



Kilndown Village Hall  
Church Road  
Kilndown  
Kent  
TN17 2SF  
01892 891840

Registered Charity No: 1029993  
Ofsted Registration No: EY420264

[www.littlesquirrelspre-school.co.uk](http://www.littlesquirrelspre-school.co.uk)

Dear Parents,

We write to inform you that regrettably the Committee have discussed and agreed that Little Squirrels pre-school is no longer financially or operationally viable and must close. This decision has not been taken lightly and is the result of a long and thorough investigation into the difficulties the setting has faced over the last five years in particular. We recognise that this decision will cause you concern and inconvenience so to help you understand the position better we set out below our reasons for closing the preschool.

Little Squirrels has had a particularly vulnerable time since January 2017 both in terms of its low numbers of children on the roll and its staffing structures and there are a number of factors which have compounded this problem. Our main reasons for having to close the setting are:

- Too few children on the roll from which fees or funding are generated
- Difficulties in recruiting staff
- No capacity within the volunteer committee or the part-time staff base to develop the setting
- No additional funding, grants, fundraising, savings or other significant income to be able to cover the losses on operational costs

To expand on each of these points:

**Too few children on the roll from which fees or funding are generated**

The Early Years sector at large is challenged by the tiny increases in funding over a long period of time coupled with the high expectation from Central Government to provide 30 hours of funded sessions for three to four year olds. The country's education system as a whole is expected to provide more with the same money and this puts increasing pressure on schools and preschools and it is a particularly vulnerable time for small settings like Little Squirrels.

Preschool settings generate income from fees charged to parents for 2 year olds, from government funding for three and four year olds and additional funding for children from disadvantaged families. Currently the government pays early years settings £3.96 per hour for up to 30 hours per week for children aged three and four. The statutory ratio of staff to three and four year olds in settings is 1:8. Children aged 2 are not funded (unless they are eligible for funding for disadvantaged families) and Little Squirrels charges parents fees of £4.95 per hour for 2 year olds and the statutory ratio is 1 staff member to four children (1:4).

Settings have to calculate their fixed costs (rent for the hall, insurance, subscriptions, licenses, registrations, payroll services, telephones, internet access, website etc) and their staff costs (salaries, national insurance contributions, additional hours for setup, overtime, continuous professional development etc) and operate within the statutory ratios and aim to at least break even by maximising their staff:children ratio. The difficulty for small settings like Little Squirrels is that the fixed costs are proportionately higher than the income that is generated by the income from the roll and it is very difficult for them to break-even. Over the last five years the setting has made a loss of £3,000 per year on average and this gap has been repeatedly bridged by fundraising. This is not a sustainable model on which to run a pre-school.

### **Difficulties in recruiting staff**

Recruitment in the Early Years sector is difficult because the jobs in the sector are particularly poorly paid with many workers paid the national living wage or marginally above. The location and format of Little Squirrels has further challenged recruitment because the setting is very rural and it has a charity run and committee based legal status which has inherent vulnerabilities. The fact that it is located in a village hall means the resources and furniture have to be packed away daily, meaning our operational costs are higher compared to settings with a dedicated space, and limits our flexibility in terms of opening times. Further, an inability to recruit suitably qualified staff to run our 'forest school-inspired', with both early years qualifications and forest school level 3 status, sessions meant we could no longer offer these, which further reduced revenue. These factors, coupled with lower pay rates than we would like to be able to offer due to the financial position, have made it difficult to attract candidates to the vacant Manager. The Manager of a setting plays a key role in leading and growing a preschool and consequently it is not sustainable for a preschool to run without a Manager role for any length of time.

### **No capacity within the volunteer committee or the part-time staff base to develop the setting**

The constant struggle to recruit and retain staff, in particular to the vacant manager position, and the fact that our current staff are part-time and unable to commit further hours means we no longer have capacity to develop the setting or maintain the vast amount of on-going 'back-of-house' administrative work required. To maintain safety and the quality of the experience we offer we have had to reduce the number of sessions offered this term. Furthermore, the current volunteer committee-led charity structure of the pre-school is a business model which is proven to be unsustainable given the ever-increasing work load required to meet statutory requirements. This fits with an unfortunate trend across the country which is seeing an increasing number of small settings close.

### **No additional funding, grants, fundraising, savings or other significant income to be able to cover the losses on operational costs**

Preschools must at least break-even to provide security for the staff who they employ and the parents who choose to send their children to the setting. Sourcing additional funding and grants or generating income through fundraising events is not guaranteed income and it is important that settings only use these sources of income for "nice to haves" and do not rely on this as part of their core income for the business to be viable. Little Squirrels has been unable to cover its operating costs for several years without significant effort to raise additional funds from these sources and this indicates that it is not financially viable. Furthermore, inflation of costs has been rising faster than income from government funding for a number of years, meaning the preschool's annual budget deficit has been growing, thus putting an ever-increasing pressure on our finances and our ability to cover the gap in funding. The preschool does not currently have any reserves in its bank account beyond provisions to pay debts to suppliers and to pay redundancy to those staff who are eligible and there is no other money available to continue to operate. The committee have assessed the financial risk of remaining open and have decided that Little Squirrels is unable to re-open after half term without incurring costs which the preschool cannot pay. The committee have a responsibility to ensure the charity can meet its legal and contractual obligations and it cannot allow the charity to have a deficit bank balance.

As such, it is with regret that **Little Squirrels is unable to re-open after half term and our last session will be on Thursday 19<sup>th</sup> October 2017** at the usual time of 09:00-12:00.

Parents are invited to attend an **Extraordinary General Meeting on Wednesday 18<sup>th</sup> October 2017 at The Quarry Centre in Kilndown at 8pm**. Members of the Committee will be present to discuss the contents of this letter and to answer any queries you may have. The constitution of this charity is such that its "members" are parents and members are invited to vote in favour or against the committee's proposed course of action to close the preschool for the reasons outlined above. We respectfully ask parents to carefully consider the reasons for closure set out in this letter before casting their vote.

Once again, we would like to express our sincere regret for the decision to close the preschool.

Yours sincerely,

The Committee of Little Squirrels Preschool (Kilndown Learning Group)