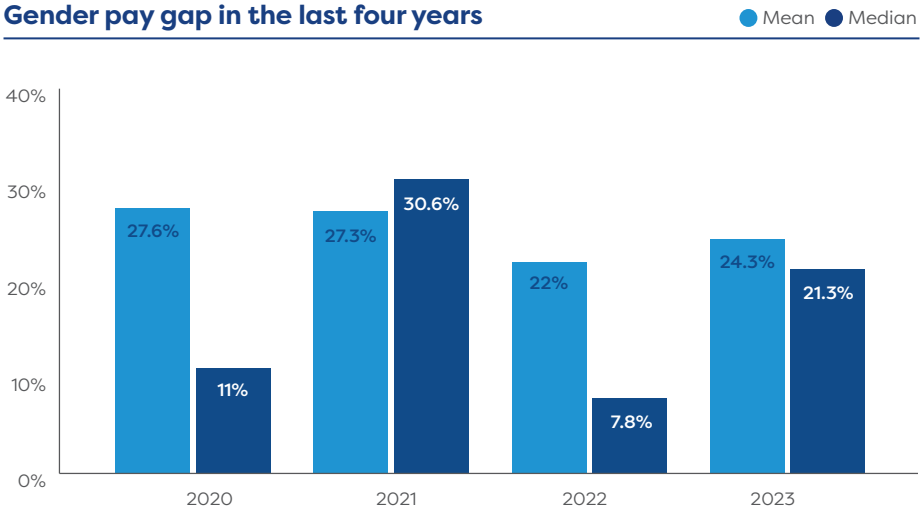
LEYF also works hard to promote career development for all employees and conducts regular pay reviews to ensure that our salaries are competitive. We take great pride in the diversity of our teams, which support and reflect the diversity of the communities we serve. We strive to foster belonging and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

Total income

FY22/23

£29.0m

FY21/22

£27.1m

Operating (deficit)/surplus before adjusting items:

FY22/23

£(0.4)m

FY21/22

£0.2m

Adjusted EBITDA*

FY22/23

£0.6m

FY21/22

£0.9m

Capital re-invested in growth

FY22/23

£1.8m

FY21/22

£0.7m

Cash

FY22/23

£3.8m

FY21/22

£5.1m

Gross Debt

FY22/23

£4.6m

FY21/22

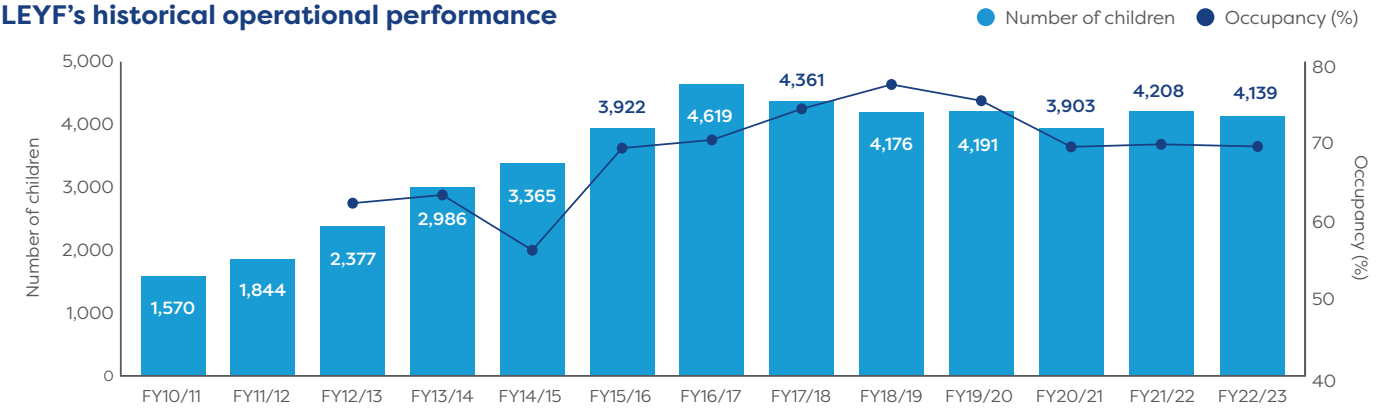
£2.7m

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

Section 3: Finance

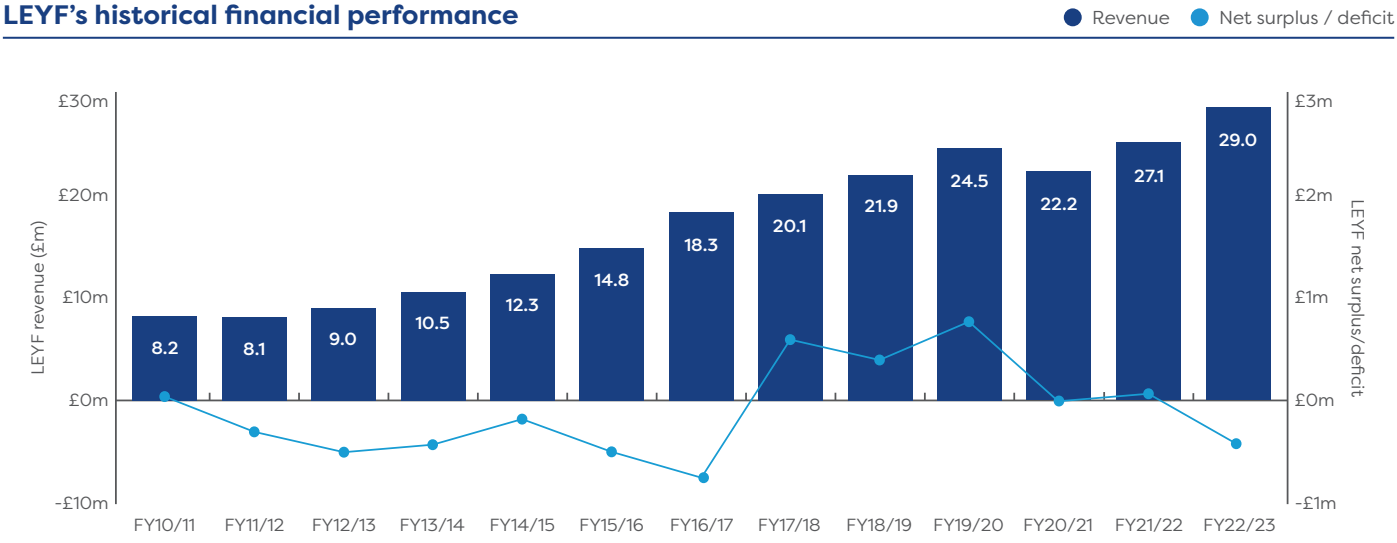
Historical performance

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

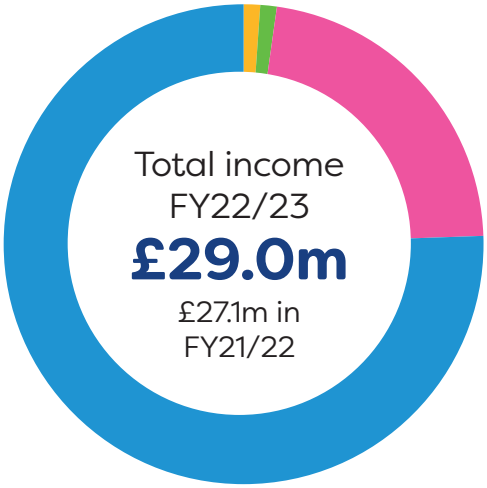
	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23
Dosage (average hours per week attended)	24.8	24.5	26.1	28	30.7	32.2	32.3	32.5	33.4
Duration (average number of months attended by leavers)	12.3	14.4	14	14.6	16.8	16.8	18.5	17.3	18.4
Quality (% Ofsted 'Outstanding')	20%	35%	61%	59%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

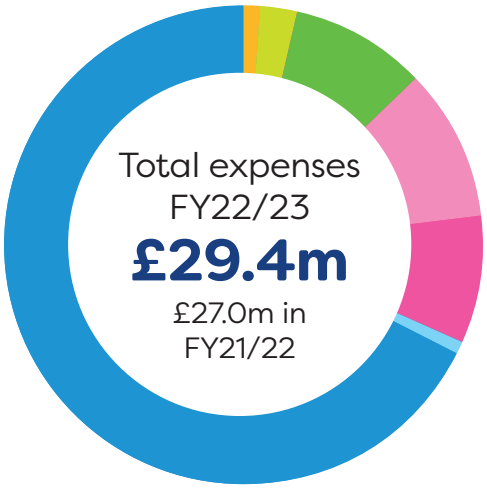
Costs associated with the properties the nurseries operate from increased by 7% on a like for like basis. The increase was due to an increase in inflation, business rates, funds spent on ensuring our buildings are in good condition. The year on year increase was 2%, the difference being due to backrent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

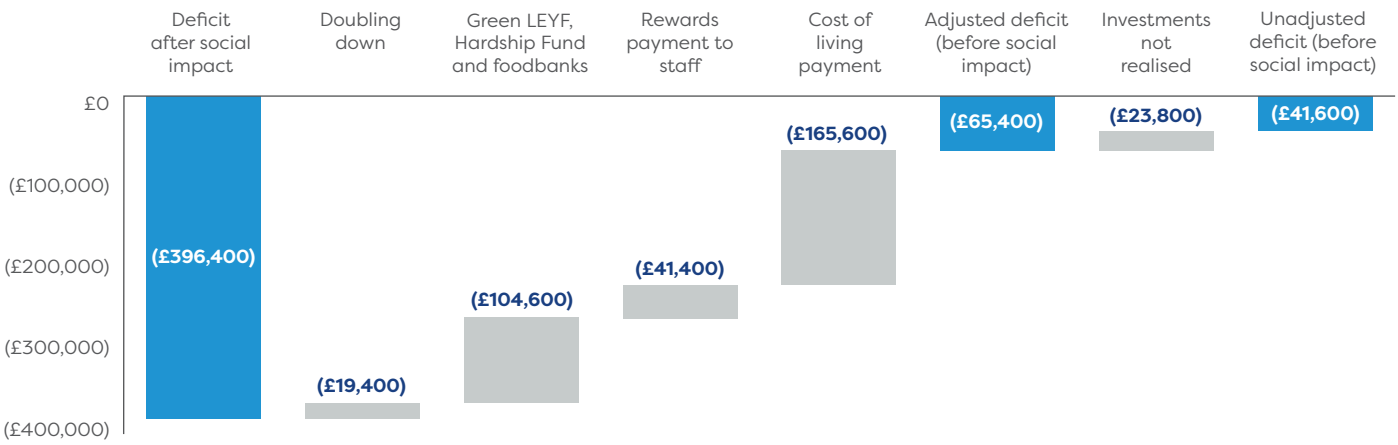
Section 3: Finance

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

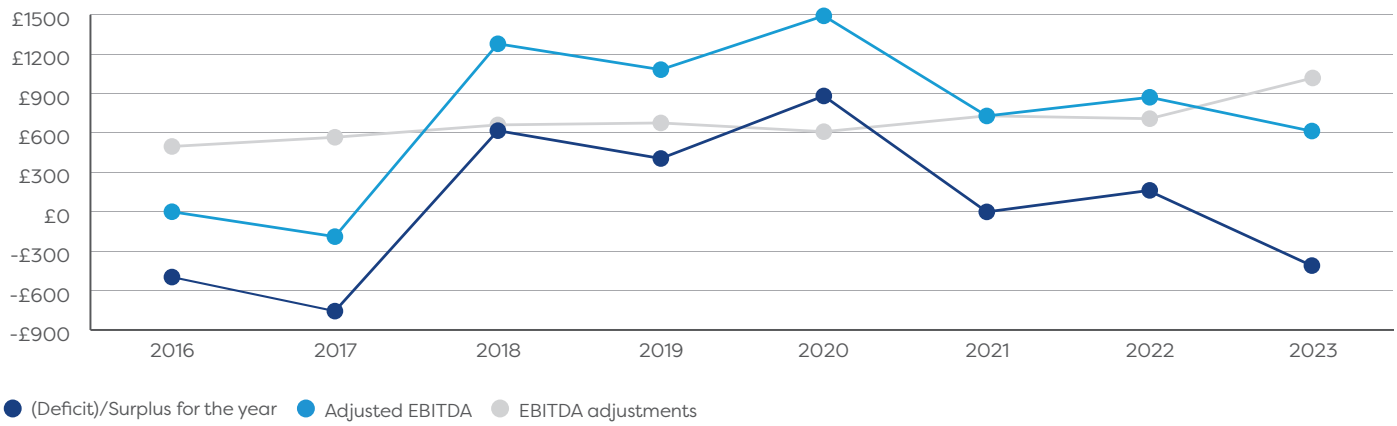
Adjusting our earnings to incorporate the impact on Interest, depreciation, amortisation and exceptional items relating to growth.

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.

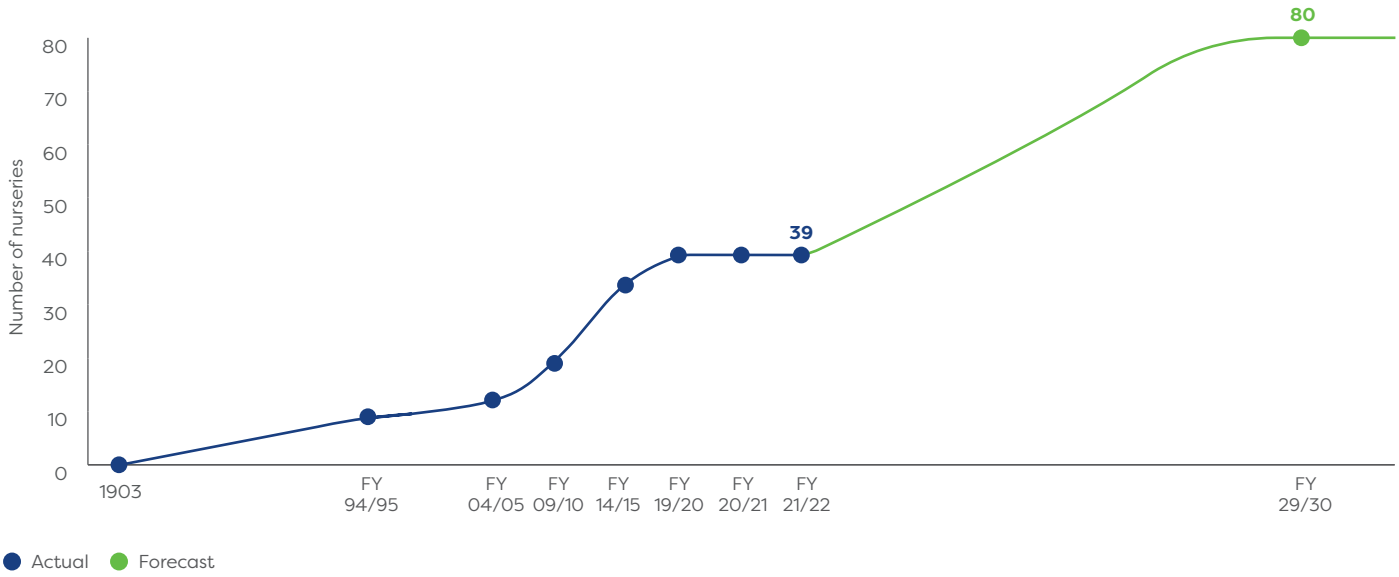
3 Amplify and advocate (INFLUENCE):

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 · 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.



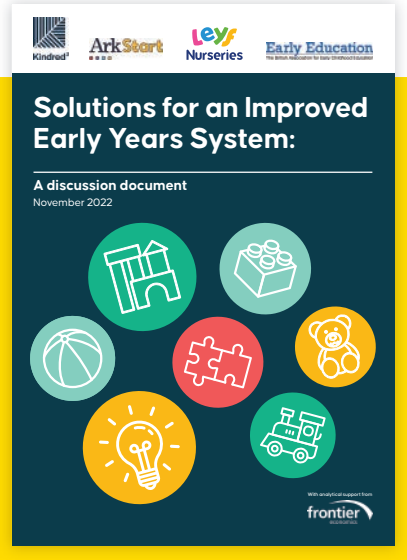
We debated the staffing crisis and the disregard from Government which continually fails to see the importance of our sector's contribution to the national infrastructure, both in terms of economic benefits to parents who work and the social and educational benefits to children.

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

18 December 2023

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 £	£	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 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:

			2023	Restarted* 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.

Leyf Nurseries

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

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

www.leyf.org.uk



London Early Years Foundation
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@leyfonline

Company no: 02228978
Charity no: 299686

THE LONDON EARLY YEARS FOUNDATION

England & Wales - Charity number 299686

Accounts

Company no: 2228978 Charity no: 229686



The London Early Years Foundation

Annual Report

For the Year Ended

31st March 2022

Leyf Nurseries

The London Early Years Foundation







Annual Report 2021/22
& Statement of Accounts

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Message from our Chair and Chief Executive

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

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

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

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

We are operating in a very complex staff recruitment and retention environment. Staffing the nurseries is challenging as we compete with other sectors also trying to attract staff. Our three-pronged approach is known across the organisation as 'Find, Win, Keep', which sounds simpler than it is. We have introduced further assistance for staff in response to feedback from our staff survey, staff council and Inclusion and Diversity Task and Finishing Group. The top three issues were workload, salaries and opportunities for development and promotion. Underpinning this was concern about physical and mental well-being, as staff worked harder and harder to cover vacancies. We responded by reviewing our staff benefits. In addition to our annual salary review, we implemented an annual bonus, gave staff the opportunity to buy and sell up to five days of annual leave, and increased training and promotion opportunities. We endeavour to be an inclusive and listening workplace, where all colleagues can be their best and build skills to grow their careers.

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

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



June O'Sullivan MBE
Chief Executive

Mike Garstka
Chair

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

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Importance of Early Years Education and Care

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

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

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

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

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



Early Years impacts GCSE success

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

A study that tracked the lives of over 11,000 pupils born in England at the turn of the millennium (who sat their GCSEs in 2016 or 2017), showed that just under one in five (18 per cent) did not achieve a grade 4 in both English language and maths, and half (48 per cent) of those were identified as falling behind as early as age five (Major, L. E., 2022, online).



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

Lee Elliot Major, Professor of Social Mobility

Challenges in Early Years in the UK

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

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

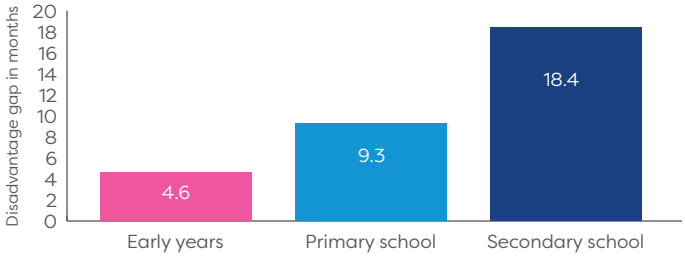
Disadvantaged children who most need high quality Early Years provision are losing out because the Early Years sector does not support those who need it most.

Accessibility

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

Quality

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



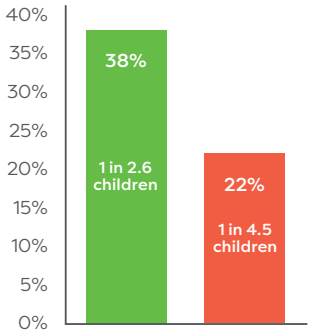
where only 17% of nurseries are rated 'Outstanding', compared to 23% in the least deprived areas (Ofsted, 2022, online). In London, the situation is worse: only 14% are rated 'Outstanding' in the most deprived areas, compared to 25% in the least deprived areas. The biggest driver of high quality provision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

Affordability

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

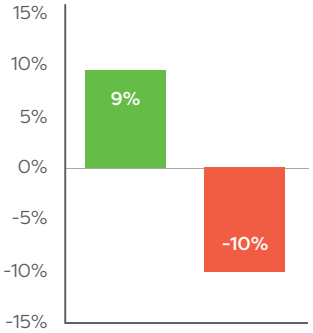
There are fewer Early Years places per child in the most deprived areas

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



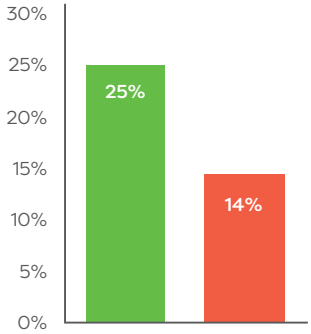
Nurseries in deprived areas are closing since it is unsustainable to operate

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



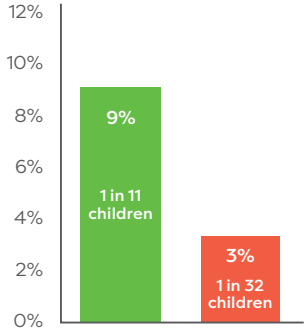
The nurseries that do remain are much lower quality on average

% Ofsted 'Outstanding' (London, March 2022)



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

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



Least deprived Most deprived

Note: EYR – Early Years Register; Source: Ofsted

Our social purpose

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

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





Building a resilient business to achieve our social mission

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

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

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

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

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

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



35%

of our children were on funded only places

52%

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

Tackling the injustice of poverty

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



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

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

Burgess Park, a term-time-only nursery, was also awarded a grant of £5,000 from The Hobson Charity to provide bags of provisions including food and hygiene products to families during the holidays.

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

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

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



Did you know?

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

Our values

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

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

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

Fun
We are imaginative and creative and learn through play.

Our history

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

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

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

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

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





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

Our journey

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

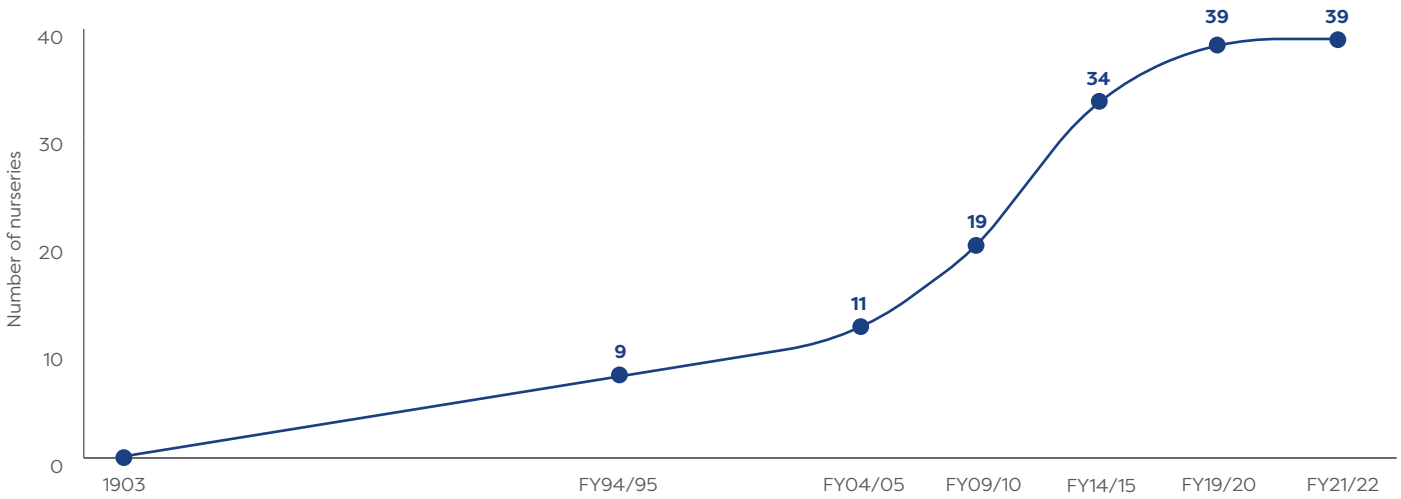
We embarked on a period of strengthening and deepening the capacity of our central office and nursery teams. We grew our Learning & Development team so that we could better support the quality of our teaching in our nurseries.

