

ANNUAL REPORT 2021-22

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COMPANIES HOUSE

Believe in
children
 Barnardo's

**WE BELIEVE
IN CHILDREN**

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WELCOME FROM
OUR CHAIR AND
CHIEF EXECUTIVE

CHAIR'S MESSAGE



This report covers the second year of the Covid-19 pandemic, which brought unprecedented challenges for the children, young people and families we support.

“Throughout this extraordinary 12 months, we continued to adapt to meet the changing needs of those who rely on our vital services, and I am deeply proud of the difference we have been able to make in communities across the UK.”

As children and families continued to struggle disproportionately with the effects of the pandemic on their learning, wellbeing and mental health, Barnardo's worked with partners to provide essential support, reaching over **357,000** children, young people, parents and carers.

Despite the external environment, our reach has increased significantly in recent years, up from just under 250,000 in 2015. This is in part, due to new ways of working and especially, our decision to embrace partnerships – believing that together we can achieve more for vulnerable children.

After taking tough and prudent decisions at the height of the pandemic, we are now seeing the benefits. Our income in 2021-22 was significantly higher than the previous year, and a little higher than anticipated in our budget. Thanks to this effective approach by the Executive, at a uniquely uncertain time, I can now say, cautiously, that we are in a positive financial position.

This means we can invest funds in line with our priorities and to deliver on our key objectives, as set out in our Strategy, so that we can continue to achieve better outcomes for more children. The Board of Trustees and Executive are clear that we will focus this resource on our vital frontline services; improving

our systems so they are fit for the future; and also on investing in our people, who continue to show immense resilience and commitment to our core mission.

In February 2022, as we were beginning to forge a new normal, and learning to 'live with Covid-19', the world faced yet another crisis in the form of the Russian invasion of Ukraine.

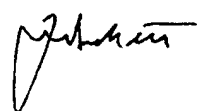
Building on Barnardo's long history of supporting children and families seeking sanctuary in the UK, in response to the arrival of many thousands of refugees from Ukraine, the charity has once again taken action to meet the demands of the day by launching a new helpline and making available a specific fund so that we can respond to their immediate and longer-term needs. We are clear that this support will extend to those arriving from other countries too – now and in the future.

At the end of such an eventful year, I am delighted that in March 2022 we appointed Lynn Perry MBE to the permanent role of Chief Executive. As a Board we are extremely confident in Lynn's ability to lead the charity, navigating an uncertain external environment, and acting in the very best interests of the children and families who rely on our services.

I want to pay tribute to Lynn, and to all of our colleagues as well as our thousands of volunteers, for their hard work, expertise and dedication to our cause. From those who worked directly with vulnerable children throughout the pandemic, to those working to raise the funds that make this vital work possible, our people make Barnardo's the brilliant charity it is today.

I also want to thank my fellow Trustees who generously volunteer their time, sharing their wisdom and experience to help drive the charity forward.

As we publish this Annual Report, we are acutely aware that families across the UK are struggling with the cost of living crisis, and it is clear that our services are as necessary today as they were 156 years ago. We continue to live in immensely challenging and uncertain times, and Barnardo's will do everything we can to help children and young people to hold on to hope, and to work towards the positive future we know they deserve.



John Bartlett
Chair of Trustees,
Barnardo's

CHIEF EXECUTIVE'S MESSAGE



It is an honour and a privilege to be appointed to serve as Chief Executive of this fantastic charity, especially at such a critical time for children, young people and families.

During 2021-22, children and young people continued to face uncertainty and disruption during the pandemic. They often missed periods of school, and in many cases struggled with their mental health and wellbeing.

"Our colleagues also experienced significant challenges in the second year of the pandemic, both personally and professionally, as we worked to adapt our service delivery and the way we ran our shops in response to changing restrictions and requirements – ensuring as always that the safety of children, families, customers and supporters was front and centre."

In this context, I am especially proud of what we achieved during this time, through our: direct delivery of vital services for children, young people and families across the UK; creative and innovative approach to partnership working and to raising precious funds; and our unflinching commitment to making sure children's voices are heard and their experiences reflected in public debate.

The pandemic shone a powerful light on issues such as online safety. In response, we have played a key role in driving vital legislative and policy change. Meanwhile, the Independent Review of Children's Social Care in England, closely following a similar review in Scotland, provided a unique opportunity

to make the case for a fundamental rethink of the support available to some of the most vulnerable children in the UK.

Throughout this 12-month period, Barnardo's was constantly adapting to meet the demands of the day, culminating in the launch of a new fund to support children and families seeking sanctuary in the UK – including from Ukraine.


"Looking to the year ahead, we know that the legacy of Covid-19 lives on for many of the families we support. On top of this, more and more families are now struggling with rising living costs, and are unable to afford the very basics."

We have an immense task ahead, but I am confident that our talented and committed colleagues and volunteers will continue to rise to the challenge. One of my key priorities for 2022-2023 is to make sure we're supporting our staff and are providing an even more effective, ambitious, inclusive charity where everyone feels heard, respected, and able to thrive. Most importantly, I want to continue achieving meaningful, positive change for children, young people and their families.

I'm deeply grateful for the continued support of my leadership team, our Chair and Board of Trustees, who have all gone above and beyond in recent times.

Finally, I want to thank our supporters, partners and donors for sharing our values and commitment to working together to achieve better outcomes for more children.

Lynn Perry MBE
Chief Executive,
Barnardo's



**“IF SHE HADN'T
NOTICED, LISTENED,
AND GENUINELY
CARED, I DON'T THINK
I'D BE HERE NOW, I
GENUINELY DON'T.”**

REPORT OF THE BOARD OF TRUSTEES

**Included in the report of the
Board of Trustees is our strategic report
and the Directors' Report.**



STRATEGIC REPORT:

1. IMPACT REPORT: HOW WE MADE A DIFFERENCE IN 2021-2022

In 2021-2022, we continued to deliver against our Strategy – despite the extraordinary circumstances of the Covid-19 pandemic.

CONTEXT

During this financial year, we reached 357,276 children, young people, parents and carers through 794 services and partnerships.

Children and young people continued to face significant challenges:

We remain deeply committed to our purpose to achieve better outcomes for more children. This means creating stronger families, safer childhoods and positive futures.

To do this, we continued to focus on our three key objectives in 2021-22:



1.7 million

children in England were persistently absent from school in autumn 2021¹



One in six

children in England were likely to have a mental health disorder, for the second year in a row²



3.9 million

children (27%) in the UK were living in poverty³

- 1. To focus our resources on our core mission – supporting vulnerable children and young people through our frontline services**
- 2. To generate as much net income as we can to invest in our vital services**
- 3. To work with partners to improve the system surrounding vulnerable children and young people**

In February 2022, recognising the unique toll the pandemic had taken on our people – both personally and professionally – we felt it was right to add an additional objective:

- 4. To invest in our colleagues to become an 'employer of choice' in the sector**

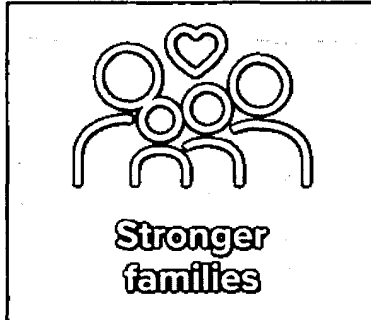
Since adding this fourth objective to our Strategy, we've made the decision to award employees a 5 per cent pay increase in 2022-23. We will report further on progress against this additional objective in our next Annual Report.

¹ <https://www.childrenscommissioner.gov.uk/2022/06/15/the-childrens-commissioner-publishes-voices-of-englands-missing-children-report>

² <https://digital.nhs.uk/news/2021/rate-of-mental-disorders-among-children-remained-stable-in-2021-after-previous-rise-report-shows>

³ <https://researchbriefings.files.parliament.uk/documents/SN07096/SN07096.pdf>

BETTER OUTCOMES FOR MORE CHILDREN



Our objectives are:

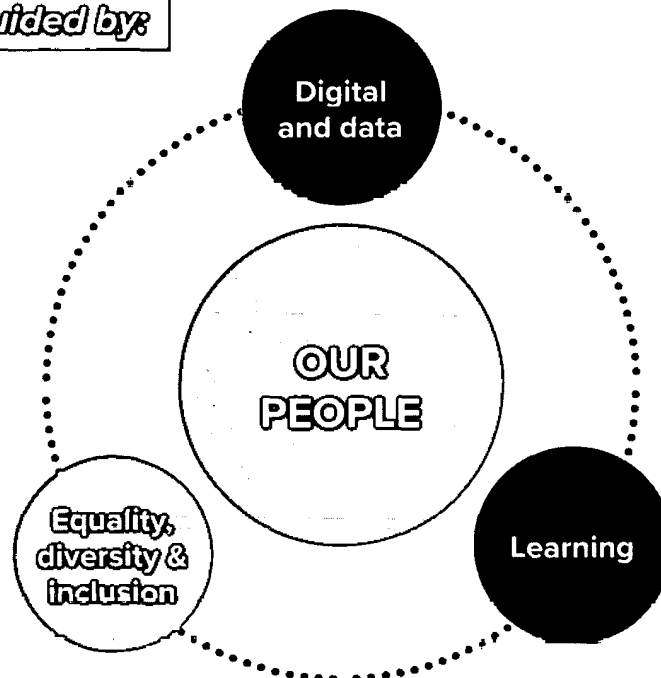
To focus resources on our core mission – supporting vulnerable children and young people

To generate as much net income as we can to invest in our vital services

To work with partners to improve the system surrounding vulnerable children and young people

To invest in people to become an 'employer of choice' in the sector

We will be guided by:



Our values are:

Respecting the unique worth of every person

Encouraging people to fulfil their potential

Working with hope

Exercising responsible stewardship

357,276

children, young people, parents and carers were reached by Barnardo's and its partners in 2021-22

We supported:⁴



82,442

people through **one-to-one support**



220,958

people through our 71 **children's centres and family hubs**



53,876

people through our **school-based programmes**

In 2021-22, we supported:⁵



6,333 through our child abuse and exploitation services

1,112 children in care

89,647 with early support

2,788 care leavers

168,342 with family support

50,081 with mental health support



794 services and partnerships throughout the UK

Northern Ireland **84** services | Scotland **162** services | Wales **58** services | England **490** services



7,427 colleagues



15,585 volunteers



605 retail shops

⁴ 132,791 service users in Children's Centres and Family Hubs were from the Essex Child and Family Wellbeing Service which is a partnership with Virgin Care. The count of users reflects the number of people worked with by the service as a whole.

⁵ The total count shown in this table, 357,432 does not match 'Total service users' due to service users who received multiple categories of service being counted once in each category.

PROGRESS AGAINST OUR OBJECTIVES

Objective 1: Focus our resources on our core mission – supporting vulnerable children and young people through frontline services.

In recent years, we have significantly increased our reach. In 2021-22, we supported over **350,000** children, young people, their parents and carers – up from just under **250,000** in 2015. We have also increased our individual, or one to one support, from **71,400** in 2015 to over **80,000** in 2021-22.

These figures are not directly comparable, because since 2019 we've included the numbers of children and families reached through our partnerships. In 2015, we didn't include this data in our figures. We're clear that to deliver on our Strategy, it's important to work with others to create the services children need. This will help us to change health and social care systems for the better.

Our overall reach in this financial year was lower than the year before. This is largely due to the conclusion of the Government-funded Covid-19-response programme, *See, Hear, Respond*, which supported children struggling as a result of the pandemic who did not qualify for statutory support.

Together with our partners, this year we reached **357,276** children, young people, parents and carers. This includes:

- **82,422** people through one-to-one support
- **220,958** through **71** children's centres and family hubs in **18** local authorities, including 132,791 through our Essex Child and Family Wellbeing Service
- **53,876** through our school-based programmes

We reached:



6,333 through our child abuse and exploitation services



1,112 children in care



2,788 care leavers



89,647 through early support



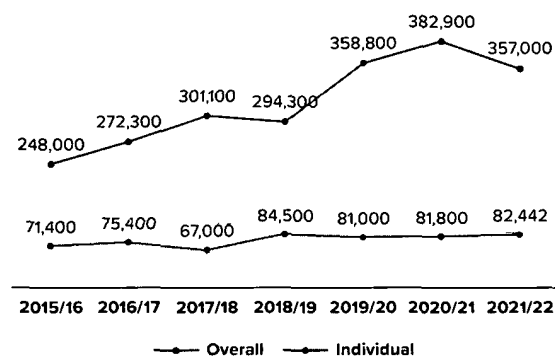
168,342 through family support



50,081 with mental health support

During this period we also placed **124** children with adoptive families and supported **976** young people to live with our foster carers.

Barnardo's reach



Helping children, young people and families seeking sanctuary in the UK

During 2021-22, events around the world forced children and families to flee their homes and seek safety in the UK.

As well as the continued arrival of families from Syria, Summer 2021 saw the arrival of over 12,000 refugees from Afghanistan. In early 2022, the Russian invasion of Ukraine forced families to move away from the war zone there.

Barnardo's has supported these very vulnerable children and families in different ways:

- Our helpline supported people arriving in the UK, including **702** children and young people with mental health needs.
- We ran individual stay and play sessions in designated refugee accommodation, for example in London and Warwickshire.
- Through our partnerships with Vodafone and Raspberry Pi, we distributed electronic equipment to families who needed it to communicate with authorities in the UK and relatives at home. We also supported refugee children's learning and education by providing them with computers and tablets. By the end of March 2022 we had provided **850** mobile phones with six month's credit, **750** tablets and **200** computers to families.
- Through our Home Office contract we supported Hong Kong families relocating to the UK under the British Nationals Overseas scheme. Our helpline was used by **200** families during a six month period (this includes around 40 families before the end of 2021-22).

When Russia invaded Ukraine, we set up a specialist helpline to support refugee families and UK hosts with the settling-in process. This opened in mid-March 2022 and supported around **6,500** people in its first three months. We have helped refugee families to register with schools and doctors, and made sure they have toys and learning support for their children. Moving forward, we are working to help safeguard refugee families, offer therapeutic support to recover from trauma, and assist with finding accommodation.

Independent Child Trafficking Guardians

We provide specialist support to thousands of children who have been trafficked into, out of and within the UK.

We support these children who have often suffered significant trauma by:

- building trusting relationships
- helping them navigate the criminal justice, immigration and social care systems
- providing practical support, such as help with housing, medical needs and education
- providing emotional support and assisting with access to specialist mental health services
- training and supporting other professionals working with children so they can spot the signs of trafficking and take the action necessary to keep children safe

Barnardo's is commissioned by the Home Office to provide the Independent Child Trafficking Guardians (ICTG) service in two thirds of local authority areas across England and Wales. It's underpinned by Section 48 of the Modern Slavery Act 2015. This work plays an important role in the National Referral Mechanism, which identifies potential victims of trafficking in the UK, so that they can be supported and protected.

In 2021-2022, we expanded and extended the provision of the ICTG Service to 2/3rds of local authority areas across England and Wales. This includes piloting support for young people turning 18 and providing additional support for children with exceptional needs. During the year we supported over **1,400** children who have been trafficked from more than **40** countries. We are calling on the government to roll the ICTG service out nationally.

These children were from:



These children had suffered the following types of exploitation:



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AMARI'S STORY

Amari fled Eritrea at the age of 13 for fear of being recruited into the army, and has dreams of becoming a paediatric nurse. Amari was exploited on her journey to the UK and it continued when she arrived.

At the age of 16, Amari was identified as a victim of trafficking and referred to the ICTA service. After a move from another part of the UK, Amari eventually settled in Greater Manchester. It took a lot of gentle and consistent work to build a trusting relationship with Amari. Her traffickers were still in contact and had a strong influence over her for several years.

Through the support of Barnardo's independent guardian, Amari slowly began to build the resilience she needed to be able to focus on herself. She also started engaging in work that would help her develop the skills she needs to fulfil her dreams.

Amari spoke of her wish to be an independent woman with an education, a good job and her own home. Her independent guardian worked closely with the professionals around Amari to create a safe and nurturing environment, which gave her the space and support to become independent. Amari was given a say in where she wanted to live and study, and the level of support she felt she needed. The professionals listened and responded, and this gave Amari a feeling of empowerment.

Now Amari is in college, and working towards a health and social care qualification. She has her own flat and is truly independent. She has the confidence, strength and resilience to help her build the life she has dreamed of.



Objective 2: Generate as much net income as we can, to invest in our vital services

The second year of the pandemic continued to be challenging for the charity sector, particularly fundraising. While shops were largely open, it was challenging to adapt to Covid-19 regulations and safety measures. Meanwhile, face-to-face fundraising and events remained largely impossible, so we had to rethink our fundraising approach.

The Barnardo's community has been remarkable throughout the pandemic. A wide range of supporters have continued to donate, and increase their contributions, to the charity.

We are deeply grateful for the enormous generosity of all our supporters, who in these difficult times enabled us to fundraise and meet our target of £41.5m (£32.7m net), including legacies.

This tremendous result for children and young people was driven, in particular, by fantastic ongoing support from our regular givers and increased supporter retention which improved by **5.2 per cent**.

Inspirational trusts and foundations

On behalf of the children, young people and families we support, we want to thank all the philanthropic individuals, trusts and foundations who supported the charity during this year. Their continued belief in Barnardo's allowed us to deliver vital support when it mattered most.



The People's Postcode Lottery

Our landmark partnership with the People's Postcode Lottery (PPL) contributed **£2.56m** to Barnardo's in 2021-22. The funding was distributed across vital services and played a specific role in:

- our work to improve outcomes for Black and Asian children and young people

- helping us to develop new, innovative services to support children's health and wellbeing
- our GAP Homes initiative, which is about improving accommodation for vulnerable young people leaving the care system

Our long-term partnership with PPL has helped us respond in an agile and responsive way to the changing needs of children and young people. We are delighted to be receiving another £3m per year over the next three years through the partnership. We look forward to working together to achieve our shared aims.

The Katherine Martin Charitable Trust

The Katherine Martin Charitable Trust has been generously supporting Barnardo's for over 60 years. In 2021-22 we received £175,000 to support children, young people and families in and around North East Lincolnshire. This wonderful gift went towards our Safe Harbour service, which provides therapy for those who have been abused or neglected.

Our Head Start service also received funds to help provide mental health support in schools in Hull. The remaining donation was allocated to our Lincolnshire Leaving Care service, which helps young people leaving care to live independently in the community.

The Moondance Foundation

The Moondance Foundation is one of Barnardo's leading charitable supporters in Wales. We were delighted to be awarded £210,000 in 2021-22 to support young people in Swansea and Denbighshire who have been in care. The grant allowed our teams at the Bays+ and Cyfle services to be flexible and tailor support to individual needs. The money was used to cover the cost of housing and employment support, as well as group activity days and gift vouchers at Christmas.

Community fundraising in extraordinary times

Throughout 2021-22, the pandemic continued to pose huge challenges for face-to-face fundraising, with large events being cancelled, moved, or severely reduced in number. The 'go to' fundraising activities that supporters can usually get involved in were impossible to organise.

That said, we were bowled over by the tenacity of our supporters like 12-year-old Nelson Fraser. He spent the last 12 days of Christmas playing his trumpet outside 12 different hospitals to raise an inspirational **£3,988.14** for Barnardo's.

The resilience and commitment of our network of volunteers was exemplified by the Suffolk Barnardo's Helper Group. They organised tennis competitions across the county, drinks and lunch receptions, and a Christmas Fayre for the second year running.

Everyone in the charity sector was thrilled that the TCS London Marathon was able to take place, albeit later in the year. This year, runner Rich Morgan earned the title as our highest fundraiser, raising an extraordinary **£13,335**. A huge thank you to all of our amazing marathon runners.

We tested a number of new fundraising activities this year, both online and face-to-face. This included Race Santa with 523 people running and walking 24 miles in 24 days in the run up to Christmas. Also, 2,969 people came on board to knit, stitch or crochet for Crafty Kidsmas.

As we move into the post-pandemic world, we're building a programme of fewer, better, bigger fundraising campaigns, with a focus on creating even better opportunities for supporters to get to know Barnardo's.

Transformational corporate partnerships



Amazon – delivering positive futures for young people leaving care

In 2021-22, we set up The JOBS Project in partnership with Amazon. This supports vulnerable young people, including those leaving care, to overcome challenges and secure employment, including with Amazon. It includes a 10-week programme called The Journey of Becoming Successful, which we designed with 15 young people. The programme was piloted in Tilbury with three further locations added for 2022-23. Over the next five years, another six locations will be added.

Over the financial year 2021-22, Amazon contributed over £2.5m to Barnardo's through a range of activities including; Amazon Smile, Kidsmas parties, product

donations and The JOBS Project; a joint initiative to help young people learn employability skills, build confidence and provide positive routes into employment or further education.

