

Believe in
children



Barnardo's

Annual Report 2022-23

**We Believe
in Children**

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Welcome from our Chair and Chief Executive



Lynn Perry MBE
Chief Executive,
Barnardo's



John Bartlett
Chair of Trustees,
Barnardo's

This report covers one of the most challenging periods for children, young people, parents and carers in the UK.

Sharp increases in the cost of living, hard on the heels of the Covid-19 pandemic, drove many more families into further difficulty. Barnardo's was on the front line of dealing with the fall-out, supporting children and young people struggling with anxiety and mental health issues, as well as increased pressure on family finances.

At the same time, Russia's invasion of Ukraine and ongoing conflicts in other parts of the world drove record numbers of people to seek sanctuary in the UK, including many children who were forced to flee their homes in the most traumatic circumstances. Barnardo's dedicated frontline colleagues, including our volunteers, were there to help.

In our last report we committed to focusing our funds on three priorities: a) boosting our frontline services; b) making sure our systems are fit for the future; and c) investing in our colleagues. In this report we set out how we delivered on these commitments.

Boosting our frontline services

This year we were proud to support **373,200 children, young people, parents and carers** – showing a significant increase from 250,000 in 2015. We also provided one to one, individual support to more children and young people than ever before – 90,800 in 2022-23, compared with 82,400 the year before.

In addition to our core services, we set up a **specific fund to alleviate poverty**, providing 7,181 children and 4,168 households with access to essentials, such as food and help to pay energy bills. We also provided direct support for more than 12,000 children and families arriving from Ukraine and other countries, helping them settle in the UK.

We know our services transform children's lives across the United Kingdom. At a local level we regularly report on the impact we are making, including to our commissioners and funders. In this Annual Report, for the very first time we are able to report on the overall positive impact we made for children across the whole of the UK.

Aggregating data across hundreds of services and hundreds of thousands of beneficiaries is a significant challenge, and this is just the starting point. In future years we will be able to provide more in-depth data and analysis to describe our impact across all services, and the difference we are making for our beneficiaries. This is a key focus in our future strategy development.

Making sure our systems are fit for the future

At the same time we made significant progress in updating our core systems. Not only will this serve to increase our time and energy to devote to direct work and time spent with children and young people – but by improving the quality and visibility of our data we will go further and faster in delivering excellence across the UK.

It is not only in the way we deliver support that we are changing. We are steadily improving the way we raise funds, including through transforming our retail operations, delivering new store formats and diversifying our retail offer. We are also focused on inspiring others to donate and join the Barnardo's community, through campaigns which demonstrate the impact and influence we are able to achieve, together with our supporters. We are deeply grateful to the thousands of volunteers who give up their time to make all of this possible.

Investing in our colleagues

We are especially conscious of the need to support our hard-working colleagues in the context of cost-of-living increases. That's why we took the decision, part way through the year, to make a one-off payment in addition to the annual salary award. Meanwhile, we have been working towards a new approach to pay, reward and recognition that will allow us to continue to recruit and retain a talented, values-driven workforce.

Following difficult and prudent decisions in the context of the Covid-19 pandemic, we moved into 2023-24 in a solid financial position, and we are continuing to invest in support for children and families, in improving our systems, and in supporting our colleagues.

Going forward, we, alongside our incoming Chair Mark Wood, are united in our shared steadfast commitment to delivering high quality, inclusive services, to amplifying children's voices, and to ensuring their experiences inform decisions about our future as a country.

We are also in the process of developing a new three-year Strategy, that will begin in April 2024, and will seek to drive excellence for children and young people, transform how we demonstrate our impact, and create new opportunities for people across the UK to become part of the Barnardo's community.

Finally, we would like to record our heartfelt appreciation for the hard work and dedication of our colleagues including volunteers; to our Board of Trustees who generously donate their time and wisdom, and to our supporters, partners and donors, without whom we could not continue with our vital work: changing childhoods and changing lives.

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

Impact Report: How we made a difference in 2022-2023

Supporting children, young people and families

Our first objective in this period was:

To focus our resources on our core mission – supporting vulnerable children and young people through our frontline services.

In another phenomenally difficult year for children across the UK, the cost-of-living crisis left many families struggling to afford the basics.

Barnardo's played a key role in supporting those most in need at this time.

Understanding our reach



373,200

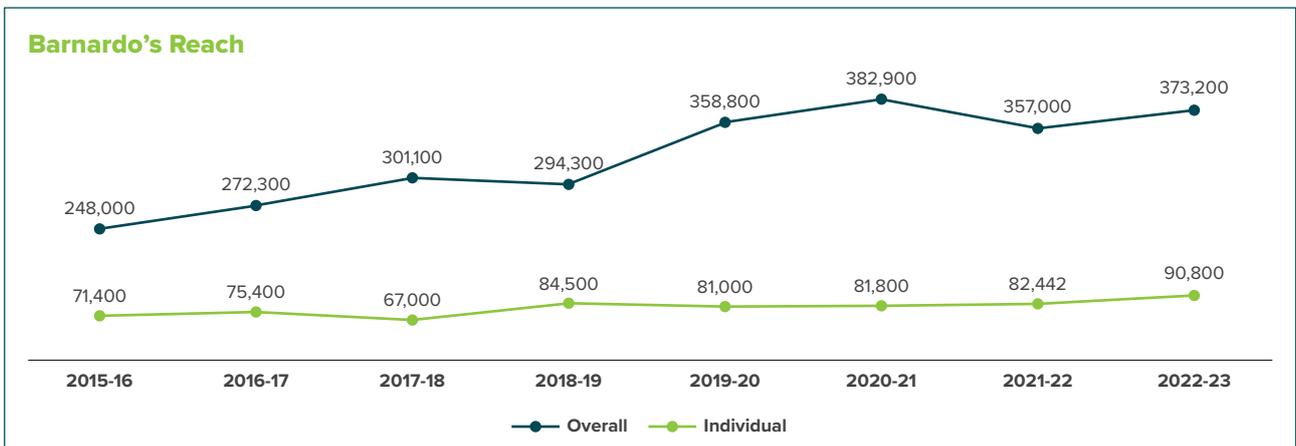
children, young people, parents, and carers we reached in total, together with our partners.
4% more than the year before.



90,800

people we provided direct support to.
A 10% increase on the previous year.

This continues the pattern of expanded reach over the last eight years, though the figures are not directly comparable, as since 2019 we have included the numbers we supported through our partnerships, signalling our strategic focus on collaboration to achieve greater impact.



Better outcomes for more children



Stronger families



Safer childhoods



Positive futures

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.

373,200

children, young people, parents and carers were reached by Barnardo's and our partners in 2022-23

We supported:



966

children to live with our **foster carers**

122

children placed with **adoptive families**



230,400

children, young people and parents supported through our **children's centres and family hubs** – a 4% increase from last year, where we reached 221,000 in these community-based services.



52,000

people through our **school-based programmes**

In 2022–23, we supported:

6,100 through our child abuse and exploitation services

1,000 children in care

101,200 with early support

3,400 care leavers

167,100 with family support

70,600

with mental health support



811 services and partnerships throughout the UK

Northern Ireland **81** services | Scotland **173** services | Wales **61** services | England **496** services



7,700 colleagues



16,900 volunteers



590 retail shops

Understanding our Impact

Barnardo's is committed to measuring, analysing, and describing the impact we make for children, young people, parents, and carers across the UK.