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

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

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

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





Our cross-subsidy model

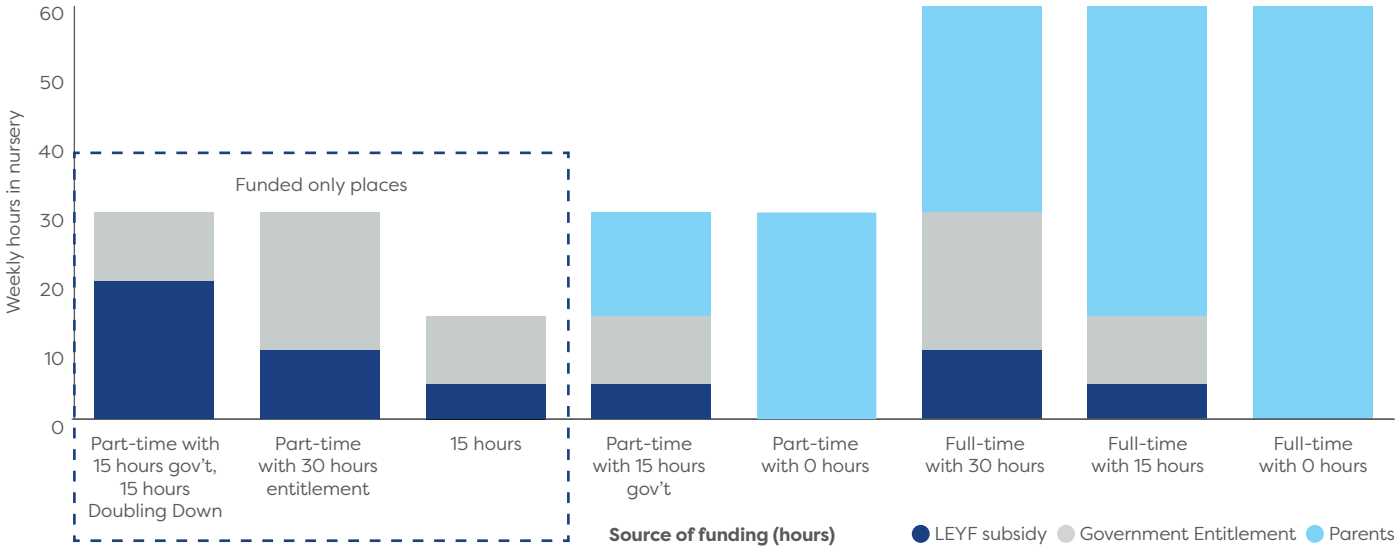
At LEYF, we can sustainably operate in areas of high deprivation and support those most in need because of our unique cross-subsidy model.

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

Children

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

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

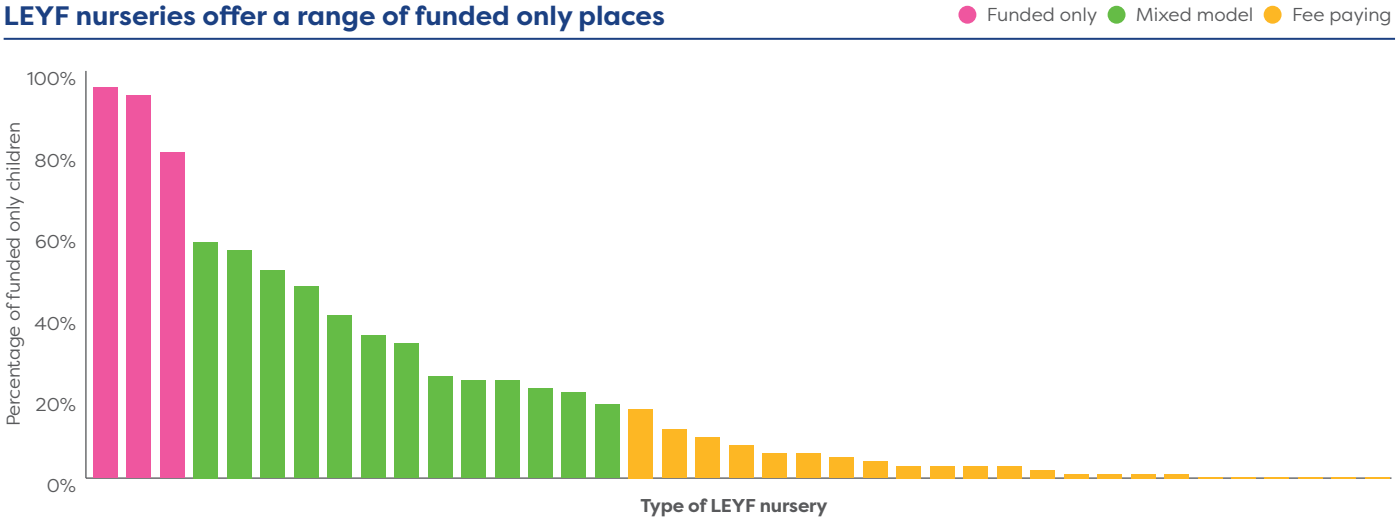




Nurseries

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

LEYF nurseries offer a range of funded only places

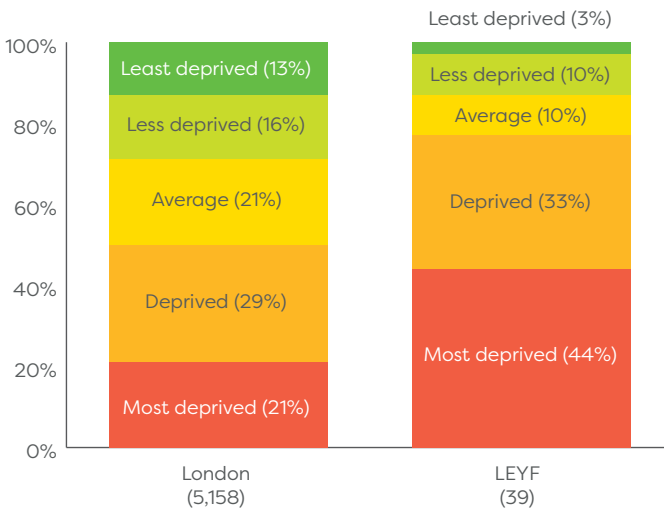


LEYF-wide

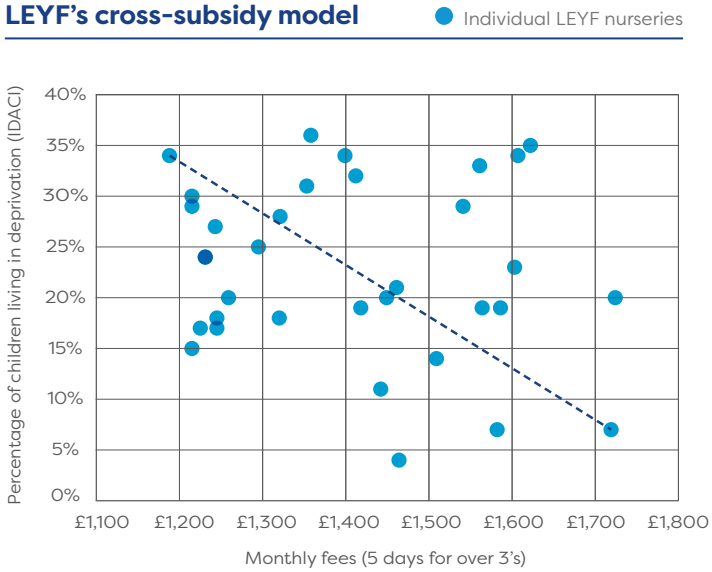
We operate in areas of higher deprivation, with over 75% of our nurseries located in the 'most deprived' and 'deprived' areas of London. Operating in these areas is an active choice so that we can reach those children and families who need us most. We also offer differentiated fees such that our pricing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



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



LEYF's cross-subsidy model



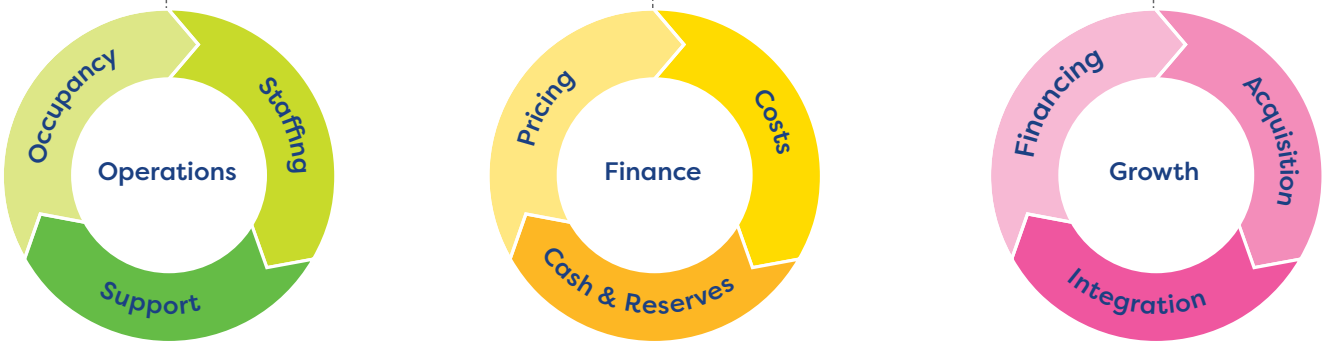
An innovative social enterprise

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

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

Our social purpose





Our business model





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Section 1: Social Purpose

LEYF's 'How?'

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

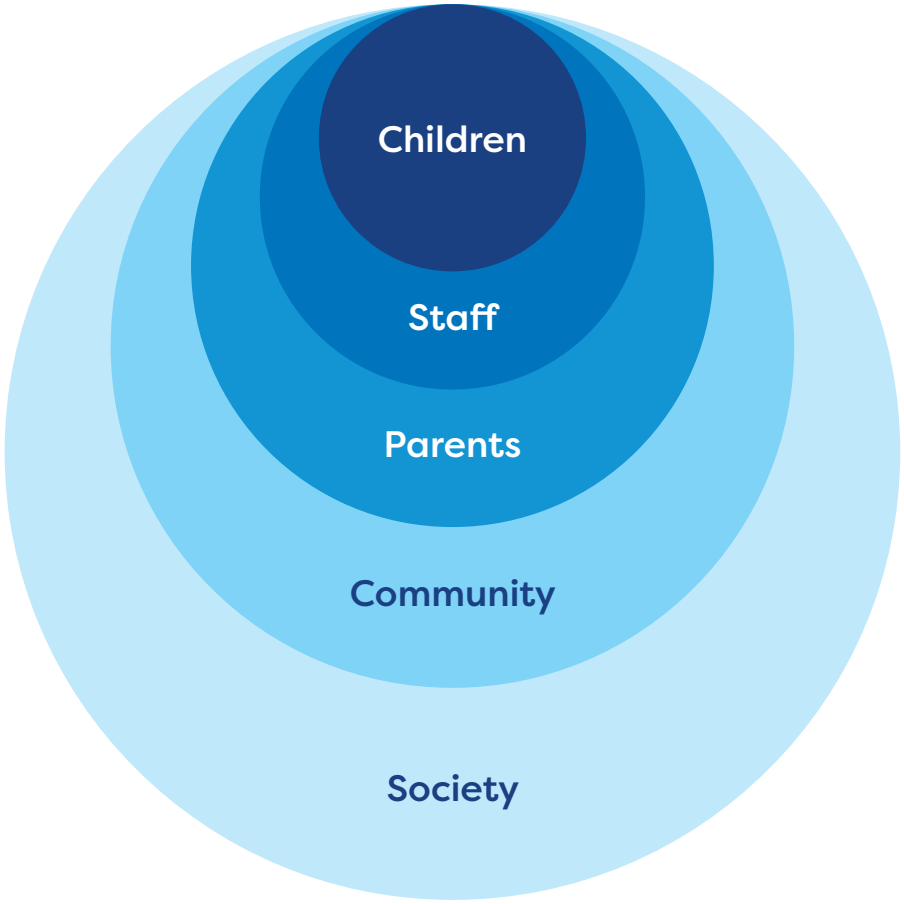
Children
Give London's children the best start in life through the highest quality Early Years Education and Care, especially those who otherwise may not be able to access or afford it.

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

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

Community
Promote community cohesion through nursery engagement tailored to local needs.

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





Section 1: Social Purpose

LEYF's 'What?'

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

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

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

Accessibility	Quality	Affordability
	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	

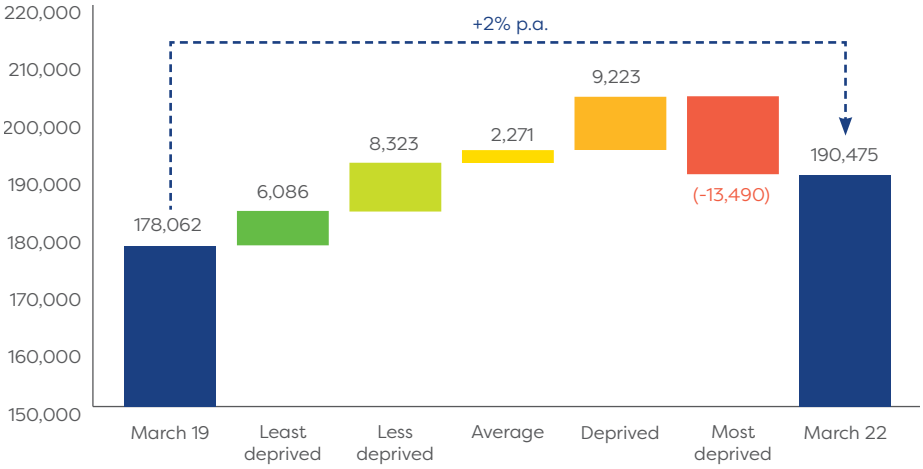
Accessibility: Supporting communities most in need

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

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

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

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



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



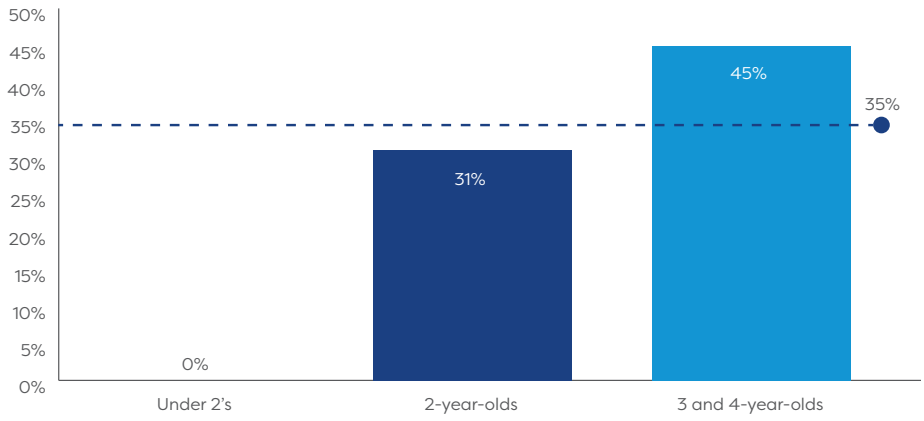
Accessibility: Securing access to entitlements

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

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

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

LEYF children on funded only places by age



Funded only places

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

Case study: Ford Road

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

A number of these children also experience food insecurity and rely on the nursery for a daily hot, nutritious meal. Ford Road also provides food packs to help families in crisis.

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

When children leave Ford Road, the priority is to ensure they are ready for the next step and are as independent as possible, able to problem solve, be confident and be articulate.

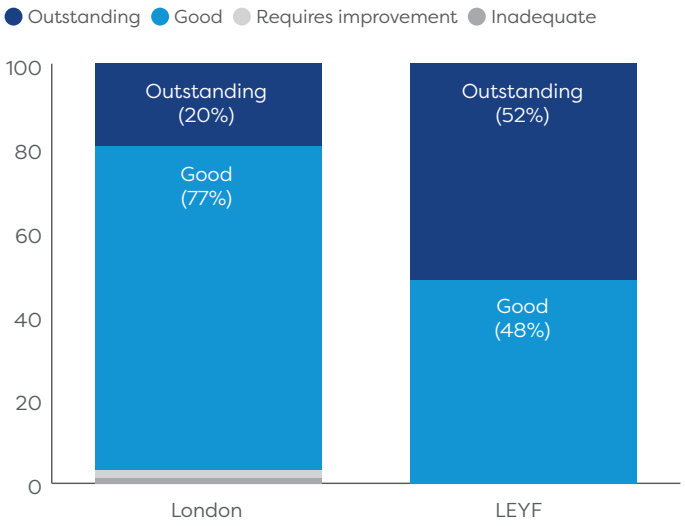


Section 1: Social Purpose

Outstanding education for all

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

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



There are three drivers of quality in our nurseries

1 Pedagogy

How do we lead the children to learn?



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

2 People

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



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

3 Practice

How do we measure, evaluate and embed the pedagogy?



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

Quality: LEYF's Pedagogy

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

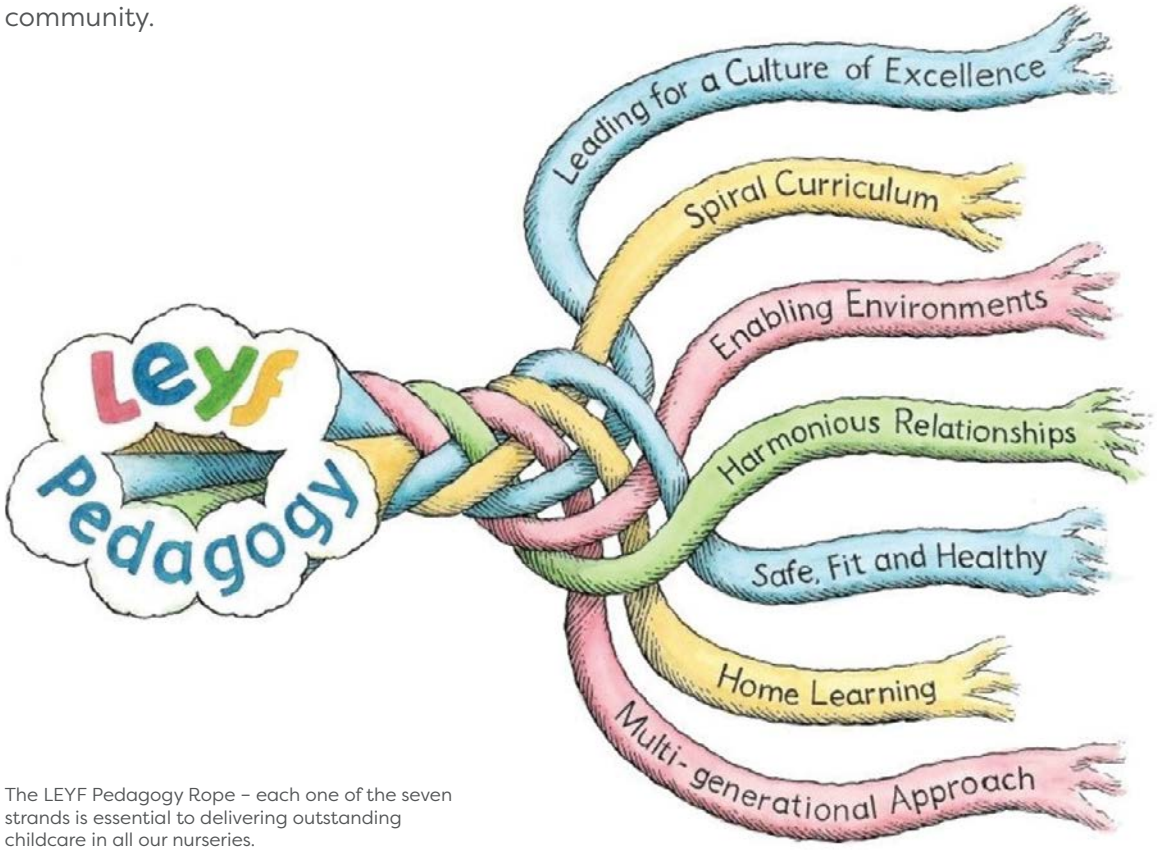
This is underpinned by the LEYF Pedagogy, our teaching and learning model, which shapes our social enterprise approach and ensures all children are given a strong start regardless of their background.

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

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

The seven strands of our LEYF Pedagogy

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



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

©London Early Years Foundation

Quality: Supporting our People through learning and development

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



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

Accredited training in-house

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

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

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



Quality: A continuous cycle of improvement improves our Practice

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

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

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

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



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

Average LPDS Score (out of 5, April 2021)

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

Average LPDS Score (out of 5, April 2022)

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

Bikes in the nursery

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

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

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

Quality: Sustainability at LEYF

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



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

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

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

The journey so far and where we are going

Monitoring our environmental footprint

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

Measuring our carbon footprint

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

Building sector expertise

Our qualification, 'Developing Sustainability in the Early Years', endorsed by CACHE/ NCFE Level 4 was opened to external students. Through this, we teach and inspire students to be more sustainability informed and build a network of Early Years professionals to lead a culture of change and have a positive impact on their settings and their wider home and community environment.

Green LEYF

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

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

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



Quality: Health, food and nutrition

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

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

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

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

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

Influencing policy to put children's health first

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

Helping others improve their practice

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

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

Early Years Chef Academy

> **"The fact that our chefs have had training that specialises in under-fives will massively impact the way chefs are seen in the sector."**
>
> LEYF Nursery Manager



Affordability: Tackling inequality in our communities

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

Food banks

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

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

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

LEYF's long-term vision is to resource the food banks using surplus products donated by our partners in line with our sustainability strategy. As the cost of living crisis really starts to hit, many of our nurseries are noticing more families starting to struggle, which will result in more nurseries needing to start a food bank. We are planning to support Eastbury and Leys nurseries to establish their food banks in the coming months.

Nursery discounts for staff

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

Hardship fund

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

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



Affordability: Double hours for those most in need

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

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

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



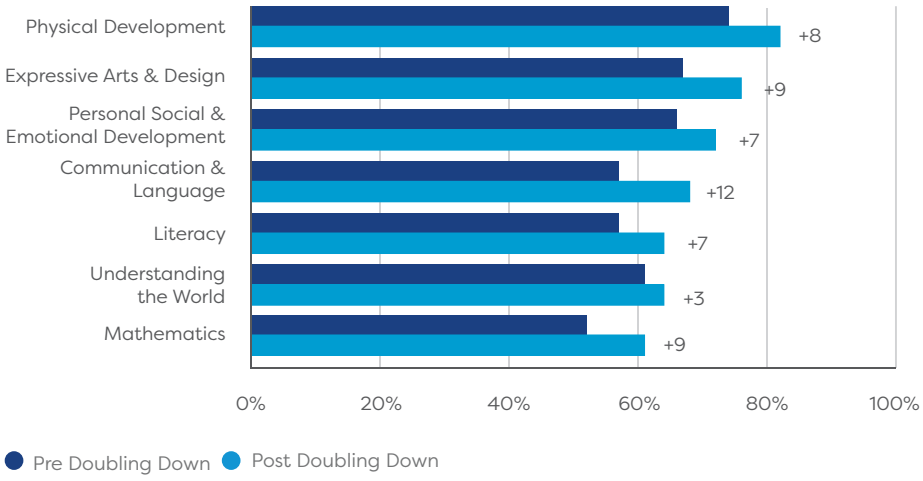
LEYF continues to run this valuable programme through fundraising initiatives. We also campaign for the Government to widen access to the 30 hours scheme, which would help to close the attainment gap that limits the life chances of children living in poverty.

Case study

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

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

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



Section 1: Social Purpose

Measuring LEYF's social impact

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

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

* Income Deprivation Affecting Children Index


Staff
Staff
Staff
Staff
Staff

Preparing for growth despite a sector-wide staffing crisis

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

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

Comparisons to the previous pandemic year proved unhelpful, and proof of recovery was shown in how positively nurseries returned to pre-pandemic performance. While limitations on visitors and parental access continued for much of the year, nursery closures were avoided, and occupancy and income levels returned by the summer 2021 to pre-pandemic levels in like-for-like settings.

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

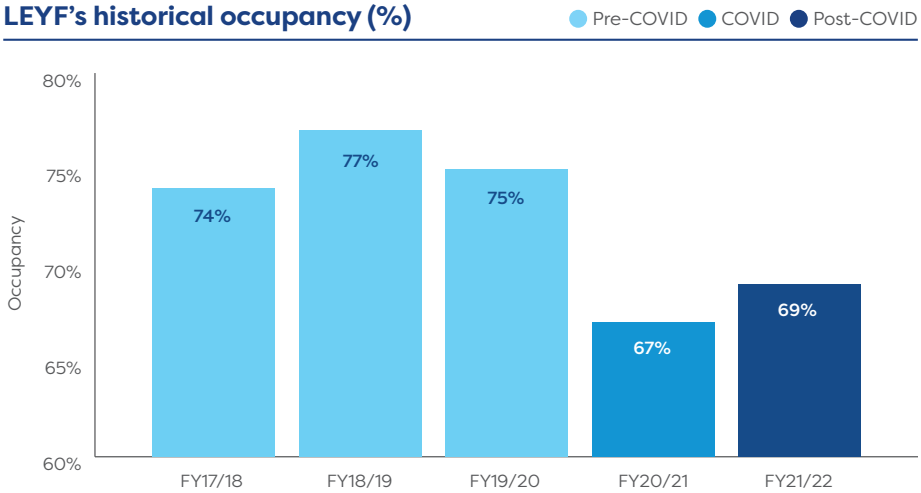
Higher nursery surpluses than pre-pandemic results allowed the organisation to pay an end-of-year loyalty and a thank you bonus to all permanent staff (totalling over £200k) to demonstrate to staff how highly valued and appreciated their efforts had been through challenging and turbulent times.