Enterprise Rent-A-Car – driving healthy futures

Launched in 2021-22, Barnardo's partnership with Enterprise Rent-A-Car promotes healthy cooking on a budget. The car hire company has funded the training of over 120 Barnardo's colleagues to run cooking workshops in local communities. Enterprise has also donated **£100,000** of food vouchers for those most in need. We've also produced a set of resources with the British Dietetic Association for Barnardo's Family Hub. This includes, cooking videos featuring Enterprise colleagues and starring Ruby Bhogal of *Great British Bake Off* fame.



IKEA – no place like home

Barnardo's partnership with IKEA delivered transformative impact for care experienced young people in 2021-22, with the publication of our No Place Like Home report. This was based on new research, led and informed by young people who had left the care system, about the challenges they and others like them face when transitioning to adulthood.

The report made seven key recommendations, five of which were reflected in the Independent Review of Children's Social Care in England.

Our partnership has also brought to life two GAP Homes for vulnerable young people leaving care, and helped us to refurbish countless Barnardo's services. With IKEA's support, we will shortly be launching the next stage of our Life Labs programme supporting care leavers to gain life at home skills. In recognition of all this work, the partnership was highly commended at the Business Charity Awards.



Saint Gobain – building positive futures for young people in care

Our partnership with Saint-Gobain overcame all of the odds imposed by lockdown to raise an incredible **£140,000** for Barnardo's during 2021-22 through events including the Jewson Monster Walk and Pedal for Pounds.

Employees from across Jewson jumped on bikes at their sites across the UK in a battle to see who could travel the furthest whilst raising money for Barnardo's. The funds raised supported the Barnardo's Construction Academy in South London helping vulnerable young people, including care leavers to secure employment, and to support our GAP Homes project and Children's Emergency Appeal. This year, our work together was highly commended at the Business Charity Awards in the category of Project of the Year.



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Vodafone – Great British Tech Appeal and Discover Digital

In 2021-22, Vodafone's Great British Tech Appeal supported thousands of families and young people across the UK who didn't have access to a device at home. The appeal asked customers and the public to donate their old devices, with over **10,000** people benefiting from mobile phones, tablets and computers.

“The first tablet I distributed went to a young boy who is currently in care. The device enabled him to catch up on school work. He’s now having video contact with his parents on a regular basis.”

Barnardo's Edge of Care Project Worker

Together, we've also helped **2,474** young people gain crucial digital skills to help them find jobs. The tremendous impact of our work together has been recognised with a Better Society Award for the category Partnership with a National Charity – Children.

Retail and trading

Total sales across our retail estate grew **158 per cent** year-on-year to **£78m**, driven heavily by lockdown measures easing and the re-opening of the high street.

Ecommerce sales (ebay and our online shop) continued to grow healthily in 2021-22 to **£2.1m**, up **79%** year-on-year, as donated stock levels increased following the Covid-19 lockdowns. This helped to achieve a **65% increase** in the net income that helps us deliver vital services to children and families across the UK.

Introducing Barnardo's Superstores

During 2021-22, we successfully opened our first of three superstores in Coventry, Bradford and Bournemouth. This was especially welcome following the forced closure of our shops during the first Covid-19 lockdown.

A superstore differs from our standard shops, firstly in terms of size and scale but also because of location. They're situated in out-of-town sites such as retail parks.

With the average size of a superstore being 10,000 square feet, we're able to sell a range of products including furniture, white goods and refurbished bicycles. We've also increased the amount of donated products we sell.

This has helped to increase the number of customers coming into the stores as they know they can buy great quality items at affordable prices. As a result, our superstores are bringing in around **three and a half times** more income a week than one of our standard stores.



Objective 3: Work with partners to improve the system surrounding vulnerable children and young people

How do we change a system?

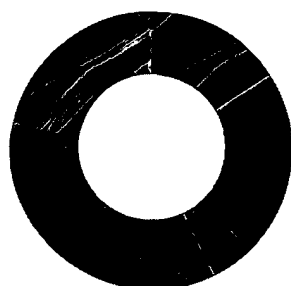
Systems thinking describes a way of looking at and tackling problems which are often messy and difficult. It's about finding out which parts make up a system, how they affect and interact with each other, and suggesting how altering one or more of these parts might create change. The end goal is to act on this and create lasting and significant change to the way things work. This is known as systems change. It's important that the end goals are agreed and clear, for example, **specific improved outcomes for children and young people**.

Barnardo's Foundation

The Barnardo's Foundation was launched in Spring 2020 to achieve better outcomes for children and young people. Voluntary funds are invested in projects that focus on innovation and learning – and have long-lasting change.

In its first full financial year, Barnardo's Foundation invested almost **£9m** in **20** exciting projects across the UK. These projects test innovative ideas, and replicate and scale successful programmes. New evidence is collected and shared as best practice.

Projects funded



One of the projects funded through the Barnardo's Foundation is pioneering 'social prescribing' – which is where health professionals refer children and young people to a range of local, non-clinical services, such as sport and recreational opportunities. Based in Cumbria, the project aims to reduce children and young people's anxiety, stress, social isolation, and loneliness. Our

funding will enable this work to become the largest social prescribing project for children and young people in England and with the evidence we generate, it will help influence practice on a national scale by demonstrating the difference this approach can make to improving mental health and wellbeing.

As part of our charity-wide commitment to becoming an anti-racist organisation, we've dedicated funds to reduce the level of systemic racism faced by children and young people, and to help mitigate its effects. By the end of March 2022, the Barnardo's Foundation committed **£0.5m** to this work with another **£1m** committed in the first half of the following year.

Our commitment to evidence and learning means every project we fund is given dedicated support to enable them to track the impact they are having on children and young people, and provide accountability to our generous funders and supporters.

We also set up an Advisory Board drawn from experts outside Barnardo's, with an emphasis on people with 'lived experience' to help guide our thinking and strategy.

Strategic partnerships

We're committed to improving children's outcomes through high-quality services and by working collaboratively with partners to support, protect and empower young people.

To achieve this we work to form strategic partnerships, which are different from traditional, transactional relationships between commissioners and delivery partners. Based on shared values and goals and a strong sense of trust, the aim is that when a strategic partnership comes to an end, children and young people will continue to receive a better service, and a more child-centred approach to meeting their needs.

Rethinking the care journey in Brent

We are midway through a strategic partnership with the London Borough of Brent. This has involved working with **193** young people who've been in care to help them create change in their local area.

Over **40 per cent** of young people coming into care in Brent are 16+, which is linked to a national trend whereby, on average, children are coming into care at an older age.

The programme uses what we call a 'dandelion' approach to planting, nurturing and embedding systems change:

- bringing care experienced people into professional spaces through a whole range of roles, including employment, tailored to individual needs
- achieving meaningful buy-in from the local authority, in spite of the acute pressures they, and many others, face
- helping to base more social care practice on relationships

Young people involved in the programme have:

- improved confidence to learn and try new things, as well as a feeling of having real influence
- solidarity with each other and feel less lonely
- greater maturity and an ability to build connections
- improved self-esteem and a sense of pride

A fresh approach to mental health in Renfrewshire

Launched in 2019, the strategic partnership between Barnardo's and Renfrewshire Council is focused on systems change to improve outcomes for children and young people's mental health and wellbeing.

Barnardo's investment in the partnership has been aligned with additional funding streams to create an ambitious programme of work, with a focus on children and young people aged five to 24. To date, this resulted in access to psychology-led drop-in sessions for **145** families, and training for **254** staff.

The interventions being tested form a 'no wrong door' approach that works around the needs of children, young people and their families. Funding is allocated to a range of interventions, including digital and peer support and outdoor and creative activities, co-designed with children and young people. The partnership has invested in capacity building across the workforce with training, supervision, and implementation support across a range of psychologically-led interventions.

In February 2022, the partnership launched a new digital platform, providing young people, families and professionals with a first point of contact to receive information on the support available and how to access it.



Transforming mental health provision in North Tyneside

A strategic partnership between Barnardo's and North Tyneside Council launched in 2019 to improve the mental health and wellbeing of children and young people aged five to 15.

The partnership has focused on improving early intervention and prevention for 100 families who don't meet clinical thresholds for Child and Adolescent Mental Health (CAMHS) services. This includes setting up a sleep clinic to provide community based interventions to the high number of children and young people presenting with sleep disorders across North Tyneside.

At the end of 2021, North Tyneside launched a new five year Children and Young People's Mental Health and Emotional Wellbeing Strategy, which was strongly influenced by the partnership and co-branded between the council, clinical commissioning group, Barnardo's, and Northumbria Healthcare.

Improving infant mental health in Northern Ireland

Attachment, Bonding and Communication Parent Infant Partnership (ABC PiP) is a partnership between the South Eastern Health and Social Care Trust (SEHSCT) and Barnardo's in Northern Ireland. We're also working with TinyLife, which provides support to families with premature babies. The ABC service launched in January 2019 with three main aims:

1. To review infant mental health services and identify what is working well and any gaps in local provision.
2. To offer a specialist infant mental health service for families experiencing difficulties.
3. To increase the skills of infant mental health workers through education, training and support.

The work is supported by the Parent Infant Foundation (PIF), which develops specialist parent-infant relationship teams across the UK.

To date, the programme has supported over **300** families and has provided **600** training opportunities for professionals working in infant mental health.

The partnership has been driving long-lasting change for families by raising the profile of the service, both regionally and nationally. The Barnardo's lead for the service is also the chair of the Association for Infant Mental Health Northern Ireland. They've been working collaboratively with a range of partner organisations to influence the policy agenda.

The Stronger from the Start (SFTS) Alliance is a collaboration between the Association for Infant Mental Health Northern Ireland and organisations from across the community and voluntary sector. They're working together to amplify relevant issues in Northern Ireland and to campaign for meaningful change in policy and practice. The SFTS Alliance launched its manifesto in February 2022, calling for all political parties to commit to action to improve infant mental health.



Making children's voices heard: influencing Governments across the UK

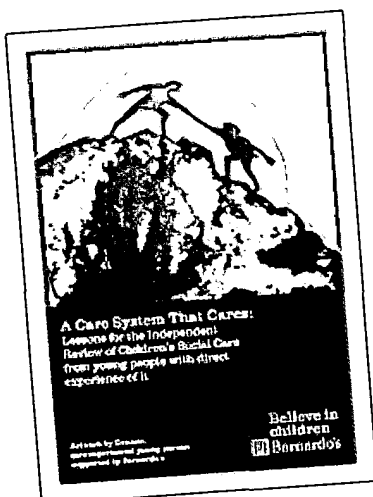
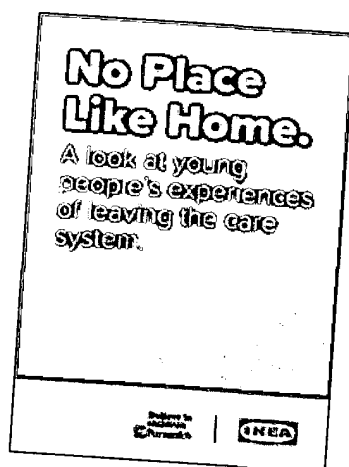
Throughout 2021-22, Barnardo's brought the voice and experience of children and young people direct to decision makers, influencing policy change locally and nationally across the four nations of the UK.

In this period, Barnardo's was mentioned **117** times in legislatures across the UK.

Westminster highlights

- Published *It Takes a Village*, which showcased cost savings from our Isle of Wight service and made the case for the expansion of family hubs, successfully secured in 2021 Autumn Budget.
- Published new evidence aimed at influencing the Independent Review of Social Care in England:

No Place Like Home, developed in partnership with IKEA, highlights the experience care leavers have of accommodation. Five of our seven recommendations were adopted by the Independent Review of Children's Social Care.



A Care System That Cares, which contains a checklist of recommendations co-created by care-experienced young people supported by Barnardo's.



- Led a coalition calling on the Government to introduce compulsory age verification for commercial pornography sites which they did in the Online Safety Bill. Meanwhile, we gathered over 1,000 signatures for our open letter to pornography sites, calling for immediate action to keep children safe online.
- Achieved amendments to the Health and Care Act, including protection for young carers when their relatives are discharged from hospital – working in partnership with Carers UK.
- Launched a report shining a light on the hidden nature of child criminal exploitation (CCE) demonstrating the gaps in recording and identification of child victims.
- Hosted a joint fringe event with the NSPCC at Conservative and Labour Party conferences.

Devolved nations highlights

- In **Northern Ireland** we launched a manifesto – *An Assembly for Children*, ahead of the elections with 20 MLAs attending the launch in Stormont.
- We gave evidence to the Communities Committee of the NI Assembly on the financial impact of Covid-19 on charities, and successfully influenced policy and legislation on unaccompanied asylum-seeking children, justice and adoption.
- In **Scotland** we gave oral evidence to inquiries into young people's mental health and wellbeing and the Scottish Attainment Challenge. We also secured debates in the Scottish Parliament, arranged service visits for MSPs, and supported the campaign to double Scottish Child Payment.
- In **Cymru** we held focus groups to influence policy on mental health; gave evidence to an inquiry on care experienced young people and their children; and arranged visits for MPs and MSs.
- We also supported the launch of the #EndingPhysicalPunishment campaign in Wales.

STRATEGY ENABLERS

We will be...

Digital and data-led

During this period, we reflected on the importance of data and being data led in everything we do at Barnardo's. We believe this approach is critical to:

- running high-quality services that meet children's needs
- raising vital income
- understanding and responding to our diverse community of colleagues and volunteers

In 2021-22, we:

- launched our Data and Insight programme and developed the charity's Data Governance Framework, which is a key foundation, along with data culture and literacy work, to improving the quality of our data
- continued to improve our IT and technology. This includes using modern cloud computing that gives colleagues access to storage, files and software, through their internet-connected devices. We have also begun to build and test tools that will help us use data more effectively in decision-making.
- implemented MS Office 365 across the charity, to provide a modern, secure and scalable email and document solution
- replaced out of date laptop and PC devices across the charity, changing them for devices designed to support our expanding cloud-based technologies
- continued to demonstrate the value of our services through data and economic analysis. For instance, our *It takes a village* report showed that in our family support services on the Isle of Wight, for every **£1** invested in the service, the saving in costs to the state amounted to about **£2.60**. Based on this, we concluded that for families that we helped in the previous year, this single service produced savings to the state of approximately **£1m** in 2020/21

We will be strongly focused on... Equality, diversity and inclusion

At Barnardo's, we believe that equality, diversity and inclusion should be part of our 'business as usual' and a thread running through all our work. Our colleagues, volunteers and the children and young people we support must represent every part of our society.

To provide high-quality services that meet children's needs, we must understand young people's context and identity. At the end of 2021-22, we had data on the:

- ethnicity of **91.2** per cent of the people we support
- disability of **88.4** per cent of the people we support
- sexual orientation of **67** per cent of the people we support.

Building on these numbers will continue to be a key priority.

We know that the effects of the pandemic remain disproportionately acute for certain communities.⁶ Poverty and mental health, which are often compounded by the impact of Covid-19, are especially prevalent in communities where there is inequality and discrimination. We remain conscious of this when supporting children, young people and their families, as well as our colleagues and volunteers.

We continue to invest in our equality, diversity and inclusivity networks (Women's, LGBT+, Disability and Race) and have set up a group to consider issues relating to intersectionality, so that we can better understand and respond to the needs and experiences of all our colleagues.

Our journey to becoming an anti-racist organisation continued in this period, holding webinars, cascading anti-racism learning, rolling out a 'Licence to Recruit', and piloting training on how to be an anti-racist manager.⁷

Our Women's Network for colleagues and volunteers worked on: our approach to domestic abuse; creating safe spaces; developing a mentoring scheme; and setting up a menopause group which has proved especially popular.

Our LGBT+ Network has: carried out work on so-called conversion therapy; had a presence at Pride events; and held a series of workshops for children and young people during LGBT+ History Month.

⁶ COVID-19 mental health and wellbeing surveillance: Spotlights – GOV.UK (www.gov.uk)

⁷ This training supports teams and managers to recruit without bias and is required for anyone leading on recruitment at Barnardo's.

With the support of the Disability Network, we have carried out training on the social model of disability and disability equality. This is helping us to raise awareness of the definition of disability and the adjustments that disabled people may need in the workplace. We've also improved the accessibility of our website and are working towards achieving Disability Confidence Leadership (Level 3) status, a government initiative.

We've changed our recruitment process to help improve people's confidence in disclosing their personal data. We've also seen an increase in colleagues joining the charity from diverse backgrounds.⁸

Throughout 2021-22, we increased the number of equality impact assessments we carry out in our work. We also produced evidence that we're meeting our Public Sector Equality Duty to eliminate discrimination, foster good relations and advance equal opportunities.

Going forward, we are working on a different approach to how we do equality, diversity and inclusion at Barnardo's, refreshing and embedding our action plan to make it relevant and meaningful to everyone in the our community.

We will be...

Committed to Learning

In the second year of the pandemic, Barnardo's continued to develop and embed relevant, accessible learning opportunities through The BU, Barnardo's corporate university.

This is even more relevant as we settle into a 'new normal' after the height of the pandemic. The new ways of working that we were challenged to embrace overnight, have led to a flexible and genuinely blended approach in the design and delivery of learning, mostly through digital means.

Our colleagues have told us that they want more opportunities for learning and professional development. In response, The BU:

- is providing a one-stop shop for individual learning, learning together and sharing expertise
- offers learning and development support for our colleagues and volunteers, and soon for our partner organisations and young people



- shares access to training, learning pathways, knowledge resources and professional development opportunities
- works collaboratively across Barnardo's to improve services and embed a culture of learning

This year we made sure that colleagues and volunteers could access our online **b-Learning** platform on their personal devices. During this time, **2,041** new users enrolled on b-Learning courses, including **1,413** volunteers.

We also launched a new **prospectus** to make accessible to all colleagues new learning and development opportunities that strengthen the skills and deepen the experience they need to deal with the challenges ahead.

The BU supports people to progress in the workplace, including underrepresented groups. So far, **83** colleagues have taken part in our flagship Emerging Leaders development programme. In line with our commitment to equality, diversity and inclusion, we particularly welcome applications from colleagues from Black, Asian and other minoritised communities, as well as from disabled colleagues and women. Also, more than **80** senior leaders and junior colleagues have benefited from our Reciprocal Mentoring Programme.

We've also developed resources for people working at home and to support colleagues' mental health and wellbeing. Demonstrating our continued commitment to equality, diversity and inclusion, we've worked with colleagues to design several courses to support our anti-racist commitments⁹, including training on becoming an anti-racist manager.

We know we have further to go in delivering our commitment to become a truly learning organisation. It's why one of our next priorities is to revise our induction process, to ensure new colleagues have the knowledge they need right from the start, and the encouragement to begin their own learning journey.

⁸ The social model of disability says that it is **society which disables impaired people**. Some of the key ways people are disabled by society are: not having information in formats which are accessible to them. An illustration of the social model of disability in practice would be a town designed with wheelchairs in mind, with no stairs or escalators

⁹ <https://www.barnardos.org.uk/barnardos-commitment-tackling-racism>

WORKING WITH OUR VOLUNTEERS

Volunteers play a vital role in delivering our charitable objectives.

Whether helping customers in a shop, doing essential admin or working directly with young people at a service, our volunteers make a huge difference to children's lives.

During 2021-22:



15,585

people volunteered at least once for Barnardo's



1.8 million

hours were contributed by volunteers to the charity's cause



11,613

are regular, active volunteers

Volunteers contribute to our work in many different ways. We have over 100 different volunteer roles available at the charity, working across Children's Services, retail, fundraising and our support functions.

Volunteers also help us to respond and adapt to changing circumstances. For instance, we have developed a number of voluntary roles to help us provide vital support for refugees, in response to the Russian invasion of Ukraine.



A primary focus for this year was the reengaging volunteers across the charity following the Covid-19 pandemic. This was especially important in the context of retail, with our shops having closed throughout the pandemic, leaving many volunteers unable to engage in the usual way for over a year.

Volunteer coordinators, managers and our central team have worked hard to support people to return safely to their roles. This has been underpinned by the development of new resources, guidance and processes.

Whilst we have seen a small reduction in the number of volunteers compared with before the pandemic, our volunteer community has contributed a greater number of hours. Volunteer satisfaction remains strong with **95.8 per cent** of volunteers saying they would recommend volunteering with Barnardo's to a friend (based on a survey of 723).

During this financial year, we also made structural changes to the way we support volunteers across the charity, which has prompted a review and refresh of our wider approach to volunteering. This will be reflected in the next Annual Report.



2. FINANCIAL REVIEW

How our finances look

At the end of 2021-22, Barnardo's was in a positive financial position, after taking tough and prudent decisions at the height of the pandemic.