We know our services can make a transformational difference for children, and at a local level we regularly report on the impact we are making, including to our commissioners and funders.

Given the scale, diversity and complexity of our services base, measuring and reporting on our impact on aggregate is not an easy task. However, we are deeply committed to demonstrating the difference we are making for children and young people across the UK in order to drive quality and continuous improvement; to provide even greater assurance to our commissioners, partners and supporters; and most importantly so we can be assured of the trust and confidence of the families we serve.

As the first step on this journey, in this Annual Report, for the very first time we are able to report on the overall positive impact we made for children in 2022-23.

Based on the information available to us at this time, we are able to say that we achieved a positive impact for **74% of cases** involving the children, young people and families we helped.

This headline analysis is based on **20,050** cases across around half of Barnardo's services, between 1 April 2022 and 31 March 2023.

By 'positive difference', we mean that there is evidence to suggest an improvement based on outcome scores taken before and after providing a service.

We believe we have made a positive difference for many more children and young people across the UK, but we do not yet have the data and analysis in place to demonstrate this with confidence.

This is very much the baseline in measuring our impact across the charity, and in future years we will be able to provide much more detail, including evidence of how we have addressed specific challenges children face.



Focus: Responding to the Cost-of-Living Crisis

In October 2022, Barnardo's established a fund to help provide immediate support to children and families we support who were struggling as a result of the cost-of-living crisis.

Between October 2022 and March 2023, we spent **£1.2m** providing this vital support, reaching **13,211** people, including **7,181** children, across **4,168** households.

The support covered:

Preventing hunger	35%
Suitable clothing	24%
Access to warm spaces	21%
Access to safe and working appliances	9%
Increased safety	9%
Access to health related appointments	1%
Access to employment	1%



“At the start of winter, I couldn’t afford to buy clothing for my girls which is a heart-breaking situation to be in as a parent, but Barnardo’s were quickly able to start providing me with leggings, jumpers, shoes and shopping vouchers. It was really useful being able to get warm clothes just before December when it got really cold. Even though the weather is now warmer, the cost of food and groceries is still incredibly expensive. I like to make sure my family eat well and thankfully Barnardo’s are able to provide support for this too.”

Focus: supporting displaced children and families

During this period, we supported more than 12,000 children, young people, parents and carers who were seeking sanctuary in the UK.

This included:

- **9,730** through our bespoke helpline for families arriving in the UK (available in many languages).
- **1,319** through our Home Office funded Counter Trafficking Service.
- **822** through our Welcome service in Scotland.

We also supported 449 families in Northern Ireland including 269 families from Syria, and 10 from Afghanistan through our Northern Ireland Refugee Support Service.

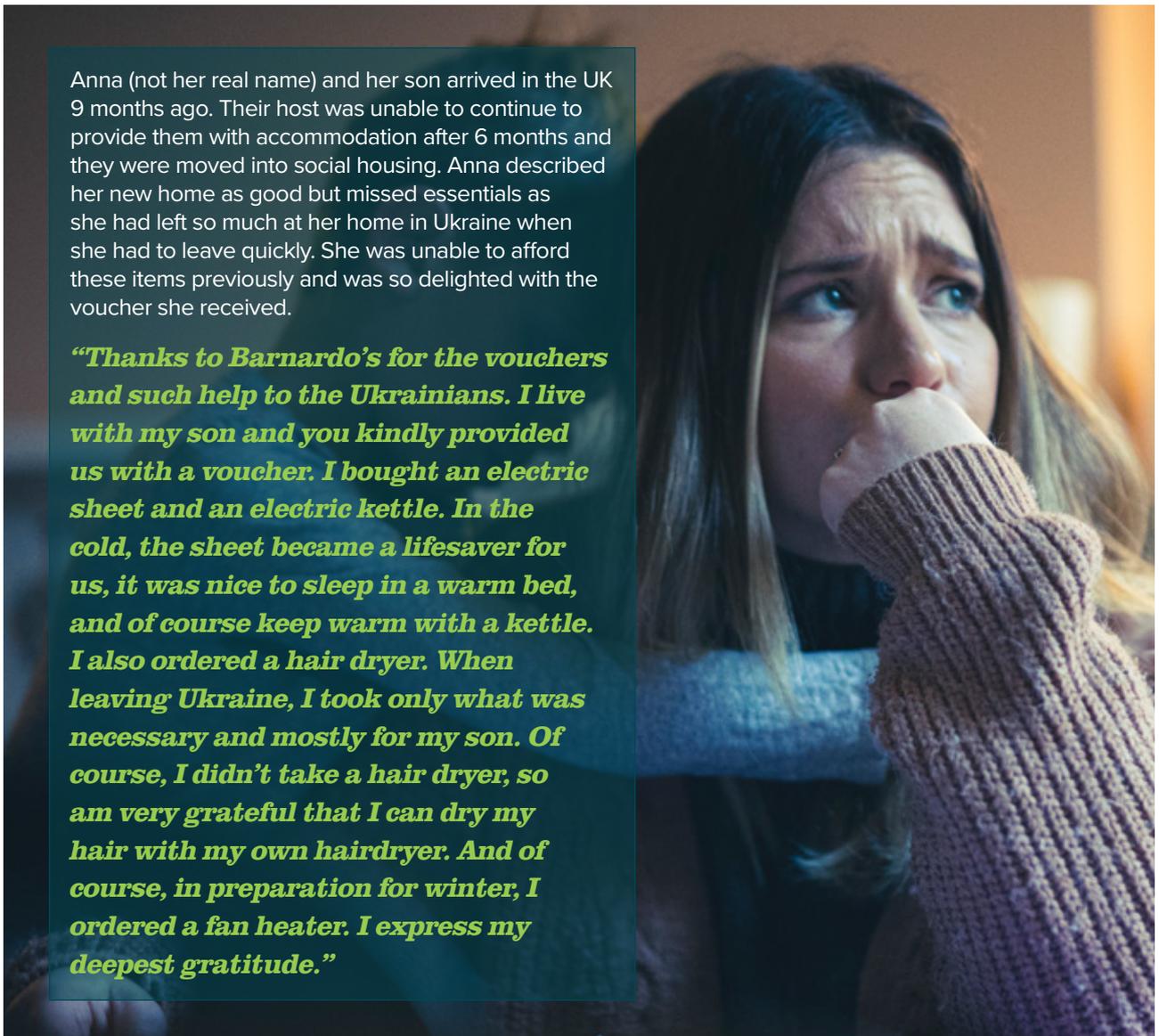
These services, alongside other help like specialist foster placements, provide vital support, including help to access basics like food and healthcare; therapeutic mental health support; and longer-term assistance with housing, education and employment, so that families can settle in the UK.

Voucher Scheme

With support from Barnardo's Vice President Lord Loomba, and the Loomba Foundation, we were able to provide vouchers worth £50-£100 to 1,140 families seeking sanctuary in the UK. Between July 2022 and June 2023, these vouchers were used across Barnardo's retail shops and online, for clothing, toys and furnishings.

Anna (not her real name) and her son arrived in the UK 9 months ago. Their host was unable to continue to provide them with accommodation after 6 months and they were moved into social housing. Anna described her new home as good but missed essentials as she had left so much at her home in Ukraine when she had to leave quickly. She was unable to afford these items previously and was so delighted with the voucher she received.

