

The London Early Years Foundation

Annual Report For the Year
Ended 31st March 2021



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

June O'Sullivan MBE
Chief Executive

Michael Garstka

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.



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.

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

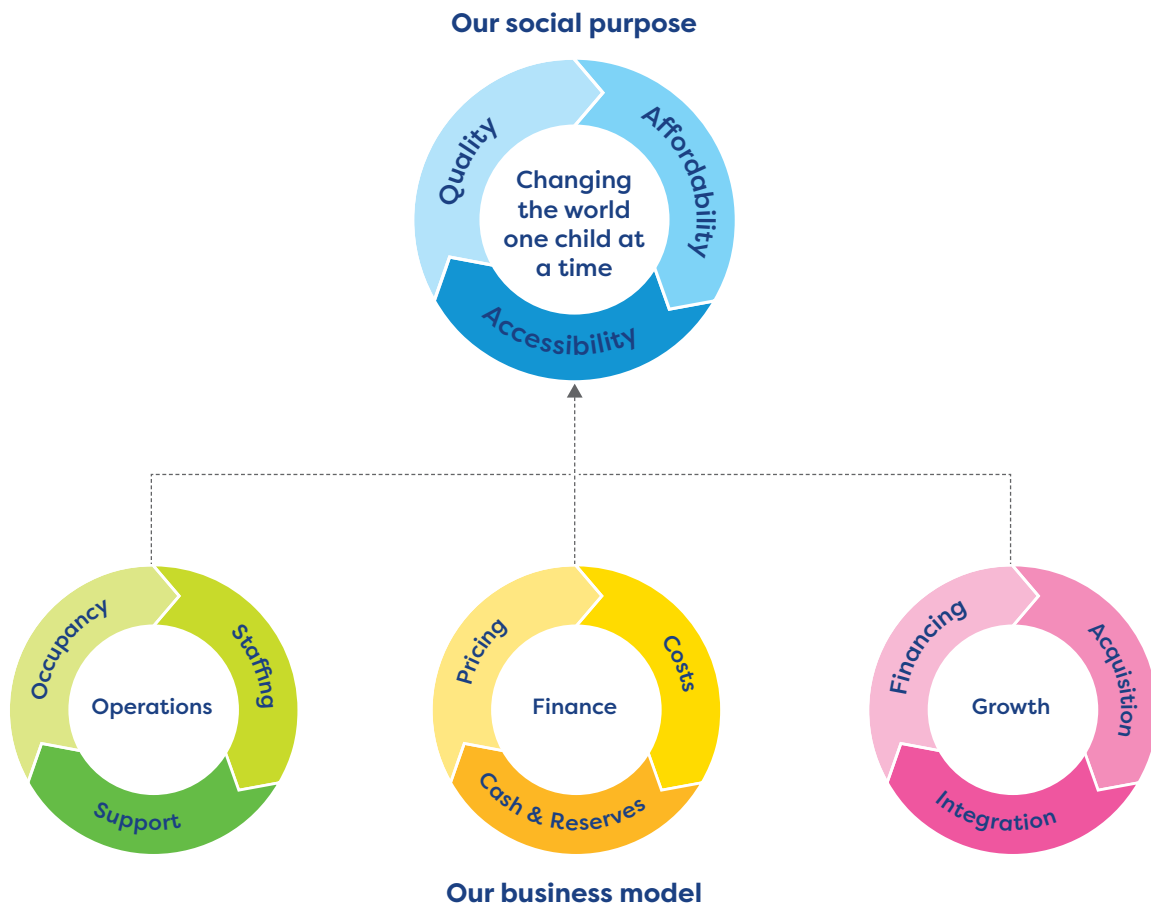
We are warm, caring, loving and welcoming. We create safe and homely environments for each child.

Fun

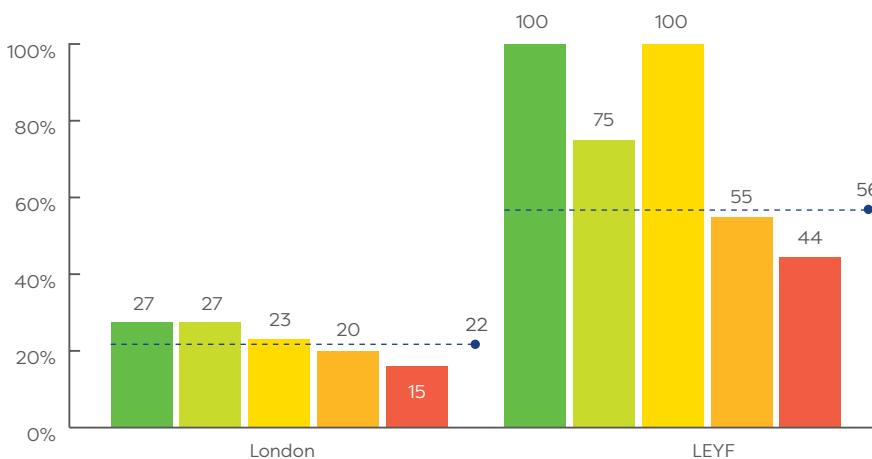
We are imaginative and creative and learn through play.