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



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

LEYF's historical occupancy (%)



2%

increase in occupancy

60

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

Delivering on our strategy

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

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

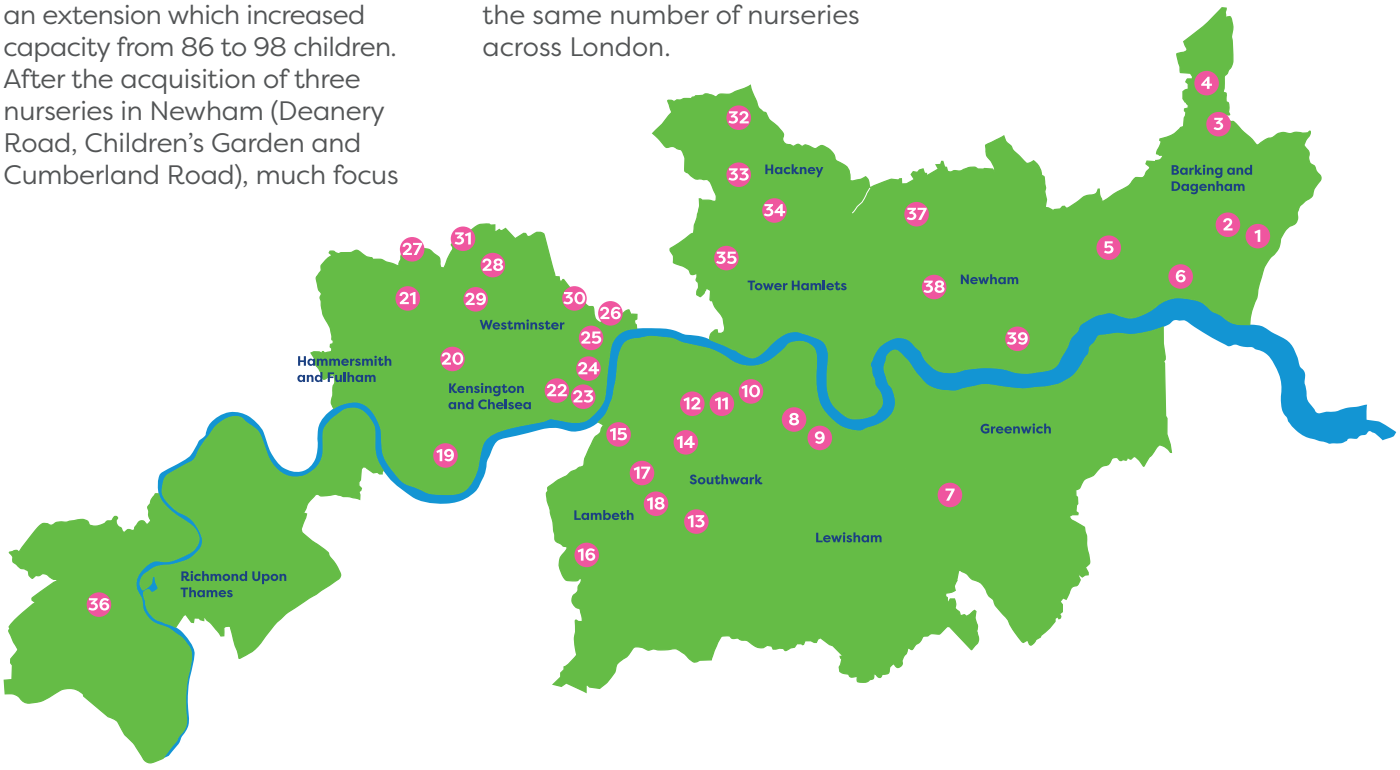
Sadly, this included closing three of our nurseries in Westminster (Holcroft, Queensborough and Marylebone). This was necessary due to their performance, low future pipeline opportunities and increased operating costs. All the staff at these nurseries were offered permanent positions at alternative nurseries,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

We also expanded capacity at our Gumboots Nursery in Southwark, through the construction of an extension which increased capacity from 86 to 98 children. After the acquisition of three nurseries in Newham (Deanery Road, Children's Garden and Cumberland Road), much focus was given to integrate them into the LEYF family, and there was a significant refurbishment project at the largest of these at Deanery Road. Newham is one of the most deprived boroughs in London and it will take time to deliver the financial turnaround that LEYF has demonstrated following many acquisitions in recent years.

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

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

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



Safeguarding our children

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

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

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

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

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

Health & Safety

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

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

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

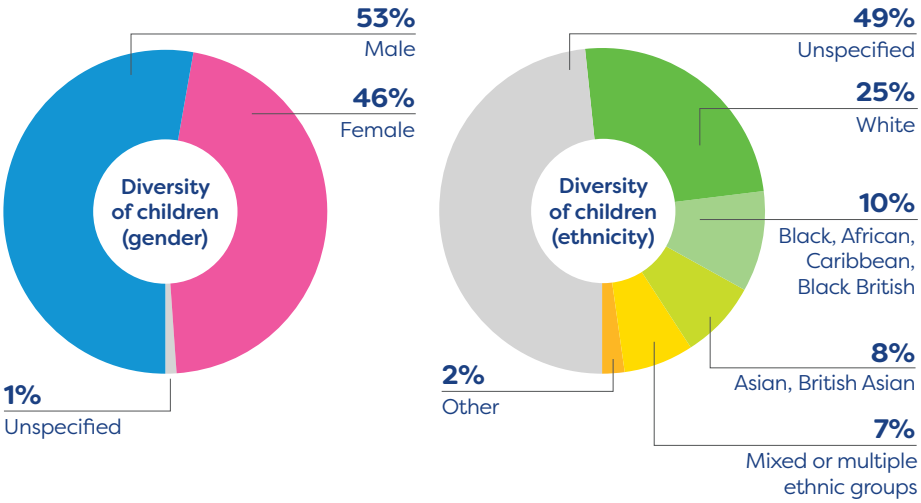


Supporting all our children

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

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

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



SEND at LEYF

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

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

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

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

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

10%

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

Case study



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

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

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

Supporting our parents and carers

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

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

Parents' Survey

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

ParentZone App

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

Welcoming parents into the nursery

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

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

> **"Very talented staff and I am so glad my child's formative years were handled with gentle care by the best teaching professionals."**
>
> Parent, Angel Pre-School, July 2021

> **"I'm very proud my son gets to go to this nursery. The staff that he has around him to nurture and teach him are exemplary and outstanding. Thank you!"**
>
> Parent, Barking Riverside Nursery, March 2020

Valuing our staff

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

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

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

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









Supporting and training our staff

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

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

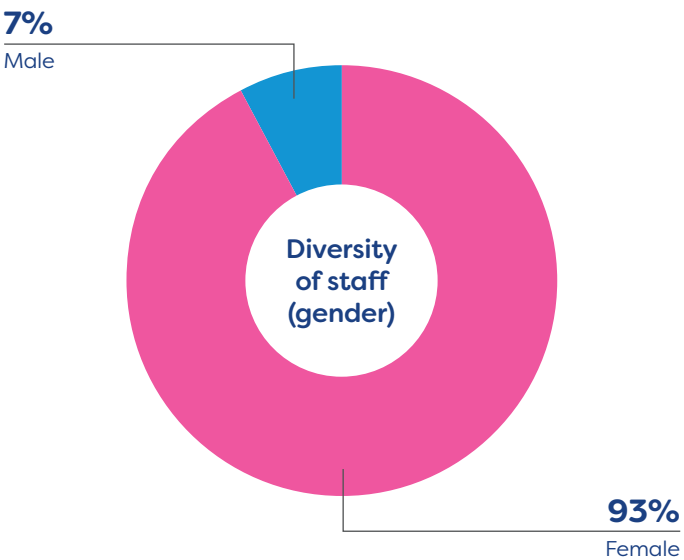
LEYF offers a variety of award-winning training and development programmes aiming to provide equal opportunities for all our staff to progress. Our LEYF Training Academy offers more than 900 learning sessions per year, including in-house enrichment leadership training. LEYF offers clear career paths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



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



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



LEYF Degree in Early Years

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

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

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

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



64%

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

Apprentices

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

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

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

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

> **"There are days when I'm identifying types of clouds; days where I'm teaching the children to dance; and days where I'm talking about the diet of dinosaurs. It's a unique job."**
>
> Apprentice, Leys Nursery

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

amazon uk ASDA PERMIRA COMPASS APPRENTICESHIPS

Inclusion and diversity

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

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

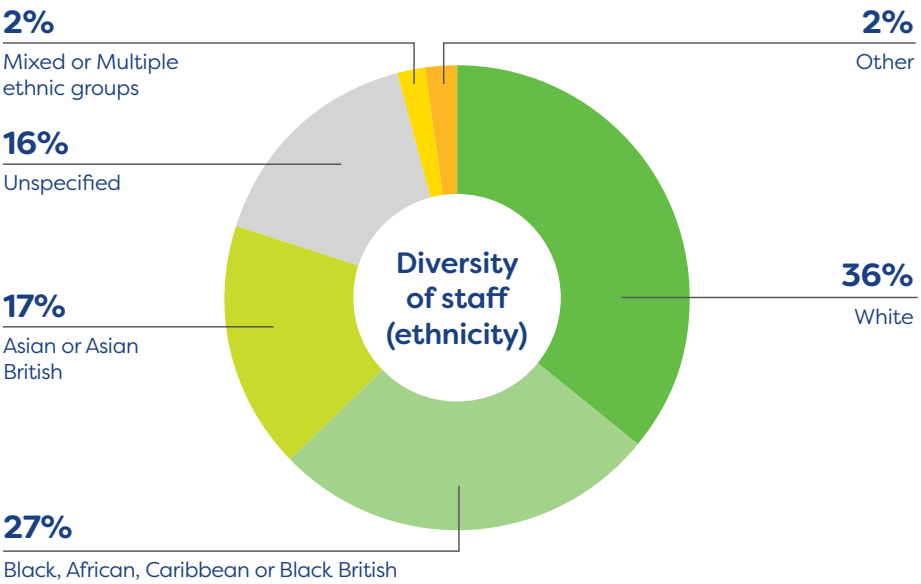
To promote truly inclusive Early Years settings, our CEO June O'Sullivan and Nausheen Khan, manager at our Earls Court Nursery & Pre-School, wrote a handbook titled '50 Fantastic Ideas to Encourage Diversity and Inclusion'.

Our Inclusion and Diversity Task and Finishing Group completed an organisation-wide consultation on the LEYF approach to inclusion that looked at how we can better support equality, inclusion and diversity across our organisation. LEYF also worked hard to promote career development for all employees and conducted regular pay reviews to ensure that our salaries are competitive.

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



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



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

Nausheen Khan, nursery manager, Earls Court Nursery



Summary financial performance

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

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

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

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

At the end of the financial year, the movement on the reserves reflected the surplus of £0.2m for the year and total reserves were £3.3m (£3.12m FY20/21), with restricted funds totalling £1.0m and unrestricted funds increasing to £2.3m.

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

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

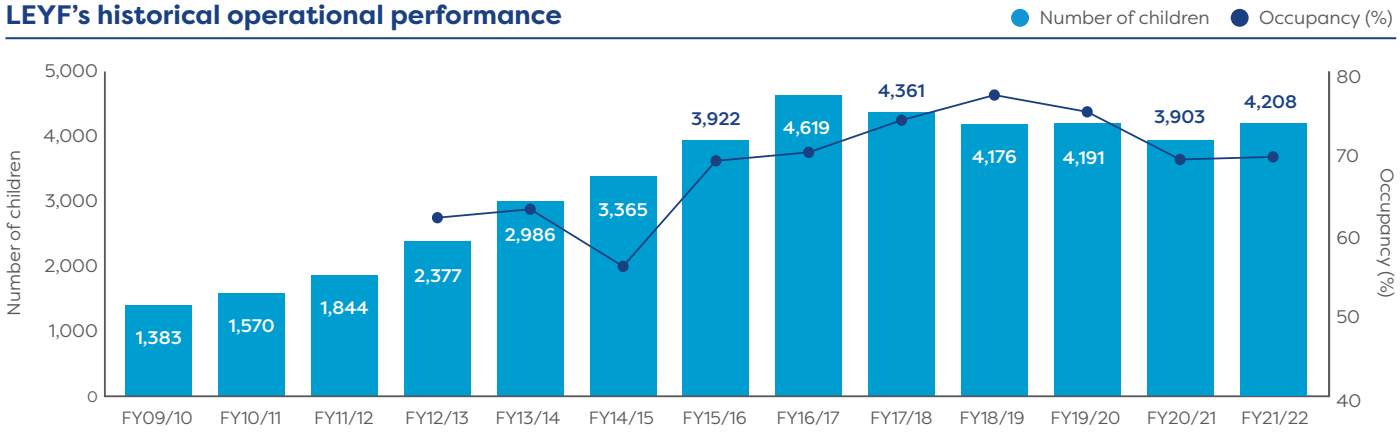
£5.1m

Our cash position at the end of the FY21/22



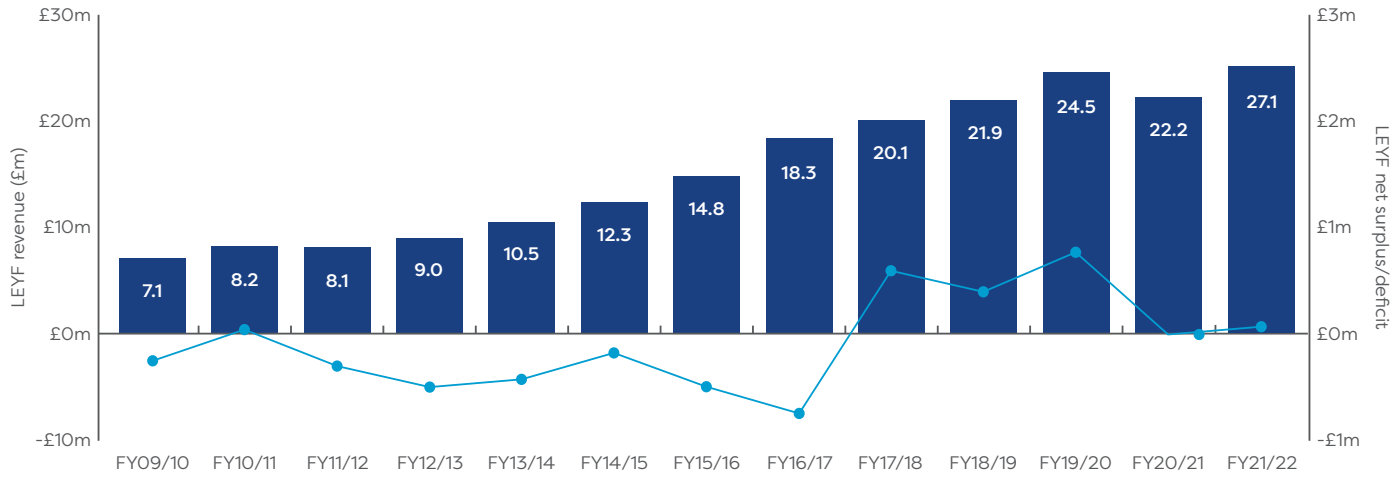
Historical performance

LEYF's historical operational performance



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

LEYF's historical financial performance



LEYF's historical social impact performance

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

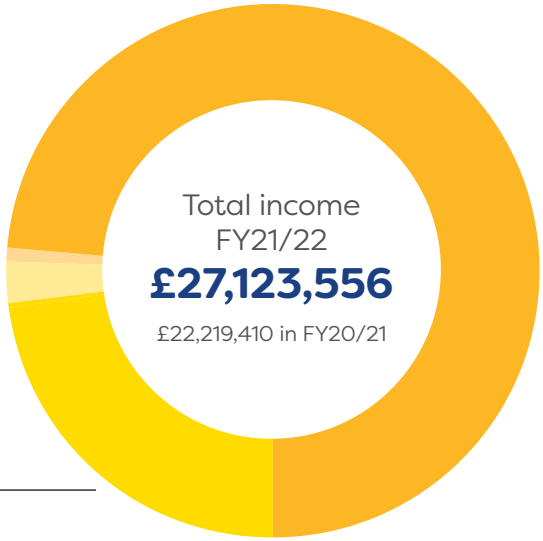
Section 3: Finance

Income

£0.2m
Other Income
£2.2m in FY20/21

£0.6m
Donations
£0.5m in FY20/21

£6.2m
Local Authority grant income
£5.8m in FY20/21



£20.0m
Parental fees
£13.8m in FY20/21

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

LEYF's income comes from a number of sources, including parents and carers from more affluent as well as deprived areas, grant funding income from local authorities across 12 boroughs, Government workplace nurseries and some small amounts from donations.

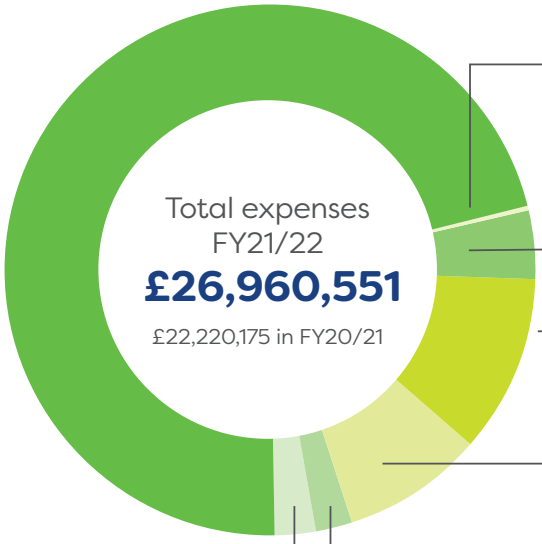
Grant income received from local authorities increased by 8% from £5.8m to £6.2m. Donations increased from £0.5m to £0.6m, an increase of 32% and other income increased by £0.2m. These increases were mainly due to donations received in the form of Gifts in Kind as well as contributions and incentives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

The number of nurseries throughout the year remained consistent at 39. Three non-operational nurseries were closed and the operations of three nurseries from the borough of Newham were transferred over to LEYF. With the start of the year, still very much affected by the impact of the COVID-19 pandemic, LEYF focused on getting children back into the nurseries, increasing total hours and support to parents returning to work. The total number of funded and private hours increased by 10% from the prior year. Total headcount increased to 4,208 children from 3,903 children. LEYF managed to increase its total capacity FTEs by 7% to 2,213 children, increasing the average places per nursery by four children.

4,208
unique children reached in FY21/22

69%
occupancy rate for FY21/22

Expenses



£19.1m
Staff Costs
£16.8m in FY20/21

£0.7m
Audit and Other Professional Fees
£0.6m in FY20/21

£0.2m
Learning & Development
£0.08m in FY20/21

£1.1m
Recruitment & Personnel
£0.4m in FY20/21

£2.9m
Property
£0.4m in FY20/21

£2.4m
Consumables & Activities
£1.9m in FY20/21

£0.6m
Depreciation, Amortisation & Gain/loss on Disposal
£0.5m in FY20/21

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

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

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

LEYF believes that in order to provide the best care, education and experience for children it needs to invest in high quality training of all staff. With staff returning to work, LEYF used this opportunity to invest in training opportunities and resources to ensure staff were equipped and stayed up to date with the latest childcare guidance and development needs. In light of this, training cost increased to £0.2m from £0.1m.

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

The key drivers in the increase in consumables and activities from £1.9m to £2.4m, a 26% increase, were advertising cost with the aim to drive occupancy levels and get children back into nursery settings post-pandemic, and the increase spend on provisions and nursery toys and equipment resulting directly from the increased number of children, with all nurseries fully operational during the year.

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

747
staff directly contributing to charitable activities

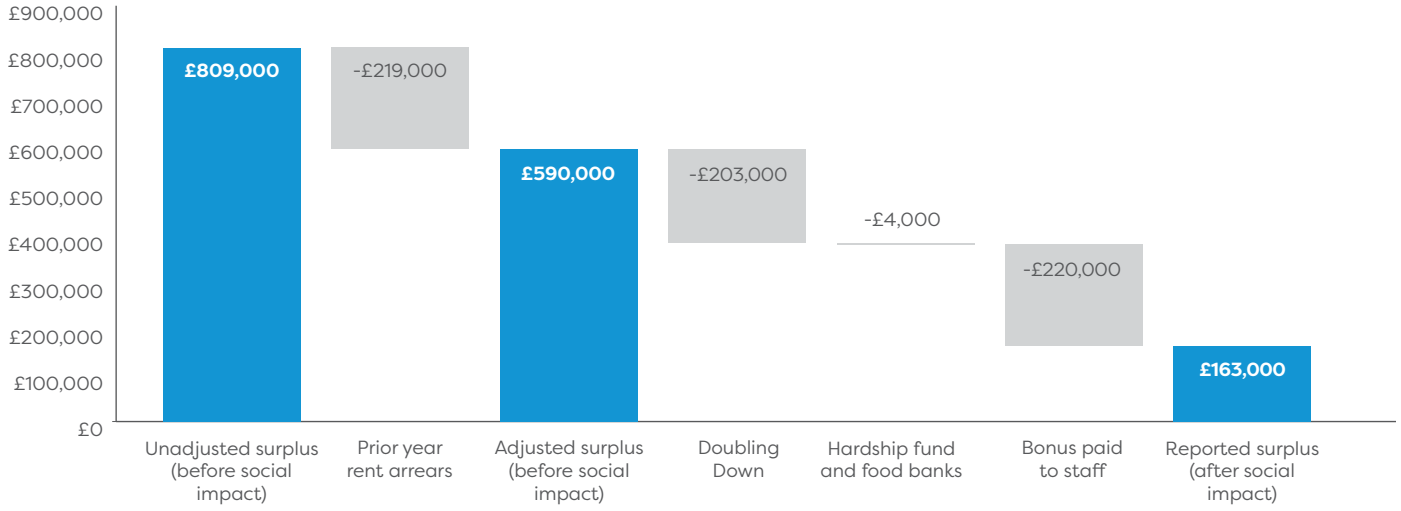
576
staff employed on an FTE basis

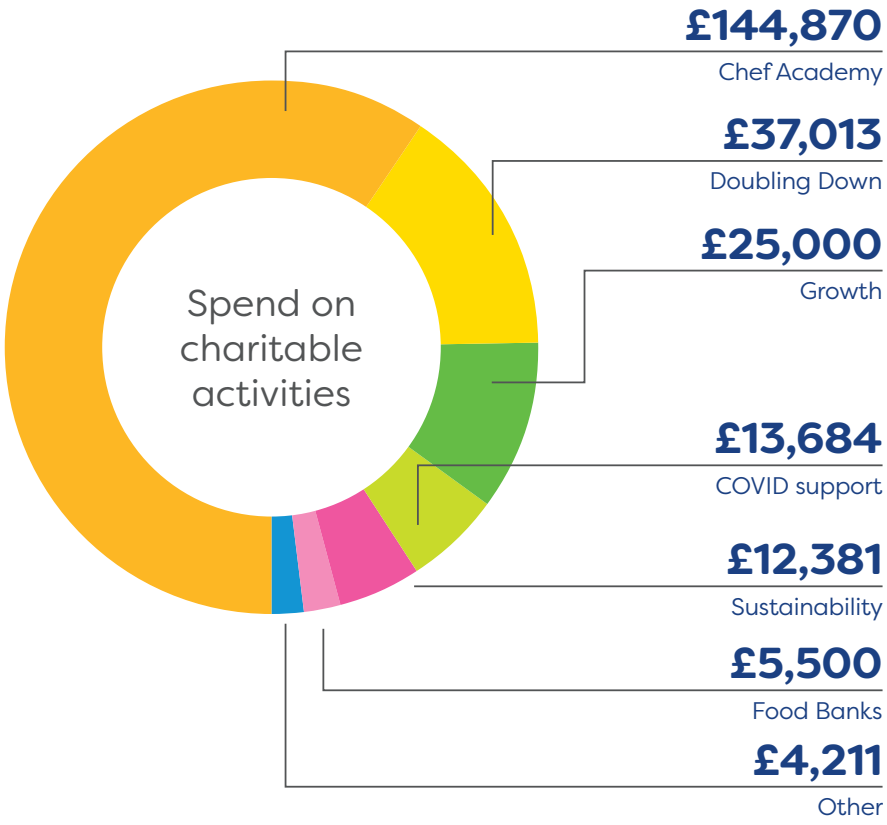
Financial implications of our social impact

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

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

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





Spend on charitable activities

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

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



Section 4: Growth

Strategic ambition

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

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

1 Expand to more nurseries (BREADTH):

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

2 Innovate and embed (DEPTH):

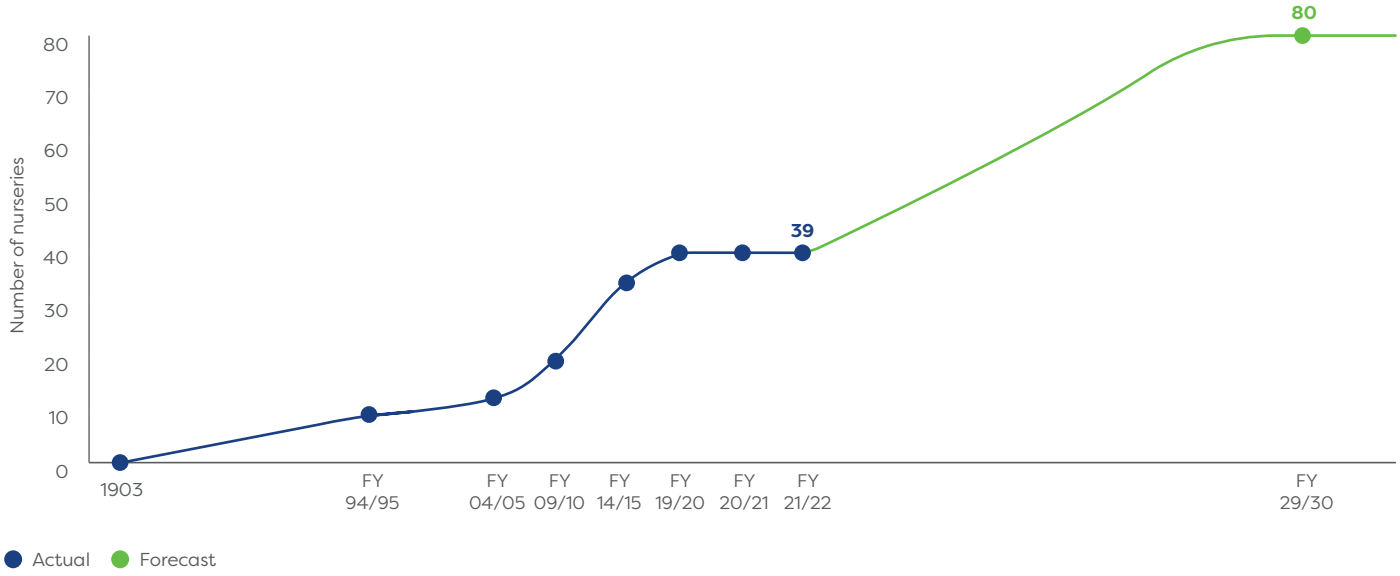
Enhance social enterprise model by enriching all children's experiences through a range of unique partnerships, and focusing differential support on low-income families.