“Thanks to Barnardo’s for the vouchers and such help to the Ukrainians. I live with my son and you kindly provided us with a voucher. I bought an electric sheet and an electric kettle. In the cold, the sheet became a lifesaver for us, it was nice to sleep in a warm bed, and of course keep warm with a kettle. I also ordered a hair dryer. When leaving Ukraine, I took only what was necessary and mostly for my son. Of course, I didn’t take a hair dryer, so am very grateful that I can dry my hair with my own hairdryer. And of course, in preparation for winter, I ordered a fan heater. I express my deepest gratitude.”



Generating income

Our second strategic objective is to:

Generate as much net income as we can, to invest in our vital services.

During 2022-23 we were focused on establishing a 'new normal' in the post-Covid-19 context, and exploring new opportunities to work with partners and inspire new and returning supporters, customers and donors. When planning the year, we did not know how far the pandemic would continue to affect the performance of our shops and our fundraising, such as our face to face and event fundraising.

In total we managed to generate £42.1m that was available for charitable activities (net income after allocation of expenditure) from legacies, all fundraising and trading activities. This allowed us to continue providing crucial support to the children, young people and families who need us most. A change in methodology for pension finance charge allocation explains the £1.3m decrease compared with 2021-22, which was £43.4m. This calculation excludes income from our charitable activities and investments.



Fundraising

Our fundraising activity, including legacies, raised £39.5m – an increase of £2.3m from the previous year. We were very pleased with this result given the economic position, with the cost-of-living crisis leaving many individual supporters saying they will need to reduce their support to charities.

In this challenging economic climate we are enormously grateful to the support we received from such a wide range of people and organisations and for the loyalty displayed by our existing supporters. Without this help and support from individuals, companies, grant giving bodies and other organisations, Barnardo's would not have been able to continue delivering our vital support to children and young people across the UK or to step in at times of crisis – as we did when the rising cost of living left so many families unable to afford the basics.

To all our supporters – THANK YOU from all of us at Barnardo's. Every gift we receive makes a difference. It transforms the lives of the children and young people who need us the most.

We know the importance of reinvesting in fundraising and marketing – including to deliver vital information and advice to children and parents; to recruit new foster carers; to provide a fantastic supporter experience; and to secure vital donations so we can continue to deliver vital services in the future. However, this year we spent less money than planned, meaning that the overall direct contribution before overheads that fundraising activity made to helping children and young people was £32.9m, ahead of our target of £29.5m, by £3.4m. The longer term impact of the reduced investment in fundraising will be mitigated in future years with ongoing investment to drive sustainability and growth for the long term.

Gifts from wills

Supporters leaving a gift in their will remains an important source of funds and we received £19.2m during the year. A gift in will is an opportunity to remember the experiences that shaped you. By leaving a gift in a will to Barnardo's last year, many people have helped to shape the lives of children across the UK now, and into the future. To everyone who supported in this way we express our utmost appreciation and gratitude.

Strengthen the public's connection to our cause

We launched a new TV advert to illustrate the special bond between our project workers and the young people we support, as well as to highlight child poverty in the lead up to Christmas. Thanks to this and other activity our brand metrics increased during the campaign period including an increase in the people considering supporting Barnardo's. We also grew the

number of people engaging with Barnardo's through a petition asking for free school meals for all primary school children in England.

Support from individuals

£12.7m was donated directly by supporters of Barnardo's in 2022/23 to help make a difference to children and young people's lives. A huge thank you to all our supporters who write cheques, donate via card, donate online, have direct debits to offer us monthly support or put money into collecting tins. Every single donation we receive no matter its size is important to us and makes a huge difference.

The pandemic had an impact on our ability to operate one of our key ways of gaining new donors. But last year we were able to start operating face to face fundraising again and gained 19k new regular donors who were kind enough to sign up to direct debits to support our work. We received upwards of £10.5m in donations last year from supporters who give to us via direct debit. This method of support means a lot to us and the children we help as it is regular and enables us to have certainty that we will be able to fund our crucial services on an ongoing basis.

The growing issue of child poverty is of concern to everyone across the country and our supporters responded by donating £540k to our direct appeals to combat child poverty. As the cost-of-living crisis bites deeper we know that Barnardo's will need to act to help children who are in, or soon to become in, poverty. We were grateful to the support of everyone who chose to help us by donating to this appeal.

We are always impressed by the variety of ways people support us. The energy and commitment of those who choose to support us through undertaking runs, hikes, treks, abseils, parachute jumps and a hundred other wonderfully imaginative ways of raising money for vulnerable children is incredible. Last year, we had the pleasure of welcoming fundraisers back to in person events, with a particular highlight being the London Marathon which saw 110 runners raising £345,846 as part of Team Barnardo's!

In June over 37,000 under 5s took on the Big Toddle raising an outstanding £160k. Little feet up and down the UK enjoyed dressing up as animals for the fundraiser as they embraced the Safari theme. Our loyal and dedicated Barnardo's Helper Groups enjoyed bringing their events back in person after pausing during Covid-19. In total our groups raised over £80k with Cowbridge BHG in South Wales being our highest fundraising group raising an incredible £21.5k. These are just a few examples of ways money has been raised by supporters out there in the community giving their time to help children.

We also received £1m from those individuals who support our work through payroll giving, which is a tax efficient way of making donations through salaries.



Improving and modernising our supporter experience

We are passionate about improving our supporter experience and aspire to provide an excellent and inspiring experience for our supporters in every interaction with us. During the year we have modernised our ways of working across our supporter care team and are driving continuous improvements for the year ahead.

Transformational corporate partnerships

We are proud to work in partnership with businesses across the UK who share our passion, values and ambition to improve outcomes for children, young people and families across the UK.



People's Postcode Lottery

Barnardo's continues to be immensely proud to be a beneficiary of Postcode Children Trust, which awards funds raised by players of People's Postcode Lottery. In 2022-23 we received £3m from Postcode Children Trust and since 2018, we've received a total of £12.25m.



Co-op

At the end of this year we were thrilled to be announced as The Co-operative Group's new national charity partner. Over the next two years, we will be working with Co-op, their 60,000 employees and over 4,500 stores and branches to raise £5m to support young people to access basic needs like food; to manage their mental wellbeing; and to connect with opportunities for their future.



Arun Estates

This year we were also excited to begin a new partnership with Arun Estate Agencies Ltd, which is made up of Cubitt & West, Douglas Allen, Pittis and Wards. They have generously donated £100 for every new property valuation they completed between September and November 2022. Employees from Cubitt & West, Douglas Allen, Pittis and Wards, have shown great commitment to their communities and were successful in hitting their target with £1,000,000 raised in total. This substantial donation is providing clothing, food, gas and electric vouchers and support to 10,400 children, young people and families to improve their social, emotional and mental health and wellbeing and supporting them to feel less excluded by giving them new experiences to build confidence and learn new skills.



Amazon

Our partnership with Amazon continues to go from strength to strength, with a donation of £385k to support The JOBS (Journey Of Becoming Successful) Project, which helps young people with employability training, personal support, work and further education opportunities in their local community, based close to four of Amazon's UK sites.



Enterprise Rent-A-Car

This year Enterprise-Rent-A-Car supported our vital work by donating £228k to help families cook on a healthy budget.