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

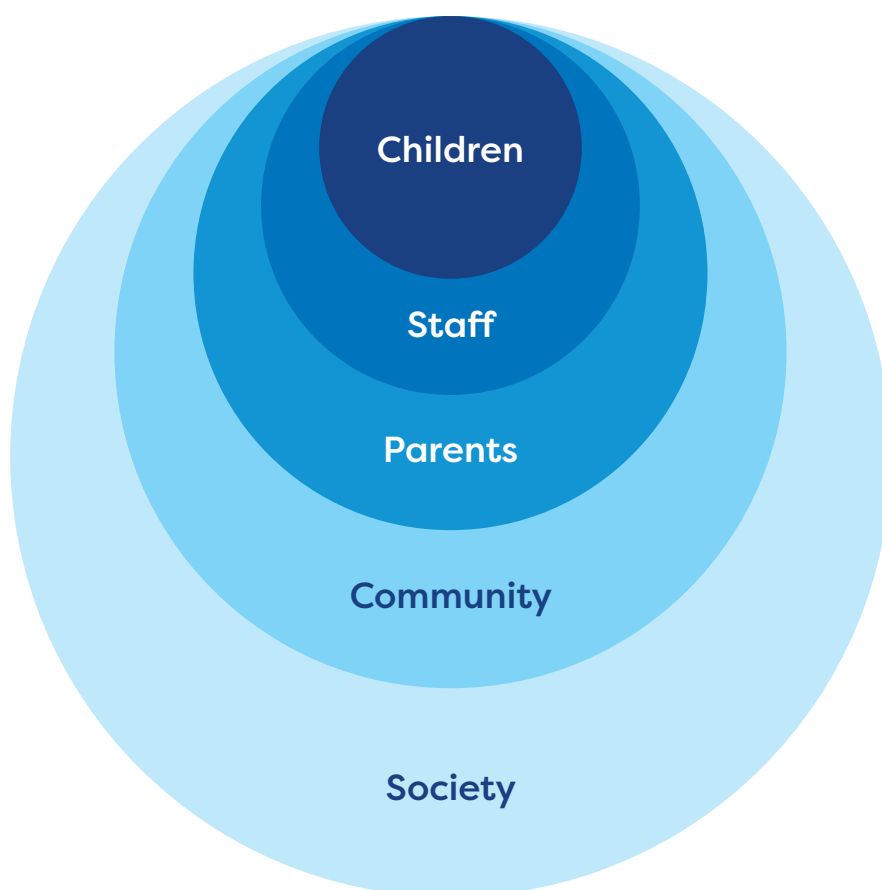
Build strong bonds that enable parents to work and broaden their support networks, while bridging home learning to further children's development.

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
LEYF Pedagogy	ACROSS ALL 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

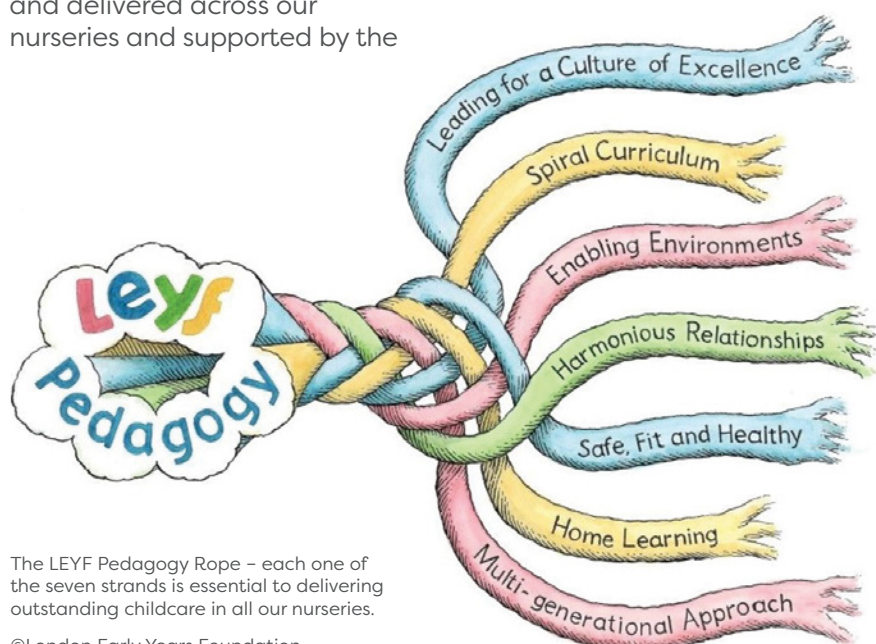
LEYF Pedagogy Development Scale (LPDS), which enables our staff to reflect on their teaching practices and monitor improvements.