Our retail stores were open for most of the year, and generated income in-line with pre-pandemic levels. This is in stark contrast to 2020-21, when our ability to raise money through our retail stores, as well as through face-to-face fundraising,

was severely restricted for long periods due to the Covid-19 pandemic.

The continuity in how Children's Services are commissioned has also offered some financial stability to the charity in the last two financial years.

Thanks to this, during 2021-22 we continued to provide a lifeline for the vulnerable children, young people and families we work with, in what is continuing to be a difficult time for many across the UK.

Total income



£179.7m

Fees and grants

£77.8m

Trading, including shops

£37.2m

Donations, gifts in wills and other fundraising

£2.6m

Investments and property development

£2.2m

Covid-19 Government support

In total, our income at £299.5m was £19m higher than in 2020-21 and £1.6m higher than budgeted. When adjusted for one-off Covid-19 grants from the Government, our income grew by £41.7m in 2021-22.

Given that we were still in lockdown at the start of the financial year, we were cautious about how much we spent. This, combined with improved trading conditions as the year progressed, meant our available charitable reserves and cash balance were in a better than anticipated position at the end of the year. This is testament to the hard work of colleagues throughout the charity who went above and beyond to deliver for children, young people and their families.

Total expenditure



£202.4m

Charitable activities

£60.4m

Trading, including shops

£11.2m

Fundraising

£4.8m

Other costs (inc pension charge)

Although we ended the year in a strong reserves position, we have some significant financial challenges to address in the short term. We must make sure our pay and rewards reflect the market and help to support our highly committed colleagues through the cost-of-living crisis, particularly those on lower pay.

We also have significant technical debt, given historic underinvestment in technology, and a curtailment on spending during the pandemic. This is at odds with our commitment to

being a data-led and digitally enabled organisation. To rectify this, we're in the process of replacing our core systems for finance and HR, as well as how we record and report information about the people we support. We are also upgrading all our networks across the organisation and our IT infrastructure.

Due to the nature of our work, both safeguarding and data protection are perennial risk areas, but we're confident we can manage these risks.

We'll also seek to reduce our long term liabilities through continuing to make additional deficit contributions to our (now closed) defined benefit pension scheme, which is our largest liability and relates to final salary pensions, payable to some retired and longer serving colleagues.

Finally, we'll continue to monitor the external environment closely to make sure we're able to respond quickly to changes in children's needs and what commissioners are looking for. This will help us to continue delivering vital services to those who need us most.

Results for 2021-22

In 2021-22 Barnardo's made a surplus of £25.0m, compared to a surplus of £8.1m for 2020-21. This figure excludes any loss or gain made through the annual actuarial valuation of the Barnardo's Staff Pension Scheme (see further details below).

Our total income for the year was £299.5m (2021: £280.5m). Excluding Covid-19-related government grants our income was £297.3m (2021: £255.6m).

Our income from charitable activities improved slightly compared to the previous year to £179.7m (2021: £179.3m). Last year our income was boosted by the See, Hear, Respond programme, commissioned by the Department for Education in response to the pandemic. This came to an end in March 2021. We've secured several new contracts during the year which has helped us to maintain income levels and shows the strong position that we hold in the Children's Services sector.

Income from donations and legacies was £37.2m, lower than the previous year (2021: £41.8m). The 2020-21 figure was boosted by the one-off Coronavirus Crisis Appeal, which raised £2.4m. £17.2m of fundraising income was raised through legacies

(2021: £18.6m). The external backlog administering probate continued during the year, but we expect some recovery to legacy income in 2022-23.

Retail had a strong year of recovery. Unlike 2020-21, when stores were closed for much of the year because of the pandemic, this year our shops were able to trade for more than 11 out of 12 months. Our retail trading income was £77.8m, compared to just £30.0m the previous year. This change in trading conditions is the most significant factor in the improvement in the charity's overall financial performance compared to last year with the trading operations contributing £17.4m.

The value of our investments grew by £4.3m this year (2021: gain of £13.8m), a modest increase compared to the previous year. A volatile investment market meant that gains early in the year were partially undone by losses towards the end of the year.

Total expenditure (excluding pension finance charge) decreased to £274.6m from £281.4m in 2020-21. In 2020-21 we increased our provisions for property dilapidations, specific property repairs and our holiday pay accruals (due to many colleagues not using their full holiday entitlement during the pandemic), this meant expenditure increased during the prior year. As provisions are materially consistent in 2021-22, we have not experienced the same uplift in expenditure this year.

Our most significant area of expenditure is staff costs of £168.3m which increased by £3.5m from 2020-21, the increase being largely due to a 2 per cent pay award effective from 1 April 2021.

Our pension schemes

Barnardo's is the employer sponsor of the Barnardo's Staff Pension Scheme (BSPS), which is a defined benefit pension plan. It closed to new members in 2007 and stopped the further accrual of benefits to existing members in April 2013. The Financial Reporting Standard (FRS) 102 valuation position on 31 March 2022 shows a deficit of £52.2m (2021: £106.8m).

The assumptions used for calculating these FRS 102 pension disclosures are different from those used for the last triennial valuation, which is carried out separately by the Trustees of the Barnardo's Staff Pension Scheme. On 31 March 2021, using

the technical provisions valuation basis for their last triennial valuation, the scheme Trustees valued the deficit at £146.0m and the funding level was 84 per cent. The difference between the last triennial actuarial valuation and the FRS 102 valuation demonstrates the volatility in calculating long-term pension liabilities. Neither calculation is right or wrong. They are both snapshots of the situation at a particular moment in time and are highly sensitive to changes in the financial market. They also highlight the difference between the more conservative assumptions used for the triennial valuation and the 'best estimate' assumptions used for the FRS 102 calculations.

The FRS valuation uses lower inflation and higher interest and discount rate assumptions and both of these lead to a lower calculation of pension liabilities.

It's the on-going triennial valuation that is used to calculate the payment of pension contributions. This is currently based on the deficit reduction/recovery plan agreed between the Board of Trustees of Barnardo's and the Trustees of the Barnardo's Staff Pension Scheme following the 2021 triennial valuation process. The next triennial valuation is scheduled to take place during March 2024.

In respect of the deficit in the scheme, Barnardo's has agreed to pay £10.7m per annum for 13.5 years from 1 April 2021. Barnardo's expects to pay £10.7m to the scheme during the accounting year beginning 1 April 2022. This deficit reduction plan will make sure the deficit reduces over a number of years as additional pension contributions are paid.

The Trustees see the pension scheme deficit as a long-term liability, where the payments required by the pension plan will need to be met from forecast future cash flows. An agreed investment strategy is being implemented with the Pension Scheme Trustees, allowing for a lower risk asset portfolio but one which still retains potential for investment growth.

Our position at the end of the year

Reserves are represented by the fund balances in the balance sheet on page 54.

The level of our reserves is determined by balancing two objectives: maintaining sufficient reserves to enable us to carry out our work when faced with difficult circumstances and making sure we maximise the resources used for charitable purposes.

This means our reserves level needs to be adequate to allow us to address potential deficits that may arise from our charitable activities, investments, trading and other activities. It also needs to give us sufficient time to adjust our Strategy to meet changing circumstances without unnecessarily removing funds from addressing our charitable purposes. The Covid-19 crisis has been the perfect example of the need for us to maintain a healthy reserves balance as we were able to incur operating losses during

the pandemic, whilst continuing to protect front line services for children and young people. The balance sheet shows a net asset position of £103.0m (2021: £29.3m) after adjusting for the pension liability. It also shows unrestricted reserves (reserves that don't carry any restrictions on how they can be used) of £109.8m (2021: £93.4m).

In carrying out our assessment of available reserves, we remove our pensions liability and fixed asset fund, because these reserves cannot be quickly realised. We also exclude any funds that are designated for a specific purpose. This gets us to our 'free reserves'; the resources we have available, quickly, in a crisis. At end of 2021-22 we had free reserves of £53.7m (2021: £60.1m), as explained below.

	2021-22	2020-21
Unrestricted reserves prior to pension liabilities (per balance sheet p54)	£109.8m	£93.4m
Less: fixed asset fund	(£30.1m)	(£33.3m)
Less: designated funds set aside by Trustees for specific purposes	(£26.0m)	(£nil)
Total free reserves	£53.7m	£60.1m

Our first priority is frontline services and our improving financial position has enabled us to be more expansive in our plans and budgets for the next financial year. We'll be restoring some of the discretionary spend funding that we use to support service provision and system change work that was reduced during the pandemic to protect the charity's financial position. We will also be investing in strategic areas of service development.

Given inflation levels and the current labour market, we've identified staff retention as a key priority. Being able to recruit and retain the best staff, particularly in our services, is critical. It will allow us to deliver our mission and fully support the young people we work with. Having carried out a review of salaries we recognise that there is work to do to bring pay in line with market rates. A review of our pay and reward strategy is currently underway. Longer term, any additional costs can be recovered by adjusting retail sales pricing and our contract pricing. But this won't be immediate, so will initially require us to support the deficit it will create through our free reserves.

Also, we will continue to invest significantly in our systems and networks over the next two years, including replacing our outdated finance, HR and payroll and reporting systems that capture data about the people we support.

During the year, the Trustees approved two designated funds:

1. A specific risk pension reserve of £16m which will be used to cover deficit reduction payments to the defined benefit pension scheme for at least 18 months in times of challenge. This will give the charity breathing space to change its operations without having to immediately cut the provision of vital services.
2. A £10m technology fund which will allow us to invest in our digital priorities over the next three years. These are excluded from our free reserves calculation as noted above.

The Board of Trustees assesses the risks Barnardo's could be exposed to and the appropriate level of reserves that we should maintain. Our policy is to calculate a target level of free reserves that considers a blend of risks, including income reduction, falling investment values, and fluctuations in our pension liability. For 2021-22 this gave a target range for free reserves of between £50m and £55m.

The designated specific risk pension reserve protects against the risk of us not being able to continue to make additional deficit reduction payments in time of crisis. With this in place, we intend therefore to reduce our free reserves target range to £40m-£45m for 2022/23.

As our free reserves at the start of the year will exceed this new target range by £8.7m, we plan to draw on our free reserves in the coming year to further the work on our key priorities as noted above. As a result of these investments and other measures, we expect our free reserves to fall back in line with our target range within 12 to 18 months.

Significant financial uncertainties remain, including risks associated with unprecedented and unpredictable inflation. However, our current forecasts predict that we'll maintain free reserves within or above our acceptable target range over the medium term.

Our unrestricted reserves assessment also excludes the £44.8m (2021: £42.7m) held in restricted and endowment funds. Typically, only the income from these restricted and endowed reserves is available for our work.

Our investments

During the year, Barnardo's investments were managed on our behalf by Blackrock Investment Management (UK) Limited and Ruffer LLP. Investments are held in a range of asset classes (a group of investments which are subject to the same regulations) including equities, fixed-income securities, commodities and cash. Barnardo's is committed to ethical investments. The equities funds don't invest in arms manufacturers,

companies who receive more than 10 per cent of revenues from tobacco or pornography, and businesses that don't comply with World Health Organisation guidelines on breast milk substitutes.

In 2021-22, our unrestricted investments held with Blackrock Investment Management (UK) Limited delivered a return of 9 per cent (2021: 25.9 per cent). The Blackrock investment performance is benchmarked against the weighted average of three tracker indexes over a rolling five-year period. Our target is to outperform this benchmark by 0.75 per cent a year. We exceeded this benchmark by 0.19 per cent for the year (2021: by 1.84 per cent).

Ruffer LLP delivered a return of 8.7 per cent (2021: return of 21.4 per cent). Ruffer's main objectives are to preserve client's capital over rolling 12-month periods and to grow the portfolio at a higher rate (after fees) than could reasonably be expected from depositing the cash value of the portfolio in a reputable United Kingdom bank. This benchmark was significantly exceeded for the year.

The performance of our investment managers is monitored on a regular basis by our Audit & Finance Committee, through quarterly reporting and discussion directly with our representatives who support us with the management of the funds.

The investment portfolio includes restricted capital along with endowment funds, for which Barnardo's has received an order, signed by the Charity Commission which enables the unapplied total return to be transferred to unrestricted funds. This return is included in net gains or losses on investments and is calculated as the difference between the market value of the funds and their indexed value (from 1 April 1976 or date of donation if later).

It has been a volatile year for our investment portfolio. The Russian invasion of Ukraine and interest rate rises in the face of rising inflation caused the market to dip. The gains made earlier on in the year were impacted by this volatility, but despite these market fluctuations, the portfolio has still made a gain of £4.2m for the year.

Acting as a custodian Trustee on behalf of others

Included in the restricted and endowment funds are two charities that are independently registered with the Charity Commission. These are the ACW Edwards Charity (registration number 247678) and Egerton Will Trust (registration number 272973), for more information refer to page 75. A number of constituent charities are also registered with the Charity Commission. Funds are held separately from Barnardo's. The objects are closely aligned to Barnardo's so these charities have been included as if they represent restricted funds of Barnardo's which is in accordance with the Charities SORP (as custodian Trustees and with Charity Commission consent).

Our grant making policy

We award grants to young people from our various trust funds. Any person supported by Barnardo's under the age of 25 can apply, subject to completion of our application process and basic due diligence exercised on behalf of the charity. There are a number of areas that can be funded, including education and training, leaving care, sea training, poverty and hardship and disability.

Our commercial activities

We carry out commercial activities to raise funds to achieve our charitable objectives. During this year, our subsidiaries generated a net income of £2.3m (2021: £0.8m). The increase compared to the previous year is mainly due to the improved retail and trading conditions. The net income (profit) of each subsidiary is given to Barnardo's through a qualifying charitable donation.

Barnardo Trading Limited generated a profit of £2m (2021: £0.2m) from its mail order, publishing and retail activities during the year. Barnardo's total retail and trading activities (including the sale of donated goods in Barnardo's shops, which is accounted for as part of the charity's activities) produced a surplus of £17.4m (2021: deficit of £28.7m before Covid-19 grants). The difference in profit from retail activities is due to a year of near continuous trading in 2021-22 compared to several months of enforced closure in 2020-21. We're also seeing early successes from new strategic initiatives, such as the rollout of our new superstore model.

Barnardo Developments Limited's principal activity is the development and sale of properties that are no longer required for charitable use. The company generated a £62k profit during the year from one property sale (2021: £13k loss). Activity levels were minimal this year as we focused on other strategic priorities.

Barnardo Events Limited runs special events to raise additional funds for Barnardo's. Planned events have been severely disrupted by the restrictions on mass participation due to the Covid-19 pandemic and have not yet fully recovered. As a result, the company generated a profit of £23k during the year (2021: profit of £31k).

Barnardo Services Limited provides a range of services for children and young people in conjunction with local authorities, health authorities and similar bodies. The company generated a profit of £0.4m during the year (2021: £0.4m).

Adoptionplus Limited offers adoption placement and specialist therapy services. The company generated a loss of £0.3m for the year (2021: loss of £0.2m). Adoptionplus has been affected by the pandemic and changes in national adoption policy. Work is ongoing to make sure it remains sustainable.

Our principal risks and uncertainties

The Board of Trustees has responsibility for making sure there are adequate and effective risk management protocols and systems of internal controls in place to manage Barnardo's major risks and to achieve our strategic objectives. This responsibility is discharged by reviewing the strategic risks quarterly and a formal annual review by the Board of Trustees through the risk management and internal control framework. The Board is supported in its assessment by the Risk and the Audit & Finance Committees, which both meet quarterly.

Barnardo's risk management framework is designed to support our Corporate Leadership Team and Board of Trustees to make informed decisions about the risks which may affect achieving our objectives. It also provides a consistent approach to identifying, assessing and dealing with the risks which Barnardo's faces to make sure they don't exceed the level of risk the charity is willing to accept. The framework is designed to manage, rather than eliminate, the risks to objectives to provide reasonable, but not absolute, assurance against material misstatement or loss.

We have processes in place to manage the key risks that could affect the charity's ability to achieve its objectives, which include:

- a risk escalation protocol to identify risks at department, regional and corporate level. This makes sure that potential risks are included in the corporate risk register which is subject to regular Corporate Leadership Team and Trustee review
- the Risk Committee approves the annual risk-based internal audit, inspection and independent safeguarding plan. It also reviews regular audit reports on internal controls and risk management across the charity and its subsidiaries. In addition, the Committee performs in-depth analysis to target and improve the management of key strategic risks
- regular horizon scanning exercises are performed by the charity's senior management team to identify risks and emerging trends to make sure we're equipped to adapt. During the Covid-19 crisis this has included, regular financial modelling against a range of scenarios and putting in place agreed actions under each scenario
- a framework of delegated authority is established, with detailed procedures setting out the governance and decision-making process for key corporate decisions
- a whistleblowing policy is in place, which is communicated to and accessible by all Barnardo's colleagues and volunteers. This includes an external, confidential whistleblowing helpline. All whistleblowing cases are subject to independent review, and investigation by the independent Audit and Assurance team

The impact of Covid-19, including additional variants and/or waves, and corresponding restrictions continued to be a risk. But the risk in this financial year was considered to be lower than last year. The pandemic forced Barnardo's to adapt the way it works. We're emerging from the height of the pandemic stronger and more resilient. We've developed new ways of working, including offering a combination of digital and face-to-face Children's Services delivery models. The Trustees and Corporate Leadership Team continue to monitor the outbreak, including UK Government advice, and acknowledge we're likely to face uncertainty for some time to come.

While many risks from previous years remain, this year saw the emergence of a new risk to our financial sustainability: high inflation. In 2022-23, high inflation could have an impact on our income, as supporters and retail customers respond to the cost-of-living crisis, as well as having an impact on our running costs. We also don't know what the knock-on impact on public sector spending – a major source of income for the charity – will be.

Barnardo's has carried out an inflation risk review to understand our exposure to inflation. We'll update this periodically. We intend to mitigate inflation risks through good procurement practices, as well as continuing to review our pricing strategies in our retail stores and how we commission the delivery of Children's Services.

Current labour market conditions and the cost-of-living crisis mean we also anticipate major risks around staff retention, recruitment and satisfaction.

The principal risks to Barnardo's objectives and how these are managed are set out below:

Principal risks	How these risks are managed
<p>Safeguarding children and young people</p> <p>Inadequate or ineffective safeguarding policy or practice that could result in, or contribute to, serious harm or injury to a child or a young person.</p> <p>This represents Barnardo's most critical risk given the nature of our work. Barnardo's gives its full attention to every child and young person, and never turns away complex cases. By virtue of this approach of working with some of the most vulnerable children and young people in society there are significant challenges to making them safer and this increases the level of inherent risk we carry in our day-to-day operation.</p>	<p>Barnardo's has an extensive suite of mitigations to make sure we do all we can to adequately safeguard the children and young people we work with. This includes (but is not limited to):</p> <ol style="list-style-type: none"> 1. A dedicated safeguarding department, led by the Head of Corporate Safeguarding, reporting to our Executive Director for Children's Services and a direct line to the Chief Executive and a dedicated Safeguarding Trustee Lead. 2. Clear safeguarding reporting mechanisms, as set out in our safeguarding policy, including Safeguarding Lead roles in all departments and regions. 3. Formal governance and reporting structures established, including named safeguarding leads at Trustee and Executive level, with regular meetings of all Safeguarding Leads across all departments. These are chaired by the Head of Corporate Safeguarding and with Local Safeguarding Forums across Children's Services departments. 4. Clear escalation protocol for all relevant incidents to the Head of Corporate Safeguarding, executive-level Safeguarding Lead and Risk Committee. 5. A safeguarding specific induction (including pre-employment checks), supplemented by mandatory safeguarding training, for all paid and unpaid colleagues. The depth of training required depends on the role. 6. Reviews of serious cases and lessons learned implemented in a timely manner. 7. Regular independent reviews of safeguarding practices across Barnardo's, performed by safeguarding specialists, with any required improvements implemented in a timely manner. 8. Reviewing serious incident reports which require notification to the regulator every quarter.