3 Amplify and advocate (INFLUENCE):

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



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



Section 4: Growth

Expand to more nurseries: Integrating and preparing for the future

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

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

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

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

Case study

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

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





Section 4: Growth

Innovate and embed: Embedding partnerships

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

A number of these partners support us through generous donations:

Impact on Urban Health

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

Social Business Trust (SBT)

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

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

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

Professional support

Supplies and resources

Section 4: Growth

Amplify and advocate: Raising the voice of the underserved

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



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

Margaret Horn Debate on children's diet and health

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

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

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

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

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

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

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LONDON EARLY YEARS FOUNDATION

Charity Reference and Administrative Details

For the year ended 31 March 2022

Administrative Information

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

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2022

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

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

Board of Trustees

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

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

Mary Wynne Finch has acted as Nursery Ambassador for LEYF since November 2014.
Soumya Holliday was appointed on 13 December 2021
David Inness Rae was appointed on 13 December 2021
Susana Castro-Kemp was appointed on 28 June 2021, resigned on 11 April 2022
Kirsty Reed was appointed on 15 September 2022
Mary Josephine Doogan and Helen Jenner resigned on 15 September 2022

Key Management Personnel

Ms June O'Sullivan MBE	Chief Executive and Secretary
Mr Kevin Dyson	Director of Finance
Mr Lorenzo Chiozzi (Resigned 8 November 2022)	Head of People and Performance
Mr Michael Abbott	Director of Children's Services
Ms Samantha Creme (Appointed 12 April 2021)	Director of Strategy & Business Development

Public benefit statement

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

Conflict of Interest and loyalty

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

Achievements and performance

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

Structure management and governance

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

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

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

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

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

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

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

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

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

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

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

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

Reserves policy

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

In terms of reserves, the key measures are:

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

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

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

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

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

Investment policy

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

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

Remuneration policy

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

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

Related parties and relationships with other organisations

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

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

Employment practices

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

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

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

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

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

Going concern

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

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

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

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

Risk management

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

Systems include:

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

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

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

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

Principal risks and uncertainties

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

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

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

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

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

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

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

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

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

Financial instruments

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

Liquidity risk

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

LONDON EARLY YEARS FOUNDATION

Statement of Trustees' Responsibilities

For the year ended 31 March 2022

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

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

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

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

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

In so far as the Trustees are aware:

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

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

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



Michael Garstka, Chair of Trustees

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2022

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Use of our report

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

RSM UK Audit LLP

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

Date: 29 November 2022

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2022

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

LONDON EARLY YEARS FOUNDATION

Balance sheet

For the year ended 31 March 2022

Company no: 2228978

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

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



Michael Garstka
Chair

LONDON EARLY YEARS FOUNDATION

Cash flow Statement

For the year ended 31 March 2022

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

1 Accounting policies

a) Basis of preparation

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

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

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

b) Public benefit entity

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

c) Going concern

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

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

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

d) Income

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

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

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

e) Donations of gifts

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

f) Critical accounting estimates and judgements

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

g) Interest receivable

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

h) Interest payable

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

i) Fund accounting

LEYF maintains both restricted and unrestricted funds:

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

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

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

j) Expenditure and irrecoverable VAT

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

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

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

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

k) Allocation of support and governance costs

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

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

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

Childcare	77.0%
Training	0.6%
Support costs	20.2%
Governance costs	2.2%
	100%

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

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

l) Termination benefits

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

m) Operating leases

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

n) Intangible fixed assets

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

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

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

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

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

o) Tangible fixed assets

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

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

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

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

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

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

p) Debtors

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

q) Cash at bank and in hand

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

r) Creditors and provisions

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

s) Financial instruments

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

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

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

t) Doubtful debt provision

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

u) Pensions

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

2 Income from donations

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

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

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

3 Charitable activities

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

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

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

4 Other income

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

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

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

5 Expenditure

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

6 Net expenditure for the year

This is stated after charging:

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

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

Staff costs were as follows:

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

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

Agency Costs for the year were:	**903 566**	328 887

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

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

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

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

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

8 Staff numbers

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

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

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

9 Related party transactions

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

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

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

10 Taxation

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

11 Intangible fixed assets

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

All of the above assets are used for charitable purposes.

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

12 Tangible fixed assets

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

All of the above assets are used for charitable purposes.

13 Debtors

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

14 Creditors: amounts falling due within one year

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

15 Deferred income

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

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

16 Creditors: amounts falling due after one year

	2022	2021
	£	£
Loans	2 100 000	2 876 720

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

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

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

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

17 Pension scheme

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

18 Analysis of net assets between funds

	General Unrestricted £	Restricted £	**2022 Total Funds £**
Fixed assets	4 124 994	938 272	**5 063 266**
Net current assets	270 964	46 368	**317 332**
Long-term liabilities	(2 100 000)	-	**(2 100 000)**
Net assets at the end of the year	**2 295 958**	**984 640**	**3 280 598**

	General Unrestricted £	Restricted £	**2021 Total Funds £**
Fixed assets	3 670 434	1 006 073	**4 676 507**
Net current liabilities	1 133 624	184 182	**1 317 806**
Long-term liabilities	(2 876 720)	-	**(2 876 720)**
Net assets at the end of the year	**1 927 338**	**1 190 255**	**3 117 593**

19 Movements in funds

2021-22	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers	**At the end of the year £**
Restricted funds:					
Marsham Street Renovations	873 152	-	(52 942)	-	**820 210**
Carlton Hill Refurbishment	105 895	-	(12 105)	-	**93 790**
Funding for vulnerable children	118 771	-	(118 771)	-	**-**
Colville Crisis Fund	13 891	-	(1 375)	-	**12 516**
Food banks funding	4 831	5 500	(5 917)	-	**4 414**
Chef Academy Fund	53 746	144 870	(156 983)	-	**41 633**
SEND Funding	-	169 479	(169 479)	-	**-**
Other Funds	19 969	45 132	(53 024)	-	**12 077**
Total restricted funds	1 190,255	364 981	(570 596)	-	**984 640**
Total unrestricted funds - general funds	1 927 338	26 758 575	(26 389 955)	-	**2 295 958**
Total funds	3 117 593	27 123 556	(26 960 551)	-	**3 280 598**

2020-21	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers	**At the end of the year £**
Restricted funds:					
Marsham Street Renovations	926 094	-	(52 942)	-	**873 152**
Carlton Hill Refurbishment	118 000	-	(12 105)	-	**105 895**
Funding for vulnerable children	-	270 000	(151 229)	-	**118 771**
Colville Crisis Fund	16 843	-	(2 952)	-	**13 891**
Food Banks	-	11 550	(6 719)	-	**4 831**
Chef Academy Fund	33 542	47 100	(26 896)	-	**53 746**
SEND Funding	1 074	144 504	(145 578)	-	**-**
Other Funds	120 749	35 276	(22 676)	(113 380)	**19 969**
Total restricted funds	1 216 302	508 430	(421 097)	(113 380)	**1 190 255**
Total unrestricted funds - general funds	1 902 056	21 710 980	(21 799 078)	113 380	**1 927 338**
Total funds	3 118 358	22 219 410	(22 220 175)	-	**3 117 593**

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.

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

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

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

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

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

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

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

21 Analysis of cash

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

22 Operating lease commitments

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

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

23 Legal status of the charity

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

24 Capital commitments

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

25 Market Nursery

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

26 Newham Nurseries

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

27 Net debt reconciliation

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

28 Subsequent events

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

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

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

Leyf Nurseries

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

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

www.leyf.org.uk







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Company no 2228978 Charity no: 299686

THE LONDON EARLY YEARS FOUNDATION

England & Wales - Charity number 299686

Accounts

Company no: 2228978 Charity no: 299686

The London Early Years Foundation

Annual Report For the Year Ended 31st March 2021

Nurseries



Our Burgess Park Nursery provided children, many of whom had been kept inside high rise flats for weeks during the pandemic, the opportunity to play outside.

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Message from our Chair and Chief Executive

We write this letter from a position of pride and gratitude for our London Early Years Foundation (LEYF) colleagues who stepped up to the challenges presented by COVID-19. Each and every one of them played a significant part in helping us deliver a reliable and supportive response to the many demanding situations we faced as we steered the organisation through the pandemic.

The power of our resilient social enterprise model and our strong organisational culture with committed, altruistic and engaged staff was reinforced over and over again with energy, dedication and innovation. No task was too hard, no burden too heavy and, consequently, we successfully steered through the year.

We began our 2020-2021 financial year only a few short weeks after the first UK-wide lockdown in response to the worldwide COVID-19 pandemic. During those first two weeks, our team worked tirelessly to redesign our model to allow us to continue providing Early Years education and care for our nation's key worker and vulnerable children. Despite the very welcome financial support provided by the Government, COVID-19 had a profound effect on all our lives.

We took some tough decisions to ensure the sustainability of our organisation; significantly cutting any non-essential spending, rescheduling loan repayments, transitioning many of our dedicated staff on furlough, and charging parents 10% of fees when their children could not attend to support our ongoing fixed costs. These measures enabled us to offer a Home Learning platform and keep a hub of nurseries open for those children and families who still needed our support during lockdown. We were also able to use the money to fund PPE and additional protection for staff working during the lockdown such as taxis home. The extraordinary team efforts resulted in almost breaking even during this challenging year, with only a very small deficit.

Some of our families were unfortunately much harder hit by the pandemic – we responded by fundraising to increase specific support services to help our children and their families by increasing provisions at our food banks, offering food delivery services, and pioneering a project – 'Doubling Down' – to offer 97 of our most vulnerable children an additional 15 hours beyond the Government entitlement to support their learning and development.

We are very grateful for the many wonderful messages we received from parents and colleagues across the sector who thanked us for all the work we did to keep everyone informed and supported. It was a tribute to our staff and an acknowledgement of the very many who went way beyond the call of duty despite the many personal tragedies that came from COVID-19. We were delighted to win the NatWest SE100 Social Enterprise Leader of the Year, a testament to everyone in the organisation who led by example and showcased our social enterprise impact economically, socially and environmentally.

It is during times of crisis that the true spirit of an organisation really shines. For us, this meant a renewed commitment to our social purpose and scaling our impact – providing high quality, affordable, and accessible Early Years education throughout London – and a shared ambition to support the sector to build back better.

The year ahead is not without challenges but with the support and direction from our Board, leadership from the committed Executive Team and the extraordinary creativity and loyalty from every member of LEYF, we are confident that we can not only meet those challenges but further strengthen the organisation.

June O'Sullivan MBE
Chief Executive

Mike Garstka
Chair



Our ambition and purpose

LEYF has the ambition of changing the world one child at a time. Our social purpose is to give London's children the best start in life through the highest quality Early Years education, especially those who otherwise may not be able to access or afford it – thereby addressing the three systemic challenges that prevent children from achieving their full potential.





Mayor Sadiq Khan visits our Harrow Road Nursery

On a visit to our London Early Years Foundation (LEYF) Harrow Road Nursery & Pre-School in April 2021, London Mayor Sadiq Khan, Shadow Education Secretary Kate Green MP, and Shadow Early Years Minister Tulip Siddiq MP met with staff and children and heard how the nursery had supported its community throughout the pandemic.

Sadiq Khan was at our Harrow Road Nursery, which moved to a new site in December 2020 while redevelopment takes place. Tulip Siddiq used the visit to call for a 'big conversation' on Early Years, as part of Labour's Bright Future Taskforce, working to ensure every child can recover from the pandemic and achieve their potential.

In June 2020, we also welcomed socially distanced visits in our nursery gardens from Vicky Ford, Under-Secretary of State for Children and Families; and return visits from Kate Green OBE and Tulip Siddiq.



London Mayor Sadiq Khan visited our Harrow Road Nursery to hear how the nursery supported its community through the pandemic.

Building a resilient business to achieve our social mission

LEYF is a registered charity that is self-sustaining through our social enterprise model. LEYF operates 39 (as of March 2021) award-winning nurseries, in 11 boroughs across London.

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. At LEYF, we are committed to providing high quality Early childhood education and care (ECEC) as we know this benefits all children, but especially those living in disadvantage.

It is for this reason that LEYF's nurseries are disproportionately located in areas of deprivation with 77% of our nurseries in the 'most deprived' and 'deprived' areas of London versus an average of 50% throughout London. We also consistently achieve higher Ofsted ratings – as of March 2021, 56% of our nurseries were rated 'Outstanding' versus 22% on average in London (Ofsted, 2021, online).

Using a cross-subsidy model, we ensure all surplus is reinvested back into the business to fund places for disadvantaged children – making LEYF one of the largest providers of the funded two-year-old places in London subsidising 32% of our places. During FY20/21 that was ~1,250 children.

LEYF takes an all-inclusive approach by welcoming all children into our nurseries irrespective of their social background or ability. LEYF also champions diversity across our staff team. We firmly believe that children need role models from all walks of life, which influences their decisions and choices in life. We are proud that 7.6% of our nursery teachers are men (compared to the national average of 3%) and 58% of our staff who reported their ethnicity are BAME (as of March 2021).

We pride ourselves on creating a family environment for all our employees. Staff turnover remains well below the industry average at 24%, and our average length of service is 4.9 years. We are also delighted to be able to employ and train a number of staff's own children, some of whom attended a LEYF nursery when they were children. LEYF continues to set the agenda with its tireless campaigning for all things Early Years, social business and child poverty.

32%
of our children were on funded-only places

56%
of our nurseries are rated 'Outstanding' vs. 22% on average in London.



By reinvesting all surplus, LEYF ensures that all our children receive high quality Early Years education no matter their background.

Our history

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

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

An incredible 45 years before the NHS, we were already pioneers – offering training in professional childcare, outreach and home visits, along with local drop-in sessions and classes in parenting. In 2006, we began our journey to become a social enterprise to ensure the long-term sustainability of the high quality Early Years education LEYF provides for our children. We officially changed our name to the London Early Years Foundation in 2009.

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



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





Our journey

Over the past 15 years, LEYF has grown significantly and is now one of the UK's leading social enterprises.

As LEYF has grown, we have increased our social impact and more than quadrupled the number of children we serve while raising the quality of the provision.

In terms of our operational and financial performance, we have increased the number of nurseries, improved central parents services, increased capacity per nursery, raised occupancy, and as a result, transitioned to delivering ongoing operating surpluses for the three years prior to COVID-19.

Through this period, we have built a strong platform with an integrated set of capabilities. We have deepened our competence to deliver high quality Early Years education that is accessible and affordable. This is underpinned by the LEYF Pedagogy, award-winning learning and development opportunities for staff, and continuous monitoring of quality of provision in our nurseries, which is measured via the LEYF Pedagogy Development Scale (LPDS).

We have built and continue to improve our central office systems, processes and capabilities, covering HR, Finance, IT and Marketing. And we have demonstrated an effective growth capability with our ability to screen, diligence, acquire and successfully integrate nurseries.

We have been on a tremendous journey over the past 15 years

FY04/05	FY09/10	FY14/15	FY19/20
500 children	1,400 children	3,400 children	4,200 children
11 nurseries	19 nurseries	34 nurseries	39 nurseries
85 staff	215 staff	380 staff	800 staff
£3m revenue	£7m revenue	£12m revenue	£25m revenue
£0m surplus	0m surplus	£0m surplus	£1m surplus

Tackling the injustice of poverty

The first five years of a child's life profoundly affects future life outcomes. Yet too many children living in poverty are left behind as Early Years education and care in the UK is chronically underfunded.

LEYF runs nurseries in disadvantaged areas where there wouldn't otherwise be a nursery available. Our nursery teams in those areas work hard not only to provide the same high quality care and education to the children but also to support their families and local communities.

One in four children in London lives in poverty, and the COVID-19 pandemic only exacerbated need, with evidence that parental concerns about health and wellbeing is still leading to a reluctance to allow children to attend nursery, particularly in deprived communities, and for children with special educational needs and disabilities (SEND) (Sutton Trust, 2021, online).

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

Our Burgess Park, Wandsworth Bridge and Marks Gate nurseries supported families by operating food banks and providing families with meal packs with all ingredients needed to cook an evening meal with their children.

LEYF's Marks Gate Nursery in Dagenham was awarded a £5,000 grant from the Martin Lewis Coronavirus Poverty Emergency Fund in May 2020 to help keep its food bank fully stocked. In addition, Muddy Puddles donated children's outdoor clothing to Marks Gate Nursery. We also worked with charity Sal's Shoes to provide new shoes and boots to children at Angel, Burgess Park and Eastbury nurseries. A donation from Masonic Charitable Foundation supported the food bank at Burgess Park Nursery.

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



Burgess Park Nursery made up food parcels to ensure vulnerable families had provisions for the holidays when the nursery was closed.



During the first lockdown, 15 LEYF nurseries stayed open to support key workers and vulnerable children.

Our values

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

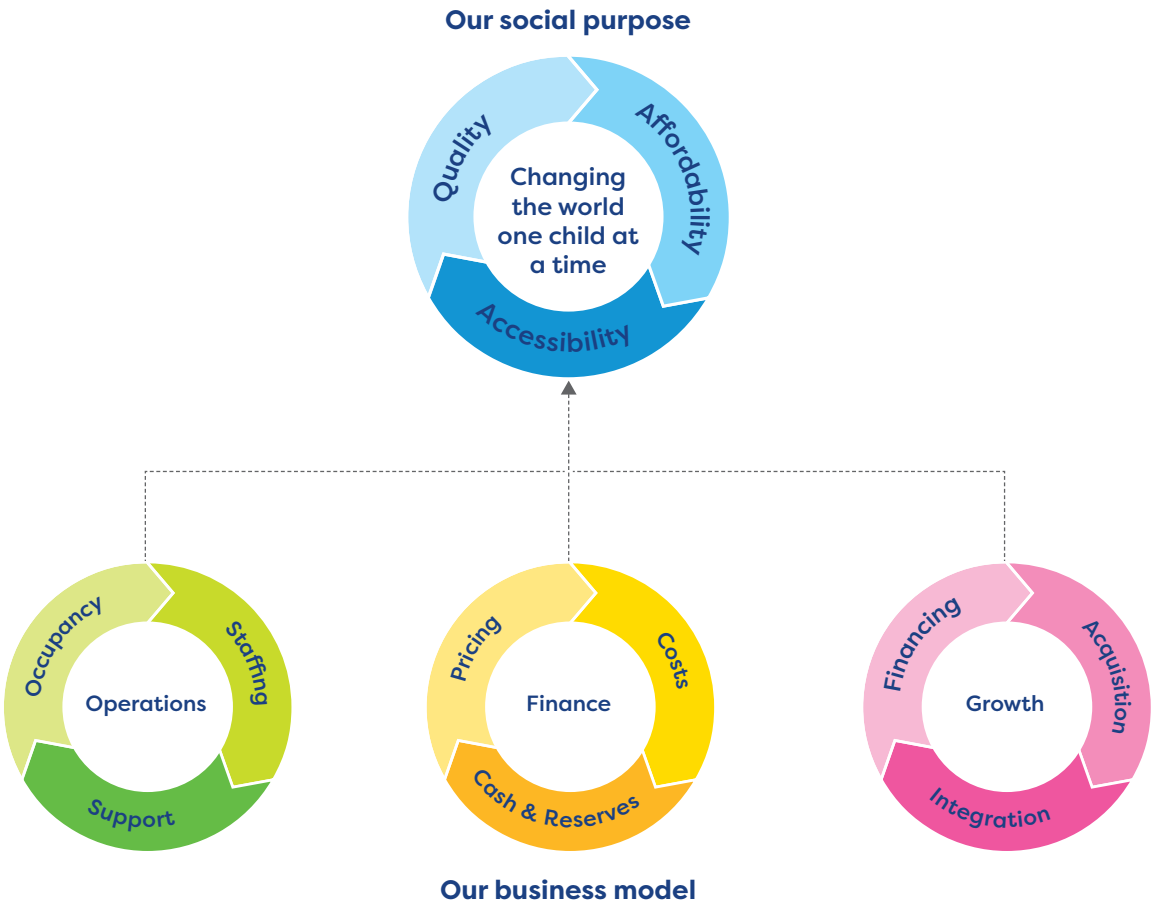
Inspiring
We encourage continuous development for children and staff. We challenge each other to question and explore so we learn together.

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

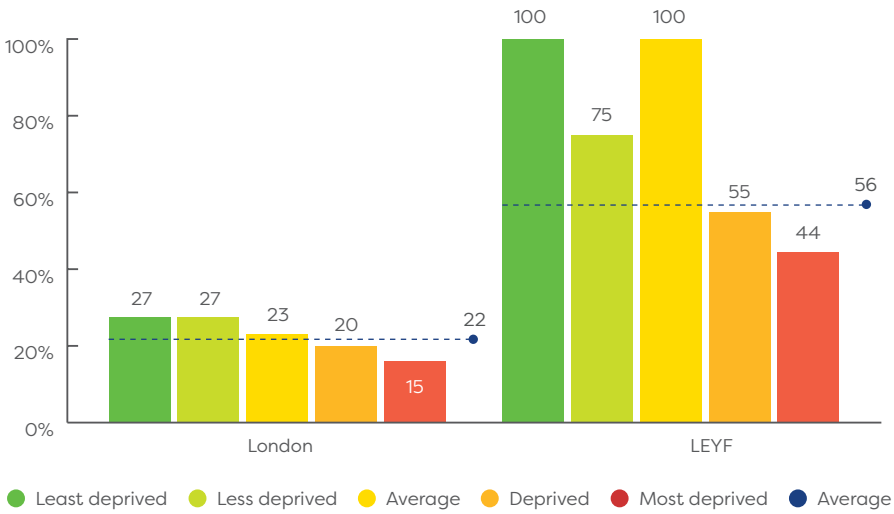
Fun
We are imaginative and creative and learn through play.

