**Summary**

The Barn Owls Pre-school year which ended July, 2018, was, by any standards, a good one. Our register averaged 50 children spread across the two principal age groups of 2 plus and 3 plus and the proportion of actual childcare sessions was sufficient to generate a small surplus of income over costs.

The overall performance of the setting was excellent and we owe this in large part to Helen Packham and her team, whose experience and hard work make the difference in quality of childcare and development that our parents expect when they place their children in our care.

We aim for a high standard of excellence in working with parents to develop all of the children in our care and preparing the older children for their transition into primary school. This was reflected in the Ofsted Inspection of 2016 which rated Barn Owls ‘Good’, borderline ‘Excellent’. Regulation by HM Government grows which is good for our particular education sector but equally challenging.

2018 has not been a good one for UK Pre-schools and Nurseries as a whole and there have been many closures, including the Pre-school in Burwash. Government funding has been increased but by the time it gets to us, paid through the East Sussex County Council’s Education budget, it amounts to £3.93 per hour for the 3 plus group of children and if numbers of children are low, we operate at a loss because it costs more than £3.93 to provide that hour of childcare.

Next year’s prospects look good for Barn Owls in terms of numbers and development. We currently have 40 children registered for September, three quarters at 3 plus and one quarter at 2 plus – we expect this number to rise and parents are well advised to register rather than postpone on the chance that we will have spaces available later.

**Financial Results**

We had a good year in terms of financial performance and a difficult year in terms of accounting for it. Historically, Barn Owls has always appointed a trustee volunteer to the role of Honorary Treasurer and this person produced monthly and annual management accounts and ran payroll for our staff. In 2017, the trustee body concluded that resourcing this through a volunteer did not work properly and that we must contract out accounts and payroll to a professional bookkeeping firm. I am happy to announce that Mrs Emma Chrestien is our accountant and trustee Dan Cudlipp will shortly take on the role of Hon Treasurer with oversight of financial matters rather than actually producing accounts and payroll himself.

For the Financial Year 2017-8, Barn Owls received an annual income of £83,115 and costs amounted to £72753. The surplus was therefore £10,362 (12.5% Income)

The total costs were comprised mainly (85%) of staff costs including wages, pensions and national insurance. Business Rates (£1287) and building maintenance charges (£3538) accounted for 7.5%.

Barn Owls has also received donations, notably from the proceeds of the Netballathon (£3000) and Etchingham Parish Council (£200) and we have added this to our accumulated ‘fighting fund” which provides the funding for equipment and a reserve against operating loss, should that occur.

The Profit & Loss Account is as follows:-

|  |  |  |
| --- | --- | --- |
| **Income** |  |  |
|  |  |  |
| Parent Fees | £43,063 |  |
| EYEE-paid Fees | £40,026 |  |
| Baby Barn Owls Fees | £564 |  |
| Fund-raising | £685 |  |
| Other Income | £188 |  |
| Nursery Grant Adjustment | (£1411) |  |
| **Total Income** | **£83115** |  |
|  |  |  |
| **Costs** |  |  |
|  |  |  |
| Gross Wages |  | £57,154 |
| Employer’s NI |  | £2,948 |
| Employer’s Pension Contributions |  | £814 |
| Recruitment |  | £144 |
| ESCC Building Charges |  | £3,888 |
| RDC Business Rates |  | £1,443 |
| Hall Hire |  | £664 |
| Early Years Insurance |  | £544 |
| Training |  | £555 |
| Staff Uniforms |  | £448 |
| Cleaning |  | £222 |
| Education Materials |  | £3,245 |
| Miscellaneous Costs |  | £684 |
| **Total Costs** |  | **£72,753** |
| **Surplus** | **£10,362** |  |

**Reflections on the Past Year**

* The proportion of EYEE funding, compared to parent-paid fees, fell this year to 48% and this was due to a higher than average number of 2 plus age children who do not qualify for EYEE vouchers.
* Our staff are our most critical resource and also our major source of expenditure (84% total costs, excluding training and other people-based costs)
* When I reflect on the year, my conclusion is that we could have run with slightly more staffing. Firstly, to enable us to relieve pressure maintaining documentation for individual children – we don’t pay our staff enough to take work home but if the day is very busy, that is how they keep on top of paperwork. Secondly, we could have released more management time for Helen and her deputy. Slightly increased staff costs would have reduced our surplus but we are not required to make a profit and our main need for a reserve is to cover any operating loss caused by numbers of children falling and correspondingly lower efficiency.
* Parents and villagers may not be aware that Barn Owls is an independent charitable organisation, managed by a group of voluntary trustees and operating under the regulation of Ofsted and the Charity Commission. We have no owners or shareholders, simply we have stakeholders. We provide childcare and development in the Pre-school setting in a building owned by ESCC and managed by the Church of England Etchingham Primary School (CEPS). Financially speaking, this means that we pay building maintenance costs (£3,888 pa) to CEPS and Business Rates (£1443 pa) to Rother DC. We own and maintain all of the movable equipment and furniture which is where the fund-raising reserves are spent.
* We spent £3245 on educational materials as a whole and given its magnitude (4.5%) we plan to establish better cost headings to ensure that we manage these costs as efficiently as possible and get best value for money
* Last but not least, I want to thank Miranda Booth and her team for their fund-raising work, in particular the Fun Day, which takes a lot of organising and hard work on the day, particularly when your food van fails to turn up! The importance of the Fun Day is that it is something that parents, trustees and staff can work on together and that provides the opportunity to get to know new faces, catch up with old friends and keep Barn Owls in our hearts and minds.