Zurich Community Trust

In July 2022 Barnardo's became a national partner of The Zurich Community Trust (ZCT) for two years. The £150k grant Barnardo's received this year will contribute towards the running and development costs of the Barnardo's Education Community, an online facility that helps teachers and schools support children and young people with their mental health.

Support from trusts, foundations and individuals

We are extremely grateful for the invaluable support of trusts, foundations and individuals who support us to deliver essential work across the UK.

Julia and Hans Rausing made a donation of £400k to our Christmas appeal in 2022, helping to provide food vouchers, warm clothing and other essentials to children and families who need it the most.

“For too many children, a ‘normal’ Christmas can mean not enough food, struggling to stay warm, going without presents, and feeling left out while others celebrate. We want all children to feel safe and happy at Christmas, but we know that’s impossible while their basic needs

aren’t being met. With the sharp rise in food and energy costs this year, many parents are facing additional pressure to create a special Christmas for their families.”

Lynn Perry MBE, Chief Executive

The Katherine Martin Charitable Trust has been one of Barnardo's most loyal supporters for over 60 years. Their generosity has allowed us to transform the lives of generations of children and we are especially grateful for their donation of £200k this year.

With the generous donation of £220k from the **Moondance Foundation**, we were able to launch a new leaving care service in Swansea called Bloom. Through activities such as life coaching, trips to local attractions, and befriending, this innovative service treated young people as individuals, supported their unique needs, and provided experiences that would otherwise be out of reach to help those leaving care achieve their ambitions.

Thanks to the support of donors such as **Neil Kitchener QC**, our Ambitions Initiative service managed to target over 50 young people in the Bristol area, the majority of whom have been involved with gangs and violent crime and have not had any meaningful engagement with youth workers or professionals to date.

As a direct result of the generosity of **Sally Lykiardopulo**, Barnardo's services in Essex provided support and advice to over 500 children, young people and families of military personnel detained at the Military Corrective Training Centre in Colchester.

The wonderful commitment of the **AJS Charitable Trust**, donating £11.5k to our Lancashire Young Carers service has helped support children aged 5-18 who care for a parent or relative with a physical disability, mental health needs, and/or a substance misuse problem. Colleagues and trained volunteers worked with over 60 young carers to alleviate isolation, stress and worry, build confidence, support educational needs, strengthen their families and help them to succeed at school or college.

As a result of the generosity of **The Northwood Charitable Trust**, we were able to help children, young people and families supported by Barnardo's Dundee Child & Family Support Service to reduce their risk of harm, improve their mental health and wellbeing, and increase their engagement with education. In addition, the Northwood Charitable Trust made an additional grant this year for our Children's Emergency Fund which has enabled us to address the trauma experienced by children and families seeking sanctuary in the UK, and helped them to access education, training, and suitable housing – bringing some stability into their lives.

Retail and trading

Total sales across our retail estate grew 13.0% to £87.9m, compared with £77.8m in 2022. We saw a very positive year following Covid-19, with increased consumer demand within the charity retail sector driven by the trend in pre-loved and sustainable merchandise, and the challenges facing customers in the midst of cost-of-living pressures leading many people to look for affordable options on the high street.

E-commerce sales also grew significantly, by 63.3% to £3.43m, compared with £2.1m in 2022. This was driven by an expansion of our online operations team to capitalise on the growth in the market.

Our levels of donated stock remained positive throughout the year along with increasing consumer demand online, both through eBay and our new Barnardo's web store which launched early in this financial year.

Store openings and refurbishments

During this period, we opened a further four superstores in Swansea, Sutton Coldfield, Scunthorpe & York, making a total of seven across the UK. We also opened a further eight standard stores and refurbished another 20.

Our superstores are upwards of 8,000 square feet, offering a different customer experience, and an extended range of both donated and new products including clothing, homeware, furniture, entertainment, white goods, sports equipment and bikes.

We ended the year with fewer stores overall than the year before at 590 (down 2% from 605). We regularly review the performance of our stores, and where they are not generating a positive contribution that we can invest in our vital work, and there is not a reasonable expectation we can turn them around, they are considered for closure. The increase in our sales in this period demonstrates the success of our approach.



Working with partners to improve the system for children and young people

Our third objective is to:

Work with partners to improve the system surrounding vulnerable children and young people.

Barnardo's Foundation

The Foundation is the vehicle through which we invest voluntary funds in projects that focus on innovation and learning – and achieve long-lasting change for children and young people.

In 2022-23, the Foundation awarded grants to 14 initiatives across the UK, totalling £5.8m. This compares with an investment of close to £9m in 20 projects last year.

In Manchester we're helping a service supporting families with complex needs to think about how they could embed the approach across the city. This involves gathering high quality data and evidence to better understand its impact and use its learning to show how services can de-escalate safeguarding concerns, keep families together, reduce parental drug and alcohol misuse, make improvements in school attendance, and improve mental health. The team aim to capture the characteristics of the model to enable scaling up and replication – and to influence the delivery of children's services across the city.

The Foundation has been vigorous in making sure all the projects we support gather great evidence and learning – and are able to apply this learning in 'real time'. In some instances, this has involved commissioning research partners to better understand the nature of the issue.

In Bradford and Lewisham (in South London), the Foundation has funded a non-profit research agency called Renaisi to work with Barnardo's Employment and Training Service (ETS) to understand why Black and minoritised young people are less likely to gain secure employment than their white counterparts. These insights will enable us to redesign the delivery model and relationships with employers to ensure all trainees get the best possible start in their career.

In Cumbria, the Foundation is funding a pilot service based on '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 through a 'LINK' worker. Over three years, our learning partners, Edge Hill University will enable the Cumbria team to understand how effective this innovative approach is, and to share findings with NHS partners and others for potential scale up.

In northeast England, the Foundation has invested in an innovative programme called 'Startwell'. This service provides care and support to pregnant women who face the risk of having their new-born baby taken into care, due to the challenges such as mental health issues, domestic violence, drug and alcohol misuse, and homelessness. The Startwell team support women to achieve greater stability and security in their lives, as well as improving their parenting ability so that when they give birth, they will be able to provide their baby with a loving and safe environment.

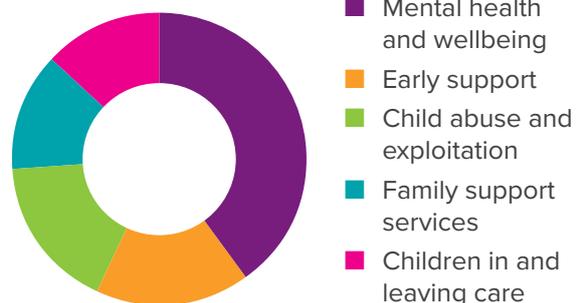
Foundation funding enabled the team to partner with Newcastle University, who then secured an additional £250k from the Economic and Social Research Council. The value of this funding and research will enable Startwell to generate an evidence base for its work and make the case that this is a cost-effective intervention that benefits mum and baby as well as saving local authorities money in the long run by reducing the number of children taken into care.

Here's Amy's [not her real name] testimony:

“Through Pauline’s [the Startwell key worker supporting Amy] holistic work with me, she made me realise that at the time, I was sure to lose my kids, and I broke down and accepted the situation and started to move forward with the realisation I could have done more and realised my mistakes. Meeting Pauline helped to change my life. If it hadn’t been for Pauline’s help during this period in my life, fighting every obstacle and securing a robust plan, I don’t know where my life would be now. Pauline helped me to secure mine and Emma’s forever home”.