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 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)



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

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)

3.0	2.8	2.9	3.0	2.9	2.7	2.4
LFCE	SC	EE	HR	SFH	HL	MGA

Average LPDS Score (out of 5, March 2021)

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

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 (SEND CoS) in NCFE CACHE Level 3 Award for Special Educational Needs Coordinators in Early Years Settings. Currently, 14 LEYF SEND CoS have successfully achieved this qualification and 14 are currently attending this training. Our SEND CoS 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

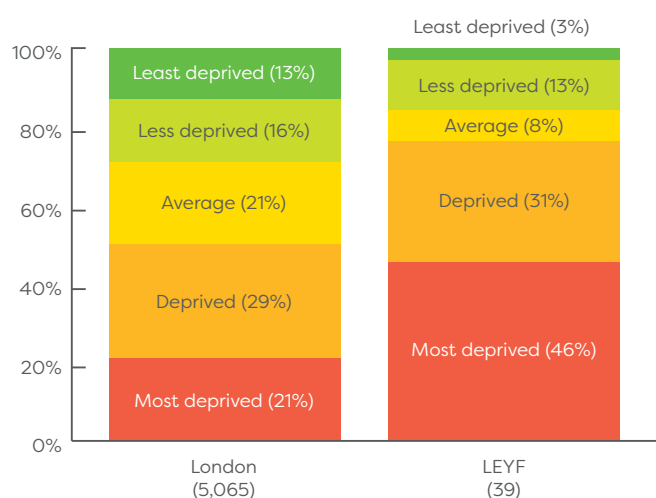
attend high quality nursery for 2-3 years were nearly 8 months ahead of their peers who had not attended nursery.

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.

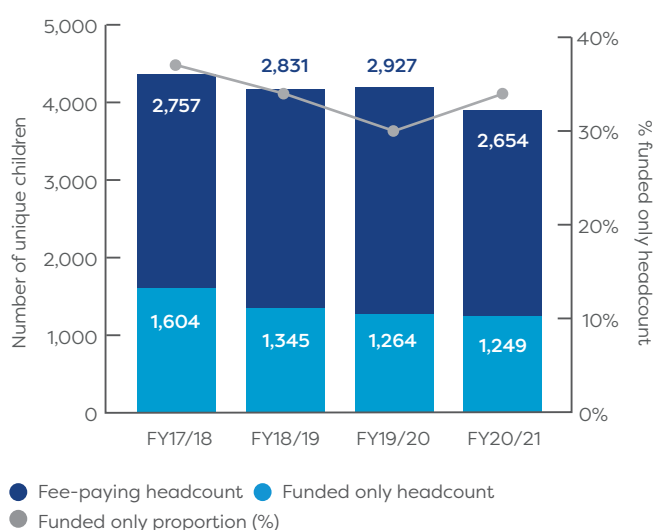
“Yet while the importance of Early Years is an oft-repeated mantra among educationalists, this message is still yet to sink in more widely.”

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.

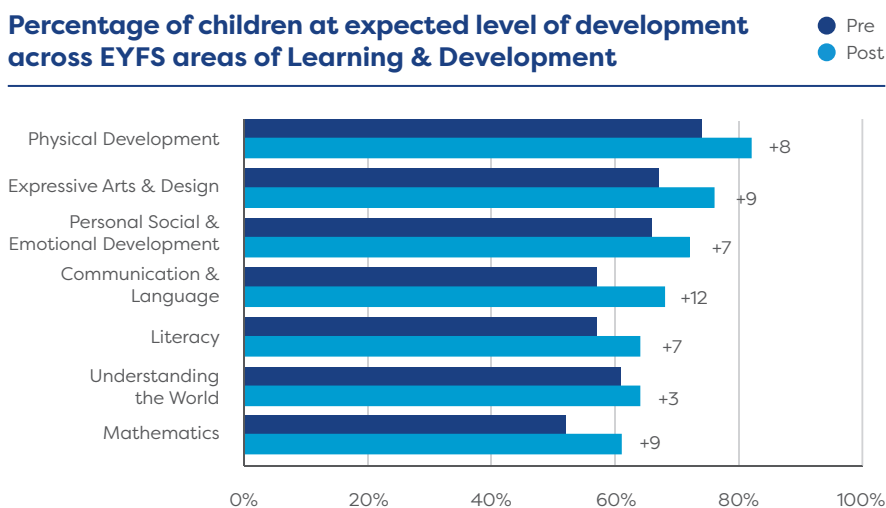
Additional hours at nursery had an astounding impact on stagnated development, and children are reported to be sleeping better, have marked changes in behaviour, and are learning more overall. Benefits were experienced by all children who participated.