Proven social enterprise model

LEYF's social enterprise model is designed to maximise our ability to deliver our social purpose and deliver high quality education and care that is accessible and affordable to all children, especially those who live in poverty.



Percentage of 'childcare on non-domestic premises' rated as Ofsted 'Outstanding' by deprivation ranking (March 2021)



In London, the least deprived areas have almost double the percentage of 'Outstanding' nurseries vs. the most deprived areas (15% vs. 27%). 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.

Section 1: Social Purpose

LEYF's 'How'

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

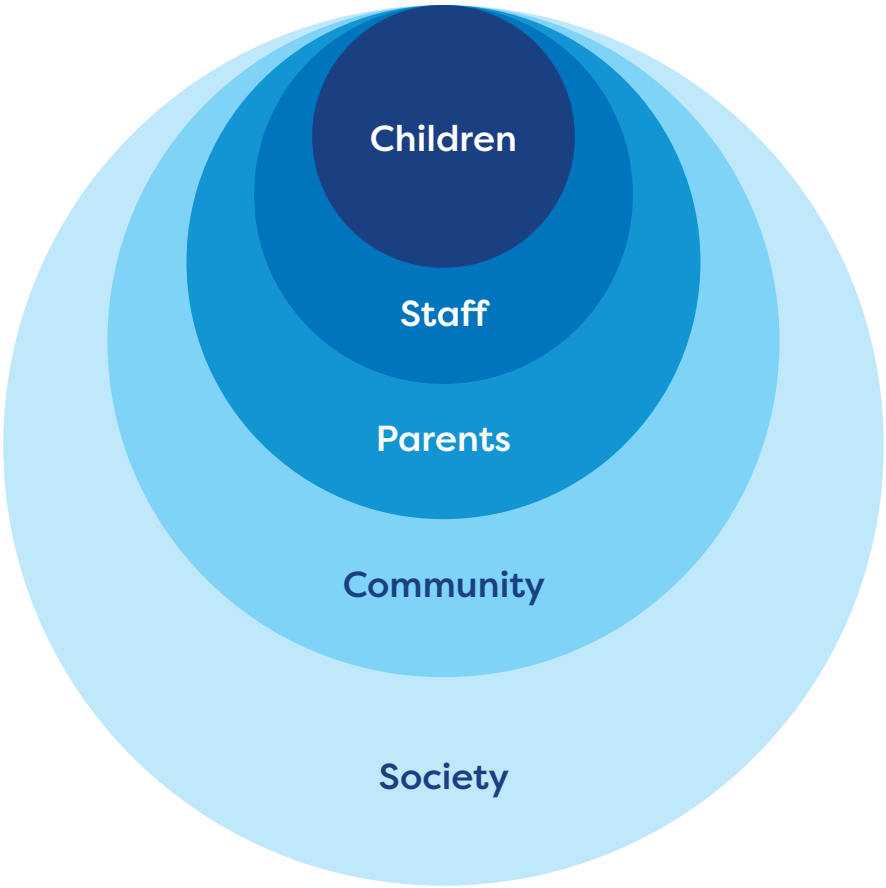
Children
Give London's children the best start in life through the highest quality Early Years education, especially those who otherwise may not be able to access or afford it.

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

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

Community
Promote community cohesion through nursery engagement tailored to local needs.

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





Our nurseries play an active role within their local communities which helps to promote societal cohesion.

Section 1: Social Purpose

LEYF's 'What'

LEYF is committed to providing the same high quality Early childhood education and care (ECEC) in all our 39 (as of March 2021) nurseries. This means that all our children experience wonderful learning opportunities everyday no matter where they live, their family circumstances or challenges.

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

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

Section 1: Social Purpose

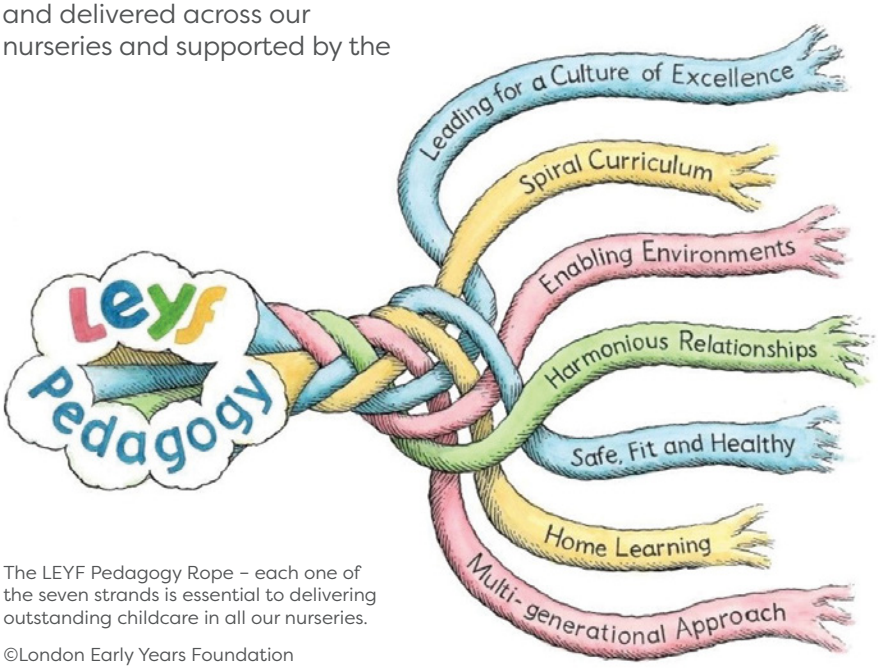
Quality: LEYF's Social Pedagogy

Achieving consistent quality across our group of diverse settings is, of course, challenging at times but made easier by having strong core values, principles and policies – underpinned by the LEYF Social Pedagogy.

Together, these served us well as we faced the challenge of the COVID-19 pandemic. LEYF's unique Social 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. Our Pedagogy is based on a wide range of research and incorporates all the statutory requirements of the Early Years Foundation Stage (EYFS). Our Pedagogy has seven strands, which are each made of many learning threads that interweave to deliver excellent teaching and wonderful experiences for our children. Quality improvement is a continuous cycle driven by our action research, designed and delivered across our nurseries and supported by the LEYF Pedagogy Development Scale (LPDS), which enables our staff to reflect on their teaching practices and monitor improvements.

Our Pedagogy reflects our social enterprise approach and ensures all children are given a strong start regardless of their background.

The seven strands of the Pedagogy are designed to strengthen children's educational success by widening their network of social relationships and expanding their cultural horizons. So, just by attending a LEYF nursery, children build social capital through the friendships they make with people from all different backgrounds and their involvement in the local community.



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

©London Early Years Foundation

The seven strands of our Social 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: LEYF's continuous cycle of improvement

LEYF's Pedagogy is inspired by research into young children's development and all training at LEYF is centred on the seven strands of our Pedagogy. Quality improvement is a continuous cycle driven through our action research across our nurseries.

All nurseries complete termly audits of their provision, facilitated by our unique LEYF Pedagogy Development Scale (LPDS). 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 continued virtually from April 2020 in response to the pandemic and has had a clear impact on quality, as LPDS data highlights continual increases in pedagogical quality since its creation in 2018.

The LPDS data below shows that our average MGA (Multi-Generational Approach) fell as we stopped taking children out or allowing visitors into the nursery in February 2020 as COVID-19 gripped the country. The data shows that as the restrictions eased, nurseries' engagement with their communities resumed with local outings.

The Safe, Fit and Healthy organisational average has increased substantially. To support children and their families during the pandemic, nurseries were encouraged to focus on children's emotional wellbeing, and physical health. The increase in SFH organisational average suggests this emphasis was effective.



LEYF's action research on how bikes are used in our nurseries concludes that staff see many physical and sociolinguistic benefits.

Action research

We have combined findings from academic research with our own action research conducted in LEYF nurseries to build pedagogical quality. This directly influences teaching in our nurseries.

We carried out action research around the use of bikes in the nurseries, in response to the current obesity epidemic and to explore how we could further develop our partnership with London social enterprise Bikeworks. This research highlighted the use of bikes beyond physical development and will result in the creation of a 'connecting with nature' training programme. The findings of this have also been presented to the Mayor's London Obesity Taskforce to advocate the benefits of bike lending schemes.

Average LPDS Score (out of 5, October 2020)

LFCE	SC	EE	HR	SFH	HL	MGA
3.0	2.8	2.9	3.0	2.9	2.7	2.4

Average LPDS Score (out of 5, March 2021)

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

Section 1: Social Purpose

Quality: safeguarding

LEYF staff, management and Trustees prioritise the safeguarding of our children and employees at all times.

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

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

We presented the 2020 LEYF organisational Annual Safeguarding and Health & Safety Reviews to the Trustee Board via our Social Impact Committee which reviews all aspects of safeguarding including child protection and Health and Safety (H&S) monitoring. LEYF Policies and Procedures are reviewed regularly to ensure these are robust and encompass all our statutory responsibilities.

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

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' and links to how we support children with SEND as part of our social impact. We will only succeed in this if there is a clearly communicated and shared understanding of the LEYF SEND strategy underpinned by the principles of early identification of need, early intervention, personalisation and inclusion.

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

Our SEND strategy supports teachers, stakeholders, parents and all children and families at LEYF. LEYF will train 40 SEND Coordinators (SENDCos) in NCFE CACHE Level 3 Award for Special Educational Needs Coordinators in Early Years Settings. Currently, 14 LEYF SENDCos have successfully achieved this qualification and 14 are currently attending this training. Our SENDCos cascade their knowledge with 479 LEYF teachers attending SEND Zoom sessions.

We know that SEND issues may occur at any stage of a child's development pathway and we provide the necessary help the child needs to support their learning and development. We also promote understanding and empathy for children with SEND and their families amongst professionals including teachers and external health professionals and Local Authority SEND teams.



Our Marks Gate Nursery, situated in one of the poorest wards in London, provides support for children with SEND

Section 1: Social Purpose

Quality: learning and development

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

Informed by organisational need, international research and innovative approaches to Early Years education, these training sessions were delivered virtually during the pandemic.

As well as continuing training, this also enabled us to maintain contact with staff who were furloughed, and feedback from staff teams indicates how valuable this was during a difficult time. As restrictions have eased, training has moved toward a hybrid model, with some training being delivered in person and some continuing to be delivered virtually.

Cache training in-house

Our LEYF Academy became a registered CACHE Centre in August 2020, offering accredited qualifications including Level 1 Introduction to Early Years and Level 3 Apprenticeships. Our responsiveness to world events was illustrated during the COVID-19 pandemic when we rapidly adapted to delivering virtual training to all staff, connecting them during lockdown as well as ensuring students on accredited courses continued working towards their qualifications. All six of our first cohort undertaking our Cache Level 2 Early Years chef training offered by our Early Years Chef Academy, completed the qualification with distinction.

The second cohort of learners on the Level 3 Award for SEND Coordinators have commenced their taught sessions, as have the second cohort on the Level 4 Award in Promoting Sustainable Practice in an Early Years Setting. The Sustainability Award is now being offered to external learners, with the first of these to commence studying at the end of September. The Learning & Development team and the Sustainability Manager have begun using a Learning Management System to support them with the delivery of the programme.



The LEYF Early Years Chef Academy ensures our chefs understand children's nutritional needs and embeds a culture of healthy eating in our nurseries.

Award winning team

We are rightly proud of our Learning and Development team who were recognised for the excellence of the training they deliver to all staff throughout the year. Awards won included:

- **Nursery World Award for Team Development** – for the training offer provided to all nursery teams
- **Nursery World Award for Health and Wellbeing Initiatives** – for the LEYF Early Years Chef Academy
- **Children and Young People Now Award**, Early Years Category – for LEYF's Home Learning service provided to our families during the pandemic
- **Lambeth Made Charter Mark** – for our Apprenticeship Programme.

Section 1: Social Purpose

Accessibility: supporting disadvantaged communities

Early childhood education and care (ECEC) has the potential to transform children's lives, especially those from disadvantaged backgrounds.

Our nurseries are disproportionately located in areas of London that need us most – as of 31 March 2021, 77% of our nurseries were in the 'most deprived' and 'deprived' areas vs. an average of 50% throughout London. Moreover, over 32% of our children are offered funded places, which enables those who need it to access the government entitlements in Early Years.

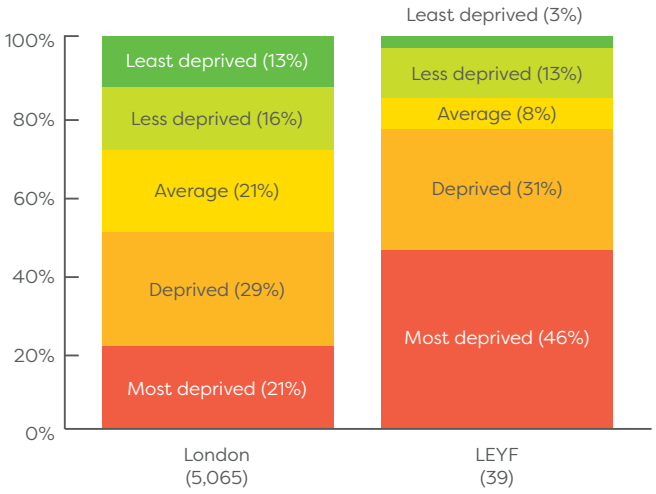
> **"The best investment is in quality early childhood development from birth to five for disadvantaged children and their families."**
>
> James J. Heckman, Nobel Prize Economist

Evidence also shows that there are compounding positive effects from prolonged attendance in higher quality Early Years settings. For example, literacy rates for children at school entry who attend high quality nursery for 2-3 years were nearly 8 months ahead of their peers who had not attended nursery.

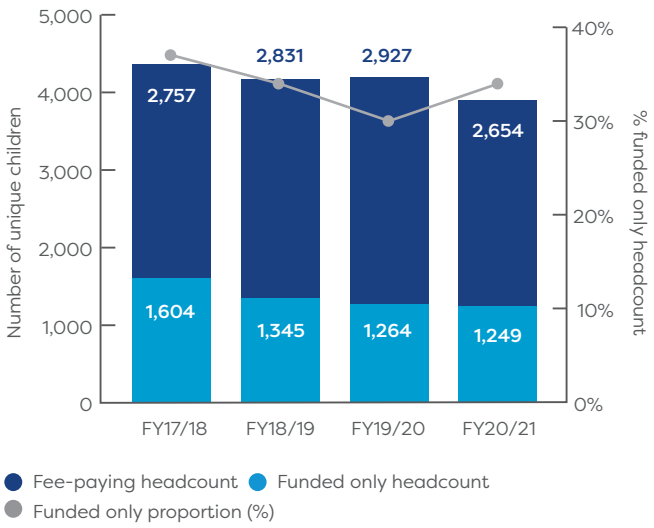
At LEYF, we place a high emphasis on literacy as we know this gives young children a head start in learning essential life skills that they will use on a daily basis, as well as preparing them for when they begin school (Taggart et al, 2015, online). This is particularly important for children living in disadvantage and we run parents workshops to help 'parents' support their child's learning.

> **"Yet while the importance of Early Years is an oft-repeated mantra among educationalists, this message is still yet to sink in more widely."**
>
> Sir Peter Lampl, Founder and Executive Chairman of Sutton Trust

Percentage of 'childcare on non-domestic premises' according to deprivation (March 2021)



LEYF headcount split by funded only and fee-paying children (FY20/21)



Section 1: Social Purpose

Accessibility: Doubling Down hours for our most vulnerable children

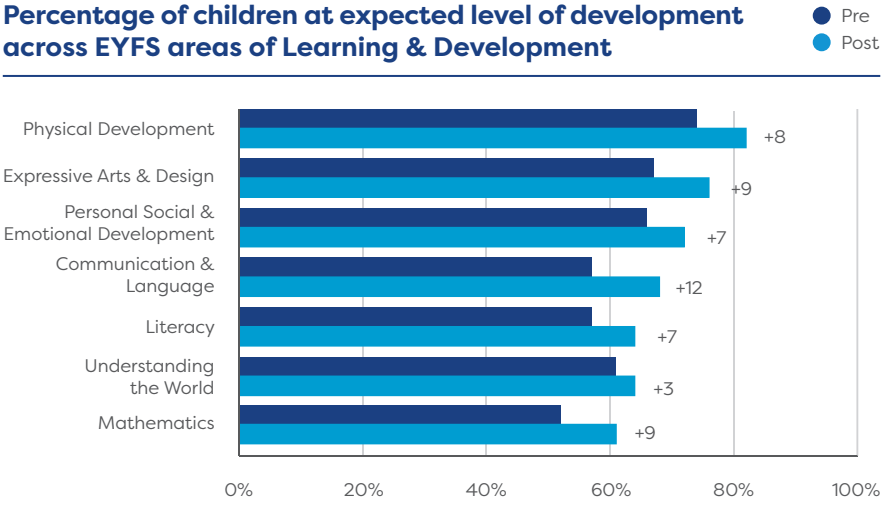
In October 2020, LEYF launched our Doubling Down programme in response to seeing children arriving at nursery 'hungry, anxious and developmentally delayed, having spent long days and months at home during COVID-19 lockdown'.

A total of 97 children took part in the Doubling Down programme across three terms and 12 nurseries. The 12 nurseries were identified by LEYF based on understanding which children had the greatest needs and would benefit most from the additional hours.

Additional hours at nursery had an astounding impact on stagnated development, and children are reported to be sleeping better, have marked changes in behaviour, and are learning more overall. Benefits were experienced by all children who participated.

LEYF commissioned an external evaluation (which can be accessed here) by Rocket Science who found that there was, on average, an 8% increase in the percentage of children reaching expected levels of development across the seven areas of EYFS Learning & Development pre vs. post participation in the Doubling Down programme.

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



Parents and carers felt that it was the 'lifeline' that was desperately needed as it allowed them to take time for themselves, look after their mental health and improve their employment prospects.

Staff job satisfaction increased as a result of the programme as staff were able to spend more time with some of the most vulnerable children in their nurseries and see that the additional hours were having an impact on their development. As a result of this, staff confidence in supporting these children also increased.

This was made possible by generous donations from the Permira Foundation and Barclays 100x100 UK COVID-19 Community Relief Fund.



Doubling Down helped children with the greatest need catch up on learning missed during the COVID-19 pandemic.

"It has given me a chance to figure out who I am, I haven't been well lately. I'm a mum of four, my whole heart and soul goes into the kids. You forget who you are as a person – just before funding, I hit rock bottom. It has just helped us amazingly, I can't even put into words how much it's helped us all, every single one of us."
– Parent

"I was absolutely overwhelmed [when I got the offer]... absolutely elated, I can't thank them enough whoever's done this for me." – Parent

"We have noticed that the children who were tracking below expectation have now caught up. All of the children with additional hours are showing huge improvements in language and confidence." – Room leader, Eastbury Nursery

Section 1: Social Purpose

Affordability: cross-subsidy & pricing model

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

We achieve this through a carefully balanced portfolio of nurseries; a select few nurseries in affluent areas generate surplus and cross-subsidise the operations of our nurseries in more disadvantaged areas (in FY20/21, 8 of our 39 nurseries generated ~50% of total nursery contribution).

From the surplus-generating nurseries, we are then able to support funded places across the rest of our portfolio and offer differentiated fees such that our pricing is lower – or free – in areas of deprivation.

Caring in a time of great need

As LEYF responded to the pandemic, our teaching staff stepped forward to work at 15 hub nurseries kept open across London during lockdown for key workers and vulnerable children, despite personal risk, and forming a vital part of the 'Fourth Emergency Service' during this crisis.

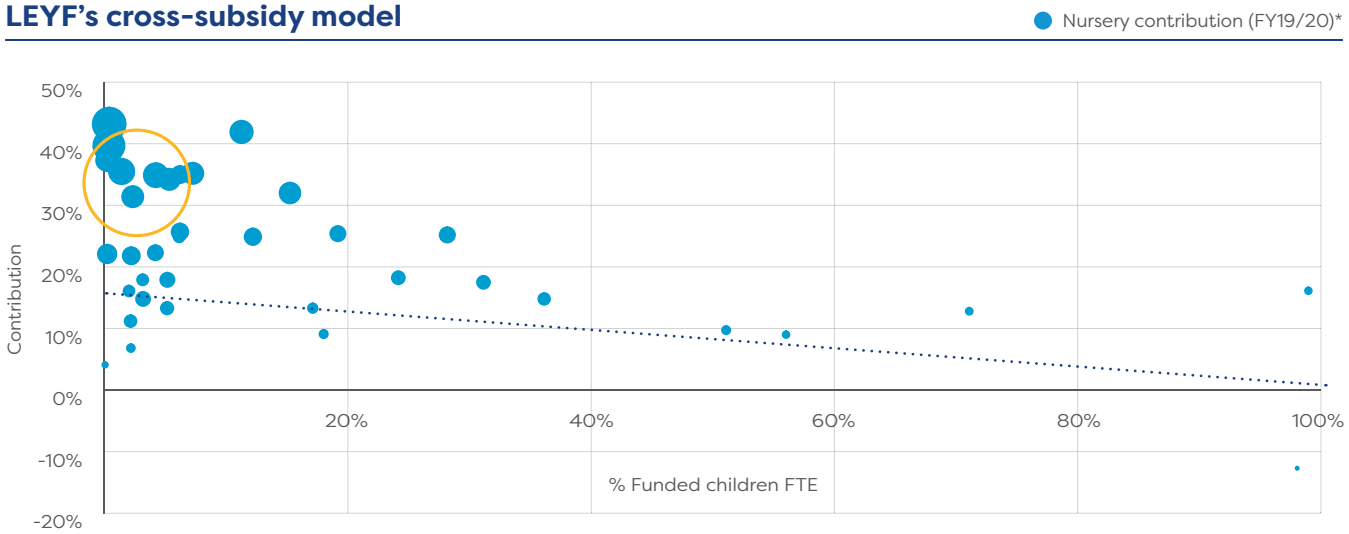
Hardship fund

LEYF understands financial difficulties can arise and we operate a hardship fund which relies solely on donations. This allows us to support staff and parents with grants up to £500. This year that was made possible by a kind donation from the Aurelia Foundation.



There are high numbers of children who have funded places at our Furze Nursery, each child receives high quality education and care to give them the best start in life.

LEYF's cross-subsidy model



(*) FY19/20 data used given nursery costs not representative of typical operations given COVID-19.

Section 1: Social Purpose

Measuring LEYF's social impact

High quality Early childhood education and care (ECEC) makes a significant difference to children's educational success and future attainment.

Children who attend quality ECEC are more likely to graduate, less likely to be arrested, and less likely to struggle with substance abuse as adults (Reynolds, 2015, online).

There are compounding positive effects from prolonged attendance in higher quality nurseries, making investment in Early Years both highly impactful and economically beneficial. Yet despite the vast evidence, too many children are left behind. Disadvantaged gaps are pervasive because Early Years in the UK and London is chronically underfunded, inaccessible to those who need it most, and offers limited high quality options for parents and carers.

At LEYF, we strive to address these systemic challenges that prevent children from achieving their full potential. We therefore track a number of key metrics across all elements of our social purpose: Quality, Affordability and Accessibility. We use these measures to monitor progress across our social impact aims, and also to identify areas for increased focus at LEYF or within specific nurseries.