Principal risks	How these risks are managed
<p>Financial performance and sustainability</p> <p>A significant reduction in available resources due to:</p> <ul style="list-style-type: none"> • External economic or environmental factors (especially high levels of inflation effecting running costs) • Government policy and/or changes in statutory funding environment (e.g. reduced available funding for Children's Services given local authority deficits) • Reputational damage as a result of any safeguarding issues • Other internal or external crises leading to unexpected reduction in income or increased expenditure. <p>These risks undermine our ability to meet the needs of the people we support and to invest appropriately to achieve our strategic objectives.</p>	<ol style="list-style-type: none"> 1. We've maintained the strict controls set up in response to the outbreak of the Covid-19 crisis, including: <ul style="list-style-type: none"> • monthly cash flow forecasting • sensitivity analysis and stress-testing of short-to-medium term scenario plans, including periodic inflation risk reviews. • additional levels of approval for payments and expenditure. 2. Holding of a significant value of free reserves at any point in time, with a monthly review of these to make sure they remain within the target range set by the Audit and Finance Committee. 3. Annual budget setting and then quarterly full charity re-forecasting processes. This includes review and challenge from senior management and Trustees. 4. Regular engagement with external parties and research to understand the likely trajectory of political, economic and environmental factors that could materially impact our resources. 5. Regular review and scrutiny of financial performance (short and medium term) by senior management and Trustees through the Audit and Finance Committee. 6. Delegated approvals process to make sure Trustees review and scrutinise material income and expenditure contracts and transactions. 7. Focus on diversifying our contract portfolio and income to spread risk. This includes growing income outside of commissioned delivery.
<p>Staff recruitment and retention</p> <p>Loss of staff due to pay level or working conditions, or difficulty recruiting staff when mobilising new contracts or strategic initiatives. This will have an impact on our ability to fulfil our contractual obligations and support the young people we work with.</p>	<ol style="list-style-type: none"> 1. Comprehensive review of compensation levels against the market and our overall pay and reward strategy. 2. This review will include different options to adjust rewards in 2022-23 and beyond.
<p>Pension liabilities</p> <p>Defined benefit pension scheme deficit increases due to actuarial valuations.</p> <p>Barnardo's is required to supplement the increased deficit, which would severely impact on resources available for strategic aims and to withstand any future crises.</p>	<ol style="list-style-type: none"> 1. Agreement of an affordable long-term recovery plan with the scheme Trustees, including making additional (deficit reduction) payments to reduce the scheme liability. 2. Established a designated specific risk pension reserve to make sure additional payments can be maintained even in times of financial crisis (at least in the medium-term). 3. Ongoing monitoring and review (including annual desk-based valuations) of scheme liabilities, review of assumptions and reporting to Trustees. 4. Ongoing relationship with the scheme Trustees. 5. Review and monitoring of the scheme investment strategy and returns

Principal risks	How these risks are managed
<p>Information security and data protection</p> <p>Serious data protection or security failure, including cyber-attacks, resulting in legal and contractual issues, reputational damage and potential fines and loss of income.</p>	<ol style="list-style-type: none"> 1. Since the outbreak of the Covid-19 crisis, our colleagues have had to adapt their ways of working. We've provided guidance, and updated procedures to facilitate new ways of working to make sure that information stays secure. 2. Governance structures are in place to manage data protection, overseen by the Data Protection Officer (DPO). 3. Information governance and data protection policy framework established, with policies available to all employees and volunteers. 4. Data protection included as part of mandatory training and induction for all employees and volunteers, with compliance monitored and reported. 5. Regular Data Protection Group meetings with Data Protection Managers from across Barnardo's, chaired by our Barnardo's DPO. They review key issues, including data protection breaches and 'near misses' and the implementation of any resulting lessons learned. In 2021-22, we self-reported two data breaches to the Information Commissioner's Office (ICO) and they were closed without a need for further action. 6. Barnardo's has ISO 2701 information security standard certification, Payment Card Industry Data Security Standard compliance accreditation and Cyber Essentials Certification. 7. Routine external penetration testing of IT systems to identify and rectify any security weaknesses. 8. IT security controls, including Multi-factor Authentication, anti-virus/malware software, firewalls, security threat scanning, software patching and data back-ups.
<p>Equality, Diversity and Inclusion (EDI)</p> <p>EDI action plans are not progressed and/or concerns are not addressed effectively or are unreported, causing colleague dissatisfaction and turnover. This, in turn, results in reputational damage and/or operational inefficiencies.</p>	<ol style="list-style-type: none"> 1. An EDI Action Plan is in place and is tracked and progress monitored. EDI is a key pillar of the people and culture strategy. 2. A new EDI sub-committee has been established which includes Trustee membership. 3. External expertise procured and benchmarking against best practice is undertaken. 4. Colleague EDI Network groups are in place and the chairs meet every six weeks with agreed terms of reference. Each Network is supported by a Corporate Leadership Team champion. 5. Race Equality Group established with agreed terms of reference, meets every six weeks and is chaired by our Director of People. 6. LGBT+ strategy group chaired by our Children's Services Corporate Director of Development and Innovation. 7. Equality Impact Assessment embedded in processes, including policies, committee/board reports and projects such as our hybrid workplace offer.

Principal risks	How these risks are managed
Systems and technology Inability to deliver necessary system changes/upgrade and/or system failures prevent us from carrying out core operational activities and fulfilling contractual obligations, such as collating data about the people we support or filing our accounts.	<ol style="list-style-type: none"> 1. We continue to achieve our annual ISO 27001 certification which validates the controls and processes we have in place to protect and continue to operate our existing systems – including recovery plans should something go wrong. 2. Two-year programme of replacing core systems for finance, HR, service user recording and reporting, along with delivering a full network upgrade. Supported by industry experts. 3. Implementation of a comprehensive Project Management Toolkit, led by the Project Management team, to ensure these projects can be delivered on time. 4. Specific Tech Transformation Project governance board established.
Change management Inability to implement change and complete priority projects with geographically distributed colleagues, conflicting priorities and continued external pressures. Risk of change fatigue, burn-out or high-attrition within teams, given the level of change.	<ol style="list-style-type: none"> 1. Comprehensive wellbeing support in place for colleagues going through change and launching dedicated training plans. 2. Corporate Programmes Board and the Corporate Leadership Team seek assurances that teams have the right skills and resources and enables corrective action if necessary. 3. Robust governance/oversight to make sure all emerging risks are addressed effectively and timelines met. 4. Project Management toolkit providing guidance and support to deliver projects. 5. Dedicated Programme Director for the delivery of large scale technology changes during 2022-23. 6. Programme/Project delivery partnership in place with professional services firm. 7. An approved plan of assurance work from the Internal Audit team has been set throughout the change programme life cycles. 8. Oversight boards on all key projects. 9. Trustee involvement in health strategy and B-Enabled Programme.

Going concern

We ended 2021-22 in a strong financial position, with free reserves exceeding our target range and strong cash holdings. While economic conditions continue to be challenging, we believe we're in a good position to withstand any further shocks.

We plan a managed reduction in free reserves over the coming year to bring our position in line with our reserves strategy and target range. This will include investment in our frontline services, workforce and essential supporting Information Systems. We have a good degree of control over these investments and are able to adjust them if the economic outlook worsens or our income levels start to decline.

We'll continue to closely monitor the impact of Government decision-making on its funding to the sector and specifically the services we provide, along with assessing the state of the economy, and take action as needed.

Given the strength of our balance sheet (see page 54) – and the availability and liquidity of the charity's free cash reserves and unrestricted investments – the Trustees believe that, while some uncertainty still exists, there isn't any material uncertainty that would cast doubt on the charity's ability to continue. Our cashflow forecasts, looking ahead for the next two to three years, remain strong and are regularly stress tested. The last couple of years have been as good a test of our resilience as we have faced in recent history and the way we have responded as an organisation gives a great deal of confidence in this assertion.

The creation of a designated technology reserve and a specific risk pension reserve have added strength to our balance sheet and provide further protection. The Trustees therefore consider it appropriate for the accounts to be prepared on a going concern basis.

Plans for future periods

Between now and 2024, we'll focus additional resources, including some of our reserves, on our core mission, supporting vulnerable children and young people through our services. We know that the cost of living crisis will increase demand for our vital work.

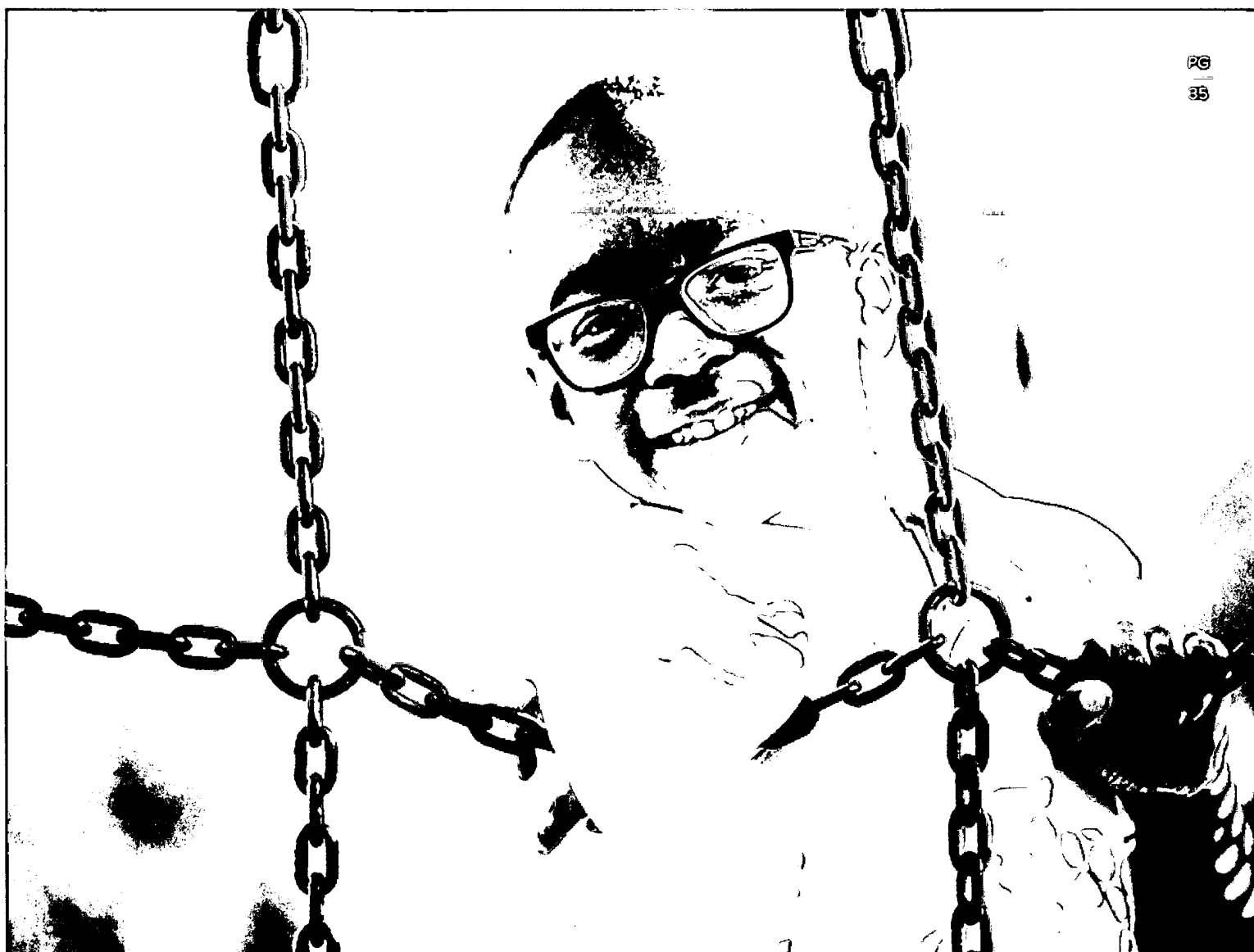
Our other key objectives are to generate as much net income as we can to invest in our vital services and to work with partners to improve the system surrounding vulnerable children and young people. We intend to increase the number of Children's Services we deliver by winning more contracts. This includes increasing our presence in the healthcare sector, while maintaining the breadth of our portfolio of services. We'll improve the effectiveness of our commercial activities by following our updated retail strategy, which involves rationalising stores that aren't producing returns and expanding our portfolio of larger stores.

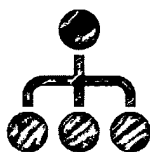
In addition, we'll be continuing to harness learning from the Covid-19 pandemic. This includes embracing partnership working, with other charities, the UK Government and corporate partners, and adopting a hybrid model of working for our colleagues.

Recruiting and retaining the best staff is key to our success. Given the current labour market, we intend to mitigate staff retention risks by completing a detailed review of our pay and reward strategy.

For a number of years, Barnardo's has identified data as a key enabler, both of service quality and financial sustainability. In the next two years, we're investing in our finance/HR and service user reporting systems so we can work more efficiently and understand our services better.

The external environment remains uncertain as the world rebuilds after Covid-19. We're clear that we need to remain agile and flexible to meet changing needs and demands. In everything we do, we'll continue to make sure all our decisions support our core aim to achieve better outcomes for more children.





OUR STRUCTURE, GOVERNANCE AND MANAGEMENT

Our Patron, Her Majesty the Queen Consort, has continued to support Barnardo's in 2021/22. We are extremely proud of our continued connection to the Royal Family which dates from 1902.

PG
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Barnardo's is a company limited by guarantee (registered in England, company number 61625). It operates throughout the UK and is a charity registered in England and Wales (Charity Commission registration number 216250) and in Scotland (Office of the Scottish Charity Regulator registration number SC037605). It is governed by its Articles of Association, last revised in 2018. The Articles of Association set out the charitable purposes for public benefit in the following terms:

1. To promote the care, safety and upbringing of children and young people by:
 - supporting and assisting those in need, along with their families and carers
 - promoting their health
 - advancing their education
2. The relief of those in need by reason of age, ill-health, disability, financial hardship, or any other disadvantage.

The Board of Trustees, elected by the Members of Association at the Annual General Meeting, are the charity's trustees and the legal Directors of the company. Members of the Board of Trustees serve a three-year term, after which they're eligible for re-election for a maximum of two further three-year terms in all but exceptional cases.

New Trustees are selected through an open recruitment process, which includes advertising in the national press and online, and a targeted recruitment search. New appointees are given

a personal induction programme, tailored to their areas of expertise and governance obligations. All Trustees have access to a range of training opportunities to help them meet their responsibilities. The balance of Trustees is kept under review to make sure there is a range of skills, diversity and geographical spread. The Board of Trustees also places particular emphasis on appointing individuals who bring specific identified skills and experience.

The Board of Trustees met seven times for scheduled meetings in 2021-22. It also held occasional meetings for exceptional business. For example, the Trustees met several times following the resignation of the CEO to make sure there was a smooth transition when the joint interim CEOs took over and for the appointment of the new CEO.

A written schedule of matters is reserved for decision by the whole Board of Trustees. This includes:

- the formulation and implementation of the organisational Strategy
- overseeing the implementation of the Strategy through annual operating plans and budgets
- monitoring progress of the Strategy
- accepting ultimate responsibility for the sound professional, legal and financial management of the charity

Matters not reserved for decision by the Board of Trustees are delegated either to one of the Board committees or to the Chief Executive. The Chief Executive and members of the Corporate Leadership Team are detailed on page 87.

The Board has adopted the Charity Governance Code (the Code) for larger charities. The Governance and Compliance Committee receives regular updates on the charity's measures to comply with the principles of the Code. A recent focus has been to review progress against the revised provisions of the Code in relation to equality, diversity and inclusion, in collaboration with the EDI Committee which was established last year (see below). As recommended by the Code, the Board instructs an independent organisation to undertake an independent review of its performance and effectiveness every three years, with a review last commissioned in 2021. In the intervening years, a self-evaluation by the Board takes place which measures the progress against the action plan.

The charity's governance is kept under review by the Governance and Compliance Committee to make sure the Board of Trustees, its sub committees, and governance structures and procedures are fit for purpose as the charity and environment evolve.

The remit of the committees, which meet at least quarterly, include:

- 1. Audit and Finance Committee:** overseeing, monitoring and keeping under review the financial position of the charity and its subsidiaries to make sure there is long and short-term viability. It reviews the charity's overall Strategy and risk tolerance parameters to make sure published financial information and related and supporting narrative information has integrity, is balanced and transparent. It oversees the annual external audit, scrutinises the external auditor's report and makes recommendations to the Board on the appointment/removal of the auditors.
- 2. Children and Young People's Services Committee:** making sure that Barnardo's safeguards and meets the needs of children, young people, their families and carers, now and in the future, by delivering high performing, high-quality services which achieve the best impact and outcomes.
- 3. EDI Review Committee:** a new committee set up in September 2021 to oversee, examine and review the charity's approach to equality, diversity and inclusion. The committee recommends any changes the charity should take to achieve its aim of embedding equality, diversity and inclusion in all its work and culture.

4. Governance and Compliance Committee:

reviewing the charity's governance arrangements including the Policy Governance Framework, and making appropriate recommendations for how the charity's arrangements can comply with Barnardo's governing documents and consistent with best practice as set out in the Charity Governance Code.

- 5. Income Generation Committee:** overseeing Barnardo's approach to generating sufficient and sustainable income and the delivery plans to meet its needs today, and in the future.

- 6. Risk Committee:** making sure that Barnardo's has effective internal control and risk management systems and is operating within its agreed risk appetite, within approved policies and within the law.

- 7. Remuneration and Nomination Committee:** making sure nominations and appointments to the Board of Trustees and the remuneration of members of the Corporate Leadership Team and other colleagues are responsibly managed, consistent with the achievement of the charity's strategic objectives and in accordance with Barnardo's Basis and Values.

The **National Advisory Boards (NABs)** for Scotland, Northern Ireland and Cymru/Wales typically comprise at least one Trustee in addition to individuals with local knowledge and experience. Barnardo's remains a single UK charity, but these NABs support the formation and delivery of Barnardo's UK Corporate Strategy in the relevant nation. This work is done within the framework set by the Board of Trustees.

Patron

Our Patron, Her Majesty the Queen Consort, continued to support Barnardo's in 2021-22. We're extremely proud of our connection to the Royal Family which dates back to 1902.

Board of Trustees

A list of Trustees is shown on page 87.

Barnardo's activities extend across all four UK nations: England, Scotland, Northern Ireland and Cymru/Wales. Our Children's Services work is managed in seven regions covering Central, Cymru and South West, London, South-East, North, Scotland and Northern Ireland.

Responsibility for operational activities is allocated to five directorates: Barnardo's Trading Companies, Business Services, Children's Services (Development

and Innovation), Children's Services (Operations) and Corporate Services.

Barnardo's has three sister charities: Barnardo's Republic of Ireland, Barnardo's Australia and Barnardo's New Zealand. Each is a locally registered organisation with its own governing body. These charities use the Barnardo's name under licence from Barnardo's in the UK. Their financial activities aren't included in the accompanying accounts as they're wholly independent of Barnardo's in the UK.

There were no transactions with related parties during the year other than contributions made to the Barnardo's pension scheme, (which are separately disclosed in the notes to the accounts) and transactions with Barnardo's subsidiaries.

Remuneration policy

To deliver our charitable aims and meet the needs of children, young people and their families and other stakeholders, Barnardo's employs a significant number of colleagues alongside the vital support that our volunteers provide.

We recognise and value the unique worth and contribution of every employee and are committed to making sure we pay our colleagues a fair and appropriate salary, while always making sure we can afford to do so. This is informed by the local labour market.

Barnardo's complies fully with statutory gender pay reporting requirements and our 2021 Gender Pay Report is available in full from our website. Our 2021 report shows our median gender pay gap is 12.99 per cent.

Our pay gap for 2021 is based on snapshot data from April 2021 which falls during a significant period of challenge due to the Covid-19 pandemic. Since the statutory gender pay reporting calculation requires the 'exclusion of full-pay relevant colleagues', we excluded 1,672 who were on furlough leave at the time. Excluding these furloughed colleagues, who were largely in retail and 331 of whom were male, means that in the sample we used to calculate our gender pay gap the median hourly rate for male colleagues was higher than it would otherwise have been. This has had an impact on the gap between average pay for male and female colleagues. Further analysis based on salary calculations indicates that including this furloughed staff group could potentially reduce both the median and the mean pay gap.

While our median pay gap remains below the national average of 15.4 per cent, even after including furloughed colleagues in the calculation, we recognise that we have much more work to do to address the continuing pay gap.

We have been taking action and, for the second year running, in 2021, 40 per cent of our senior

leaders (director level and above) were women. We're also providing bespoke opportunities for women, as well as colleagues from Black, Asian and other ethnic minority communities, to develop within the charity. This includes our Emerging Leaders Programme and a special mentor scheme run by our Women's Staff Network.

We're committed to doing more to understand the reasons for our gender pay gap, and how we can better support our female colleagues to progress to higher paying roles. This will help inform a revised list of commitments in our Equality, Diversity and Inclusion Action Plan for 2022 onwards.