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.



Doubling Down helped children with the greatest need catch up on learning missed during the COVID-19 pandemic.

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.

"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

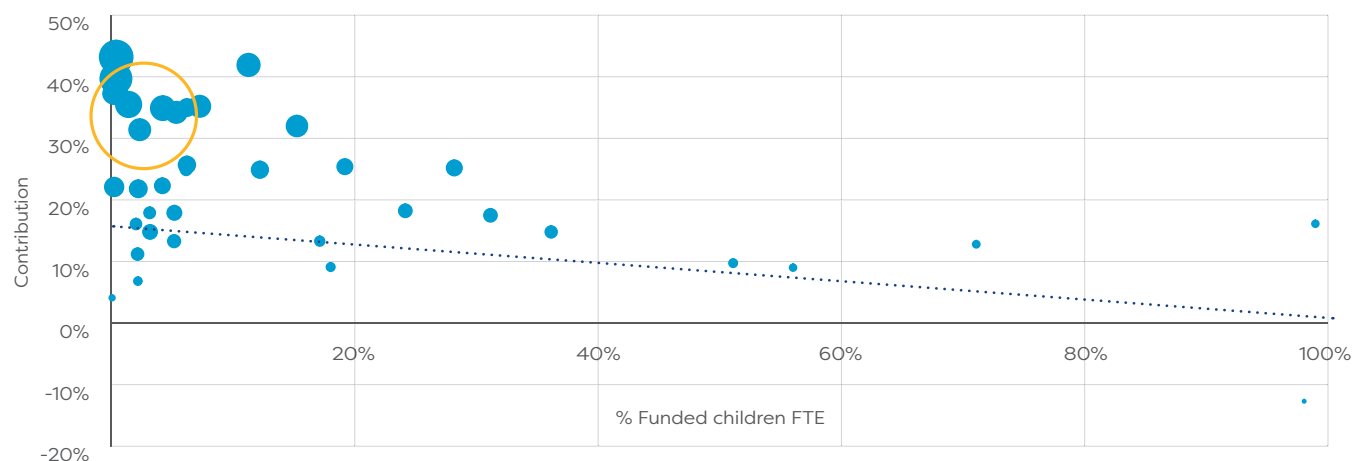
LEYF understands financial difficulties can arise and we operate a hardship fund which relies solely on donations. This allows us to support staff and parents with grants up to £500. This year that was made possible by a kind donation from the Aurelia Foundation.



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

● Nursery contribution (FY19/20)*



(*) 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.

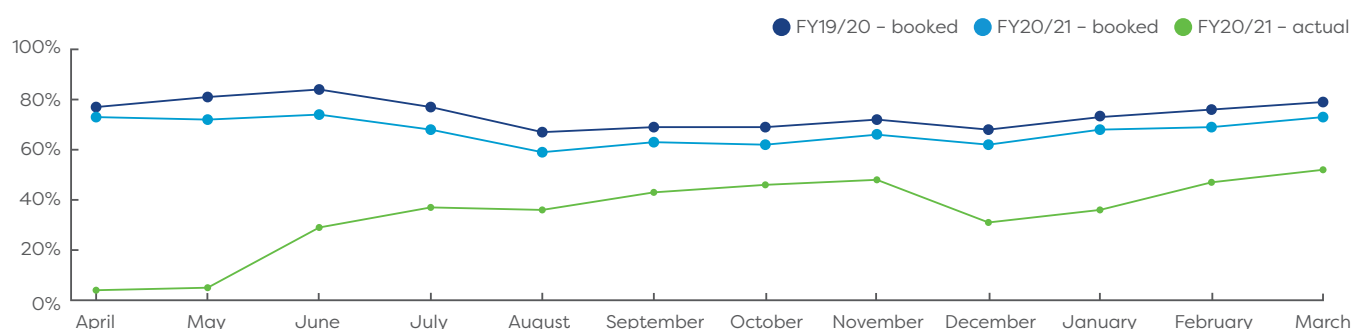
We also launched a staff survey to get details of staff who may be vulnerable due to illness, disabilities or long-term conditions. Contingency planning took place in all departments, with finance working closely with the support of Bain & Co on financial modelling to ensure business survival and try 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.