Through hard work and support, Amy studied barbering and beauty and has now qualified in both professions. Her future looks promising.

Projects funded



Strategic partnerships

We work collaboratively with partners across the UK to improve children's outcomes. Our 'strategic' partnerships are different from traditional, transactional relationships between commissioners and delivery partners. Based on shared values, aims and goals, and a strong sense of trust, the intention is that when these partnerships come to an end, children and young people will continue to receive a better service, and benefit from a more child-centred approach to meeting their needs, which could include local or national policy or decision making.

Campaigning for 'Transport for Freedom' with Care Experienced Young People

We have been working alongside care experienced young people aged 17-25 who grew up in foster care or residential care, to help drive change in their communities. Working as a 'triangle', groups of two young people and one frontline worker generate new ideas about what needs to change and then work with local decision makers and others to help make this a reality.

Care experienced young people in Cornwall and Devon, in partnership with a local charity called Carefree, told us that unaffordable public transport prevented them from accessing opportunities, leisure activities and from seeing friends and family. Care leavers often experience loneliness and isolation so being able to connect with support networks is critical for their wellbeing and good mental health.

In response, we funded a local pilot in Cornwall providing free bus passes and providing evidence of the positive impact. We then worked with young people in Cornwall to raise awareness and build support for a bigger campaign for free bus travel for care leavers across England. This included a petition to get the general public on board, visits and meetings with the Minister, and a video from actor and Barnardo's supporter Lennie James.

The campaign has already had significant tangible impact:

- Cornwall Council passed a motion agreeing to give all care leavers free bus travel anytime up to the age of 25.
- Birmingham City Council recently passed a motion aimed at ensuring all care leavers in the city had access to free public transport, for travel to work, apprenticeships or interviews until they are 25.
- The Westminster Government encouraged local authorities to provide free bus travel for care leavers in the context of the Independent Review of Children's Social Care.



Responding to Child Exploitation in Bristol

We are working closely with Bristol City Council to co-design specialist services for children who have been exploited or affected by community violence. In 2022 we gathered the views of almost 100 children who have been exploited and their families' along with the professionals who support them, and asked about how services can work better to keep them safe and help them transition into adulthood.

An evaluation from the Institute of Public Care at Oxford Brookes University described our work gaining the voices of young people as 'gold standard' and highlighted the inclusion of a wide range of stakeholders underpinning the value, power and credibility of the process. Our work identified 11 opportunities for change which are the basis for the new service being commissioned as a strategic partnership between the council and others.

Based on the children's experiences we created 'Here I am' an immersive 360-degree film. Aimed at commissioners and decision makers to ensure the child's voices and experiences are central to decision making.



Improving children's mental health in North Tyneside

The North Tyneside Strategic Partnership seeks to improve outcomes for children and young people aged 5-15, who are struggling with their mental health. The partnership has representation from the local authority, Integrated Care Board, education, educational psychology, and wider voluntary sector. There are multiple programmes of work, from building the capacity of the North Tyneside workforce, development of new pathways for mental health support and testing new models of support for children and young people including a focus on digital, sleep supports and a Child and Adolescent Mental Health Services (CAMHS) Early Help offer, to work with families who do not meet CAMHS thresholds. During the pilot phase the CAMHS Early Help team worked with 280 families with 98.5% not needing to return to CAMHS. During 2022-23 the Early Help team has supported a further 304 families with the goal of stepping in early, before young people reach crisis point.

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

Throughout this period we continued to work with children and young people to make sure their voices were heard and their experiences responded to by decision makers across the UK.

Barnardo’s was mentioned **99 times** in 2022-23 in legislatures across the UK. This is a reduction from 117 the previous year, but it’s important to note that the Northern Ireland Assembly has not been sitting following the collapse of power-sharing arrangements.

Westminster

In response to the impact of the cost-of-living crisis, we were strongly focused on issues relating to child poverty in this period.

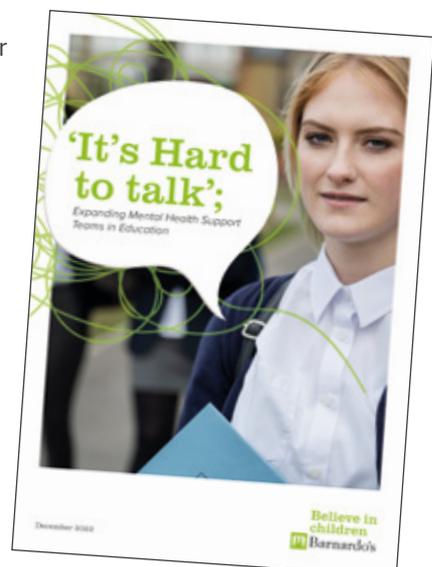
As always, our work was rooted in evidence from our services, external research, and on the views of children and young people. We published a new report: **‘A crisis on our doorstep’**, which outlined the reality of rising costs for families we support and others across the UK. Alongside young people and actress Michelle Collins, we presented a petition on free school meals, signed by over **32,000** people to 10 Downing Street.



We facilitated a number of opportunities for young people to meet politicians directly. Seven young people we support in Plymouth met **25 MPs** in Parliament to showcase their ‘Walk in our Shoes, Not One Size Fits All’ exhibition – which uses art to demonstrate the experience of being in care. Two care leavers named Leo and Shelby met the Secretary of State for Work and Pensions, Mel Stride MP, to call for a national deposit scheme for care leavers, whilst other young people met Transport Minister Richard Holden MP to discuss their calls for free bus travel (referenced above). Health Minister Neil O’Brien MP visited our Child and Family Centre in Peterborough whilst confirming more funding for these services – which Barnardo’s believes must be available in every community.

We also worked hard to influence the Online Safety Bill, alongside our Vice President Baroness Benjamin, and in partnership with many other like-minded organisations, which contributed to significant changes in the Bill to help keep children safer in the online world.

Additionally, in response to the crisis in children’s mental health – exacerbated by Covid-19 and now by the economic climate, we published a new report demonstrating the value of specialist support in schools: **‘It’s hard to talk – expanding Mental Health Support Teams in education?’**. This showed that the Government could save £1.90 for every £1 invested in these services. We also published an open letter with more than **1,300** signatures.



Throughout this period we raised grave concerns in relation to the Illegal Migration Act, and its likely impact on children, including by issuing joint statements in the media and direct to politicians. Alongside this, we continued to call for a consistent approach to support for displaced children and families, concluding through our report: **'Supporting Refugees from Ukraine'**.

We had a strong presence at the Labour and Conservative party conferences, with three young people joining us to discuss issues including the impact of the cost-of-living crisis and safety online with senior politicians.

Northern Ireland

We contributed to the Ending Violence Against Women and Girls Strategy as well as working to promote key work on infant mental health and a primary school counselling pilot.

We also organised and contributed to a conference at Stormont on the cost-of-living, in addition to meeting the Minister for Communities and hosting a visit from the Head of the Civil Service.

Scotland

We worked with partners to influence the Programme for Government, urging the adoption of various measures to assist families during the cost-of-living crisis. We took part in a successful campaign with partners to double Child Payments.

We were also delighted to welcome Minister Neil Gray MSP to visit our Welcome Service for displaced families from Ukraine, whilst the Cabinet Secretary for Justice visited our Inside Out service in His Majesty's Young Offenders Institution Polmont.