Measure	Description	FY17/18	FY18/19	FY19/20	FY20/21
QUALITY					
'Good' or 'Outstanding' nurseries (%)	% rated nurseries with 'Good' or 'Outstanding' Ofsted report	100%	100%	100%	97%
'Outstanding' Nurseries (%)	% rated LEYF nurseries with 'Outstanding' Ofsted report	59%	60%	60%	56%
Duration (months)	Average number of months attended by leavers	15.1	17.2	17.4	19.1
Duration (% above target)	% of leavers that attended nursery for over 80 weeks	30%	39%	39%	46%
Dosage (hours)	Average hours per week attended	28.0	30.8	32.3	32.4
Dosage (% above target)	% of children attending nursery for over 30 hours per week	49%	58%	63%	62%
LPDS Score (out of 5)	Average LEYF Pedagogy Development Scale (LPDS)			2.66	2.87
LPDS Improvement (%)	% improvement in LPDS vs. previous year				0.21
Staff with EY Qualifications	Number of LEYF staff with Level 3 or 4 EY Qualifications	342	341	336	336
Staff with EY Degrees	Number of LEYF staff with Level 5 or 6 EY Degrees	109	130	144	127
EY Expertise Qualifications	Number of expertise EY Qualifications completed by staff		10	10	78
Safeguarding Incidents	Number of reported safeguarding incidents	7	6	12	8
Health & Safety Incidents	Number of reported health & safety incidents			5	6
AFFORDABILITY					
Funded Children (% FTEs)	% of full-time equivalent children funded by Local Authority grants	29%	26%	24%	25%
Funded Hours (% hours)	% of hours funded through Local Authority grant income	25%	23%	22%	23%
Mixed Model Nurseries	Nurseries with > 20% and < 80% funded children FTEs			7	10
ACCESSIBILITY					
Number of Children	Unique children that attended a LEYF nursery	4,361	4,176	4,191	3,903
Number of Funded Only Children	Unique children entirely funded through Local Authority grants	1,596	1,329	1,253	1,249
Funded Only Children (%)	% of unique children entirely funded through Local Authority grants	37%	32%	30%	32%
Funded Children FTE	Full-time equivalent children funded through Local Authority grants	400	374	352	347
Funded Hours	Hours attended funded through Local Authority grant income	833,099	830,688	856,139	831,712
Children with SEND	Children with special educational needs and disability (SEND)			326	348
Children with SEND (%)	% of children with special educational needs and disability (SEND)			8%	9%
Children Living in Deprivation (%)	Estimated % of children living in deprivation based on IDACI*	29%	29%	28%	29%
Ethnic Diversity of Children	% of children not identified as white	49%	47%	46%	47%
Multi-Generational Approach Score	LPDS score related to community connections and cohesion			2.52	2.48
Number of Apprenticeships	Number of apprenticeships that completed their training	38	35	37	63
Male Staff (%)	% of staff identified as male	6.9%	6.4%	6.7%	7.6%
Ethnic Diversity of Staff	% of staff not identified as white		66%	59%	58%

Section 2: Operations

Thriving through a pandemic

As we entered lockdown at the end of March 2020, we were 93 FTEs* ahead versus the same period in the previous year; occupancy was at 85.4% and nurseries were flourishing.

The decision was made in late March 2020 to close 21 nurseries and central office staff, leaving only 18 hub nurseries initially open to support key worker and vulnerable children. This was further reduced to 15 nurseries as we were better able to understand occupancy levels. The lockdown from the end of March led to a drop to 6% occupancy across the organisation by April 2020.

All but 180 key nursery and central support staff were put onto the Government's furlough scheme through April and May as we sought to mitigate the significant drop in income.

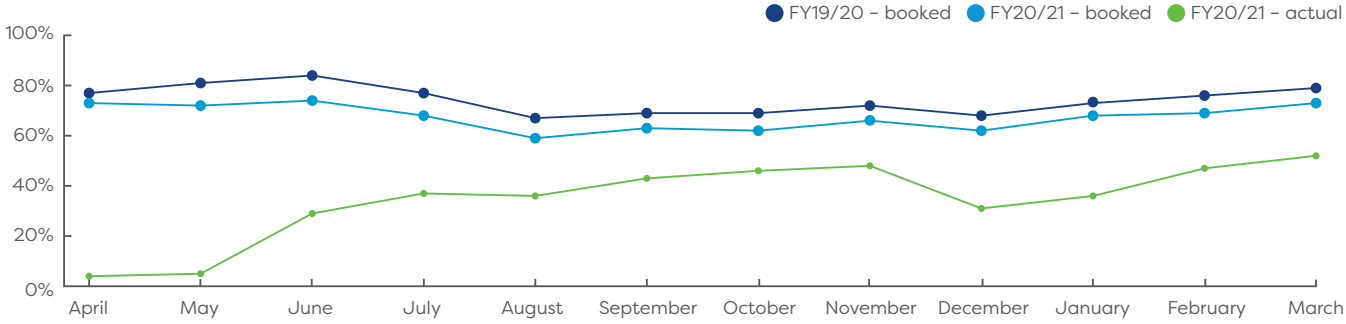
Our Risk Assessment document was continually updated, covering procedures for all essential visitors, interviewees, parents, staff, suppliers and anyone coming into contact with nurseries.

We also launched a staff survey to get details of staff who may be vulnerable due to illness, disabilities or long-term conditions. Contingency planning took place in all departments, with finance working closely with the support of Bain & Co on financial modelling to ensure business survival and try to anticipate the financial impact on LEYF of nursery closures. The SEND team worked closely with nursery managers to audit all SEND and vulnerable children to ensure they were still accessing nursery services or LEYF Home Learning activities. Nurseries carried out weekly calls to parents whose children did not attend during this time. In late May, the Government confirmed that all nurseries could reopen from the 1st June, and having canvassed parents, 21 of our nurseries reopened to ensure we could offer places to more children but in small bubbles. This meant that 36 out of 39 LEYF nurseries were back in operation. Due to the introduction of the Flexible Furlough scheme, LEYF Bank Staff were called back from furlough and returned to working part-time hours as required to cover ratios in the nurseries. From September 2020, all 39 settings were open and operating fully. Between June 2020 and March 2021, occupancy levels gradually rose, with increasing parent confidence – not to pre-pandemic levels, but to 77.4% booked in March by the end of the financial year.



Our staff are trained to know when to let children explore new ideas by themselves and when to join in and extend their learning.

LEYF's monthly historical occupancy (%)



(*) FTEs = Full-Time Equivalents, which is a measure that accounts for how many hours or sessions children attend a LEYF nursery vs. the total capacity of that nursery

Section 2: Operations

Supporting our children

During COVID-19, we have been humbled by our staff's willingness to continue to deliver high quality care and education for the children.

At the same time, COVID-19 only exacerbated the demand for our mission in London – the lack of high quality, affordability and accessibility in the Early Years sector, particularly for children and families in the most disadvantaged areas of London.

Over the year, we supported ~3,900 children and as lockdown was eased, our nurseries became a haven for all as routines were re-established, opportunities to socialise resumed and children caught up with their learning. With lower than usual numbers of children in our nurseries, especially during the first lockdown, staff were able to give greater attention to helping children adapt to being away from their parents for the first time in many weeks.

We also created a children's book to help provide a way to help children learn to cope with the new situation they were facing in their lives. Copies of the book were circulated to all nurseries and made available to parents in a digital version.

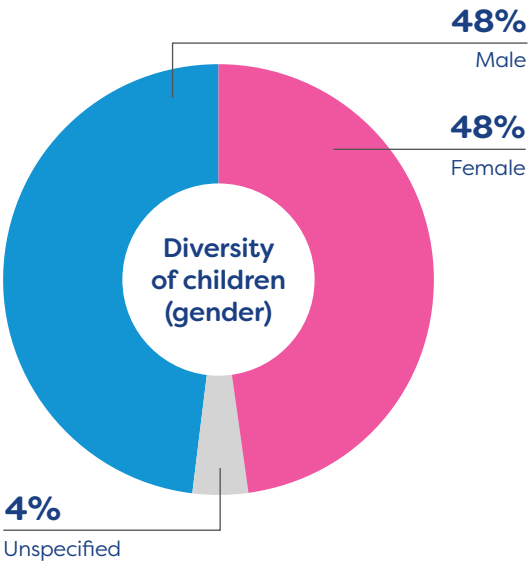
COVID-19 amplified the pre-existing inequality gap, with many of our most disadvantaged children, many of whom live in high-rise flats with no access to a garden, having not ventured outside of their homes for many weeks. To encourage these children back to nursery, our Angel Pre-School ran a Summer Camp for two weeks offering children fun learning activities and a free hot meal and healthy snacks daily. Our Eastbury Nursery & Pre-School also ran a Summer School part-time over four weeks with drama, sport and cooking activities. This was funded by our Barclays 100x100 UK COVID-19 Community Relief Fund.

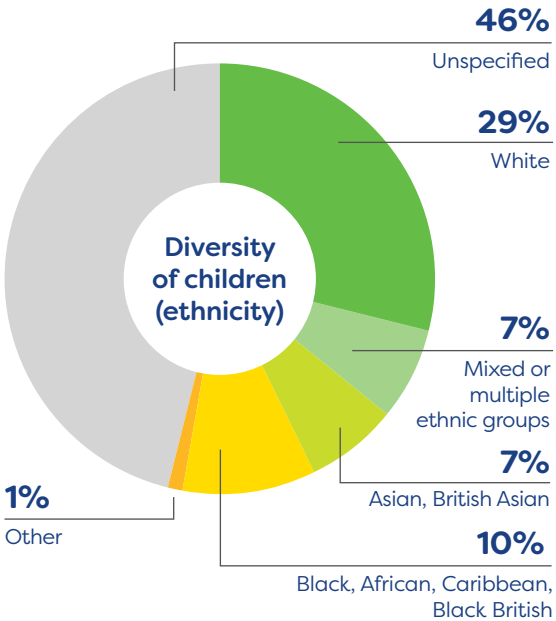
Health and safety

As the pandemic took hold of London, LEYF looked at ways to increase safety for staff, children and families. We are grateful to our partner Social Business Trust (SBT) who donated face masks and hand sanitisers for our frontline staff to wear on their journeys to and from the nurseries.

In January 2021, we took the decision to require staff to take rapid lateral flow tests twice a week ahead of the Government introducing free tests. We are grateful to the Permira Foundation who donated tests and to LEYF parents who contributed over £11,000 to fund the first batch of tests for nursery staff.

Reported diversity of children across LEYF nurseries (FY20/21)





Section 2: Operations

Supporting our parents and carers

Our teams worked tirelessly to maintain a childcare service for our parents throughout the pandemic.

Our nurseries operated in 'bubbles', keeping children and staff within their room bubble to reduce the risk of infection; we reduced operating hours in some nurseries by 5% to ensure our staff weren't having to work very long days, and to ensure child/staff ratios were maintained; and our Home Learning service allowed parents to support their children's learning in the event of nursery closures.

Communication was key and we constantly updated parents via letters from our CEO and through managers in our nurseries. Feedback from parents showed that they very much appreciated our openness.

'Thank you so much. I just wanted to praise you for your messaging and clear communications'

Laura, parent at LEYF

'Thank you all so much for everything you are doing to help those of us that are still required to work'

Nicola, parent at LEYF

Home Learning

In the first lockdown, LEYF delivered its Home Learning service at speed. We posted videos made by our Learning & Development team plus age-appropriate activities and tips on our Home Learning pages three times a week. Videos were viewed 27,000 times over the course of the year with a minimum average of 4.30 minutes' view time. Parents received timetables of activities and age-specific content. Our nurseries took on the challenge of keeping their children in touch with staff and friends by organising Zoom circle time and storytime sessions.

As restrictions eased, children were able to return to nursery, yet several nursery 'bubbles' were forced to close due to cases of COVID-19. To ensure children who were unable to attend nursery continued to receive support, nurseries provided home learning to all children tailored to each individual child. To support this, the Learning & Development team collaborated with nurseries who were asked to contribute Home Learning ideas that were accessible across the organisation. This helped to ensure LEYF could provide new activities and learning opportunities over the months of restrictions.

Our **Home Learning yoga video** encourages children's positive mental health and physical well being.

70%
parent NPS



Messy play is important for children's development as it encourages them to be curious which is important for problem solving.

Section 2: Operations

Supporting our staff

During the pandemic, LEYF supported the wellbeing of all our staff – those working and those on furlough – with regular communications, access to virtual training and continuing conversations with teams.

LEYF always put the safety of our staff first, ensuring all those who worked during lockdowns were sufficiently protected and making all decisions with their wellbeing in mind.

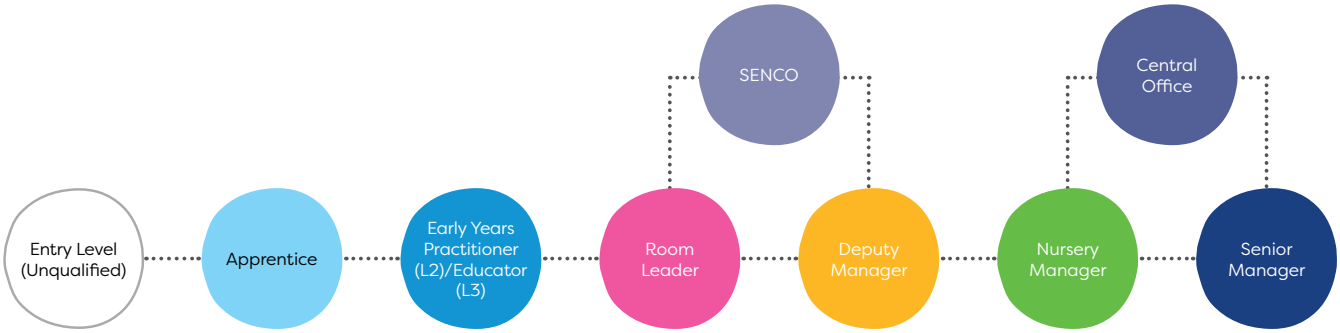
LEYF operates in a highly gendered sector. In 2019, the Department for Education published research which found that men account for only 3% of Early Years staff in England (GOV.UK, 2019). LEYF's Men in Childcare campaign ensures we consistently exceed this national average, with 6.7% male employees in FY19/20 and a further improvement on gender diversity in FY20/21, with 7.6% of our employees being men. This is a significant increase.

Talent management and personal development

LEYF believes in continuous development for our staff. This is evident with our LEYF Training Academy, offering more than 900 learning sessions per year including in-house enrichment leadership training.



LEYF offers clear career paths for employees to develop and progress within the organisation. As a result of our Talent Enrichment programme, more than 50% of roles are filled with internal promotions.



MY LEYF career development

We launched our bespoke development platform, MY LEYF, in January 2020, which allows our staff to take ownership of their career development. The platform includes 5,000+ videos, eLearning assets, articles and interactive assessments and in-built analytics to measure the impact on each employee. This proved a vital tool during lockdown, which saw an upsurge in visits with staff taking part in 35,000 activities (up to April 2021).



Section 2: Operations

Training our staff

LEYF Degree in Early Years

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

This incorporates a module on the LEYF Pedagogy, which is designed, delivered and assessed by our Learning & Development team. The pioneer cohort completed this qualification with a second and third cohort of students successfully taking on this unique learning experience. The LEYF Foundation Degree (Level 5) has given many of the students the knowledge and confidence to take their next steps into management within LEYF, with eight of the ten of the pioneering cohort promoted since commencing their studies, and three of the ten of the second cohort taking their first steps into management roles. This is indicative of the increased confidence, skills and pedagogical leadership displayed by our degree students.

We are carrying out action research, in partnership with Dr. Helen Perkins, exploring student perspectives on the impact of the LEYF degree. The preliminary stages of this research found that students felt more confident to lead Pedagogy and instigate changes within their provision. These findings were presented at the European Early Childhood Education Research Association's (EECERA) international conference in August 2021.

LEYF has also been approved to teach the Level 6 BA (Hons) Early Childhood Studies (top-up). This will enable LEYF staff with a Level 5 qualification in Early Years to undertake another 18 months of study to achieve a full honours degree starting September 2021.

Apprentices

Our apprentice strategy highlights the need to build a pipeline of qualified staff in response to the current Early Years recruitment crisis and serves as part of our recruitment strategy.

The year saw LEYF take on more apprentices than ever before, with three cohorts recruited during FY20/21 currently undertaking their Level 3 qualifications, and a fourth cohort now starting their journey. One of these cohorts is an exclusively male cohort as part of our Men in Childcare action research.

Several of our apprentices have been awarded distinctions in their end point assessments, which is indicative of the success of the training programme, workplace support provided by our apprentice coaches, and supplementary enrichment sessions. All Apprentice training takes place in the training space at our Burgess Park Nursery, which is in the process of being transformed into the LEYF Apprentice Academy.



Apprentices play a vital role in nursery life while training to become Early Years teachers.

Section 2: Operations

Valuing our staff

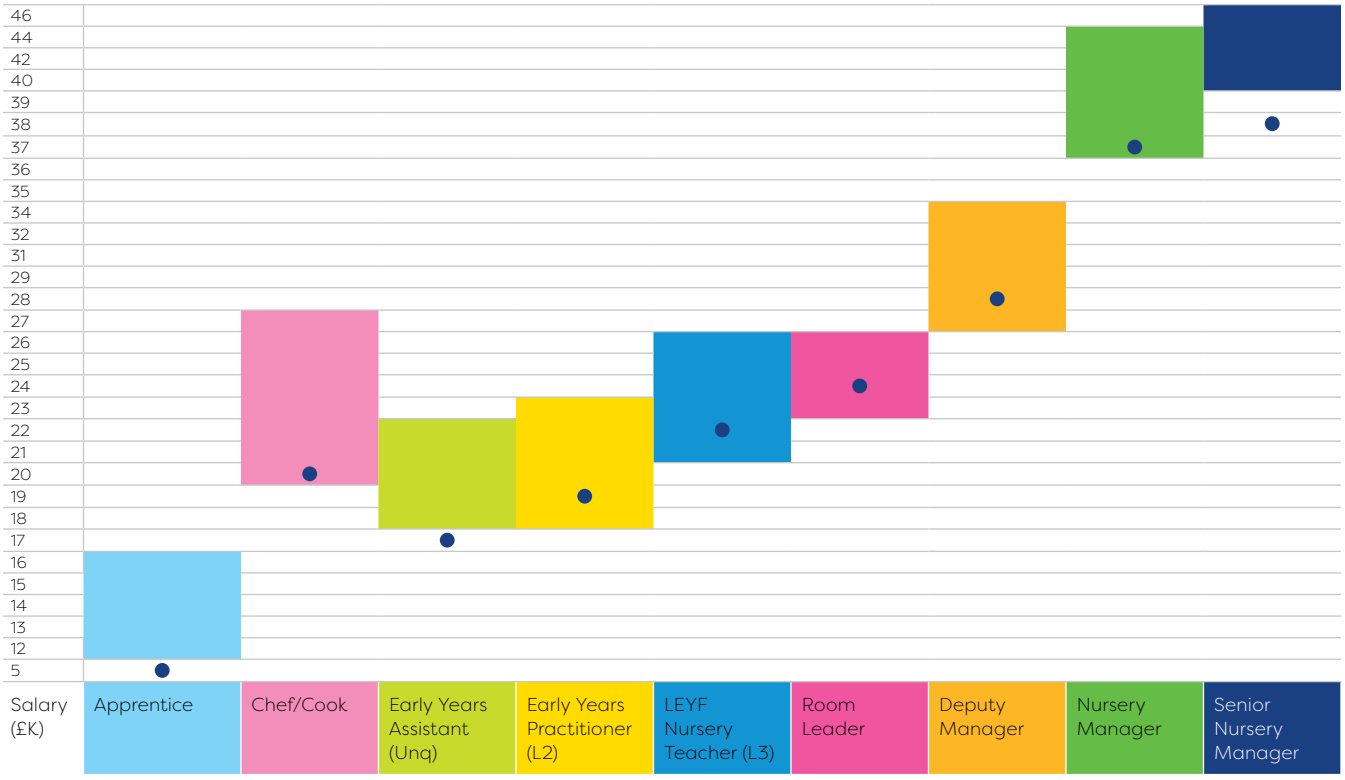
The Early Years sector remains very challenging in terms of recruitment and until our teachers are recognised and rewarded for the important work they do in shaping the lives of our very youngest citizens, this will remain the case.

LEYF salaries are competitive in the sector and our award-winning training means there is plenty of opportunity to progress.

LEYF also offers a set of enhanced benefits to employees including 50% childcare discounts for staff and a generous employer pension contribution of 7%. Our benefits booklet can be accessed **here**.

Our teams in our nurseries and our central office work hard, and in return we reward and support them and their professional development. We want to do more, particularly for our lowest paid staff, and we are committed to maximising pay for our staff while remaining sustainable and keeping childcare prices affordable for parents. LEYF will be working towards the London Living Wage requirement over the coming years.

LEYF salary ranges (as of Apr 2021) vs. sector average



Section 2: Operations

Diversity and inclusion

At LEYF, diversity and inclusion are at the heart of who we are. We strive to foster belonging and empowerment at work. We know that having different perspectives makes us stronger and value every individual for what they bring to our community.

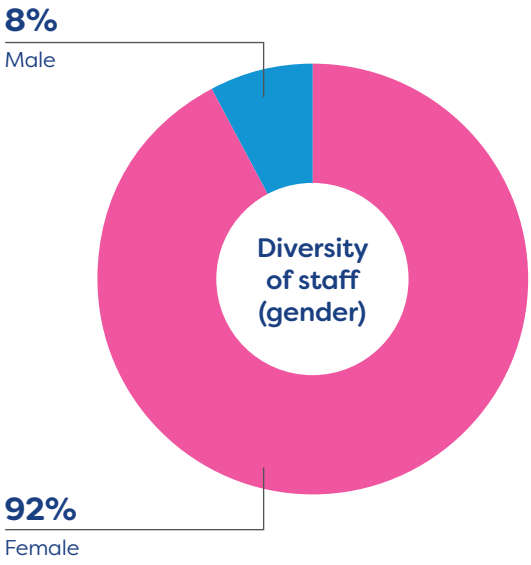
LEYF is an organisation which champions tolerance and understanding of the differences between people so that no one is either advantaged or disadvantaged on account of their age, gender identity, race, sexual orientation, physical or mental ability, ethnicity, or beliefs. We welcome all staff, children and parents regardless of their religious or non-religious background.

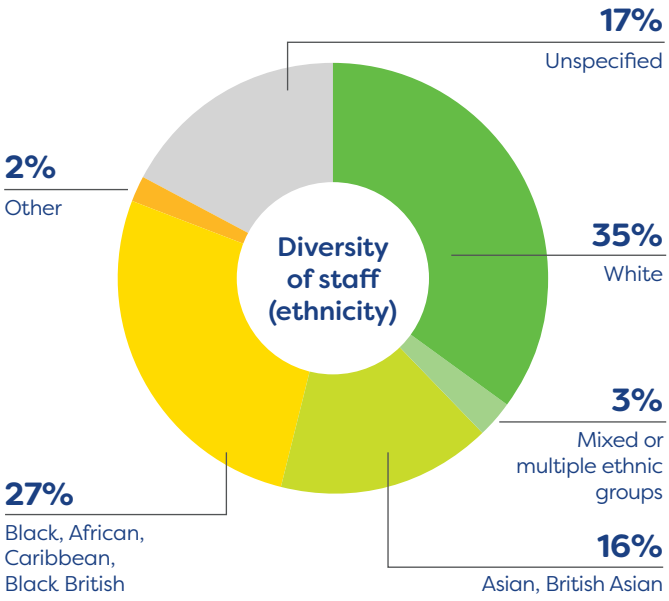
LEYF continues to look at how we can better support equality, inclusion and diversity in our nurseries and to ensure that LEYF pedagogical leaders understand how structural barriers and unconscious bias can impact how we teach children and how we interact with colleagues and external organisations. LEYF has set up a Task and Finishing Group to lead an organisation-wide consultation on the LEYF Approach to Inclusion. Our workforce is dominated by women and we are committed to making sure men and women are paid equally for doing equivilent jobs. See LEYF's Gender Pay Gap Report **here**.



Increasing children's awareness of different cultures and beliefs at an early age will help promote a more tolerant and inclusive society.

Reported diversity of staff across LEYF nurseries (FY20/21)





In LEYF's annual staff survey (Feb 2021) more than 80% of staff said that they are treated fairly and equally at work.

Section 2: Operations

Sustainability at LEYF

As a childcare social enterprise, we recognise that we have a duty to tread lightly on the planet, and to this end, have developed the 'Green LEYF' approach.

Green LEYF is a system designed to raise awareness of sustainable business practices, processes and activities as well as supporting the children, the staff and parents to become change champions. Educating children about sustainable development is led by our Green champions in each nursery.

The children become a part of the daily sustainable practices, for example acting as light monitors (turning off lights and switches when not in use). Our nurseries feature bug hotels, garden beds and a variety of plants to increase and enhance the nurseries' outdoor space for a variety of wildlife.