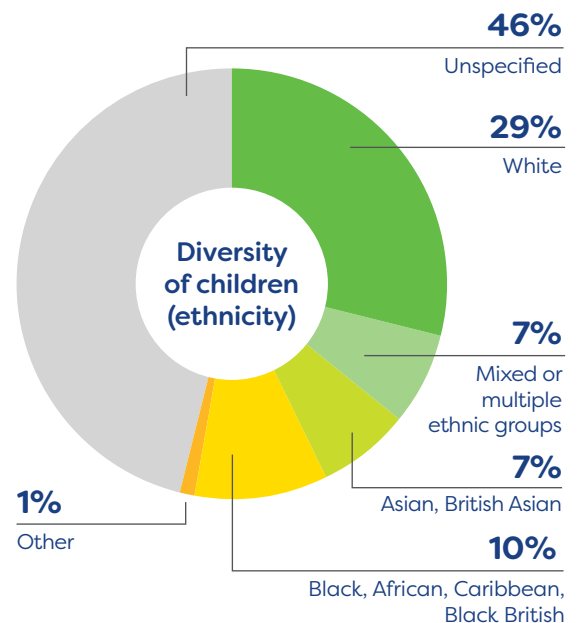
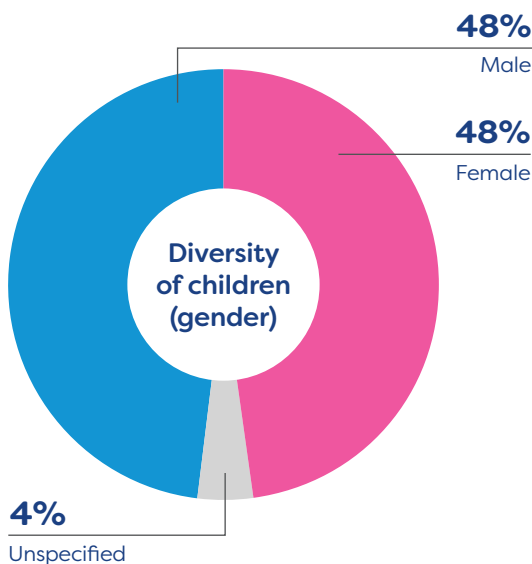
COVID-19 amplified the pre-existing inequality gap, with many of our most disadvantaged children, many of whom live in high-rise flats with no access to a garden, having not ventured outside of their homes for many weeks. To encourage these children back to nursery, our Angel Pre-School ran a Summer 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

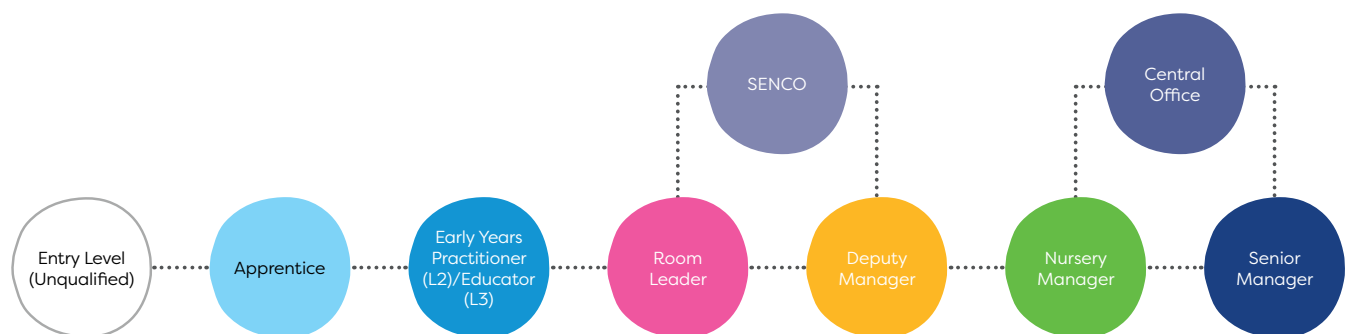
Years staff in England (GOV.UK, 2019). LEYF's Men in Childcare campaign ensures we consistently exceed this national average, with 6.7% male employees in FY19/20 and a further improvement on gender diversity in FY20/21, with 7.6% of our employees being men. This is a significant increase.

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.