Cymru

We continued to work closely with Welsh Government on a range of key issues, securing a position on the Violence Against Women National Strategy workstreams on both sustainable commissioning and perpetrators.

We were also delighted to host a visit by the First Minister to our young families service in Cardiff, and to welcome other senior politicians to a 'Teddy Bear's Picnic' at our Baby & Me service.



Investing in our people

In last year's Report we described how we introduced a fourth objective into our Strategy:

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

Investment in our colleagues remains a key priority, as we seek to attract and retain talented, values-driven colleagues who can deliver excellence on behalf of children, young people and families.

To help achieve this objective, in July 2022, we published a People and Culture Strategy with eight key pillars:

- 1. Colleague engagement**
- 2. Learning and development**
- 3. Advancement opportunities**
- 4. Pay, reward and recognition**
- 5. Inclusive environment**
- 6. Hybrid workplace offer**
- 7. Health and wellbeing**
- 8. Leadership presence**

It also set out a list of behaviours that outline how we expect colleagues to bring our four key values to life.

Whilst we've made progress in all eight areas, some topics necessitated more immediate action given the external context during this year.

In recognition that the historically high cost-of-living would have a significant impact on our colleagues, as well as the families we support, we awarded a 5%

pay increase in 2022-23 to the majority of colleagues and where relevant, up to 10.5% to maintain our commitment to pay all colleagues at least the real living wage.

Midway through the year, and in response to the sustained challenges faced by so many in the Barnardo's family and across the UK, we also made a one-off payment to almost all colleagues (excluding those on the highest salaries), aimed specifically at supporting with costs such as energy.

During 2022-23 we also completed a new pay and reward structure for the vast majority of colleagues, beginning on 1 April 2023.

Taken together, our new approach to pay, reward and recognition seeks to ensure our offer is fair, attractive and progressive. Whilst remuneration is an important part of this, we are also focusing on how we recognise and reward colleagues in a whole range of other ways.

Our offer now includes an annual 'recognition day', and a flexible, inclusive approach to Bank Holidays.

We also relaunched our quarterly Values in Practice awards as well as holding our annual Excellence Awards, an in-person event that celebrates colleagues, volunteers and young people who drive impact across the charity.

Other key areas for focus in this period included the establishment of office hubs for colleagues looking to meet in person, collaborate and hold creative sessions to generate new ideas – as well as support for colleagues when working from home, with a particular focus on mental health and wellbeing.



Moving into 2023-24, we have made significant progress in other areas, including holding an all-colleague survey. We continue to focus on the implementation of our new approach to pay – introducing a new system of progression that seeks to reward excellence and outstanding contribution. This is being rolled out with our most senior colleagues from October 2023, and to all colleagues in 2024.

Barnardo's Behaviour Framework

We have a set of behaviours that reflect our core values. By adopting these behaviours, we will make sure everyone at Barnardo's is living and breathing our values. This will help us become an even more effective, ambitious, inclusive charity that achieves meaningful, positive change for children, and where everyone feels heard, respected, and able to thrive.

Respecting the unique worth of every person	Encouraging people to fulfil their potential	Working with hope	Exercising responsible stewardship
INCLUSIVE	SUPPORTIVE	POSITIVE	ACCOUNTABLE
Create a thriving, inclusive environment that celebrates difference, to achieve greater diversity.	Make and take opportunities to learn, develop and grow.	Set ambitious goals.	Always act in the interests of Barnardo's.
Respond to each other's needs and perspectives.	Offer and ask for help when needed.	Be creative in finding solutions.	Spend resources (time, energy and money) on the important outcomes.
Explore and value each other's skills, experience, knowledge and strengths.	Collaborate to achieve greater impact.	Reflect on what works, learn and make changes where needed.	Make evidence-informed decisions.
Raise concerns if you witness behaviour that is not inclusive.	Give and value honest feedback; have open conversations.	Celebrate making a difference.	Speak up when something feels wrong.

Strategy enablers

We committed to these three key enablers in 2016, which continue to underpin all our work across the charity. It is important to note that progress on equality, diversity and inclusion, on learning, and in some cases on being digital and data-led are picked up in the fourth strategic objective – *Investing in our People* – as outlined above.

We will be...

Digital and data-led

During this period, we delivered several significant technology and data improvement programmes, in line with our strategic commitment and our intention to invest in our support services.

Specifically, we replaced our core systems for finance and HR. This was a major undertaking and affects all colleagues across the charity. We are now in the process of assessing, upgrading and replacing other systems that underpin core activities, including our recruitment system.

Following the first phase of our ‘tech transformation’, where we replaced colleagues’ laptops so they were fit for purpose during the pandemic, we have now moved into the second phase of this work, which will have in scope our Wi-Fi, network, printer and mobile requirements.

We also upgraded our service user reporting system – which is central to how we record and report information about the people we support, and is a core foundation for improving how we measure and understand our impact.

During the year we also realised our ambition of closing our legacy data centre and transitioning our technology to cloud platforms, significantly improving security.

Strongly focused on...

Equality, diversity and inclusion

During this period we made significant progress against our Equality, Diversity and Inclusion (EDI) Action Plan, which makes key commitments in the context of our colleagues, our culture and our communities.

We continued to develop our data on equality, diversity and inclusion, recognising that this is essential for driving progress, and specifically for delivering excellent, inclusive services that meet children and young people’s needs, which take into account their backgrounds or identities.

Using our internal recording systems we have been able to increase our understanding of service users’ characteristics.

Last year we reported on characteristics recorded on our own systems, but for the first time this year we have included data on disability and ethnicity from external systems as well. (External systems do not record sexual orientation.)

Based on our internal systems we were able to record the following:

	2022-23	2021-22	% Change
We were able to record...			
Whether a service user has a disability	89.4%	88.4%	1%
Service users’ ethnicity	94.9%	91.2%	4%
Service users’ sexual orientation	35%	33%	2%

This year’s figures for both internal and external recording systems are:

- Disability: we have data for 56.7% of service users (internal and external).
- Ethnicity: we have data for 38.7% of service users (internal and external).

The difference between recording rates on our internal and external systems is because we have full control over what we collect on our own systems. However, we will of course be working closely with partners to try to increase these percentages where we can, so we can continue to build on our understanding of the experiences and needs of the children and young people we support.

In addition to the role of EDI in our direct delivery, being an inclusive charity is also about our role as an employer.

In 2022-23 we published our first Diversity Pay Gap report, that includes not only our statutory duty to report on gender, but also includes data relating to ethnicity and disability.

Our pay gaps for 2022 are based on snapshot data from 1 April 2022. Gender Pay Gap analysis shows our Median Gender Pay Gap at 5.69%. This remains well below the national average of 14.9%, and our gap is significantly reduced from our previous reported figures. In April 2021, these figures were affected by the Government’s Job Retention Scheme (JRS) which distorted our true pay gap. Looking further back to April 2020 when our total was 9.65%, our current pay gap is 3.96% less. Therefore, over time and aside from the pandemic, our results show a positive trajectory with a reducing gender pay gap. This data also shows

that the increase in female representation in the upper quartile of paid colleagues has positively impacted the statistics, reducing the pay gap by 2 per cent and thereby contributing to the positive movement in our pay gap.