At LEYF, our children enjoy gardening, and plants are chosen to encourage bee migration as well as other minibeasts that are critical to maintaining a healthy eco-system. The children learn to look after edible herbs, plants, fruits and vegetables to use in their daily meals, which is a way to teach them about food and water waste reduction.

ISO 14001 environmental management system

LEYF has started to complete the ISO 14001 sustainability management certification. This is an international framework to protect the environment in balance with socio-economic needs and will ensure LEYF contributes to Sustainable Development Goals.

Green LEYF levy

Our parents contribute £1 per month to the Green LEYF levy, which has been supplemented by generous donations from our sustainable partners Hope Education and MyPrint directory, which have enabled us to introduce sustainable ideas into our nurseries including: 20 wormeries; 12 tumble composters; 14 mushroom growing kits; and water tanks and eco brick machines to reduce water and paper wastage.

Sustainability CACHE Level 4

During lockdown, LEYF developed our CACHE Level 4 accredited **'Developing Sustainability in the Early Years'** qualification. Taught in-house initially, from September 2021 this is being offered externally to sector professionals. This new Level 4 qualification aims to embed an ethos of sustainability into the management and working practices of Early Years settings.

Shaping a new generation

Our CEO, June O'Sullivan, and Green LEYF Lead, Nick Corlett, combined their expertise to write a book '50 Fantastic Ideas for Sustainability'. This book encourages children to be considerate and responsible, paving the way for a positive lifelong attitude towards the environment.



Activities that encourage a love and understanding of nature in our children are led by Green champions in each LEYF nursery.

Section 2: Operations

Feedback from our parents and staff

LEYF scored very highly in our Parents' Survey in February 2021 and our Net Promoter Score (NPS) is now +70 (an increase of +16 from 2020), which is world class. We thank everyone who completed the survey. Behind that sits a range of scores and all our nurseries' NPS are now positive.

Parent testimonials

"Thanks to this nursery I know my children have been loved, cared for, cooked for, joked with, played with, sang to, read for, lulled to sleep...by amazing, strong women with real character and very big hearts."

"The immense support and encouragement the nursery gave for my child to develop language and communication is impeccable and understanding of my daughters needs and care. My child has begun to bloom into her own little person who is independent and learning, excited and loving her nursery."

"The team have been incredibly welcoming and clearly put the children at the centre of all they do. They work hard to engage families through events and the progress updates."

Staff testimonials

"My favourite part of working for LEYF is building harmonious relationships with the children and their parents."

"LEYF has helped my career through ongoing training and support, and they're constantly reassuring me. There's lots of opportunities for staff."

"The best thing about working for LEYF is making a valuable social impact for London's children. Every decision we make is child-centred and we are given the freedom to be creative and brave."



Throughout COVID-19, our staff delivered wonderful learning experiences putting the well-being of the children foremost during a worrying time.

Section 3: Finance

Summary financial performance

Despite the challenges caused by COVID-19 during the year under review, LEYF through careful management experienced a reduction in income of only 11% and managed costs accordingly and as a result delivered a very small deficit for the year of £765 (£0.9m surplus FY19/20).

Total income fell by £2.7m from £24.9m to £22.2m with childcare income down £4.8m as a direct result of reduced parental fees due to the temporary closure of many nurseries during the year due to the COVID-19 pandemic. This decrease was partly offset by an increase of £2.0m in furlough payments through the Coronavirus Job Retention Scheme, as well as from an increase of £0.4m from donations and Gifts in Kind.

Total expenditure also reduced from £24.0m to £22.2m, partly from the lower operating costs due to the closure of the nurseries during the pandemic, but also as a result of the actions taken to control costs during this period, including a reduction in service charges and business rates.

Total reserves therefore were £3.1m (£3.1m FY19/20), reflecting the break-even position for the year, with unrestricted reserves unchanged at £1.9m.

Our cash position at the end of the year was £5.7m (£2.2m FY19/20) which includes a £3.0m Coronavirus Business Interruption Loan (CBIL) that was taken out during the pandemic for contingency, but because of how well-managed the organisation was throughout the pandemic, it was unused in the year. Repayments commenced in October 2021.

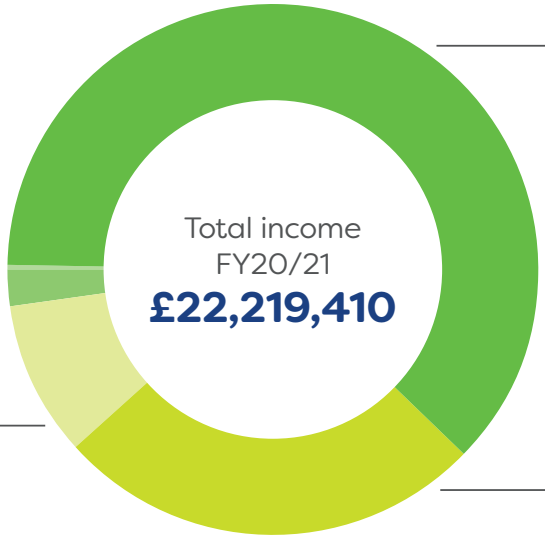


Our Home Learning service ensured children were able to keep learning if not attending nursery. Staff also kept in touch with families via Zoom story time sessions.

	FY20/21 (£m)	FY19/20 (£m)
Fixed Assets	4.68	4.94
Current Assets	6.28	3.21
Current Liabilities	(4.96)	(4.51)
Net Current Assets / (Liabilities)	1.32	(1.30)
Total Assets Less Current Liabilities	6.00	3.63
Creditors: amounts due after 1 year	(2.88)	(0.51)
Total Net Assets	3.12	3.12
Represented by:	–	–
Restricted Funds	1.19	1.22
Unrestricted Funds	1.93	1.90
Total Charity Funds	3.12	3.12

Section 3: Finance

Revenue



£13.8m
Parental fees
£19.0m in FY19/20

£0.1m
Other income
£0.2m in FY19/20

£0.5m
Donations
£0.1m in FY19/20

£2.1m
Furlough grant
£0.2m in FY19/20

£5.7m
Local Authority grant income
£5.3m in FY19/20

Total income for the year was £22.2 million, a decrease of 11% compared to FY19/20. Our largest income stream is from parental fees, making up £13.8 million of the total income. Parental fees decreased by 28% from FY20/21, which is as a result of the significant, but expected, impact the COVID-19 pandemic had on the business during the financial year. During lockdown, LEYF consolidated the service from 39 nurseries to 15 hub nurseries. This massively impacted income, but LEYF continued to take advantage of Government financial support, including the Coronavirus Job Retention Scheme through which LEYF received furlough payments in order to help offset salary costs due to the closing of nurseries. During the year, LEYF received £2.1 million of furlough grants compared to £0.2 million in the prior year.

LEYF's income comes from a number of diverse sources, including parents and carers from more affluent areas but also deprived areas with grant funding, local authorities across 11 boroughs, Government workplace nurseries, and some small amounts from donations.

LEYF received a number of COVID-19-related grants from various sources resulting in the local and authority grant income increasing by 8% to £5.8 million from £5.3 million. Similarly, donations increased from £0.1 million to £0.5 million, the main increase being the Gifts in Kind received, as a result of the extraordinary generosity from a number of donors who supported us during the challenging year under review.

Improving and expanding our nurseries to give the best opportunity to as many children as possible to attend is important to LEYF and even though the number of nurseries stayed consistent during the year at 39, LEYF managed to increase the overall children capacity by 4% to a total of 2,080 FTE places. Although there was an increase of 5% in the number of children attending the nurseries, the impact of the COVID-19 pandemic from the temporary closure of the nurseries resulted in a reduction of 8% in funded and private hours.

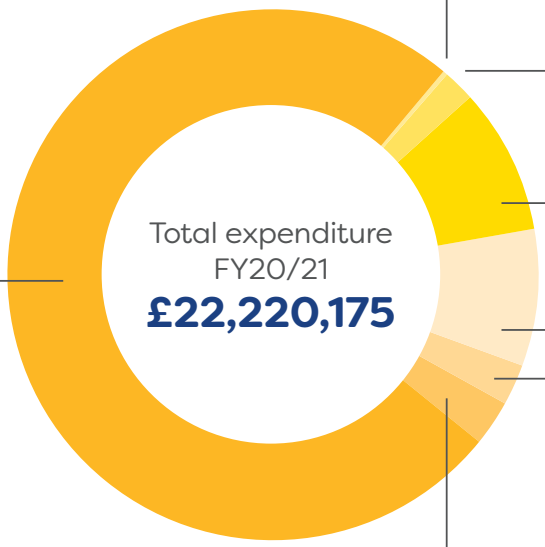
3,903
Unique children reached

2,080
Total capacity

69%
Occupancy

Section 3: Finance

Expenses



£16.8m
Staff Costs
£16.5m in FY19/20

£0.1m
Learning & Development
£0.2 in FY19/20

£0.4m
Recruitment & Personnel
£1.9m in FY19/20

£1.9m
Property
£2.2m in FY19/20

£1.9m
Consumables & Activities
£2.2m in FY19/20

£0.5m
Depreciation*
£0.5m in FY19/20

£0.6m
Audit and Other Professional Fees
£0.4m in FY19/20

*Depreciation, Amortisation & Gain/loss on disposal

This year, LEYF addressed the challenges that it faced as a result of the COVID-19 pandemic and managed its costs across all areas very carefully, while maintaining consistent service levels. This resulted in the total expenses reducing by £1.8 million to £22.2 million which is a 8% decrease year on year, with the key driver for this decrease being the reduced use of agency staff in nurseries.

LEYF continued to invest in its staff to ensure the best quality education and care for the children. In light of this, staff costs were broadly in line with the prior year, with just a slight increase of 1% to £16.8 million from £16.5 million. This is in line with the average headcount number of staff providing charitable activities, increasing by only 1 from 726 to 727. Cost of staff training decreased by 67% from £0.2 million to £0.08 million, which was achieved by finding more cost-effective ways to deliver and attend training, the high standards, and frequency of quality training. Recruitment was another area where LEYF was able to achieve a reduction in cost through more effective internal recruitment thereby lowering external agency spend. LEYF successfully managed to achieve a decrease of 77% from £1.9 million to £0.4 million.

Costs associated with the properties the nurseries operate reduced from £2.2 million to £1.9 million, a 17% reduction. This was achieved mainly by receiving a reduction in service charge costs and business rate exemptions from the local councils to support the business during the COVID-19 pandemic. The remaining reduction relates to reduced spend on repairs and maintenance required, which is in line with expectation given the temporary closure of nurseries during certain periods of the year, resulting in less wear and tear on the properties and equipment.

Similarly, due to the temporary closure of some nurseries, cost of consumables and activities decreased by 13%, the main reduction being on provisions (food, snacks and milk). This reduction was partly offset by an increased spend on Health and Safety to ensure compliance with COVID-19 regulations.

The increase reflected in professional fees of £0.6 million from £0.4 million is due to the increase in the value of Gifts in Kind relating to consultancy fees. This increase is offset by the increase reflected in donations income relating to Gifts in Kind received.

10%
Decrease in charitable activity cost

727
Average number of staff directly contributing to charitable activities

Section 4: Growth

Embedding excellence

LEYF's social enterprise model enabled us to double the number of nurseries in the last ten years, while the number of children supported has more than tripled, driven by acquisition of larger nurseries and increasing occupancy levels.

We achieved this by embedding operational excellence; securing our Social Pedagogy, developing top talent and stabilising our finances. LEYF was therefore able to consistently generate a surplus in the three years prior to the pandemic and then break even despite the challenges of COVID-19.

During this period, we have also made progress across a number of areas that drive positive long-term outcomes for children. The quality in our nurseries has increased and our children are spending more time with us, both of which have proven and compounding positive effects.

COVID-19 has really proven the strength of the LEYF team, as we effectively managed through the pandemic – supporting our children, parents and staff. Moreover, as of 1 April 2021, we took on three new nurseries in Newham from a smaller chain that would have otherwise been forced to close 244 places for children.





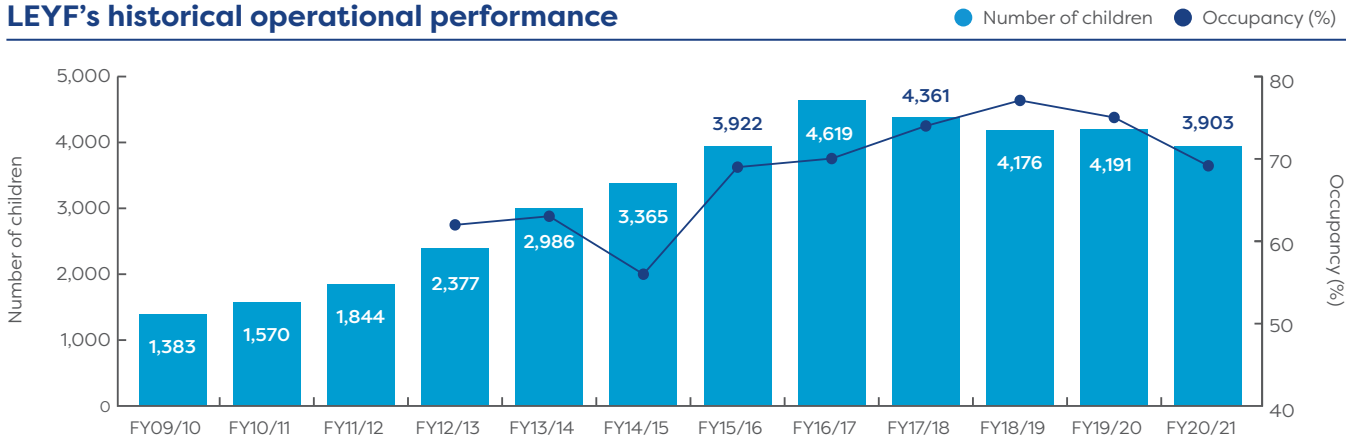


Three nurseries in Newham, which would not have survived without our support, were taken over by LEYF after the fiscal year in April 2021.

Section 4: Growth

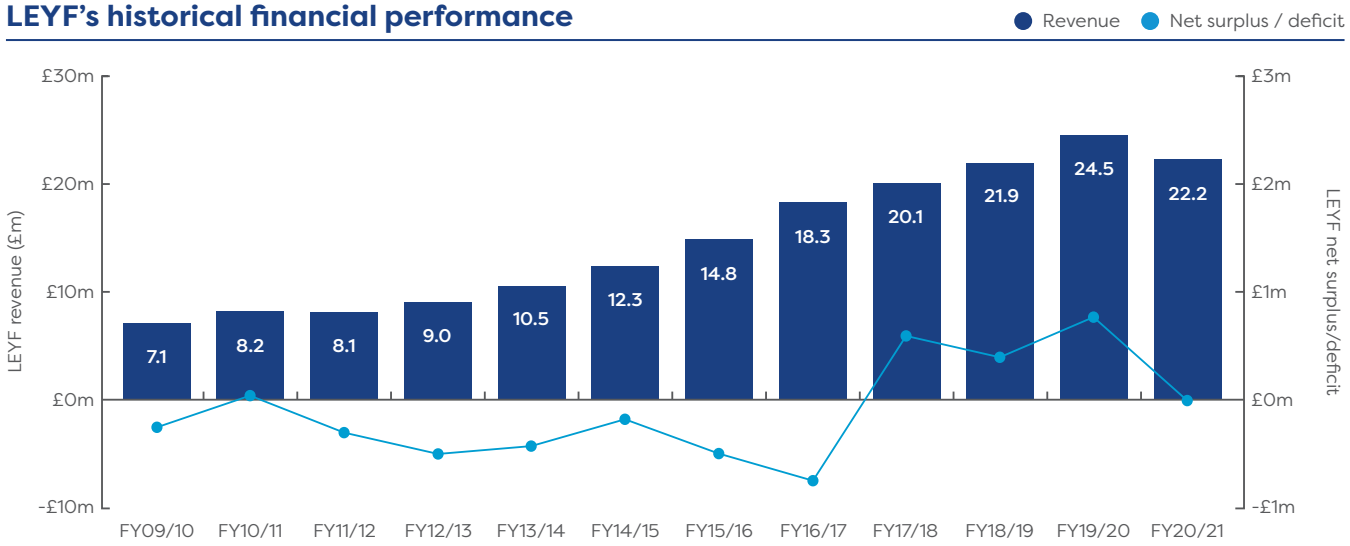
Historical performance

LEYF's historical operational performance



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

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
Dosage (average hours per week attended)	24.8	24.5	26.1	28	30.7	32.2	32.3
Duration (average number of months attended by leavers)	12.3	14.4	14	14.6	16.8	16.8	18.5
Quality (% Ofsted 'Outstanding')	20%	35%	61%	59%	60%	60%	56%

Section 4: Growth

Partnerships

LEYF is extremely grateful for the continued support from our valued partners and donors.

Our historical growth was financed in part by loans from Big Issue Invest and Bridges Fund Management, which were paid off in full post-year-end, and we are thankful for their flexible support throughout the pandemic.

Throughout this past year, we were overwhelmed by the generosity of so many people within our communities who went above and beyond to support us. We raised £40,000 on a 'Keep Children Learning' crowdfunder, and received over £375,000 from generous donors. These funds supported our response to the COVID-19 pandemic, including food banks, PPE, online educational Home Learning materials, hardship fund, and most critically our 'Doubling Down' offer to give vulnerable children access to additional free hours in our nurseries. We are especially grateful to our donors:

Donors

LEYF is supported by a number of 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 advisors. Thank you to our partners who collaborated with us on important projects throughout the year and those that provided supplies and resources for our children and families:

Professional support

Supplies and resources

Section 4: Growth

Strategic ambition

LEYF's ambition is to scale our social impact through our repeatable model of delivering high quality, affordable and accessible Early Years education, with the goal of reaching ~10,000 children, more than double our current reach, over the next seven years.

LEYF's ability to act on our social purposes increases exponentially as we scale; because we have more children in LEYF nurseries receiving high quality Early childhood education and care (ECEC), and because of the recurring surplus we would generate on an annual basis.

LEYF plans to maintain a balanced portfolio of nurseries, with some nurseries in more affluent areas generating a surplus that cross-subsidises nurseries and funded places in areas of deprivation. It should be noted that LEYF subsidises Government funded places in order to provide all children in our care with the same high quality education no matter their background. As we grow, we will pursue some new nurseries that expand existing nursery clusters and others that enable growth into new areas most in need where we can maximise our social impact.

Over time, we will also seek to drive systemic change across the sector by demonstrating the positive outcomes that result from our model of sustainable Early Years provision and from continued investment in children from disadvantaged communities.

	FY19/20	FY27/28
	4,200 children	10,000 children
	39 nurseries	80 nurseries
	800 staff	1,800 staff
	£25m revenue	£65m revenue
	£1m surplus	£5m surplus

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Literacy is a priority at LEYF as this shapes children's capacity to think.

LONDON EARLY YEARS FOUNDATION

Charity Reference and Administrative Details

For the year ended 31 March 2021

Administrative Information

Status	The organisation was founded in 1903 and is now a charitable company limited by guarantee, incorporated on 10 March 1988 and registered as a charity on 31 March 1988.
Governing document	London Early Years Foundation is governed by its Memorandum and Articles of Association.
Charity objects	The objects of the charity are: 1. To promote the care and upbringing and reserve and protect the health of children, particularly those whose circumstances make it necessary or desirable for them to be cared for outside the normal home environment; and 2. To promote education and vocational training in respect of all matters relating to childcare, the upbringing of children and the protection and health of children.
Company number	2228978
Charity number	299686
Registered office and operational address	121 Marsham Street London SW1P 4LX
Website	www.leyf.org.uk
Bankers	**National Westminster Bank plc** PO Box 2 27-29 Horseferry Road London SW1P 2AZ
Solicitors	**Bates Wells LLP** 10 Queen St Place London EC4R 1BE **Loosemores Solicitors** Alliance House 18-19 High St Cardiff CF10 1PT
Auditors	**RSM UK Audit LLP** Chartered Accountants and Statutory Auditors 25 Farringdon Street London EC4A 4AB

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2021

The Trustees present their report and the audited financial statements of the charity for the period 31 March 2021. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (FRS102) The Financial Reporting Standard applicable in the UK and Republic of Ireland" in preparing the annual report and the financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of recommended Practice applicable to the charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

Board of Trustees

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

Name	Role	Finance Committee	Remuneration & Nominations Committee	Social Impact Commitee
Michael Garstka	Chair		•	
Latif Noorali Sayani	Vice Chair	•	•	
Richard Timmins	Treasurer	•		
Helen Jenner	Trustee			•
Madeleine Blackburn	Trustee		•	
Allan Lambert	Trustee			•
Tony Perkins	Trustee	•		
Mary Josephine Doogan	Trustee	•	•	
Sarah Wilson	Trustee	•		•
Alethea Chia Jung Siows	Trustee			•
Susana Castro-Kemp	Trustee			•

Alethea Chia Jung Siows' term ended on 20 May 2020.
Sarah Wilsons' term ended on 8 March 2021.
Susana Castro-Kemp was appointed on 28 June 2021.

Key Management Personnel

Ms J O'Sullivan MBE Chief Executive and Secretary

Mr J Loo Director of Finance and Social Investment

(Appointed 9 August 2016, Retired 23 December 2020)

Mr K Dyson is Interim Director of Finance as of November 2020

Mr L Chiozzi Head of People and Performance

(Appointed 6 March 2017)

Mr M Abbott Director of Children's Services

(Appointed January 2018)

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 education and care and protect the health of children.

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2021

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.

Public benefit statement

The achievements and performance of the charity are outlined in detail on pages 20 to 35 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 11 times during FY20/21, 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, 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 Committee (RemNom) and occasional committees set up to oversee specific projects or issues. These committees deal with our social impact, finance, premises, H&S, marketing, fundraising, Human Resources and business expansion. The committees include in their membership both Trustees and relevant officers of LEYF.

The FinCom oversees the preparation of the annual budget which is then recommended to the Board 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 FY20/21, the FinCom met 17 times to support the EMT manage financially and operationally throughout the pandemic, SIC met four times and RemNom met twice.

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

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

The appointment process has three elements: an interview with the CEO; an interview with the Chair; and an interview with two delegated Trustees, which is managed through the RemNom. Feedback is coordinated and a recommendation is made at 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. In FY20/21, RemNom focused on its next phase of Trustee recruitment and conducted a review of Executive compensation. During the year Alethea Siow and Sarah Wilson retired. Post year-end, in June 2021 Susana Castro-Kemp joined the Board of Trustees and SIC.

The induction process includes; meetings with the Executive Management Team, 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 2021 was 10 (31 March 2020: 10). The Trustees have no beneficial interest in LEYF.

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2021

Reserves policy

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

In terms of reserves the key measures are:

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

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

The loss for the year was £765. The total amount of reserves as at the report date shows restricted funds of £1.19m and unrestricted general fund reserves as £1.92m. Overall total charity funds are £3.12m. The Trustees also monitor the cash position closely and we require a reserve that is both unrestricted and able to be spent as cash – our cash reserve. Following a computation of risks and probability in autumn 2018, the Trustees agreed a dynamic target for the cash reserve expressed as one month's operating payroll cost. The Trustees agree that, given the probability and impact of the level of risks evaluated, this amount is sufficient to allow the organisation to recover from any additional cost or lost revenue impacting short-term cash flows. The policy helps inform the way in which LEYF manages its cash, liquid assets and debt as part of good treasury management.

Applying this policy requires an unrestricted cash reserve of £1.4m. LEYF monitors the level of cash held monthly as part of the management reporting process to ensure reserves are maintained at the agreed level. The Trustees monitor and review the policy. As a result of the improved cash position, the cash balance remains in excess of the cash reserve on an ongoing basis despite the period of uncertainty caused by the COVID-19 pandemic.

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

Investment policy

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

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

Remuneration policy

LEYF undertook a review of the company-wide remuneration policy taking into consideration the National Living Wage requirements. The salaries of all positions were reviewed against industry norms and adjusted where required post year-end. 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 (the executive management team) has been tasked to the Remuneration and Nomination Committee, delegated from the Board of Trustees. The committee carefully consider multiple charity and private sector benchmarks, before making decisions.

Related parties and relationships with other organisations

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

The total amount of paid-for services to related parties during the year was £43,959 (2020: £29,600). These payments were made to family members of the Chief Executive and two key management personnel for business administration services.

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2021

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 on a fair basis.