Last year, we published our first ever Ethnicity Pay Gap report and will continue to do this each year. We'll also extend this work to report on the disability pay gap. On initial analysis Barnardo's median ethnicity pay gap is minus 0.5 per cent, very slightly positive towards Black, Asian and minority ethnic colleagues. This is down by 11.5 percentage points from the previous year when it was minus 12 per cent in favour of Black, Asian and minority ethnic colleagues. But, as with our gender pay gap reporting, and using the same reporting principles, this may be affected by the exclusion of furloughed colleagues. Therefore, using April 2021 data may not give an accurate reflection, or baseline for reporting the relative pay trends for our ethnicity and disability pay gaps. We're carrying out further analysis so we can report on our April 2022 position later in 2022-23. This will inform our commitments in our Equality, Diversity and Inclusion Action Plan for 2022 onwards.

Our approach to reward reflects the importance of both financial and non-financial recognition, including the culture and other intangible elements of what makes us a great organisation to work for. This is embodied in our commitment to a Pay & Reward review, which commenced during 2020-2021. This review is guided by our new pay philosophy, which will be enabled by a new and simpler grade and band architecture, new processes and a broader concept of reward.

Barnardo's has a UK-wide trade union recognition agreement with UNISON. Due to the impact of the coronavirus pandemic on our finances, we adjusted our approach to the Single Annual Pay Award (SAPA) during 2021. In April 2021, the uncertainty of our financial position meant we were only able to make a 2 per cent pay award to our colleagues in the lowest earning positions and to remain in-line with the

Living Wage Foundation and National Minimum Wage hourly rate increases. On further review of financial stability after the close of the financial accounts for 2020-21, we awarded our remaining employees a SAPA uplift of 2 per cent from 1 November 2021 and a one-off non-consolidated

payment equivalent to 2 per cent of earnings between April and October 2021.

Ordinarily, our pay rates are informed primarily by charity sector data. We recognise that charity pay is often lower compared to similar roles in the public or private sector.

In the spirit of fighting 'in work' poverty and child poverty, we aim to pay a decent wage to all, especially those in our lowest earning pay ranges. The Nomination and Remuneration Committee makes recommendations to the Board for approval. The Board ultimately approves the annual pay settlement for all eligible staff once we have reached a final negotiation point with Unison.

In accordance with the Statement of Recommended Practice we:

- disclose all payments to Trustees (no Trustees are paid) and expenses reimbursed (detailed in note 11 to the accounts)
- disclose the number of staff in receipt of £60,000 and above (in bands of £10,000) (note 12 to the accounts)
- disclose the aggregate remuneration of the Corporate Leadership Team
- disclose pensions and other benefits (note 13 to the accounts)

The Board approves the annual pay settlement for all staff.

Executive pay was higher in 2021-22 than in the previous year. This was partly because the Board appointed two Interim Co-CEOs to lead the charity while the previous CEO supported the transition, and until a new permanent CEO was recruited. The permanent CEO was appointed in March 2022 which will be reflected in next year's accounts.

The Nomination and Remuneration Committee meets four times a year. Members of the Committee are the Chair, Deputy Chair, Honorary Treasurer and up to three more Trustees. No members of the executive are members of the Committee. The Committee's main responsibilities are set out on page 47.

It's the Committee's responsibility to consider the remuneration of the Chief Executive and members of the Corporate Leadership Team, as well as to set the pay policy for all staff and agree the basis for any annual increases in pay. The Board and the Nominations and Remuneration Committee operate within the powers and constitutional arrangements as set out in the Articles of Association and Committee terms of reference. When making recommendations, the Committee will draw on relevant internal and external information about staff remuneration provided by Barnardo's management team.

Staff remuneration doesn't include any share options or long-term incentive schemes. The Chief Executive and other members of the Corporate Leadership Team all need to give at least 26 weeks' notice to terminate their contracts of employment. The pension provisions for the Corporate Leadership Team are on the same terms as other colleagues.

Public benefit

In setting plans and priorities for areas of work, our Trustees have followed guidance from the Charity Commission on the provision of public benefit, in accordance with Section 17 of the Charities Act 2011. In particular, the Trustees consider how activities will contribute to meeting the objectives they have set. They focus on the services that will deliver the greatest impact to the most vulnerable children and young people. In delivering these services, we clearly identify the benefits to children, young people and their families. We then monitor progress to make sure our services are having a positive impact on children and young people, as planned, and to learn any lessons that can be used to improve the services.

We have demonstrated how Barnardo's delivers its principal charitable object — to promote the care, safety and upbringing of children and young people — in "Progress against our Strategy" in this Annual Report. This forms part of the Trustees' report and sets out Barnardo's objectives, highlights our achievements and examples of activities delivered in the year.

By providing services that support and empower children, and by campaigning for changes to Government policy that will improve children's lives, Barnardo's helps some of the most vulnerable children and young people to reach their full potential. The wide-ranging and substantial impact of our work is demonstrated on pages 9 to 25. Our work benefits the whole of society, as well as those who use our services. In this way, Barnardo's meets the public benefit requirement as set out in Section 4 of the Charities Act 2011.

Activities in Scotland

Barnardo's is registered with the Office of the Scottish Charity Regulator (OSCR) and has a National Advisory Board to provide advice and guidance on all aspects of our activities in Scotland. During the year Barnardo's provided 162 services throughout Scotland, with 10,150 children, young people, parents and carers accessing these in 2021-22.

Registered office

Our registered office of the charity and its subsidiaries is Barnardo's, Tanners Lane, Barkingside, Ilford, Essex, IG6 1QG.



OUR SUSTAINABILITY REPORT

Barnardo's continues to work hard to reduce the impact it has on the environment and to reduce its carbon footprint.

Summary of performance

Barnardo's key sustainability performance indicators for 2021-22 are shown below, along with our data for 2020-21.

Barnardo's has taken 2019-20, as our baseline reporting year for our energy consumption and carbon emissions, due to the impact of the pandemic in 2020-21. Progress made by Barnardo's in 2021-22 against our baseline has been reported as percentage difference for this year.

Energy consumption	2021-22 Consumption (kWh)	2021-22 Carbon emissions (tCO ₂ e)	2020-21 Consumption (kWh)	2020-21 Carbon emissions (tCO ₂ e)	2021-22 Percentage difference against baseline 2019-20 (tCO ₂ e)
Gas	7,139,355	1,307	9,026,962	1,660	-34.45 %
Electricity	11,738,349	2,492	9,894,884	2,307	-44.41 %
Transport	3,726,696	911	2,669,958	634	-63.37%
Total	22,604,400	4,710	21,591,804	4,601	

Barnardo's energy consumption and carbon emissions data for 2021-22 has been calculated as part of our mandatory Streamlined Energy and Carbon Reporting (SECR) reporting requirements. To calculate our energy and gas emissions, DEFRA Conversion Factors 2021 have been used to convert our electricity and gas consumption in kWh to tCO₂e. To calculate our transport emissions, DEFRA Conversion Factors 2021 have been used to convert transport fuel consumption to tCO₂e and to kWh. DEFRA Conversion Factors were also used to convert refrigerant usage from kilograms into CO₂e, where applicable.

Barnardo's total carbon emissions during the 2021-22 financial year was 4,710 tCO₂e. Measured against the charity's confirmed intensity ratio, this equates to 0.6343 based on tonnes CO₂e of emissions per employee (based on 7,427 employees). All emissions required as part of our SECR reporting are included. These requirements do not currently include energy consumption from home working. While this has been a growing area for Barnardo's, due to impracticalities of calculation, it is not possible, (as yet), to provide any reasonable assessment of this.

Barnardo's has seen a decrease in the level of carbon emissions against its 2019-20 baseline for all of its sustainability indicators. While the charity has begun to implement its sustainability strategy, the organisation's carbon emissions have been significantly impacted by the pandemic. Energy consumption and transport usage has reduced as a result of site closures and national restrictions.

With the easing of restrictions in 2022, Barnardo's is expecting to see fluctuating data patterns against all its key sustainability indicators until new working practices are established. This is reflected in an increase in the organisation's electricity and

transport emissions compared to 2020-21, with these figures directly impacted by the reopening of Barnardo's retail shops. We'll continue to monitor and report our carbon emissions, with the information used to inform the development and delivery of our core sustainability strategy.

Our commitment to sustainability

As a charity, we're committed to reducing our environmental footprint to help preserve the planet for the children and young people we support. We've already carried out several environmental initiatives to help us achieve our goal. Our core work is making sure that we have a social foundation in place for children, young people and their families. Our sustainability strategy addresses the need to reduce our environmental impact while delivering a sustainable future for the young people we support. The climate crisis will affect children and young people and their future. Barnardo's has an important role to play in reducing the burden for them and ensuring their voices are heard.

We're committed to becoming a charity that works smarter and sustainably by identifying opportunities to reduce our carbon emissions. We also want to embed sustainability as a key strategic priority in our wider service delivery and business practice. Last year, we launched our sustainability strategy and implementation plan which saw Barnardo's commit to reducing our environmental impact across five key priority areas:

- Travel to, from and for work – reducing our carbon footprint by adopting sustainable transport methods and educating colleagues and volunteers
- Transport and logistics – using modern technology and infrastructure to decarbonise our fleet
- Procurement of fewer and greener goods – reducing paper procurement and using recycled stock
- Energy use – reducing our organisational energy consumption and making sure all our electricity is supplied through renewable sources
- Reducing, reusing, and recycling – making sure we maximise resource efficiency and minimise waste in everything we do

To help us drive this important work, a Sustainability Steering Group made up of employees from across the charity was set up in the previous year with a direct reporting line to our Corporate Programme Board. It's responsible for strategic oversight of the sustainability programme and driving it forward to deliver agreed outcomes and ensuring alignment to our strategic objectives. We have also invested in resources and set up a sustainability team to drive our work in retail and a Programme Manager to lead on the coordination of a charity-wide action plan.

In 2021-22, we continued to work hard to reduce our impact on the environment. Our dedicated Sustainability Subject Matter Experts group and colleagues across the charity managed the impact of our national offices, services and retail shops across five key priority areas – travel, transport and logistics, energy use, recycling and procurement, as identified through our sustainability strategy.

Our sustainability initiatives

This year, Barnardo's undertook several environmental initiatives:

- We continued to buy green electricity produced from sustainable, renewable energy sources, which is reducing our carbon emissions. Where possible, we make sure that water and smart electricity meters are installed in our premises to help reduce our consumption and costs.
- Working with our partners to understand how our work impacts on CO2 emissions, we substantially reduced frequent shop deliveries cutting our CO2 emissions by 11.65 per cent.
- Switching to more sustainable cleaning products to use in our retail shops, we reduced our plastic waste.
- We recycled unsold and damaged donations to our retail shops, including textiles, shoes, books, DVDs, CDs, plastics, cardboard, metal and electrical items. Other environmental initiatives at Barnardo's include cartridge recycling, recycling IT kit that no longer works and on-premises recycling facilities for our retail customers.
- We repurposed our new stores and superstores where possible, including using previous tenants' fittings. We also installed energy efficient lighting and heating.
- We fitted out vacant, new build premises that are built to a higher standard, using modern design principles. These include greater thermal efficiency through improved insulation resulting in lower heating/cooling requirements.
- We introduced a hybrid working policy to support the charity to become more sustainable. This is expected to reduce staff travel requirements.
- Wherever possible, we tried to procure from sustainable sources by making sure any suppliers we use have appropriate environmental protection measures and that these are applied with Barnardo's.
- In 2021-22, we actively reduced our overall fleet by nearly 17 per cent (16.85 per cent) from 279 to 232 vehicles compared to the previous year. In addition, we reduced the number of diesel vehicles by 18 per cent, from 264 to 216. PHEV (Plug-in hybrid) vehicles accounted for 7.5 per cent of our company car fleet and that number is set to increase this year with the introduction of our electric vehicle strategy, scheduled to be published in late 2022.
- Barnardo's has put a range of resources and mechanisms in place to give staff and volunteers up-to-date information about sustainable working practices. We have rolled out refresher awareness training to all staff and volunteers to give them the knowledge, skills and awareness to support our sustainability work.
- We have joined Fit for the Future, an environmental sustainability network for charities and other voluntary organisations to come together and share best practice and practical solutions to support sustainability objectives. This collaborative approach embodies Barnardo's commitment to learning and partnership working.

Over the course of the next year Barnardo's will be looking to consolidate its sustainability strategy and action plan as part of its commitment to deliver a socially responsible sustainability programme. This will protect the environment of the children and young people we support.



HOW WE MEET SECTION 172 OF THE COMPANIES ACT 2006

Barnardo's Trustees promote our charitable purpose to improve the lives of vulnerable children.

All charitable companies have a duty to act in accordance with Section 172 of the Companies Act 2006 ('Duty to promote the success of a company').

Barnardo's Trustees consider that they have complied with their duties in Section 172 of the Companies Act 2006 by promoting the charity's success in achieving its charitable purpose: to improve the lives of vulnerable children.

Trustees, working closely with the Corporate Leadership Team, have supported the charity to continue delivering our Strategy and key objectives to:

1. Focus resources on our core mission – supporting vulnerable children and young people through our services
2. Generate as much net income as we can to invest in our vital services
3. Work with partners to improve the system surrounding vulnerable children and young people
4. Invest in our people to become an 'employer of choice' in the sector

Long-term consequences of decisions

Key decisions were taken during the year to support the achievement of our charitable objectives and make sure we take proportionate and sustainable decisions during the challenging economic conditions. These included:

- appointment of a new CEO in March 2022
- the approval of a Medium-Term Budget Strategy (MTBS) 2022-25, including significant investments

into Children's Services operations and cross cutting areas such as colleagues and technology

- adjusting our approach to the Single Annual Pay Award (SAPA) in 2021-22, as detailed in our remuneration policy section on page 38
- awarding a 5 per cent pay award to be effective from 1 April 2022, along with further uplifts for lower paid workers
- replacement of core technologies for finance, HR, payroll, recording and reporting systems and the designation of a technology fund to support our digital priorities

Interests of employees

During the year, regular updates were provided by the CEO and Corporate Leadership Team to make sure colleagues were kept up to date with the charity's performance, including the financial and economic factors impacting this. Updates were provided as written communications, video messages and live question and answer sessions. An employee engagement survey was launched in November 2021, highlighting key strategic areas for focus and improvement. The survey has been followed by manager-led team discussions, where everyone can share ideas and listen to others, held in each directorate. These have been used to inform and action plans have been created to deliver change. Further Pulse surveys and another annual survey are being scheduled for 2022-23 and subsequent years.

Supporting our colleagues' mental health and wellbeing has become an integral part of the performance development review process between managers and colleagues. This helps to increase people's awareness of mental health and their ability to act if they feel colleagues may need support. We've also increased mental health and wellbeing support for colleagues by commissioning further services with our occupational health and employee assistance providers and partnering with other providers to ensure a fuller offer and coverage is available.

Barnardo's recruitment policies ensure all applicants who have a disability, impairment or mental health condition, and who meet the essential criteria for the role, are offered an interview. Once appointed, an 'accessibility passport' is designed to support discussions around removing any barriers and maximising the potential of each employee or volunteer in the workplace.

Barnardo's has a number of active networks – Disability Network, LGBT+ Network, Race Equality Network and Women's Network. Representatives from each network come together as part of our Equality, Diversity and Inclusion Board, chaired by the CEO. They meet quarterly to discuss members' interests and make sure that feedback on relevant issues is given to senior management.

Trustees and the Corporate Leadership Team have been actively involved in decisions affecting colleagues, such as the decision to give a Pay Award to paid colleagues in the year and a commitment and investment in a wider review of our pay and reward strategy. The Board of Trustees annually reviews the gender pay gap data and signs off the Equality, Diversity and Inclusion action plan, which is a set of actions to reduce gender and ethnicity pay gaps in the organisation. Our gender pay gap data was published again this year (see details within our Remuneration Policy on page 38) and our ethnicity and disability pay gap data for 2021-22 will be published in late 2022 (ethnicity pay gap for the second year and disability pay gap for the first time).

Our business relationships and conduct

During the year, Trustees and the Corporate Leadership Team have overseen the work we do with key suppliers to make sure our procurement process builds positive and effective relationships. This includes ongoing due diligence and regular benchmarking of services. For example, following the launch of our anti-racism commitments in 2020, we've undertaken an audit of partners to make sure we carry shared values. We use a similar approach in managing our relationships with our customers, based on transparency while being focused on delivery in line with our mutual values.

Fundraising

Barnardo's runs a wide range of fundraising activities to raise voluntary donations for our services. Our Board of Trustees and Corporate Leadership Team are deeply committed to building relationships and trust with our supporters.

Our Income Generation Committee meets regularly to strengthen oversight of our fundraising programmes and make sure we're compliant and using best practice in these areas.

We're members of the Fundraising Regulator and the Chartered Institute of Fundraising and we engage widely within the sector to support measures to increase public trust and confidence.

In addition to our staff and volunteer-led fundraising, we use agencies to help deliver face-to-face, telephone and other direct marketing activities (for example direct mail). External agencies who act in this capacity on our behalf are required to do so in a respectful manner and in accordance with our standards and sector regulation such as the Fundraising Code of Practice.

We recognise the need to monitor the performance and compliance of our agencies and providers. We involve ourselves in their training with regular briefing and refresher sessions, also involving our colleagues. Our quality assurance also includes regular reviews of complaints and other feedback, as well as regular audits, appropriate safeguarding measures, mystery shopping and shadowing of agency fundraisers.

We're particularly aware of the need to protect vulnerable individuals in any fundraising we undertake. Our vulnerable person's policy sets out the high standards we commit to meet and we work regularly with third party agencies and fundraisers to review their policies, procedures and performance.

Over the course of this financial year, we received a total of 113 fundraising complaints. This is an increase from the 69 complaints last year, which is due to an increase in face-to-face fundraising activity taking place after Covid-19 restrictions were lifted. We didn't receive any fundraising complaints that were formally investigated by a regulator.

We continue to address any expression of dissatisfaction on the part of our supporters and other members of the public, and to examine ways to improve the quality of our service to them. Our Supporter Relations team looks at each complaint we receive. We aim to resolve complaints speedily and to the satisfaction of our supporters. Our complaints procedure is available on our website with all relevant contact details.

Our impact on the community and the environment

Trustees and the Corporate Leadership Team are committed to minimising any negative impact our work has on our communities and the environment. Our Sustainability Steering Group identifies ways to reduce our environmental impact and carbon footprint and have put together a sustainability action plan, which is set out in our sustainability report on page 40.

Acting fairly between members

Barnardo's is committed to making sure all colleagues are treated fairly. To help achieve this, all managers are required to demonstrate leadership and management behaviours aligned to our charitable values. These are assessed in annual performance reviews. As part of setting their own objectives, all colleagues are required to consider their role in progressing our Equality, Diversity and Inclusion action plan.

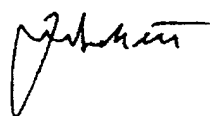
Acknowledgements

The Trustees would like to thank the many friends and supporters of Barnardo's for their donations and bequests. They would also like to thank the thousands of volunteers who give their time so generously.

Barnardo's has also benefited from gifts in kind, free loans of property, preferential rent and part-relief from rates, which have been provided by companies, legal firms, organisations, local authorities and individuals. Particular gifts and grants and pro-bono support are acknowledged in accordance with their terms on pages 81 to 84.

This Annual Report is signed by the Chair on behalf of the Board of Trustees. The Trustees also approved the strategic report, which is contained within this report, in their capacity as company directors.

By order of the Board of Trustees.



John Bartlett, Chair of Trustees

The Annual Report was approved by the Board of Trustees on 8 September 2022 and authorised for issue on 26 October 2022.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF BARNARDO'S

The Trustees are responsible for preparing the Annual Report and for being satisfied that the financial statements give a true and fair view.

The Trustees are responsible for preparing the Annual Report, which incorporates the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website, in accordance with United Kingdom legislation that governs the preparation and dissemination of financial statements. This may vary from legislation in other jurisdictions. Trustees are responsible for the maintenance and integrity of the Group's website. They are also responsible for the ongoing integrity of the published financial statements.

The Trustees confirm that, so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware. They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BARNARDO'S

In our opinion, the financial statements give a true and fair view of the state of affairs as at 31 March 2022.

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2022 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended.

We have audited the financial statements of Barnardo's ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard

applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charitable Company in accordance with the ethical requirements 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.