Our Ethnicity Pay Gap analysis shows Barnardo's overall median Ethnicity Pay Gap is a positive variance of minus 6.37%, in favour of Black, Asian and Minority Ethnic colleagues in comparison to White colleagues, although we know there will be local variation.

Our Disability Pay Gap analysis also shows a slightly positive median Disability Pay Gap at 3% in favour of colleagues who are disabled. We will continue our work in this area as part of our wider commitment to promoting equality, diversity and inclusion across the charity. Our intention for future years is to include data on LGBT+ as well.

Our approach to reward reflects the importance of both financial and non-financial recognition, including our culture, learning from lived experience through our employee networks, and other intangible elements of what makes us a great organisation to work for.

Throughout the year we have been celebrating inclusion and marking key events, through a new calendar – ensuring that wherever you are in the charity you can develop your awareness, understanding and learning about different identities, and take responsibility for driving an inclusive culture in your team and beyond.

Other notable areas are a new suite of resources, including fact sheets and videos, to make it easier to complete Equality Impact Assessments and to facilitate our understanding of the equality impact on our decisions. We also have formal training offers such as our anti-racism training for managers, our communities of practice, our colleague EDI networks and our work to become Disability Confident Leaders Level 3 (under the Disability Confident scheme).

We will be... Committed to learning

We have continued to take our commitment to learning extremely seriously at Barnardo's, developing our digital platform (b-learning) to provide a range of relevant opportunities for our colleagues. This also includes an equality, diversity and inclusion (EDI) learning zone.

The data below gives a sense of our progress in increasing the number of colleagues engaging directly with our learning opportunities:

	2022-23	2021-22	% Change
New users enrolled on b-Learning courses (colleagues)	2,336	2,041	14%
New users enrolled on b-Learning courses (volunteers)	11,314	1,413	700%
Emerging Leaders development programme (numbers are cumulative)	132 (including 18 colleagues started on our new Emerging Leaders Programme for colleagues of African, Caribbean and Asian Heritage)	83	59%
Reciprocal Mentoring Programme (numbers are cumulative)	96	80	20%

We also increased the number of volunteers on our b-learning platform by 700%, thanks to a project to enable access and engage volunteers on b-learning platform.

Our focus continues to be on inclusive learning opportunities, and we are proud that our Emerging Leaders Programme for colleagues with Asian, African and Caribbean heritage has been underway since January.

During this period we also implemented new Project Management training, which is helping to embed these important disciplines and skills across the charity. 68 colleagues took part in this programme during the year.

Additionally, 32 colleagues started our new Systems Change and Systems Thinking Modular Learning Programme.

Overall, 2,989 colleagues across the charity took part in, externally procured, team and individual learning opportunities. (We did not report on an equivalent number last year.)

In 2023 we are focused on a number of additional areas, such as reviewing, enhancing and streamlining our induction process – including our mandatory training – and introducing training for managers when they start their journey at Barnardo's.

Working with our volunteers

Volunteers are central to what we do at Barnardo's. This year 16,917 people gave 1.8 million hours of their time to support Barnardo's to improve the lives of children, young people and families. This important work wouldn't be possible without the dedication, experience and passion of volunteers across the charity.

	2022-23	2021-22	% Change
Number of people volunteered at least once for Barnardo's	16,917	15,585	8.5%
Hours contributed by volunteers to the charities cause	1.8 million	1.8 million	–
Number of regular active volunteers	12,067	11,613	3.9%

The number of people who have volunteered at least once with Barnardo's has increased by 1,332 (8.5%) on the last financial year, whilst the total number of volunteers hours has remained at the same level. We're seeing a trend of our volunteer numbers going up, but the average hours they give going down, which is in line with a general trend in the sector. This is why we are focusing on flexible volunteering and micro volunteering to move with the trend.

Across the charity retail sector specifically, volunteer engaging organisations have continued to report that the number of volunteers engaged in their stores is significantly lower than before the Covid-19 pandemic with a recent report finding that on average charities have seen a 27% decrease in retail volunteer numbers since 2020. By contrast, this year, Barnardo's Retail & Trading volunteers surpassed pre-pandemic levels for the first time, (in February 2020, we had 10,111 substantive volunteers; and in March 2023 we had 10,461) representing an important moment in the recovery of our volunteering programmes and presenting an opportunity for the charity to move focus to presenting an ambitious vision for the future of volunteering at Barnardo's.



Volunteering Strategy 2023-2026

The development of a new Volunteering Strategy has been a key focus of this financial year. The new Barnardo's Volunteering Strategy 2023–2026 presents an ambitious vision for the future of volunteering and outlines a plan for how this will be achieved in the next three years.

It was shaped by conversations and workshops with approximately 150 Barnardo's colleagues including volunteers, as well as insights gathered from the 2022 volunteering satisfaction survey.

The strategy set the following vision:

Barnardo's will invest in volunteers to ensure they maximise their potential, have a transformative experience and provide better outcomes for more children, young people and communities.

In order to achieve this vision, we have identified four strategic aims. Barnardo's volunteering development activity will focus on these areas over the next three years and a programme of work made up of eight projects has been initiated to deliver these aims.

Building a culture of Volunteering

By 2026 Barnardo's will have an inclusive culture of volunteering. Everyone will be an advocate for volunteers and will understand the value they bring to Barnardo's.

Volunteering will be embedded in organisational wide planning and decision making.

Providing an Excellent Volunteer Experience

Barnardo's will be regarded as a charity of choice for volunteers due to the breadth of meaningful opportunities available, a high standard of volunteer management and support, and extensive opportunities for training, development and progression.

Representing the Diversity of our Communities

Barnardo's volunteers will represent the diversity of communities and volunteering will be accessible and welcoming to everyone.

Data, Insight and Continuous Improvement

Barnardo's Volunteering will be built on a commitment to evidence-based decision making. Insight gathering, proof of impact, and evaluation will drive a culture of continuous improvement in volunteering.



Financial Review

How our finances look

At the end of 2022-23, Barnardo's was in a positive financial position. After taking tough and prudent decisions at the height of the pandemic, we have been able to return, cautiously, to a sense of normality. In total, our income at £315.3m was £15.8m higher than in 2021-22.

Crucially, this has meant we were able to focus our resources on: a) continuing to provide vital support to the children, young people and families who need us most – and to provide a cost-of-living fund for families in poverty; b) investing in our colleagues; and c) investing in our systems to make sure they are fit for the future.

Our financial result for the year was stronger than we had budgeted for, even with the challenging inflationary environment. We had planned for a larger deficit but robust financial control, positive trading in our retail stores and a continued bounce-back in fundraising activity following the pandemic contributed to a more positive result.

We also ended the year with a strong reserves position giving us the confidence to continue with our plans. Moving forward, we are seeking 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.

This will free up resource to focus on meeting the changing needs of children, young people and families, and investing in our current and future colleagues.

Results for 2022-23

In 2022-23 Barnardo's made a deficit of £2.0m, compared to a surplus of £25.0m for 2021-22. This figure excludes any loss or gain made through the annual actuarial valuation of the Barnardo's Staff Pension Scheme (see further details below).