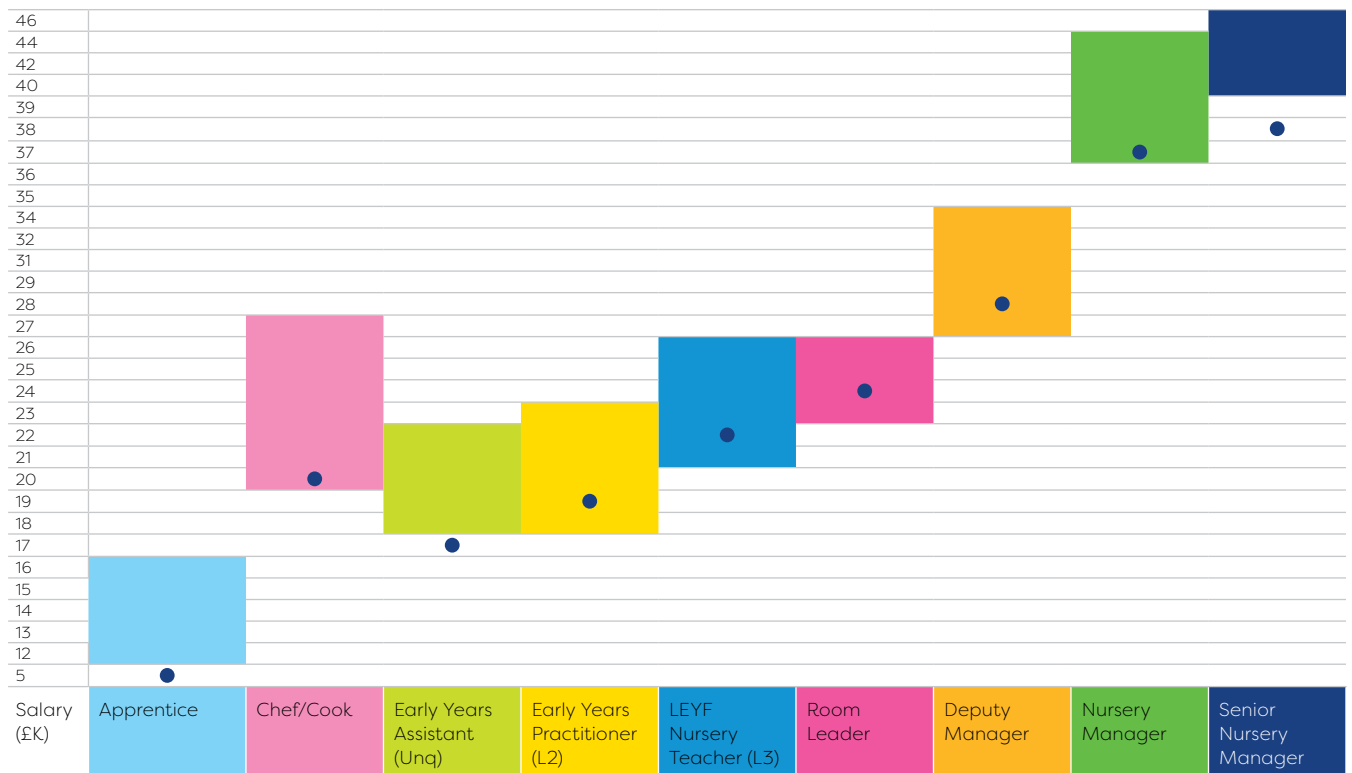
LEYF salaries are competitive in the sector and our award-winning training means there is plenty of opportunity to progress.

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

● 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 equivalent 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)

8%

Male

92%

Female

Diversity
of staff
(gender)

17%

Unspecified

2%

Other

35%

White

3%

Mixed or
multiple ethnic
groups

16%

Asian, British Asian

Diversity
of staff
(ethnicity)

27%

Black, African,
Caribbean,
Black British

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.