Conclusions related 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 Group and the Parent 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 Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's 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. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Other Companies Act 2006 reporting

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 Strategic Report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic Report or the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- proper and adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' 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 Responsibilities of the Trustees of Barnardo's, 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 determines 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 Group's and the Parent 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 Group or the Parent 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:


- Enquiry with Those Charged with Governance and management regarding known or suspected instances of non-compliance with laws and regulation and fraud, including actual or potential litigation and claims;
- Reviewing minutes of meetings of Those Charged with Governance, internal audit reports and correspondence with regulators;
- Assessing the design and operating effectiveness of controls and procedures relevant to the preparation of the financial statements and the detection and prevention of irregularities and fraud, including changes to supplier bank details;
- Reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations;
- Challenging the assumptions and judgements made by management for key estimates, in particular the assumptions used to value the defined benefit pension scheme;
- Identifying and testing the appropriateness of journal entries and other adjustments, with particular focus on unusual account combinations and postings by unexpected users or senior management; and
- Incorporating unpredictability into our testing approach through amending the nature and extent of audit procedures.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://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, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees 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, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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27 October 2022

Fiona Condron
(Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor,
 Gatwick, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

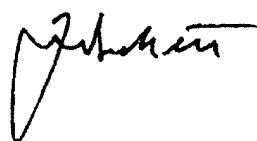
	Note	Unrestricted funds	Restricted & endowment funds	Total 2022	Total 2021
		£000	£000	£000	£000
Income from:					
Charitable activities	4	173,994	5,691	179,685	179,294
Donations and legacies	5	30,281	6,954	37,235	41,764
Other trading activities	6	77,790	–	77,790	30,046
Development and sale of properties	8	520	–	520	453
Investments	9	1,140	861	2,001	2,494
Other	10	2,272	–	2,272	26,413
Total Income		285,997	13,506	299,503	280,464
Expenditure on:					
Raising donations and legacies		10,003	1,231	11,234	11,207
Other trading activities	7	60,354	–	60,354	56,881
Costs of developing and selling properties		336	–	336	393
Investment management costs		170	39	209	276
Raising Funds		70,863	1,270	72,133	68,757
Net income available for charitable expenditure		215,134	12,236	227,370	211,707
Expenditure on:					
Service provision	7	185,186	11,549	196,735	205,477
Informing the public about our work		5,001	–	5,001	5,853
Childcare research and education		701	–	701	1,357
Total Charitable Activities		190,888	11,549	202,437	212,687
Net income/(expenditure) before pensions and investment		24,246	687	24,933	(980)
Other – pension finance charge	13	4,200	–	4,200	4,700
Total expenditure		195,088	11,549	206,637	217,387
Net gains on investments	15	2,855	1,412	4,267	13,765
Net Income	14	22,901	2,099	25,000	8,085
Other recognised gains:					
Actuarial gain on defined benefit pension scheme	13	48,100	–	48,100	4,800
Net movement in funds		71,001	2,099	73,100	12,885
Total funds brought forward		(13,355)	42,653	29,298	16,413
Total funds carried forward	25	57,646	44,752	102,398	29,298

All of the above results relate to continuing activities. The notes on pages 57 to 79 form part of these financial statements. The prior year consolidated statement of financial activities is shown as note 30.

BALANCE SHEETS (AS AT 31 MARCH 2022)

	Note	Group		Charity	
		2022	2021	2022	2021
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	16	30,254	33,488	30,226	33,473
Investments	17	80,096	75,905	79,476	75,300
		110,350	109,393	109,702	108,773
Current Assets					
Stocks and work in progress	18	1,811	2,152	–	–
Debtors	19	46,694	38,256	46,607	36,382
Current asset investments	20	21,074	36,055	21,074	36,055
Bank and cash	21	42,139	19,956	38,924	18,645
		111,718	96,419	106,605	91,082
Creditors: Amounts falling due within one year	22	(56,664)	(58,134)	(50,775)	(52,174)
Net current assets		55,054	38,285	55,830	38,908
Provision for liabilities	23	(10,826)	(11,600)	(10,326)	(11,100)
Net assets excluding including defined benefit pension liability		154,578	136,078	155,206	136,581
Defined benefit pension liability	13	(52,180)	(106,780)	(52,180)	(106,780)
Net assets including defined benefit pension liability		102,398	29,298	103,026	29,801
Fund balances					
Restricted and endowment funds	25(a) &(b)	44,752	42,653	44,752	42,653
Fixed assets fund	25(c)	30,080	33,314	30,052	33,299
Designated fund		26,050	–	26,050	–
General reserve		19,948	36,057	19,828	35,951
Revaluation reserve	25(d)	19,727	10,126	19,727	10,126
Working capital fund	&(e)	14,021	13,928	14,797	14,552
Unrestricted funds excluding pension reserve		109,826	93,425	110,454	93,928
Pension reserve	13	(52,180)	(106,780)	(52,180)	(106,780)
Total unrestricted funds including pension reserve		57,646	(13,355)	58,274	(12,852)
Total funds	25(d)	102,398	29,298	103,026	29,801

Approved by the Board of Trustees on 8 September 2022 and authorised for issue on the 26 October 2022 and signed on its behalf by:



John Bartlett
Chair of Trustees



Dennis Hone, CBE
Honorary Treasurer

26 October 2022

The notes on pages 57 to 79 form part of these financial statements.

Company Number 61625

In accordance with the provisions of the Companies Act 2006, a separate income and expenditure account dealing with the results of the charity only has not been presented. Gross income of the charity of £241.1 million and net income of £20.2 million (2021: net income £7.3 million) has been dealt with in the accounts of the charity.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2022	2021 restated
		£000	£000
Cash flows from operating activities:			
Net cash generated from operating activities	26	6,044	12,842
Cash flows from investing activities:			
Investment income and interest	9	2,001	2,494
Purchase of tangible fixed assets	16	(1,597)	(4,407)
Purchase of investments	17	(12,314)	(9,899)
Sale of tangible fixed assets		678	2,231
Sale of investments	17	12,390	24,969
Net cash provided by investing activities		1,158	15,388
Increase in cash and cash equivalents in the year		7,202	28,230
Cash and cash equivalents at the beginning of the year			
Held as current asset investments		36,055	11,030
Held as bank and cash		19,956	16,751
		56,011	27,781
Cash and cash equivalents at the end of the year			
Held as current asset investments		21,074	36,055
Held as bank and cash		42,139	19,956
		63,213	56,011

Please refer to the analysis of changes in net debt (note 27).

PG
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CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

The summary income and expenditure account is presented in order to ensure compliance with the Companies Act 2006. The major difference in the figures presented from those in the consolidated statement of financial activities is that net gains and losses on investments are not recognised.

	Note	2022	2021
		£000	£000
Gross income			
Gross income of continuing operations		241,123	230,315
Income of non-charitable trading subsidiaries	3	57,558	49,179
		298,681	279,494
Gross expenditure			
Total expenditure of continuing operations		223,484	237,444
Expenditure of non-charitable trading subsidiaries	3	55,286	48,423
		278,770	285,867
Net income/(expenditure) for the year before transfers and Investment asset disposals		19,911	(6,373)
Realised gain on disposal of investment assets	15	2,618	3,965
Net income/(expenditure) for the year		22,529	(2,408)
Reconciliation to statement of financial activities:			
Net income/(expenditure) for the year before investment asset disposal above		19,911	(6,373)
Movement on restricted capital and endowment funds	25 (a)	822	692
Net income/(expenditure)		20,733	(5,681)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

Barnardo's is a private company limited by guarantee (registered in England, company number 61625).

It operates throughout the UK and is a charity registered in England and Wales (Charity Commission registration number 216250) and in Scotland (Office of the Scottish Charity Regulator registration number SC037605). It is governed by its Articles of Association, last revised in 2018.

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom, 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 (FRS102) (Charities SORP (FRS102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

Barnardo's meets the definition of public benefit entity under FRS102. Monetary values are calculated under the historical cost convention, as modified by the revaluation of investments.

Presentation currency

The functional currency of Barnardo's and its subsidiaries is considered to be in pounds sterling because that is the currency of the primary economic environment in which the organisation operates. The consolidated financial statements are also presented in pounds sterling.

Going concern

The Trustees have considered their obligations to prepare these financial statements on an appropriate basis, having specific regard to the charity's net position and looking ahead at future plans and cashflows for at least 12 months from the date signed.

Given the strength of the balance sheet (see page 54) and the availability and liquidity of the charity's unrestricted investments and cash held in the General Reserve of £103.5m and the Working Capital Reserve (largely cash backed) of £14m, the Trustees believe that, while some economic uncertainty still exists, this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern. The last few years have been as good a test of resilience as we have faced in recent history and the

way we have responded as an organisation, gives a great deal of confidence in this assertion.

The charity ended the financial year in a good position to withstand any further shocks and continues to monitor its anticipated cash flows over the next 2-3 years, carrying out stress tests and considering impact of government and economic changes closely. The Trustees, therefore, as a result, consider it appropriate for accounts to be prepared on a going concern basis.

Critical accounting estimates and judgements

To be able to prepare financial statements in accordance with FRS102, Barnardo's must make certain estimates and judgements that have an impact on the policies and the amount reported in the annual accounts. The estimates and judgments are based on historical experiences and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made.

Of particular significance is the retirement benefit liability. As disclosed in note 13, the charity's previous retirement benefit scheme was a defined benefit scheme. Year-end recognition of the liabilities under this scheme and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to levels of scheme membership, rates of mortality, key financial market indicators such as inflation and expectations on future asset returns. These assumptions are made by the charity in conjunction with the scheme's actuaries.

Legacy income recognition is also of significance. The receipt of legacies is considered probable when probate has been granted, it has been established that there is sufficient net assets to pay the legacy and any conditions attached to the legacy have been met or are under the control of Barnardo's.

Also of significance is the recognition of provisions, the most significant being in relation to dilapidations. Costs have been reliably estimated based on historical data and expected future likelihood of spend.

Parent charity disclosure exemptions

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS102:

1. The statement of financial activities and cash flow of the charity have not been presented, as disclosure has been provided in respect of the group as a whole; and

2. No disclosure has been given for the aggregate remuneration of the key management personnel of the parent charity as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated accounts of the group incorporate the accounts of the charity and its subsidiary undertakings, all of which were prepared to 31 March 2022. Subsidiaries are consolidated from the date when control passes. The trading results of the subsidiary undertakings as shown in note 3 are consolidated on a line-by-line basis within the consolidated statement of financial activities (SOFA). Intercompany transaction and balances between group companies are therefore eliminated in full.

A separate SOFA for the charity is not presented as permitted by the SORP and the Companies Act 2006.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. At each reporting date, inventories are assessed for impairment. If an inventory is impaired, the carrying amount is reduced to the selling price less any costs to complete and sell or put to nil if considered unlikely will sell. The impairment loss is recognised immediately in the profit and loss.

Investments

Investments in subsidiaries are held at cost and are assessed for impairment at each reporting date. Investments and those held as fixed assets and current assets, are stated at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation ("unrealised gains") are recognised in the SOFA. Realised gains or losses on investments are calculated as the difference between the disposal proceeds and the carrying value.

Fixed Assets

Fixed assets are stated in the balance sheet at their cost less depreciation. Expenditure of a capital nature over £1,000 is capitalised. Profits and losses on the disposal of properties are recognised in the SOFA in the year of disposal.

Reviews are carried out when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly. Revaluation of investment properties are carried out each year by an external qualified RICS registered valuer who has appropriate knowledge, skills and experience to undertake the valuation completely.

Depreciation

Depreciation is charged so as to allocate the cost of

assets less their residual value over their estimated useful lives, using the straight-line method as set out below:

1. Depreciation of freehold and long-leasehold properties is provided at the rate of between two and four per cent per annum on their cost or value. Short-leasehold properties are amortised over the period of the lease. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.
2. Equipment and vehicles are depreciated over their expected useful lives, which vary between one and five years.

Creditors

Payments to suppliers are either our standard payment terms of 30 days or according to the agreed credit terms.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. This includes investments disclosed as current asset investments.

Provisions

Provisions are recognised when the charity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of a resources will be required to settle the obligation and the amount can be reliably estimated.

Financial instruments

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Financial assets, other than investments, and financial liabilities are initially measured at transaction price (after including/deducting transaction costs) and subsequently held at amortised cost, less any impairment.

Income

1. Fees, grants for service provision, statutory and related funding are recognised where there is evidence of entitlement, receipt is probable, and the amount can be measured reliably. Any amounts due at the year-end are included as debtors within statutory related funders.
2. Donations (except in relation to legacies) are accounted for when receivable.
3. Income from pecuniary legacies is recognised where grant of probate has been received, and income from residuary legacies is recognised where estate accounts have been finalised.

Income from wills or reversionary trusts of property is not recognised until the life interest has passed away and the property sale is at an advanced stage. Income from all other legacies is only recognised where there is clear entitlement, the amount can be accurately measured and there is reasonable probability of receipt. The receipt of legacies is considered probable when probate has been granted, it has been established that there are sufficient net assets to pay the legacy and any conditions attached to the legacy have been met or are under the control of Barnardo's.

4. The value for gifts in kind, donated services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation has been met, the receipt of economic benefit from the use by the Charity is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS102), general volunteer time is not recognised. More information about their contribution is explained in the Trustee's Annual Report.
5. All grants are accounted for when receivable, as long as there is evidence of entitlement, receipt is probable and its amount can be measured reliably. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.
6. Income raised through the operation of shops and related trading activity under the charity's management is taken into account at the point at which ownership of the goods transfers to the customers. Stocks of unsold donated goods are not valued for balance sheet purposes as it is not considered practical to estimate the fair value due to the high volume of low value inventory and the absence of management information systems.
7. Income from the sale and development of properties is recognised based on Barnardo's share of profit on practical completion of each sale.
8. Investment income is the amount receivable for the year.
9. Where fee or performance-related grant income is invoiced or received that relates to subsequent periods or when other conditions have not yet been met, the income is treated as deferred income in note 22 to the accounts.
10. Other income includes government support from the Coronavirus Job Retention Scheme, recognised on a receivables basis, of £0.5m and the Retail, Hospitality and Leisure Grant Fund (RHLGF) of £1.7m. Retail, Hospitality and Leisure

Grant Fund is subject to EU State Aid Rules. An assessment of the charity's compliance with State Aid Rules has been performed and the charity is considered to be entitled to recognise the income in the period. This income has been recognised on a receipts basis. These have been recognised in other income as a one-off event supporting all parts of our operations and to aid understanding of our accounts year on year.

Expenditure

1. All expenditure is accounted for on an accruals basis and irrecoverable VAT is included in the relevant cost category. Support costs incurred centrally are allocated to expenditure categories listed below on the basis of their use of corporate functions. Such allocations of support costs are made on a basis consistent with the use of resources. Further details regarding support costs are disclosed in note 7.
2. Costs of raising voluntary funds are incurred in relation to staff members who are engaged in fundraising activities and the provision of fundraising activities on Barnardo's behalf.
3. Expenditure on trading activities represent expenditure incurred in the operation and management of the Barnardo's chain of shops and other activities undertaken by Barnardo Trading Limited.
4. Costs of developing and selling properties represent expenditure undertaken by Barnardo Developments Limited.
5. Direct service provision costs represent the operational costs of service delivery.
6. Grants made include those that Barnardo's makes to other organisations and grants to young people through Barnardo's trust funds. Grant expenditure is recognised once the offer is communicated to the recipient.
7. Other service and training costs are incurred in providing regional/national and departmental management.
8. Informing the public about our work includes the costs incurred in raising awareness of childcare issues and Barnardo's activities in relation to them.
9. Childcare research and education includes policy reviews and activities to help educate wider groups about relevant childcare issues.
10. All costs involved in terminating employee contracts are accounted for on an accruals basis and disclosed in aggregate in Note 12. Termination benefits are measured as the best estimate of the expenditure required to settle the obligation as at the reporting date.

11. Pension costs

For defined benefit schemes, in accordance with FRS 102 section 28, the SOFA includes:

- the cost of benefits accruing during the year in respect of current and past service (charged against net income);
- the actual return on plan assets less interest on plan assets and the increase in the present value of the scheme's liabilities arising from the passage of time (charged against net income); and
- actuarial gain/(loss) recognised in the pension scheme (shown within net movement in funds).

In accordance with FRS 102, the balance sheet includes the deficit in the scheme taking assets at their year-end market values and liabilities at their actuarially calculated values discounted at year-end AA corporate bond interest rates. Further details regarding the scheme are disclosed in note 13.

For defined contribution pension schemes, pension costs are charged to the SOFA for the period in which they are payable.

Capital grants

In accordance with the SORP for charities, grants receivable are recognised immediately in the SOFA unless they are restricted to future accounting periods and are recognised as a liability.

Operating leases

Rentals payable/receivable under operating leases are charged/received on a straight-line basis over the term of the lease.

Corporation tax

The subsidiary companies make qualifying donations of all taxable profits to Barnardo's. The company is a charity within the meaning of the Finance Act 2010 (schedule 6, paragraph 1). Accordingly, the company is potentially exempt from taxation in respect of income or capital gains within categories covered by the Corporation Tax Act 2010 (part 11, chapter 3) or the Taxation of Chargeable Gains Act 1992 (section 256), to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

Fund accounting

Barnardo's has various types of funds for which it is responsible, and which require separate disclosure as set out below.

While the SORP sets out that restricted and endowment funds should be separated on the SOFA since the separate valuation of such funds is not significant these have been combined. The disclosure is therefore made by way of a note (note 25).

Restricted income funds

Donations or legacies received, or income arising from such, which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the organisation.

Restricted capital and endowment funds

Funds given to the charity where only the income may be used for the charity's purposes. In accordance with the Order signed by the Charity Commission in 2003, the charity may convert a proportion of the capital gain on monies held by way of endowment into income as long as the current indexed value of the original endowment is maintained.

Unrestricted funds

Funds that are expendable at the discretion of the Trustees in furtherance of the objects of the charity, consisting of four specific types:

1. Fixed assets fund

This fund represents amounts invested in fixed assets for use by the charity.

2. Designated fund

This fund represents amounts set aside by the Trustees for a specific purpose.

3. General reserve

This reserve represents funds held in an investment portfolio and investment properties.

4. Working capital fund

This fund represents net assets available to meet day-to-day operational commitments.

Pension reserve

In accordance with FRS 102, the liability attributable to the Barnardo Staff Pension Scheme is shown as a reduction of total funds. Only a partial designation (equivalent to 18 months of additional pension contributions) of funds to meet future pension commitments at the balance sheet date is in place as the organisation anticipates meeting such commitments through future cash flows. This is a situation that is subject to regular review in conjunction with actuarial valuations and related professional advice.

Subordinate charities

Included in restricted and endowment funds are assets held on behalf of trusts that are constituted as separately registered charities. These have purposes that are consistent with the objects of Barnardo's and are under common control. As such, their results have been included in the consolidated statements presented.

2. SUBSIDIARIES

Adoptionplus Limited is wholly owned by the Charity and Barnardo's owns the whole of the issued capital amounting to £20,000 (20,000 ordinary 'shares of £1 each) of Barnardo Holdings Limited which in turn owns the whole of the issued capital of the following subsidiaries:

Subsidiary Undertaking	Company Reg No:	Principal Activities
Barnardo Trading Limited	886425	Mail order and retailing
Barnardo Developments Limited	964920	Property development
Barnardo Events Limited	2270706	Sponsorship & special events
Barnardo Services Limited	1227919	Childcare services
Barnardo Garden Village Management Company Limited	8652230	Property management
Subsidiary Undertaking	Company Reg No:	Principal Activities
Adoptionplus Limited	6900397	Adoption agency

During the year there was no activity in Barnardo Holdings Limited. The net assets of Barnardo Holdings Limited are £20,000.

The subsidiary companies make qualifying donations of all taxable profits to Barnardo's. No corporation tax liability on the subsidiaries arises in the accounts.

Barnardo Garden Village Management Company Limited is not consolidated in the group accounts as it is not material to the group accounts.

The registered address of all subsidiaries listed above is Barnardo House, Tanners Lane, Barkingside, Ilford, Essex, IG6 1QG.

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3. TRADING SUBSIDIARIES' RESULTS

	Barnardo Trading Limited	Barnardo Developments Limited	Barnardo Events Limited	Barnardo Services Limited	Adoptionplus Limited	Total 2022	Total 2021
	£000	£000	£000	£000	£000	£000	£000
Turnover	5,998	520	114	49,416	1,016	57,064	48,741
Cost of sales	(3,041)	(405)	(30)	(49,416)	(955)	(53,847)	(47,242)
Gross profit	2,957	115	84	-	61	3,217	1,499
Gain on revaluation	-	15	-	-	-	15	10
Admin/other costs	(908)	(68)	(61)	(49)	(353)	(1,439)	(1,181)
Trading profit/(loss)	2,049	62	23	(49)	(292)	1,793	328
Other income	-	-	-	494	-	494	438
Taxation	-	-	-	-	-	-	-
Net income/(expenditure)	2,049	62	23	445	(292)	2,287	766
Amount payable by qualifying charitable donation to Barnardo's	(2,049)	-	(23)	(445)	-	(2,517)	(615)
Retained profit/(loss) for year	-	62	-	-	(292)	(230)	151
Total assets	4,396	1,097	91	9,578	519	15,681	15,042
Total liabilities	(4,386)	(1280)	(91)	(9,578)	(916)	(16,251)	(15,450)
Retained profit/(loss) brought forward	10	(245)	-	-	(105)	340	559
Retained profit/(loss) carried forward and net assets	10	(183)	-	-	(397)	(570)	(408)

These results have been consolidated on a line-by-line basis in the SOFA, after consolidation adjustments.