**Reflections on Next Year**

* There are those in our community who believe that Barn Owls is actually a privately-owned business with owners and shareholders, operated to deliver profit. This is a long way from the truth. Many pre-schools, Barn Owls included, originated in voluntary, parent-managed play groups, run by a rota of parents and having no paid employees.
* Today we are an independent organisation with a charter to provide childcare to our local communities and while it makes sense to manage income and costs to maintain a reasonable surplus, our low fees and our government funding reflect the fact that income and profit are not our primary concern which is to survive and provide a high quality childcare service to our communities.
* As I have already commented, 85% of our costs are for people and these have been rising steadily over the past two years (and will continue to rise). We have to keep up with the National Living Wage rate increases; staff pensions are a legal requirement; and we are obliged to staff the pre-school with suitably qualified and experienced Early Years Educators at NVQ Level 3 which attracts a higher rate of pay and regular training. This continual cost inflation has to be funded by annual fee rate increases to maintain our viability. I would like parents to appreciate that we would prefer to make a small increase each year rather than a big increase to catch up every 3-4 years and I would also like to reassure parents that we will not increase fees more than is strictly necessary and will consult them well in advance of any fee change.
* Sadly, the past year has seen a number of pre-school closures across the UK, given that EYEE funding does not cover increasing costs of providing childcare under government regulation and given that UK pay is beginning to rise. Burwash Busy Bees was one of these unfortunate pre-schools and the absence of a pre-school in Burwash has resulted in Barn Owls being the pre-school of choice for the two villages our two villages are only 4-5 miles apart.
* We are now the main “feeder” pre-school for both Primary Schools and this was reflected in the graduation of 21 children to primary school, divided equally between the two. There is a sound and practical liaison between our staff and the two Primary Schools’ Reception class teachers to manage the transition of your child when they start their full-time education.
* We expect to be subject of the regular Ofsted inspection which is likely to happen in summer 2019 and our aim is to achieve Excellent. Management of the setting and development of the children in our care is high on the Inspector’s list but equipment and facilities are an important means for this to be achieved. We have saved funds to pay for these and among the purchases during the coming school year will be:-
  + An overhaul of sun-shading in the external play area
  + Continued development of ICT including tablets
  + Replacement of worn furniture and storage units
  + Continued development of the garden
  + Development of cooking facilities for child/parent sessions
* The Etchingham Parish Council have continued to support us and we value their interest, oversight and advice, as well as the annual grant which they make, in spite of a dire shortage of funds. Thank you, John, Paulette and councillors.
* And lastly…we welcome Robert Roast aka Bobi, who is Miranda’s cousin, as our new website administrator. One of his first tasks is to load a set of pictures and texts which will replace the generic material currently displayed with actual photos and text produced by Jade, our Deputy Manager who is currently on maternity leave. At the same time, I’m hoping that he can post this report too!

**Conclusion**

Barn Owls has had a good year and its prospects for 2018-2019 are looking excellent. We are not owned by government or business – the trustees, including myself, are responsible for its management and the charitable organisation employs the six professional staff who care for your children during that critical period of their lives, in preparation for primary education. Barn Owls therefore belongs to our village (and now Burwash too) and I urge you to do everything you can to preserve it.

New trustees are welcome – please talk to Helen Packham or myself, Alan Davies. The “ask” is not a big one, even for a working parent. We meet formally three times a year and maintain communications by phone and email. The chairperson is Ofsted’s “Registered Provider” and held responsible for the safe and proper management and direction of the pre-school’s operations. I am in my 70s and have done this job for several years. It’s time I retired and I need to find someone to take over – any volunteers?

*This report will be posted on the Barn Owls website before the AGM during week commencing Monday 24th September, 2018. The AGM agenda will be conducted and hopefully debated throughout that week by Internet, email and phone rather than holding a ‘physical’ meeting in the village hall.*

Best wishes Barn Owls parents, staff and trustees plus any interested parties

Alan Davies

Chairman of Barn Owls Trustees