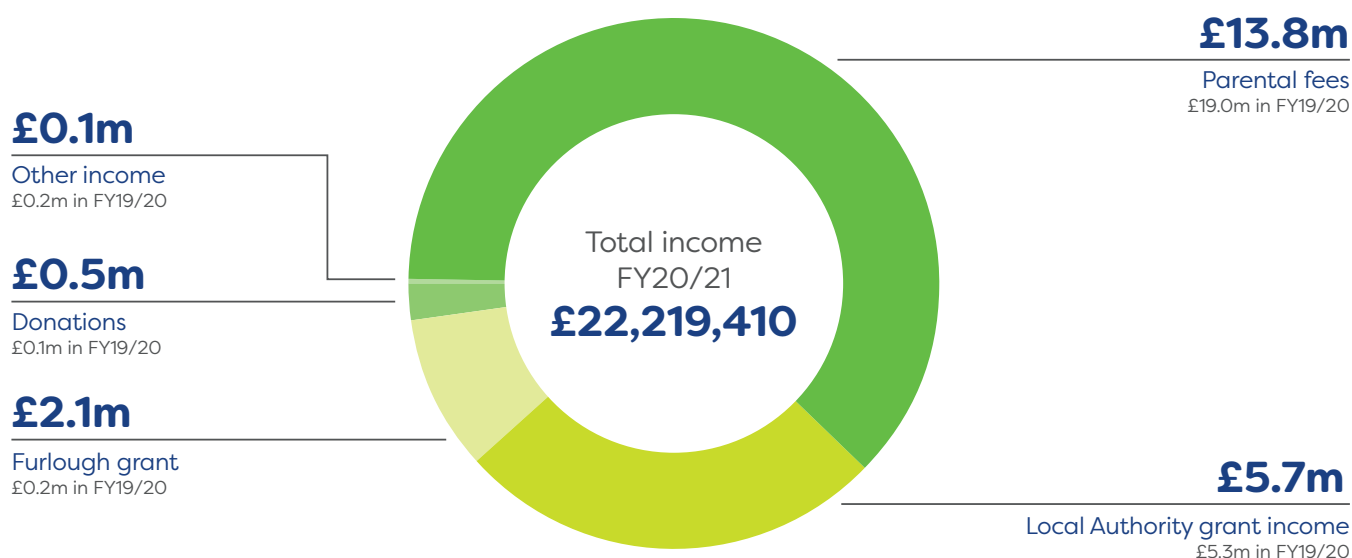


Our Home Learning service ensured children were able to keep learning if not attending nursery. Staff also kept in touch with families via Zoom story time sessions.

	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



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%

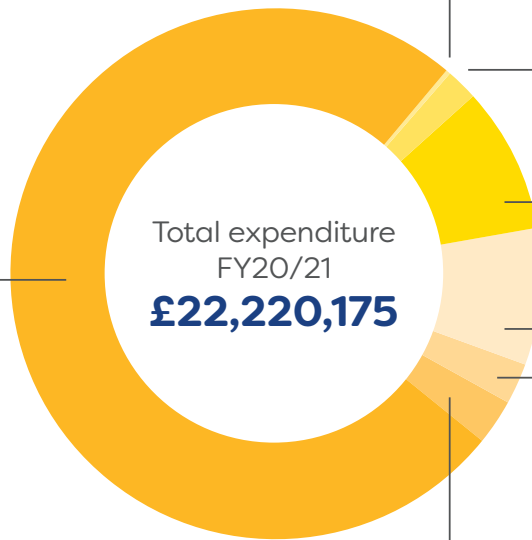
Occupancy

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.

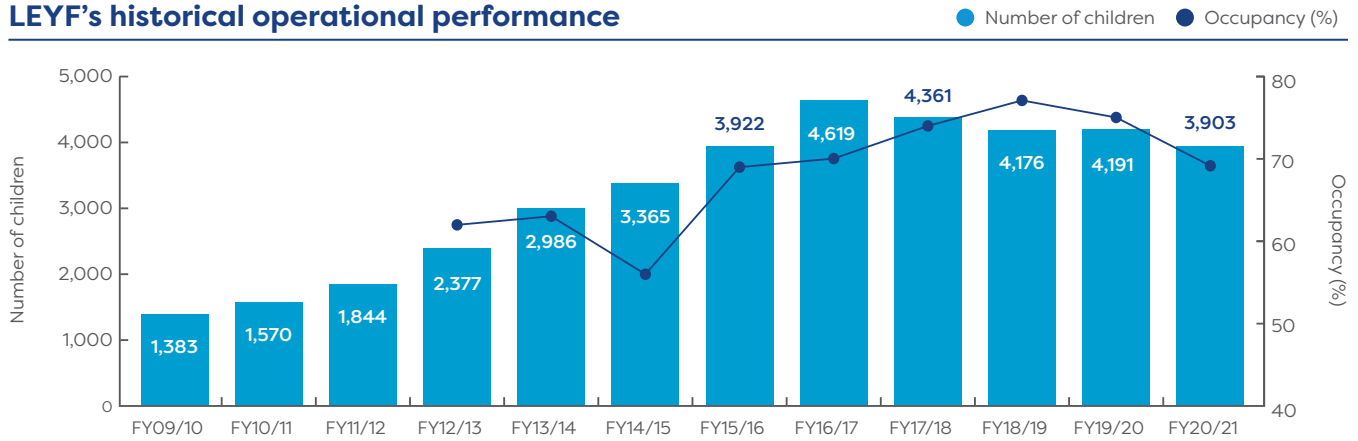


Three nurseries in Newham, which would not have survived without our support, were taken over by LEYF after the fiscal year in April 2021.