	Barnardo Trading Limited	Barnardo Developments Limited	Barnardo Events Limited	Barnardo Services Limited	Adoptionplus Limited	Total 2021
	£000	£000	£000	£000	£000	£000
Turnover	3,110	453	95	43,781	1,302	48,741
Cost of sales	(2,107)	(393)	–	(43,781)	(961)	(47,242)
Gross profit	1,003	60	95	–	341	1,499
Gain on revaluation	–	10	–	–	–	10
Admin/other costs	(810)	(83)	(64)	(47)	(177)	(1,181)
Trading profit/(loss)	193	(13)	31	(47)	164	328
Other income	–	–	–	438	–	438
Taxation	–	–	–	–	–	–
Net income/(expenditure)	193	(13)	31	391	164	766
Amount payable by qualifying charitable donation to Barnardo's	(193)	–	(31)	(391)	–	(615)
Retained profit/(loss) for year	–	(13)	–	–	164	151
Total assets	2,385	1,400	133	10,536	588	15,042
Total liabilities	(2,375)	(1,712)	(133)	(10,536)	(694)	(15,450)
Retained profit/(loss) brought forward	10	(299)	–	–	(270)	(559)
Retained profit/(loss) carried forward and net assets	10	(312)	–	–	(106)	(408)

These results have been consolidated on a line-by-line basis in the SOFA, after consolidation adjustments.

4. INCOME FROM CHARITABLE ACTIVITIES

	2022			2021		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£000	£000	£000	£000	£000	£000
Family support & placement	76,950	702	77,652	74,375	2,040	76,415
Education	25,825	336	26,161	22,534	256	22,790
Disability support	8,756	220	8,976	7,068	187	7,255
Government grants*	14,080	1,489	15,569	23,467	1,584	25,051
Other services	48,383	2,944	51,327	46,166	1,617	47,783
	173,994	5,691	179,685	173,610	5,684	179,294

*excludes Government Covid-19 support which is reported in other income (see note 10).

5. INCOME FROM DONATIONS AND LEGACIES

	2022			2021		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£000	£000	£000	£000	£000	£000
Legacies	14,966	2,223	17,189	16,921	1,649	18,570
Donations and gifts from the general public	14,248	1,848	16,096	16,869	5,198	22,067
Donations from companies and trusts	1,067	2,883	3,950	945	182	1,127
	30,281	6,954	37,235	34,735	7,029	41,764

Legacies notified but not accrued at 31 March 2022, due to probability or measurable criteria not being met, were £5.4m (2021: £5.1m).

6. OTHER TRADING INCOME

Income from trading is £77.8m (2021: £30.0m). All income relates to unrestricted activities.

7. EXPENDITURE

	Direct costs	Grant funding of activities	Apportioned support costs	2022	2021
	£000	£000	£000	£000	£000
Raising donations and legacies	5,876	–	5,358	11,234	11,207
Other trading activities	58,266	–	2,088	60,354	56,881
Costs of developing and selling properties	336	–	–	336	393
Investment management Costs	209	–	–	209	276
Total Raising Funds	64,687	–	7,446	72,133	68,757
Service provision	175,711	244	20,780	196,735	205,477
Informing the public about our work	5,001	–	–	5,001	5,853
Childcare research and education	701	–	–	701	1,358
Total Charitable Activities	181,413	244	20,780	202,437	212,688
Total Expenditure	246,100	244	28,226	274,570	281,445

	Direct costs	Grant funding of activities	Apportioned support costs	2021
	£000	£000	£000	£000
Raising donations and legacies	6,376	–	4,831	11,207
Other trading activities	53,483	–	3,398	56,881
Costs of developing and selling properties	393	–	–	393
Investment management costs	276	–	–	276
Total Raising Funds	60,528	–	8,229	68,757
Service provision	181,194	300	23,983	205,477
Informing the public about our work	5,853	–	–	5,853
Childcare research and education	1,358	–	–	1,358
Total Charitable Activities	188,405	300	23,983	212,688
Total Expenditure	248,933	300	32,212	281,445

Total expenditure of £274.6m (£2021: £281.4m) included restricted expenditure of £12.8m (2021: 12.3m), of which £1.2m related to the cost of raising funds (2021: £1.1m) and £11.5m to service provision (2021: £11.1m). Other trading activities expenditure of £60.4m (2021: £56.9m) included £56.5m (2021: £54.0m) representing the costs of operating our 607 retail shops and £3.9m (2021: £2.9m) for expenditure of Barnardo Trading Limited on costs of goods sold and other costs. £0.3m (2021: £0.4m) has been incurred developing and selling land surplus to the group's requirements.

Support costs relating to the corporate functions have been allocated to the various categories on a basis consistent with the use of resources as follows:

- Property – floor area and % share of resources
- Information systems – % share of resources
- Human Resources – number of staff
- Finance, other corporate costs and governance – % share of resources

Where they could not be allocated directly, they have been allocated based on a percentage share of other costs.

	Raising donations & legacies	Other trading activities	Service provision	2022	2021
	£000	£000	£000	£000	£000
Property	700	745	3,110	4,555	10,342
Information Systems	2,458	238	7,938	10,634	8,589
Human Resources	681	781	6,060	7,522	8,161
Finance	359	120	1,435	1,914	1,845
Other Corporate	129	36	420	585	1,494
Governance	1,030	169	1,817	3,016	1,781
Total 2022	5,357	2,089	20,780	28,226	32,212

	Raising donations & legacies	Other trading activities	Service provision	2021
	£000	£000	£000	£000
Property	1,049	1,967	7,326	10,342
Information Systems	1,865	221	6,503	8,589
Human Resources	690	857	6,614	8,161
Finance	346	115	1,384	1,845
Other Corporate	298	100	1,096	1,494
Governance	583	138	1,060	1,781
Total 2021	4,831	3,398	23,983	32,212

8. INCOME FROM DEVELOPMENT AND SALE OF PROPERTIES

	2022	2021
	£000	£000
Turnover of Barnardo Developments Limited	520	453

Income relates to unrestricted activities.

9. INCOME FROM INVESTMENTS

	2022	2021
	£000	£000
Listed investments – United Kingdom	1,815	2,238
Short term deposits	15	52
Rents and ground rents	147	177
Other interest	24	27
	2,001	2,494

The income from investments was £2.0m (2021: £2.5m) of which £1.1m is unrestricted income (2021: £1.5m) and £0.9m is income from endowments (2021: £1.0m).

10. OTHER INCOME

	2022	2021
	£000	£000
Gain on disposal of non-property fixed assets	100	171
Gain on disposal of properties	6	1,419
Covid-19 government support grants	2,166	24,823
	2,272	26,413

All income relates to unrestricted activities. Included in other income is £2.2m of government support from Covid-19 grants (2021: £24.8m) broken down as £1.7m of Retail, Hospitality and Leisure Grant Fund (RHLG) in support of the closure of our shops (2021: £8.9m) and £0.5m from the Coronavirus Job Retention Scheme where staff were furloughed in the year (2021: £15.9m).

11. MEMBERS AND TRUSTEES

Barnardo's is a company limited by guarantee having no share capital and in accordance with clause 6 of the Articles of Association every member is liable to contribute a sum of £1.05 in the event of the company being wound up. At 31 March 2022 there were 93 members (31 March 2021: 235).

Barnardo's Trustees are all unpaid volunteers who give their time and expertise freely to the Charity. The time that they give to Barnardo's ranges from around 15 to over 40 days per year depending on their role on the board and on committees. These days cover preparation and attendance at board, committee and planning meetings, Barnardo's service visits, special working groups, governance groups required for regulatory reasons, briefings and training. During the year no Trustee received any remuneration or benefits from the charity. Trustees often cover all their costs of travel and accommodation incurred whilst on Barnardo's business. No Trustees claimed any expense in the financial year (2021: nil).

Charities have to disclose where Trustees or their related parties have made their donations to charity with conditions attached. No such disclosable donations have been made to Barnardo's in the year to 31 March 2022 (2021: £nil). Donations made without conditions attached were £5,100 in the year to 31 March 2022 (2021: £nil). The charity purchased insurance for Trustees and officers of the company during the year to indemnify them against possible liabilities incurred by them in relation to their duties. The cost of this insurance was £5,174 (2021: £5,152).

12. EMPLOYEES

	2022	2021
The average number of employees during the year was:	No.	No.
Children's Services	5,007	5,082
Fundraisers, shop managers, clerical staff and fundraising management	1,895	1,978
Central support services	415	429
	7,317	7,489

	2022	2021
The number of staff whose emoluments fell within each of the following bands was:	No.	No.
£60,000 to £69,999	30	21
£70,000 to £79,999	15	13
£80,000 to £89,999	9	11
£90,000 to £99,999	6	6
£100,000 to £109,999	2	2
£110,000 to £119,999	–	2
£120,000 to £129,999	1	2
£130,000 to £139,999	2	–
£190,000 to £199,999	–	1
£250,000 to £259,999	1	–

Number of full time equivalent employees at the year end	5,304	5,349
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The highest paid employee was the former chief executive. Executive pay was higher in 2021-22 than in the previous year, due in part to contractual payments to the outgoing CEO and the Board's appointment of two Interim Co-CEOs to lead the charity whilst the previous CEO supported the transition. The former CEO's contract of service ended on 31 December 2021. The new CEO was appointed to the permanent position in March 2022.

	2022	2021
The aggregate emoluments to employees in the year were:	£000	£000
Wages and salaries	144,442	141,067
Social security costs	11,746	11,195
Employer's contribution to defined contribution scheme	11,297	11,474
Employer's contributions to other defined benefit schemes	912	–
Other benefits	599	–
Benefits in kind (as calculated for taxation purposes)	354	492
	169,350	164,228

Included in wages and salaries is an amount of £0.9m relating to redundancy, compromise and termination costs (2021: £1.4m) following the completion of children services contracts.

Emoluments in respect of the bandings above include gross salary and all benefits in kind (excluding pension contributions and expenses). Systems are in place for the management of expenses.

53 staff earning over £60,000 (2021: 52) receive benefits accruing under the Barnardo's Retirement Savings Plan. Employer contributions to the pension funds of these 53 employees were a combined total of £467k during the year (2021: £418k).

The total employee benefits of the executive Corporate Leadership Team, who are considered key management personnel as listed on page 87, was £958k in 2022 (2021: £661k).

13. RETIREMENT BENEFITS

The group operates a funded defined benefit scheme, the Barnardo Staff Pension Scheme, the assets of which are held in a specific trust separately from those of the group. Contributions are paid to the Scheme as agreed with the Scheme's Trustees, having taken independent actuarial advice.

The Scheme was closed to further accrual of defined benefits from 30 April 2013, with active members of the Scheme on that date becoming members of the Barnardo's Retirement Savings Plan, which is a defined contribution arrangement for future service. Benefits for members of the defined benefit scheme will continue to increase broadly in line with inflation.

New employees are offered membership of the Barnardo's Retirement Savings Plan. The total employer contributions and costs relating to the defined contribution arrangement for the year amount to £6.5m (2021: £6.4m).

The funding plan for the defined benefit scheme is to hold assets equal to the value of the benefits earned by employees, where that value is calculated using a set of assumptions appropriate for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding plan, Barnardo's and the pension scheme Trustees agree on deficit contributions to meet this deficit over a period. A deficit recovery plan was agreed with the pension scheme Trustees following the actuarial valuation as at March 2018.

Over the year to 31 March 2022, £10.7m of deficit contributions were paid into the Scheme. On the current plan (agreed following the actuarial valuation as at 31 March 2021), deficit contributions of £10.7m per annum are expected to be paid each year from 1 April 2021 to 30 November 2034.

Details of the defined benefit scheme, produced in accordance with section 28 of FRS102, are set out below. Calculations are based on membership data as at 31 March 2021 were updated to 31 March 2022 by an independent qualified actuary, allowing for changes in financial conditions, actual benefit payments made over the period, and the impact of pension scheme increases granted. The defined benefit liabilities have been measured using the projected unit method.

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The following table sets out the key FRS102 assumptions used for the Scheme.

Assumptions	2022	2021
	per annum	per annum
RPI inflation	3.5%	3.0%
CPI inflation	3.0%	2.5%
Discount rate	2.8%	2.2%
Revaluation of deferred pensions (non-GMP)	3.5%	3.0%
Pension increases:		
Pre 88 GMP	nil	nil
Post 88 GMP	2.4%	2.1%
Pre 97 XS	3.4%	2.9%
Post 97 pension	2.3%	2.1%
Life expectancies (in years)		
For a male aged 60 in 2022	85.0	85.5
For a female aged 60 in 2022	88.4	88.2
At age 60 for a male aged 45 in 2022	86.1	86.2
At age 60 for a female aged 45 in 2022	89.5	88.8

The amounts included in the balance sheet arising from Barnardo's obligations in respect of the defined benefit scheme for the current and previous year are as follows:

	2022	2021
	£m	£m
Fair value of assets	797.8	774.9
Present value of liabilities	(849.9)	(881.6)
Net liability recognised in the balance sheet	(52.1)	(106.7)

These figures exclude additional voluntary contributions, which have previously been included.

Sensitivity Analysis

The sensitivity of the liabilities (in both percentage and £ terms) to changes in the key assumptions used to measure the Pension Fund's liabilities is shown in the table below:

Assumption	Change in assumption	Impact on liabilities
Discount rate	+/- 0.1%	+/- £13.1m (1.6%)
RPI Inflation	+/- 0.1%	+/- £12.2m (1.4%)
Assumed life expectancy	+/- 1 year	+/- £31.9m (3.8%)

The following amounts have been included within net income/(expenditure) in relation to the defined benefit scheme:

	2022	2021
	£m	£m
Employer's part of current service cost	0.0	0.0
Past service cost	0.0	0.0
Interest expense	2.2	2.7
Administrative expenses	2.0	2.0
Total expense	4.2	4.7

The current allocation of the Scheme's assets is as follows:

	2022	2021
	£m	£m
Equities	30.8	62.7
Bonds	329.3	255.1
Diversified growth fund	29.0	145.4
Swap contracts	314.6	222.3
Private credit	88.8	80.4
Cash/other	5.3	9.0
	797.8	774.9

The Scheme's assets shown above at 31 March 2022 include instruments that protect against movements in long term interest rates and future inflation and also instruments that provide returns linked to equity markets (both traditionally and synthetically, using derivatives). The Scheme holds £30.8m in equities, and also holds an equity-related derivative contract with negligible value at 31 March 2022. Over the period the Scheme reduced exposure to equities and diversified growth assets, and increased exposure to bonds, swap contracts and private credit. The swap contracts shown are in respect of liability driven investment funds designed to protect against movements in long term interest rates and inflation.

Changes in the present value of the Scheme liabilities over the year are as follows:

	2022	2021
	£m	£m
Opening value of Scheme liabilities	881.6	798.8
Past service cost	–	–
Interest cost	19.1	18.9
Actuarial (gain)/loss	(24.3)	89.4
Benefits paid	(26.5)	(25.5)
Closing value of Scheme liabilities	849.9	881.6

Changes in the fair value of the Scheme assets over the year are as follows:

	2022	2021
	£m	£m
Opening fair value of Scheme assets	774.9	681.3
Interest on plan assets	16.9	16.2
Actual return on plan assets less interest on plan assets	23.8	94.2
Contributions by the employer	10.7	10.7
Administrative expenses	(2.0)	(2.0)
Benefits paid	(26.5)	(25.5)
Closing fair value of Scheme assets	797.8	774.9

The actual return on the Scheme's assets over the year was a gain of £40.7m (2020/21: gain of £110.4m).

14. NET INCOME

	2022	2021
	£000	£000
Net income is stated after charging:		
Depreciation of tangible fixed assets	4,345	4,797
Auditor's remuneration – statutory	121	79
Auditor's remuneration – other assurance services	5	–
Operating lease rentals	17,880	17,935
Operating lease income	(35)	(26)

Included within auditor's remuneration – statutory fees for the current year of £121k is £11k relating to additional fees for the 2021 audit. Auditor's remuneration – other assurance services relates to fees paid to the external auditor in respect of the gambling commission return for the prior year.

15. GAINS ON REVALUATION AND ON INVESTMENT ASSET DISPOSALS

	2022	2021
	£000	£000
Realised gains	2,618	3,964
Unrealised gains	1,649	9,801
	4,267	13,765

Gains on revaluation and on investment asset disposals is £4.3m for the year (2021: £13.8m gain) of which £2.9m is unrestricted (2021: £8.7m gain), £0.6m restricted (2021: £2.1 gain) and £0.8m endowment fund gains (2021: £3.0m gain).

16. TANGIBLE ASSETS

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	Properties	Equipment & vehicles	Total
	£000	£000	£000
(a) Group:			
<i>Cost</i>			
At beginning of year	79,377	20,893	100,270
Additions	1,169	428	1,597
Disposals	(2,318)	(1,675)	(3,993)
At end of year	78,228	19,646	97,874
<i>Depreciation</i>			
At beginning of year	50,347	16,435	66,782
Provided during year	2,178	2,166	4,344
On disposals	(1,951)	(1,555)	(3,506)
At end of year	50,574	17,046	67,620
Net book value			
At beginning of year	29,030	4,458	33,488
At end of year	27,654	2,600	30,254

Included in above are assets held by Adoptionplus Ltd with a net book value of £28k. All other assets are held in the charity.

	Group	
	2022	2021
	£000	£000
(b) Analysis of freehold and leasehold properties:		
Freeholds	21,139	22,217
Long leaseholds (over 50 years)	2,081	2,161
Short leaseholds (50 years and under)	4,434	4,652
	27,654	29,030
(c) Use of properties:		
Service delivery	10,617	11,171
Other (including shops and offices)	17,037	17,859
	27,654	29,030

17. INVESTMENTS

	Group	
	2022	2021
	£000	£000
Investments at market value	80,096	75,905
At beginning of year	75,905	77,210
Additions	12,314	9,899
Disposals	(12,390)	(24,969)
Realised/unrealised (losses)/gains	4,267	13,765
At end of year	80,096	75,905
Comprising:		
UK Equities	25,822	24,846
UK Bonds	23,443	21,607
International Pooled Funds	26,873	25,408
Cash	1,027	408
Property	640	625
Other investments	2,291	3,011
	80,096	75,905
Cost of Investments	60,369	57,816

There were no investments in individual companies in excess of 5% of the total portfolio value.

Investments of the charity include £20,000 subsidiary undertakings (Note 2). Property investment is held by Barnardo Developments Limited. All other investments are held in the charity.

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18. STOCKS AND WORK IN PROGRESS

	Group	
	2022	2021
	£000	£000
Finished goods	1,811	1,504
Work in progress	–	648
	1,811	2,152

Work in progress held by Barnardo Developments Limited in 2021 is included in finished goods for 2022. No stocks or work in progress were held by the charity. The value of stock recognised within the Statement of Financial Activities during the year ended 31 March 2022 was £3.4m (2021: £2.5m).

19. DEBTORS

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade debtors	241	208	–	–
Statutory and related funders	27,652	19,783	23,234	15,151
Taxation	1,974	2,420	1,974	2,420
Other debtors	2,005	3,007	1,758	2,835
Prepayments and accrued income	14,822	12,838	14,191	12,016
Amounts owing from subsidiaries	–	–	5,451	3,960
	46,694	38,256	46,608	36,382

Amounts due from subsidiaries represent:

- Loans from the charity to Barnardo Trading Ltd, Barnardo Developments Ltd and Adoptionplus Limited. These loans are repayable on demand and are secured by fixed and floating charges over the assets of the subsidiaries. Interest is chargeable at rates of 1.5% to 2% above base rate.
- Temporary current account balances between the charity and Barnardo Services Limited and Barnardo Events Limited.

20. CURRENT ASSET INVESTMENTS

	Group & Charity	
	2022	2021
	£000	£000
Interest bearing deposit accounts	21,074	36,055

21. ANALYSIS OF BANK AND CASH

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Cash in hand	42,139	19,918	38,924	18,607
Notice deposits (less than 3 months)	–	38	–	38
Total bank and cash	42,139	19,956	38,924	18,645

22. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Pension contributions	892	892	892	892
Other taxes and social security costs	8,476	9,425	5,526	7,208
Other creditors	8,597	8,441	8,450	8,315
Accruals	11,428	14,543	11,319	14,517
Trade creditors	3,752	4,939	3,259	4,859
Deferred income	23,519	19,894	16,786	11,293
Amounts owing to subsidiaries	–	–	4,543	5,090
	56,664	58,134	50,775	52,174

Deferred income relates to fees and grants invoiced in advance from statutory and related funders. An amount of £19.9m (2021: £12.6m) was released from prior year. An amount of £23.5m (2021: £19.9m) was deferred in the year.