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

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

Going concern

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

During the year, LEYF entered into a Coronavirus Business Interruption Loan Scheme (CBILS) agreement and received £3 million to assist in supporting the impact of COVID-19.

Furthermore, as part of the review of the impact of COVID-19 and the uncertainties around this pandemic and our longer-term funding strategy, the Trustees have considered the refinancing options for the business that will offer lower costs and more favourable and longer-term repayment arrangements. LEYF repaid its current loans to Bridges Fund Management, Big Issue Invest LLP and Social Investment Business Ltd after year end. Future forecasts show that LEYF will require funding in the future to achieve the forecast growth, but no funding is needed in the short term and this will be monitored closely by the Trustees.

A new seven-year model to support this refinancing and growth strategy has been reviewed and approved by FinCom and the Board of Trustees post year-end.

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 (Executive Management Team) 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.

LONDON EARLY YEARS FOUNDATION

Report of Trustees

For the year ended 31 March 2021

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

Mitigating controls have been identified and, where further action is required, deadlines and responsibilities assigned. Those activities with higher risk ratings are prioritised. In addition to review by the EMT 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 or information governance breaches that occur. These are considered by the appropriate governance committees. They also consider the decisions of whether any such occurrences should be reported to a regulatory body. LEYF maintains a strong culture of reporting of incidents. Each of these risks is overseen by the Board of Trustees or a delegated committee.

Principal risks and uncertainties

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

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

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

- The ongoing impact of COVID-19 on the nursery operations. LEYF has developed highly specific risk reduction strategies to avoid infection in the nursery including checks on temperature, access, cleaning routines and changing of clothes along with social distancing in localised 'bubbles' and a deep cleaning routine.
- The impact on the UK economy from COVID-19 including unemployment, which could impact on occupancy with significant income reduction.
- High-profile operational issues which damage LEYF's reputation. This could include a major incident at or around a nursery.
- Brexit risks, which could include an impact on individual employees' and parents' rights to remain, with attendant cost implications.

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

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

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

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

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

Financial instruments

LEYF's financial instruments are operational cash generation from trading activities and loans from four providers: CBIL loan, Bridges Ventures; Big Issue Invest; and a Social Investment Business loan. The charity also has operating leased assets, debtors and creditors arising from its day-to-day operation to provide working capital to help manage its cash flows.

The CBIL loan is a new £3m loan added to our loan instruments during September 2020. Since the year end, the Bridges Ventures, Big Issue Invest and the Social Investment Business loan has been repaid in full. For further details see page 57.

Liquidity risk

The charity manages its cash, borrowings and working capital in order to provide the social impact of our mission while ensuring the charity has sufficient liquid resources to meet the needs of the operation. LEYF now has unrestricted reserves of £1.92m (2020:£1.90m).

LONDON EARLY YEARS FOUNDATION

Statement of the responsibilities of the Trustees

For the year ended 31 March 2021

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

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

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

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

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

In so far as the Trustees are aware:

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

Auditors RSM were re-appointed as the charitable company's auditors during the year and have expressed their 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 2021 and signed on their behalf by:



Michael Garstka, Chair of Trustees

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2021

Opinion

We have audited the financial statements of The London Early Years Foundation (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities (incorporating the income and expenditure account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 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 other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2021

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 includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 43, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit. In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2021

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

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

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

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Keeping Children Safe in Education under section 175 of the Education Act 2002, and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **http://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

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

Date: 12 November 2021

LONDON EARLY YEARS FOUNDATION

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

For the year ended 31 March 2021

	Note	Unrestricted £	Restricted £	**2021 Total £**	Unrestricted £	Restricted £	2020 Total £
Income from:							
Donations & legacies	2	393 696	76 693	**470 389**	3 502	116 580	120 082
Charitable activities							
Childcare Income	3	19 152 976	431 504	**19 584 480**	24 249 303	175 350	24 424 653
Training Income	3	200	-	**200**	1 600	-	1600
Other	4	2 164 108	233	**2 164 341**	371 457	-	371 457
Total income		21 710 980	508 430	**22 219 410**	24 625 862	291 930	24 917 792
Expenditure on:							
Charitable activities							
Childcare Expenditure	5	21 733 718	421 097	**22 154 815**	23 614 645	195 839	23 810 484
Training Expenditure	5	65 360	-	**65 360**	223 767	1 631	225 398
Total expenditure		21 799 078	421 097	**22 220 175**	23 838 412	197 470	24 035 882
Net (Deficit)/Surplus for the year		(88 098)	87 333	**(765)**	787 450	94 460	881 910
Transfers between funds	19	113 380	(113 380)	-	-	-	-
Net movement in funds		25 282	(26 047)	**(765)**	787 450	94 460	881 910
Reconciliation of funds:							
Total funds brought forward	19	1 902 056	1 216 302	**3 118 358**	1 114 606	1 121 842	2 236 448
Total funds carried forward		1 927 338	1 190 255	**3 117 593**	1 902 056	1 216 302	3 118 358

LONDON EARLY YEARS FOUNDATION

Balance sheet

As at 31 March 2021

Company no: 2228978

	Note	£	2021 £	£	2020 £
Fixed assets:					
Intangible assets	11		395 052		356 504
Tangible assets	12		4 281 455		4 582 704
			4 676 507		4 939 208
Current assets:					
Debtors	13	626 992		977 333	
Cash at bank and in hand	21	5 652 452		2 229 684	
		6 279 444		3 207 017	
Liabilities:					
Creditors: amounts falling due within one year	14	(4 961 638)		(4 512 762)	
Net current assets/(liabilities)			1 317 806		(1 305 745)
Total assets less current liabilities			5 994 313		3 633 463
Creditors: amounts falling due after one year	16		(2 876 720)		(515 105)
Total net assets			**3 117 593**		3 118 358
The funds of the charity:	19				
Restricted income funds			1 190 255		1 216 302
Unrestricted income funds:					
General funds			1 927 338		1 902 056
Total charity funds			**3 117 593**		3 118 358

The financial statements on pages 47 to 63 were approved by the Board of Trustees and authorised for issue on 8th November 2021 and signed on its behalf by:



Michael Garstka
Chair

LONDON EARLY YEARS FOUNDATION

Cash flow Statement

For the year ended 31 March 2021

	Note	£	2021 £	£	2020 £
Cash flows from operating activities	20		1 268 508		1 413 201
Cash flows from operating activities:					
Purchase of fixed assets		(266 960)		(966 773)	
Net cash used in investing activities			(266 960)		(966 773)
Cash flows from financing activities:					
Borrowings received		3 000 000		977 333	
Repayments of borrowing Interest paid		(511 635)		(510 014)	
Interest paid		(67 145)		(73 333)	
Net cash used in financing activities			2,421,220		(583 347)
Change in cash and cash equivalents			3,422,768		(136 919)
Cash and cash equivalents at the beginning of the year			2 229 684		2 366 603
Cash and cash equivalents at the end			**5 652 452**		2 229 684

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

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 presentation and functional currency and are rounded to the nearest £1.

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

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

The Market Nursery Ltd. a subsidiary of LEYF, is exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479C of the Act. All assets and liabilities of The Market nursery Ltd was transferred to LEYF before 31 March 2021. The Market Nursery Ltd was dissolved on 13 April 2021

b) Public benefit entity

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

c) Going concern

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

During the year LEYF entered into a Coronavirus Business Interruption Loan Scheme (CBILS) agreement and received £3 million to assist in supporting the impact of COVID-19.

Furthermore, as part of the review of the impact of COVID-19 and the uncertainties around this pandemic and our longer-term funding strategy, the Trustees have considered the refinancing options for the business that will offer lower costs and more favourable and longer-term repayment arrangements. LEYF repaid its current loans to Bridges Fund Management, Big Issue Invest LLP and Social Investment Business Ltd after year end. Future forecasts shows that LEYF will require funding in the future, but as at current financial position no funding is needed in the short term and this will be monitored closely by the Trustees.

d) Income

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

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

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

e) Donations of gifts

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

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies (continued)

f) Critical accounting estimates and judgements

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

g) Interest receivable

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

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

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

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

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

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies (continued)

Childcare	76.7%
Training	0.3%
Support costs	20.7%
Governance costs	2.3%
	100%

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

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

l) Termination benefits

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

m) Operating leases

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

n) Intangible fixed assets

Intangible fixed assets are made up of goodwill relating to the acquisition of nurseries which are written off over the life of the lease, as this approximates the life of the goodwill, software cost relating to the development of the charity's Customer Relationship Management system and development cost relating to the Social Franchise Model for franchising nurseries.

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 cash generating unit 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 (surplus generating 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 which relate to the Social Franchise Model for franchising nurseries are capitalised in the accounts as intangible assets. These cost are amortised over their estimated useful life of between 3 and 5 years.

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies (continued)

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 is own use, it is treated in a similar way to restricted grant.

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

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

p) Debtors

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

q) Cash at bank and in hand

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

r) Creditors and provisions

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

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies (continued)

s) Financial instruments

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

The charity's principal financial instruments include loans from four providers including Bridges Fund Management, Big Issue Invest, a Social Investment Business loan and a loan from the Coronavirus Business Interruption Loan scheme (CBILS). LEYF Property and assets are security for the Bridges Fund Management, Big Issue Invest and the CBILS.

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

t) Doubtful debt provision

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

u) Pensions

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

2 Income from donations

	Unrestricted £	Restricted £	**2021 Total £**	2020 Total £
Donations	107 376	76 693	**184 069**	10 702
Gifts in Kind	286 320	-	**286 320**	109 380
	393 696	76 693	**470 389**	120 082

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

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

3 Charitable activities

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Income from charitable activities				
Parental fees	13 795 303	-	**13 795 303**	19 064 618
Grants	5 357 673	431 504	**5 789 177**	5 360 035
Sub-total for Childcare income	19 152 976	431 504	**19 584 480**	24 424 653
Training Income	200	-	**200**	1 600
Sub-total for Other income	200	-	**200**	221 841
Total income from charitable activities	19 153 176	431 504	**19 584 680**	24 646 494

Local Authority grants totalling £5,237,377 (2020: £5,168,898) received relates to the 2 year old offer and the National Education Fund for all 3-4 year olds.

There were no unfulfilled grants as at 31 March 2021 (2020:none). Restricted income in the prior year (2020) was £175,350.

4 Other income

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Government grants	2 101 838	-	**2 101 838**	151 216
Interest Income	1 856	-	**1 856**	14 092
Other Income	60 414	233	**60 647**	206 149
Sub-total for Childcare income	2 164 108	233	**2 164 341**	371 457

During the year LEYF received government grants in relation to the Coronavirus Job Retention Scheme (CJRS) of £2,101,838 (2020 - £151,216). There are no unfulfilled conditions or other contingencies attached to the grants. This is the only form of central government assistance from which the charity has directly benefitted.

During the year LEYF received funds of £11,439 (2020: £177,277) from London Borough of Hackney for the refurbishment of Market Nursery. These funds were included in other income.

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

5 Expenditure

	Charitable activities						
	Childcare Provision	Training	Governance costs	Support costs	Restricted Funds	**2021 Total**	2020 Total
	£	£	£	£		**£**	£
Staff costs (Note 7)	13 381 553	-	-	3 105 242	303 071	**16 789 866**	16 547 356
Learning & Development	10 923	65 360	-	3 776	550	**80 609**	241 198
Recruitment and Personnel	21 575	-	-	424 885	-	**446 460**	1 943 004
Property	1 871 471	-	-	20 417	-	**1 891 888**	2 222 709
Consumables and Activities	936 096	-	-	890 715	44 362	**1 871 173**	2 157 745
Depreciation, Amortisation & Gain/loss on disposal	407 687	-	-	48 859	73 114	**529 660**	564 872
Audit and Other Professional Fees	4 788	-	497 655	108 076	-	**610 519**	358 998
	16 634 093	65 360	497 655	4 601 970	421 097	**22 220 175**	24 035 882
Support costs	4 601 970	-	-	(4 601 970)	-	-	-
Governance costs	497 655	-	(497 655)	-	-	-	-
Total expenditure 2021	**21 733 718**	**65 360**	**-**	**-**	**421 097**	**22 220 175**	
Total expenditure 2020	23 614 645	223 767	-	-	197 470		24 035 882

6 Net expenditure for the year

This is stated after charging:

	2021 Total £	2020 Total £
Depreciation	**488 293**	544 507
Amortisation	**22 857**	7 407
Loss on disposal of fixed assets	**18 511**	12 957
Interest payable	**70 357**	73 333
Operating lease rentals:		
Property	**800 931**	864 554
Equipment hire	**27 636**	27 031
Auditor's remuneration (excluding VAT):		
Current Year Audit	**61 400**	53 400
Prior Year Audit	**40 697**	20 500
Non-audit services	**-**	11 130

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

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

Staff costs were as follows:

	2021 Total £	2020 Total £
Salaries and wages	**14 775 213**	14 598 057
Social security costs	**1 143 243**	1 142 363
Employer's contribution to defined contribution pension schemes	**871 410**	806 936
	16 789 866	16 547 356

During the year redundancy and settlement costs were £132,274 (2020: £26,600).

Agency Costs for the year were:	**328,887**	1,512,492

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

	2021 No.	2020 No.
£60,001 - £70,000	**3**	2
£70,001 - £80,000	**-**	-
£80,001 - £90,000	**3**	3
£90,001 - £100,000	**-**	-
£100,001 - £110,000	**1**	1

The total employee benefits including pension and national insurance contributions of the key management personnel were £626,409 (2020: £583,548).

The charity Trustees were not paid or received any other benefits from employment with the charity in the year (2020: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2020: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and were £Nil for the year (2020: £60).

8 Staff numbers

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

	2021 No.	2020 No.
Childcare	**722**	721
Training	**5**	5
Support	**61**	63
	788	789

In March 2021, the number of staff employed on an FTE basis were 606.

9 Related party transactions

There are no donations from related parties.

The total amount paid for services to related parties during the year was £43,959 (2020: £23,000). This amount includes a payment of £2,110 for gardening services to Glow Gardens and £13,528 to Chartered Wealth Management which is owned by a close family member of the Chief Executive Officer and a key member of staff. Other payments of £28,321 were made to family members of the Chief Executive Officer and a key member of staff for business administration services.

There were no outstanding balances at year end for any of the related parties disclosed in the accounts.

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

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*	Social Franchise Model	Goodwill Acquired Nurseries	**Total**
	£	£	£	**£**
Cost or valuation				
At the start of the year	313 902	57 669	103 145	**474 716**
Additions in year	61 405	-	-	**61 405**
Disposals in the year		(57 669)		**(57 669)**
At the end of the year	375 307	-	103 145	**478 452**
Amortisation				
At the start of the year	-	57 669	60 543	**118 212**
Charge for the year	-	-	22,857	**22,857**
Disposals in the year		(57 669)		**(57 669)**
At the end of the year	-	-	83 400	**83 400**
Net book value				
At the end of the year	375 307	-	19 745	**395 052**
At the start of the year	313 902	-	42 602	**356 504**

All of the above assets are used for charitable purposes.*Software consists of software costs of £375,307 (2020: £313,902) for the development of the charity's Customer Relationship Management system. The first phase of the project completed on 1 April 2021 and the accounts do not include amortisation

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	3 124 818	2 848 870	1 270 369	751 805	**7 995 862**
Additions in year	137 621	5 574	24 003	38 357	**205 555**
Disposals	(659 332)	(57 591)	(343 609)	(71 352)	**(1 131 884)**
At the end of the year	2 603 107	2 796 853	950 763	718 810	**7 069 533**
Depreciation					
At the start of the year	1 520 115	843 322	752 687	297 034	**3 413 158**
Charge for the year	240 581	60 566	109 353	77 793	**488 293**
Disposals	(644 366)	(57 591)	(340 136)	(71 280)	**(1 113 373)**
At the end of the year	1 116 330	846 297	521 904	303 547	**2 788 078**
Net book value					
At the end of the year	1 486 777	1 950 556	428 859	415 263	**4 281 455**
At the start of the year	1 604 703	2 005 548	517 682	454 771	**4 582 704**

All of the above assets are used for charitable purposes.

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

13 Debtors

	2021	2020
	£	£
Trade debtors	254 810	470 494
Other debtors	31 431	41 221
Amounts owed by group and associated undertakings	-	27 137
Prepayments	265 390	209 003
Accrued income	75 361	229 478
	626 992	977 333

14 Creditors: amounts falling due within one year

	2021	2020
	£	£
Loans	648 305	511 810
Trade creditors	689 426	1 011 396
Taxation and social security	279 077	293 424
Other creditors	1 864 779	1 644 128
Accruals	196 955	278 954
Deferred income (Note 15)	1 283 096	773 050
	4 961 638	4 512 762

15 Deferred income

Deferred income in the year ended March 2021 are payments received from parents in advance for services that are to be delivered after 31 March 2021.

	2021	2020
	£	£
Balance at the beginning of the year	773 050	879 811
Amount released to income in the year	(773 050)	(879 811)
Amount deferred in the year	1 283 096	773 050
Balance at the end of the year	**1 283 096**	773 050

16 Creditors: amounts falling due after one year

	2021	2020
	£	£
Loans	2 876 720	515 105

	2021	2020
	£	£
Less than one year	648 305	511 810
Between two to five years	2 576 720	515 105
Over five years	300 000	
Total due	3 525 025	1 026 915

Both Bridges Fund Management and Big Issue Invest LLP have each loaned £1,750,000 at an annual interest rate of 8% and are secured by way of a floating charge on the organisation's assets. Loans were reviewed with revised covenants and repayment terms agreed in October 2017. Both loans were repaid in April 2021.

In 2005 a 25 year Futurebuilders loan for £300k was provided by Social Investment Business Ltd. This is repayable by monthly instalments over the agreed term. The agreed balance owing is £190,191 (2020: £200,836) and is unsecured at an annual interest rate of 6%. The loan was repaid in full in June 2021.

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

A loan agreement of £3,000,000 under the Coronavirus Business Interruption Loan Scheme (CBILS) was entered into on 11 June 2020 and was drawn down on 24 September 2020. The loan is repayable over 72 instalments from this date. The first 12 months is an interest and capital free period after which interest at Bank Base Rate (0.10%) + 2.5% and the monthly capital instalment of £50,000 based on a variable rate loan is payable.

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

17 Pension scheme

LEYF operates a defined contribution scheme for its employees offering an employer contribution of 7% of annual salary for all eligible staff. Outstanding contributions awaiting payment at 31 March 2021, included in other creditors, were £123,824 (2020: £127,428). Any liability and expenses are allocated as unrestricted or restricted funds on the same basis as employee related costs.

18 Analysis of net assets between funds

	General Unrestricted £	Restricted £	**2021 Total Funds £**
Fixed assets	3 670 434	1 006 073	**4 676 507**
Net current assets	1 133 624	184 182	**1 317 806**
Long term liabilities	(2 876 720)	-	**(2 876 720)**
Net assets at the end of the year	**1,927,338**	**1 190 255**	**3 117 593**

	General Unrestricted £	Restricted £	**2020 Total Funds £**
Fixed assets	3 895 115	1 044 093	**4 939 208**
Net current liabilities	(1 477 954)	172 209	**(1 305 745)**
Long term liabilities	(515 105)	-	**(515 105)**
Net assets at the start of the year	**1 902 056**	**1 216 302**	**3 118 358**

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

19 Movements in funds

2020-21	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers	**At the end of the year £**
Restricted funds:					
Marsham Street Renovations	926 094	-	(52 942)	-	**873 152**
Carlton Hill Refurbishment	118 000	-	(12 105)	-	**105 895**
Funding for vulnerable children	-	270 000	(151 229)	-	**118 771**
Colville Crisis Fund	16 843	-	(2 952)	-	**13 891**
Food banks funding	-	11 550	(6 719)	-	**4 831**
Chef Academy Fund	33 542	47 100	(26 896)	-	**53 746**
SEND Funding	1 074	144 504	(145 578)	-	**-**
Other Funds	120 749	35 276	(22 676)	(113 380)	**19 969**
Total restricted funds	1 216 302	508 430	(421 097)	(113 380)	**1 190 255**
Total unrestricted funds - general funds	1 902 056	21 710 980	(21 799 078)	113 380	**1 927 338**
Total funds	3 118 358	22 219 410	(22 220 175)	-	**3 117 593**

2019-20	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers	**At the end of the year £**
Restricted funds:					
Marsham Street Renovations	979 036	-	(52 942)	-	**926 094**
Carlton Hill Refurbishment	118 000	-	-	-	**118 000**
Colville Crisis Fund	16 843	-	-	-	**16 843**
Chef Academy Fund	-	64 706	(31 164)	-	**33 542**
SEND Funding	1 074	78 563	(78 563)	-	**1 074**
Other Funds	6 889	148 661	(34 801)	-	**120 749**
Total restricted funds	1 121 842	291 930	(197 470)	-	**1 216 302**
Total unrestricted funds - general funds	1 114 606	24 625 862	(23 838 412)	-	**1 902 056**
Total funds	2 236 448	24 917 792	(24 035 882)	-	**3 118 358**

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

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.

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

Chef Academy Fund was launched in July 2019. A grant from Impact on Urban Health 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.

Other Funds relates to dedicated funding for apprentices and various small value funds.

Fund Transfers relates to Gifts in Kind recognised in restricted funds released to unrestricted funds as a brought forward correction.

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

	2021	2020
	£	£
Net (deficit)/surplus (as per the statement of financial activities)	(765)	881 911
Depreciation and amortisation charges	511 150	551 913
Loss on disposal of tangible fixed assets	18 511	12 957
Interest payable	70 357	73 333
Decrease/(Increase) in debtors	350 340	(323 687)
Increase in creditors	318,915	216 774
Net cash provided by operating activities	**1 268 508**	1 413 201

21 Analysis of cash

	At 1 April 2020	Cash flows	**At 31 March 2021**
	£	£	**£**
Cash at bank and in hand	2 229 684	3 422 768	**5 652 452**
Total cash and cash equivalents	2 229 684	3 422 768	**5 652 452**

LONDON EARLY YEARS FOUNDATION

Notes to the financial statements

For the year ended 31 March 2021

22 Operating lease commitments

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

	£	£	**2021 £**	2020 £
	Property	Other	**Total**	Total
Less than one year	911 403	31 744	**943 147**	848 509
One to five years	2 304 966	77 845	**2 382 811**	2 443 934
Over five years	630 232	-	**630 232**	932 188
	3 846 601	109 589	**3 956 190**	4 224 631

23 Legal status of the charity

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

24 Capital Commitments

As at 31 March 2021, the outstanding capital commitments totalled £200,899 (2020: £Nil) being the cost to complete an extension project at Gumboots Nursery.

25 Market Nursery

On September 13, 2019, The Market Nursery Ltd (Market Nursery) was acquired by LEYF for the value of £nil. At 31 March 2020 LEYF determined that the fair value could not be reliably determined and that therefore Market Nursery Limited would be recognized at cost less impairment (£nil). After acquisition, the activity of the nursery was rolled up into LEYF and prior to 31 March 2021 an application was filed with Companies House to dissolve the entity. LEYF have not prepared consolidated financial statements as the inclusion of The Market Nursery Ltd is not material for the purpose of giving a true and fair view. The Market Nursery Ltd was dissolved on 13 April 2021.

26 Net debt reconciliation

	At 1 April 2020	Cash flows	Other non-cash changes	**At 31 March 2021**
	£	£	£	**£**
Cash at bank and in hand	2 229 684	3 422 768	-	**5 652 452**
Debt due within one year	511 810	2 488 365	(2 351 870)	**648 305**
Debt due after one year	515 105	-	2 361 615	**2 876 720**
Total cash and cash equivalents	3 256 599	5 911 133	9 745	**9 177 477**

27 Subsequent events

On 1 April 2021 LEYF acquired three nurseries in Newham.

The Market Street Nursery, a dormant subsidiary of LEYF as at year end, was dissolved on 13 April 2021.

On 26 April 2021 LEYF made a payment to Bridges Fund Management and Big Issue Invest LLP of £331k, being a capital repayment of £325k and interest of £6k, this being the full settlement of capital outstanding. As at the date of signing the accounts, any outstanding balance on interest year end has been repaid in full.

On 1 May 2021 LEYF transferred its pension scheme from Aegon to the pension operator, Royal London. Chartered Wealth management will be used as their intermediary.

On 23 June 2021 LEYF repaid £186k to Futures Builders as full and final settlement of their loan.

Post year-end, three nurseries (Holcroft, Marylebone, Queensborough) were closed.

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

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

www.leyf.org.uk

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Leyf Nurseries