Section 4: Growth

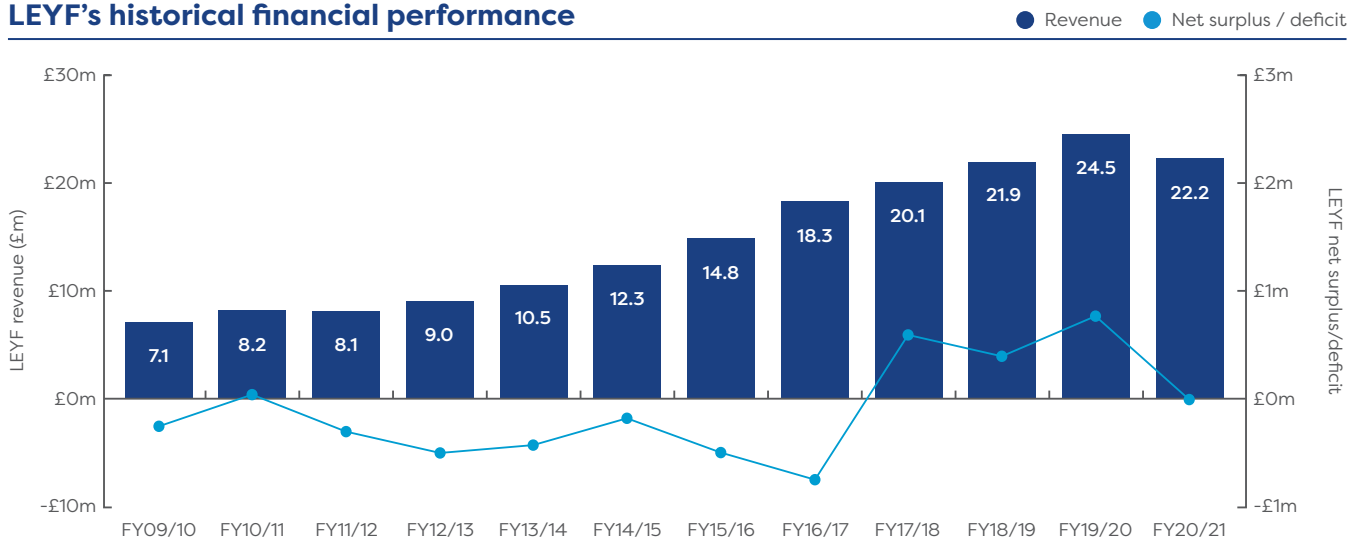
Historical performance

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 Committee
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

				2021			2020
	Note	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	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	-	1 600
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
			<u>4 676 507</u>		<u>4 939 208</u>
Current assets:					
Debtors	13	626 992		977 333	
Cash at bank and in hand	21	5 652 452		2 229 684	
		<u>6 279 444</u>		<u>3 207 017</u>	
Liabilities:					
Creditors: amounts falling due within one year	14	(4 961 638)		(4 512 762)	
Net current assets/(liabilities)			<u>1 317 806</u>		<u>(1 305 745)</u>
Total assets less current liabilities			<u>5 994 313</u>		<u>3 633 463</u>
Creditors: amounts falling due after one year	16		(2 876 720)		(515 105)
Total net assets			<u>3 117 593</u>		<u>3 118 358</u>
The funds of the charity:	19				
Restricted income funds			1 190 255		1 216 302
Unrestricted income funds:					
General funds			<u>1 927 338</u>		<u>1 902 056</u>
Total charity funds			<u>3 117 593</u>		<u>3 118 358</u>

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%
	<u>100%</u>

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

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

l) Termination benefits

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

m) Operating leases

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

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 life. 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 its own use, it is treated in a similar way to restricted grant.

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

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

p) Debtors

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

q) Cash at bank and in hand

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

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
	<u>393 696</u>	<u>76 693</u>	<u>470 389</u>	<u>120 082</u>

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					2021 Total £	2020 Total £
	Childcare Provision £	Training £	Governance costs £	Support costs £	Restricted Funds		
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	<u>375 307</u>	<u>-</u>	<u>103 145</u>	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	<u>-</u>	<u>-</u>	<u>83 400</u>	83 400
Net book value				
At the end of the year	<u>375 307</u>	<u>-</u>	<u>19 745</u>	395 052
At the start of the year	<u>313 902</u>	<u>-</u>	<u>42 602</u>	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	Marshall 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	<u>2 603 107</u>	<u>2 796 853</u>	<u>950 763</u>	<u>718 810</u>	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	<u>1 116 330</u>	<u>846 297</u>	<u>521 904</u>	<u>303 547</u>	2 788 078
Net book value					
At the end of the year	<u>1 486 777</u>	<u>1 950 556</u>	<u>428 859</u>	<u>415 263</u>	4 281 455
At the start of the year	<u>1 604 703</u>	<u>2 005 548</u>	<u>517 682</u>	<u>454 771</u>	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
	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.

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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

London Early Years Foundation
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leyf
Nurseries