23. PROVISIONS FOR LIABILITIES

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	Group			
	Dilapidations	Other	Total	Total
	2022	2021	2022	2021
	£000	£000	£000	£000
At 1 April 2021	5,867	5,733	11,600	3,941
Additional provisions made in the year	324	1,737	2,061	7,920
Provisions released from prior years	(615)	(2,220)	(2,835)	(261)
Provisions for Liabilities at end of year	5,576	5,250	10,826	11,600

	Charity			
	Dilapidations	Other	Total	Total
	2022	2021	2022	2021
	£000	£000	£000	£000
At 1 April 2021	5,867	5,233	11,100	3,441
Additional provisions made in the year	324	1,737	2,061	7,920
Provisions released from prior years	(615)	(2,220)	(2,835)	(261)
Provisions for Liabilities at end of year	5,576	4,750	10,326	11,100

The dilapidations provision relates to property leases with various termination dates. The other provisions balance is made up of a number of provisions which are individually immaterial to both the group and charity, it includes provisions for repairs and maintenance and the Scottish Redress Scheme. The timing of when these would be due is uncertain.

24. COMMITMENTS

(a) Capital Expenditure

There are no capital commitments.

	Group	
	2022	2021
	£000	£000
(b) Land & Other Buildings		
Total future minimum lease commitments under non-cancellable operating leases are as follows:		
Operating leases payable which expire:		
Within one year	12,489	12,504
In the second to fifth years inclusive	32,781	35,869
Over five years	13,115	12,286
Operating leases receivable which expire:		
Within one year	35	27
In the second to fifth years inclusive	139	–

A prior year adjustment has been made to update the disclosure of operating leases payable which was previously erroneously analysed on the basis of lease expiration date. Within one year was previously £721k, in the second to fifth years inclusive was previously £22,670k and over five years was previously £37,269k.

25. FUND BALANCES

	Restricted income funds	Endowment funds	Total	Restricted income funds	Endowment funds	Total
	2022	2022	2022	2021	2021	2021
	£000	£000	£000	£000	£000	£000
(a) Analysis of restricted & endowment funds						
Income						
Fundraising income	11,974	–	11,974	11,133	–	11,133
Big Lottery Fund	672	–	672	1,580	–	1,580
Net income from investments	–	822	822	–	970	970
	12,646	822	13,468	12,713	970	13,683
Expenditure						
Child care and community work in the UK	11,305	–	11,305	10,874	–	10,874
Cost of fundraising income	1,231	–	1,231	1,073	–	1,073
Grants to young people in need	244	–	244	279	–	279
	12,780	–	12,780	12,226	–	12,226
Net income	(134)	822	688	487	970	1,457
Gains and losses on investment asset revaluation and on disposals						
Unrealised gains	–	352	352	–	4,593	4,593
Realised gains	–	1,060	1,060	–	537	537
	–	1,412	1,412	–	5,130	5,130
Net Transfer from restricted to endowment funds	–	–	–	(3,686)	3,686	–
Net movement in funds	(134)	2,234	2,100	(3,199)	9,786	6,587
Fund balances brought forward	8,045	34,608	42,653	11,244	24,822	36,066
Fund balances carried forward	7,911	36,842	44,753	8,045	34,608	42,653

All endowment funds are permanent endowments. Fundraising income is made up of 15 funds, none of which are individually material and are therefore disclosed in aggregate. They have been classed as restricted due to the nature of the fundraising income.

The restricted capital and endowment fund balances carried forward at 31 March 2022 include endowment funds for which Barnardo's has received an Order signed by the Charity Commission enabling the unapplied total return to be transferred to unrestricted funds. The initial value of the unapplied return was established in 2002. It is the value of funds donated at 1 April 1976 or at the date of donation if later, indexed to 2002. Indexation has then been applied to this 2002 value to give the 2022 value. The unapplied return is the difference between the 2022 value and the market value of funds as at 31 March 2022.

	Trust for investment	Unapplied return	Total
	£000	£000	£000
Brought forward at 1.4.21			
Original gift component (indexed to 31 March 2002)	14,785	–	14,785
Further indexation to 31 March 2021	10,370	–	10,370
Unapplied return	–	8,553	8,553
Total	25,155	8,553	33,708
Movements in period			
Increase/(decrease) from indexation	2,254	(2,254)	–
Investment return: Dividends and interest	–	861	861
Investment return: Realised and unrealised gains	–	1,412	1,412
Less: Investment management costs	–	(39)	(39)
Total	2,254	(20)	2,234
Unapplied total return allocated to income in year	–	(244)	(244)
Income funds transferred to restricted	–	(567)	(567)
Net movements in the reporting period	2,254	(831)	1,423
Carried forward at 31.3.22			
Original gift component (indexed to 31 March 2002)	14,785	–	14,785
Further indexation to 31 March 2022	12,624	–	12,624
Unapplied total return	–	7,722	7,722
Total	27,409	7,722	35,131

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Endowment funds also include property and other funds not covered by the total return approach.

	2022	2022	2021	2021
(b) Categorisation of restricted & endowment funds	No.	£000	No.	£000
Fund balances				
Educational purposes	3	3,712	3	3,553
Project buildings	2	284	2	284
Sea training	1	597	1	573
General & other purposes	19	40,160	19	38,243
	25	44,753	25	42,653

Included in the restricted and endowment funds are two charities that are independently registered with the Charity Commission, along with a number of subordinate charities, also registered with the Charity Commission. The independent charities are ACW Edwards (registration number 247678 with total funds of £29k (2021: £28k)) whose objects are for the income to be distributed to recognised local or national charities that the trustees shall in their absolute discretion select and Egerton Will Trust (registration number 272973, with total funds of £27k (2021: £27k)) whose objects are such charitable purposes as the trustees shall in their absolute discretion determine. Funds are held separately from Barnardo's. The objects are closely aligned to Barnardo's so in accordance with the Charities SORP (FRS 102), as custodian Trustees, and with Charity Commission consent, these charities have been included as if they represent restricted funds of Barnardo's.

	Group					
	At 1 April 2021	Income	Expenditure	Net gains on investments and pension revaluation	Transfers	At 31 March 2022
(c) Analysis of Designated (including Fixed Asset fund) & other unrestricted funds	£000	£000	£000	£000	£000	£000
Technology fund	–	–	–	–	10,000	10,000
Pension risk	–	–	–	–	16,050	16,050
Designated Funds	–	–	–	–	26,050	26,050
Fixed assets fund	33,314	–	–	–	(3,234)	30,080
Total funds designated for purpose	33,314	–	–	–	22,816	56,130
Unrestricted free reserves	60,111	285,997	(261,751)	2,855	(33,516)	53,696
	93,425	285,997	(261,751)	2,855	(10,700)	109,826
Pension reserve	(106,780)	–	(4,200)	48,100	10,700	(52,180)
Total unrestricted funds including pension reserve	(13,355)	285,997	(265,951)	50,955	–	57,646

The unrestricted “free reserves” of the charity comprise the general fund, revaluation reserve and working capital fund. The balance at 31 March 2022 was £54.7m (2021: £60.1m).

The fixed assets fund which comprises the net book value of unrestricted fixed assets is excluded because they cannot be quickly realised.

During the year the Trustees approved the creation of two new designated funds, the technology fund to enable the charity to invest in its digital strategy and a specific risk pension fund to protect and de-risk future payments to the pension scheme. It is expected that the technology fund will be committed in the next 3 years. The pension risk fund has been set up for extra resilience to ensure the charity is able to meet its pension commitments should future unprecedented events like Covid-19 occur, or the charity face a significant economic downturn and/or a significant reduction in its income. The specific risk pension fund will allow pension deficit reduction payments to continue for at least 18 months whilst the charity reshapes its operations, preventing the need to immediately stop vital services.

	Unrestricted	Restricted	Endowments	Total	Unrestricted	Restricted	Endowments	Total
	2022	2022	2022	2022	2021	2021	2021	2021
(d) Analysis of fund balances between group net assets	£000	£000	£000	£000	£000	£000	£000	£000
Fixed assets	30,080	–	174	30,254	33,315	–	174	33,489
Investments	45,550	–	34,546	80,096	42,782	–	33,123	75,905
Pension liability (note 13)	(52,180)	–	–	(52,180)	(106,780)	–	–	(106,780)
Net current assets	45,022	7,910	2,122	55,054	28,928	8,045	1,311	38,284
Provisions	(10,826)	–	–	(10,826)	(11,600)	–	–	(11,600)
Net assets	56,646	7,910	36,842	102,398	(13,355)	8,045	34,608	29,298

	Unrestricted	Restricted	Endowments	Total	Unrestricted	Restricted	Endowments	Total
	2022	2022	2022	2022	2021	2021	2021	2021
(e) Analysis of fund balances between charity net assets	£000	£000	£000	£000	£000	£000	£000	£000
Fixed assets	30,052	–	174	30,226	33,299	–	174	33,473
Investments	44,930	–	34,546	79,476	42,177	–	33,123	75,300
Pension liability (note 13)	(52,180)	–	–	(52,180)	(106,780)	–	–	(106,780)
Net current assets	45,797	7,911	2,122	55,830	29,552	8,045	1,311	38,908
Provisions	(10,326)	–	–	(10,326)	(11,100)	–	–	(11,100)
Net assets	58,273	7,911	36,842	103,026	(12,852)	8,045	34,608	29,801

The restricted funds are held in appropriate asset forms to enable the restrictions to be satisfied. The amount of revaluation reserve included within the general reserve is £19.7m (2021: £10.1m).

26. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2022	2021
	£000	£000
Net income	25,000	8,085
Adjustments for:		
Depreciation charge	4,344	4,797
(Gains) on investments	(4,267)	(13,765)
(Profit) on the sale of fixed assets	(190)	(1,477)
Net pension charges	(6,500)	(6,000)
(Increase)/ Decrease in debtors	(8,438)	376
(Decrease) / Increase in creditors	(2,245)	22,563
Investment income and interest	(2,001)	(2,494)
Decrease in stock and work in progress	341	757
Net cash generated by operating activities	6,044	12,842

A prior year adjustment to reallocate £25.0m previously erroneously shown as a separate line within cashflows from investing activities to within the overall net movement from operating activities has been made. Net cash used from operating activities was previously shown as (£12,183k) and net cash provided by investing activities as £40,413k.

27. ANALYSIS OF CHANGES IN NET DEBT

	At start of year	Cash flows	At end of year
	£000	£000	£000
Bank and cash	19,957	22,182	42,139
Current asset investments	36,055	(14,981)	21,074
Total	56,012	7,201	63,213

28. RELATED PARTIES

The following amounts are due to/(from) the charity and its subsidiaries:

	Income	Expenditure	Debtor/ (creditor)	Income	Expenditure	Debtor/ (creditor)
	2022	2022	2022	2021	2021	2021
	£000	£000	£000	£000	£000	£000
Barnardo Services Limited	445	(34)	(4,543)	391	(36)	(5,089)
Barnardo Developments Limited	–	(39)	744	0	(54)	1,166
Barnardo Events Limited	23	(16)	65	31	(19)	108
Barnardo Trading Limited	2,049	(62)	4,328	193	(64)	2,341
Adoptionplus Limited	–	–	185	–	–	285

Commission amounting to £0.5m was paid by the charity to Barnardo Services Ltd (2021: £0.4m).

In addition, related party payments were made to the Barnardo's Staff Pension Scheme by the charity amounting to £10.7m (2021: £10.7m) of which £0.9m is outstanding as at 31 March 2022 (2021: £0.9m).

29. CONTINGENT LIABILITIES

Barnardo's has operated a large number of residential and non-residential services over a long period of time, caring for significant numbers of vulnerable children and young people. Rigorous procedures have been and continue to be in place to ensure the safeguarding of children and internal and external inspections evidence the high standard of services delivered. The nature of this work could give rise to potential claims against Barnardo's. The Trustees have considered this likelihood and potential materiality of any such claims and do not consider a provision in the accounts is warranted in this regard.

There is a contingent liability in respect of the unexpired term of leases assigned to other tenants. The Trustees consider that the possibility of a material cost accruing to the charity is remote and consequently no provision has been included in the accounts.

30. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR PRIOR YEAR

	Unrestricted funds	Restricted & endowment funds	Total 2021
	£000	£000	£000
Income from:			
Charitable activities	173,610	5,684	179,294
Donations and legacies	34,735	7,029	41,764
Other trading activities	30,046	–	30,046
Development and sale of properties	453	–	453
Investments	1,452	1,042	2,494
Other	26,413	–	26,413
Total income	266,709	13,755	280,464
Expenditure on:			
Raising donations and legacies	10,134	1,073	11,207
Other trading activities	56,881	–	56,881
Costs of developing and selling properties	393	–	393
Investment management costs	204	72	276
Raising funds	67,612	1,145	68,757
Net income available for charitable expenditure	199,097	12,610	211,707
Expenditure on:			
Service provision	194,324	11,153	205,477
Informing the public about our work	5,853	–	5,853
Childcare research and education	1,357	–	1,357
Total charitable activities	201,534	11,153	212,687
Net (expenditure)/income before pensions and investment	(2,437)	1,457	(980)
Other – pension finance charge	4,700	–	4,700
Total expenditure	206,234	11,153	217,387
Net gains on investments	8,635	5,130	13,765
Net income	1,498	6,587	8,085
Other recognised gains:			
Actuarial gain on defined benefit pension scheme	4,800	–	4,800
Net movement in funds	6,298	6,587	12,885
Total funds brought forward	(19,653)	36,066	16,413
Total funds carried forward	(13,355)	42,653	29,298

**GIFTS AND
GRANTS
RECEIVED**

FUNDING FROM DONATIONS

Corporate Partnerships

Amazon, AmazonSmile, Deichmann, Enterprise Rent-A-Car, IKEA, NatWest Group, People's Postcode Lottery, The Pokemon Group, Royal Mail Group, Saint-Gobain, Vodafone.

Public Fundraising

Barnardo's Helper Groups	£41,000
Barnardo's Community Collection Box Holders	£40,000

Additional Corporate Partnerships:

Birtelli's
 Craftworld
 Madlug
 Site Sales
 Tobermore Paving Products
 WP Engine

Charitable Trusts, Grants and Foundations

Big Lottery Fund	£623,484
Rent-A-Car	£220,000
Life Changes Trust	£9,941
Tom Parrington Trust	£20
Corra Foundation	£469,958

FUNDING FROM STATUTORY AUTHORITIES

England

Department for Education	£8,148
Home Office	£5,495,719
Department of Health and Social Care	£140,047
Department for Levelling up, Housing and Communities	£300,000
NHS England	£280,000
Northumbria Police and Crime Commissioner	£73,831
Sport England	£116,713

Scotland

Central Scottish Government	£3,647,616
Central Scottish Government – SACRO	£180,741
Central Scottish Government – Equally Safe	£160,624
Aberdeen City Council	£296,994
Aberdeenshire Council	£36,900
Big Lottery Fund	£187,962
Falkirk Council	£683,307
Fife Council	£984,199
Glasgow City Council	£6,366
Highland Council	£1,112,058
Renfrewshire Council	£75,171
Scottish Prison Service	£103,987
Shared Care Scotland	£21,915
YouthLink Scotland	£5,009

Northern Ireland

Belfast Health and Social Care Trust	£1,503,945
Big Lottery Fund	£115,429
Victims and Survivors Service	£87,612
Health and Social Care Board (HSCB)	£3,182,507
DE (Through HSCB)	£884,378
Northern Ireland Housing Executive	£71,062
Supporting People	£216,837

Supporting People – for additional space	£12,407
The Executive Office	£18,695
Public Health Agency	£953,086
Southern Health and Social Care Trust	£1,402,674
Western Health and Social Care Trust	£205,323
Northern Ireland Prison Service	£155,154

Cymru

Big Lottery Fund	£165,995
Home Office	£498,683
Gwent Police and Crime Commissioner	£182,162
South Wales Police	£399,720
Welsh Government	£205,721

TRUSTS AND PHILANTHROPY

 PG
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With the vital support of our partners, donors and patrons, we've been able to transform the lives of over 380,000 children, young people and their families. Thanks to you, we continue to be the UK's leading charity supporting disadvantaged children and championing their voices and rights.

CHARITABLE TRUSTS AND FOUNDATIONS

29th May 1961 Charity	The Gannochy Trust
B&CE Charitable Trust	The Grantham Yorke Trust
Barbour Foundation	Henry Oldfield Trust
Barratt Foundation	Hugh Fraser Foundation
BBC Children in Need	Hull & East Riding Charitable Trust
Carers Trust	Indigo Trust
CareTech Foundation	J H Bartlett Charity Trust
Community Foundation	J. W. Chapman Earlesmere Charitable Trust
The Co-op Foundation	Jenour Foundation
DLM Charitable Trust	John James Bristol Foundation
Duchy of Lancaster	John Scott Trust
Essex Community Foundation	Joseph and Lillian Sully Foundation
Evan Cornish Foundation	Julia and Hans Rausing Trust
The Eveson Trust	Katherine Martin Charitable Trust
G J W Turner Trust	Leach Family Trust

Mary Homfray Charitable Trust

Moondance Foundation

Nominet

Northwood Charitable Trust

Peacock Charitable Trust

People's Postcode Lottery

PF Charitable Trust

Ravensdale Trust

The RS Macdonald Charitable Trust

Scotch Whisky Action Fund

Shanly Foundation

Sir James Reckitt Charity

Tudor Trust

Wellcome

William Grant Foundation

William Whyte Tait Charitable Trust

Zochonis Charitable Trust

PHILANTHROPY NETWORK

Patron

Mr & Mrs Jonathan GG Clarke

The Waterloo Foundation

Benefactor


Mr & Mrs Brian Linden

Hemraj Goyal Foundation

Friend

Mr & Mrs Giles & Caroline Wilkes

The William Brake Charitable Trust



**“I LIKE HAVING A
PLACE I CAN CALL MY
OWN – ONLY IF FOR
A SHORT TIME – AND
INVITING FRIENDS
ROUND TO SEE ME
WHEN I WANT.”**

**BOARD OF
TRUSTEES AND
OFFICERS**

Patron

Her Majesty the Queen Consort

President

Natasha Kaplinsky, OBE

Vice Presidents

Mr Surinder Arora

Dr David Barnardo, OBE

Mr John Bartle, CBE

Baroness Floella Benjamin, OBE, DL

Mrs Susan Bernerd, MBE

Ms Cherie Booth QC (Honorary)

Mr David Cathie

Mr William Chalmers

Rev Joel Edwards – (deceased June 2021)

Ms Anita Goyal, MBE

Ms Rosemary Jones

Lord Loomba, CBE

Mr Bruce Oldfield, OBE

Mr Philip Taylor – (resigned 2021-22)

Trustees (year of first appointment)

John Bartlett (2014) – Chair of Trustees

Anne-Cécile Berthier (2020)

Neil Crockett (2019)

Avis Darzins (2020) – Senior Independent Trustee

Matt Davies (2020)

Dennis Hone, CBE (2017) – Honorary Treasurer

Meredith Hunter (2020)

Briony Ladbury (2019)

Moni Mannings (2017) – (resigned March 2022)

Penny Thompson (2019), CBE – Deputy Chair

Rajinder Verma (2019)

Mark Waddington, CBE (2019)

Chief Executive

Lynn Perry, MBE (from May 2022)

(Javed Khan, OBE served as CEO until 31 December 2021; Lynn Perry MBE and Michelle Lee-Izu served as interim co-CEOs until May 2022)

Corporate Director, Development and Innovation*

Michelle Lee-Izu

Corporate Director, Children's Services – Operations (interim)*

Steve Oversby

Corporate Director, Business Services*

Richard Moore

Managing Director, Barnardo's Trading Companies*

Mark Gregory

Director of People and Culture*

Lynne Holmes

Company Secretary

Nicholas Williams (from June 2022)

(David Cunningham until June 2022)

Contact details**Registered office**

Barnardo's, Tanners Lane, Barkingside, Ilford, Essex IG6 1QG

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Bankers

Barclays Bank plc, Level 28, 1 Churchill Place, London E14 5HP

Investment managers

BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL
Ruffer LLP, 80 Victoria Street, London SW1E 5JL

Principal solicitors

Bates Wells London LLP, 10 Queen Street Place, London EC4R 1BE

* Member of Corporate Leadership Team



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T: 0131 446 7000

Cymru/Wales Ely Family Centre, 87a Grand Avenue, Cardiff, CF5 4LE
T: 029 2057 7074

Barnardo's Registered Charity Nos. 216250 and SC037605