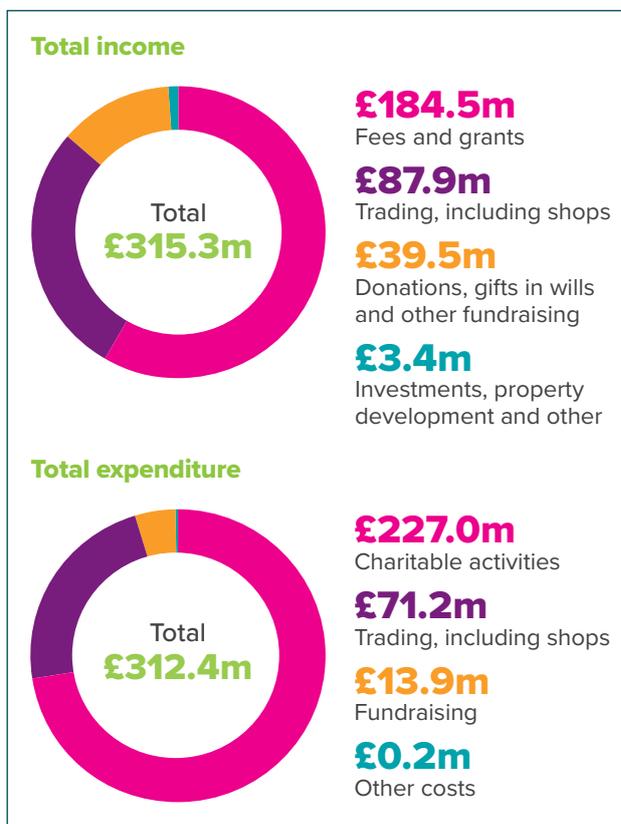
Our total income for the year was £315.3m, compared with £299.5m in 2022, 5% increase year on year across all our activities.

Our income from charitable activities improved, reaching £184.5m, compared with £179.7m in 2022, with a particular increase in our direct family support work, which includes children's centres. We've continued to secure new contracts during the year which has helped us to grow our income and shows the strong position that we continue to hold in the children's services sector.

Our retail and trading team had a strong year. Our income was £87.9m, compared to £77.8m the previous year. We continue to seek ways to diversify our income streams to grow our net income, with four new superstores opening and increasing our e-commerce sales to £3.4m and new goods sales reaching £7.9m. We also continue to invest in warehouse space and operations in order to continue to grow.

Income from donations and legacies was £39.5m, £2.3m higher than the previous year, which was £37.2m. This includes £19.2m from legacies, compared with £17.2m in 2022. Whilst this is a positive result, there is a continuing external backlog relating to the administration of probate in the courts, meaning there is a level of uncertainty about the timing of future legacy income. Income from our investments was £3.1m, a £1.1m increase with higher interest rates on our cash deposits. Other income reduced by £2.1m to £0.2m, since 2021-22 had included Covid-19 grants.

Total expenditure increased by £33.6m to £312.4m from £278.8m in 2021-22, with the most significant increases in our support for our front-line services, including cost of living and emergency relief; our colleague pay; energy costs; and increase in our digital spend. This was an increase of 12% year on year mainly due to the conscious decision to increase investment.



Our most significant area of expenditure is staff costs of £190.5m which increased by £21.1m from 2021-22, the increase being largely due to a 5% pay award effective from 1 April 2022 and a one-off cost of living payment to the majority of our colleagues excluding the highest paid.

Across fundraising and trading activities, despite margin reduction, we were still able to contribute a net £42.1m (2022: £43.4m) to our charitable work, after allocation of central support costs. This is calculated as our gross income from donations and legacies and other trading activities less the costs of generating funds and trading activities and was £1.3m lower due to the change in allocation of our pension finance charge.

The net loss on our investments was £4.9m this year, compared with a £4.3m gain in 2022, reflecting the economic environment. A volatile investment market towards the end of year meant that we did not recover from losses that arose earlier in the year.

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 2023 shows a deficit of £79.9m, compared with £52.2m in 2022. This increase in the deficit caused by a change in asset values linked to the current valuation method, after adjusting for net contributions paid and scheme expenses, led to a £35.5m actuarial loss in year as recognised in our statement of financial activities.

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 £146m and the funding level was 84%. 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 102 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 additional 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 on 31 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. 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 60.

The level of our reserves is determined by balancing two objectives: 1) maintaining sufficient reserves to enable us to continue our work when faced with difficult financial circumstances; and 2) 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 approach to meet changing circumstances without unnecessarily removing funds from addressing our charitable purposes. The Covid-19 crisis, recent geo-political events and the resulting inflationary pressures are perfect examples of the need for us to maintain a healthy reserves balance as we were able to maintain stable operations, whilst continuing to protect front line services for children and young people.

The balance sheet shows a net asset position of £64.9m, compared with £102.4m in 2022, after adjusting for the pension liability. It also shows total unrestricted reserves (reserves that don't carry any restrictions on how they can be used) of £103.1m (2022: £109.8m).

In carrying out our assessment of available reserves, we exclude 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, should we need them.

At end of 2022-23 we had free reserves of £49.3m (2022: £53.7m), as explained below:

	2022-23	2021-22
Unrestricted reserves prior to pension liabilities (per balance sheet on page 60)	£103.1m	£109.8m
Less: fixed asset fund	(£30.9m)	(£30.1m)
Less: designated funds set aside by Trustees for specific purposes	(£22.9m)	(£26.0m)
Total free reserves	£49.3m	£53.7m

In the previous financial 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. We are yet to make use of this fund.
2. A £10m technology fund which will allow us to invest in our digital priorities over the next three years. We utilised £3.1m of this fund during the year in completing the replacement of several significant technology platforms.

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. With the setting up of a specific risk pension reserve, protecting us against the risk of not being able to make additional deficit reduction payments in time of crisis, we moved our reserves range in 2022-23 to between £40m to £45m.

Giving due consideration to the blend of risk, including income reduction, falling investment values and fluctuations in our pension liability, coupled with inflationary pressures, and the more challenging external economic environment, we have increased our target reserves range for 2023-24 to between £42.5m and £47.5m.

With our free reserves at the start of the year exceeding the upper target range, we will continue 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, and noting that significant financial uncertainties remain, including risks associated with unprecedented and unpredictable inflation, we expect our free reserves to fall back in line with our target range within the coming 12 months.

Our unrestricted reserves assessment also excludes the £41.7m (2022: £44.8m) held in restricted and endowment funds. Typically, only the income from these restricted and endowed reserves is available for our work.

Our investments

Towards the end of the year, Barnardo's investment portfolio managed by Blackrock Investment Management (UK) Limited was transferred to Sarasin & Partners and CCLA following a competitive review process. We continue to hold investments with 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. In particular we are careful not to invest in companies that are considered to exploit children in the manufacture, production or delivery of their products or services. The equities funds we use do not invest in arms manufacturers, or companies who receive more than 10% of revenues from alcohol, arms manufacturing, gambling related products (not lotteries), home-collected credit, oil sands, tar sands, thermal coal, pornography or tobacco, and businesses that do not meet minimum standards for responsible marketing, as determined by and with the investment manager (such as FTSE4 Good Index criteria) on the marketing of breast milk substitutes.

Up to November 2022, our unrestricted investments held with Blackrock Investment Management (UK) Limited delivered a return of minus 4.14%, compared with 9.0% in 2022 and performed below the strategic benchmark of minus 3.64% by minus 0.5%, compared with 0.19 % in 2022. The Blackrock investment performance is benchmarked against the weighted average of three tracker indexes over a rolling five-year period. Our target was to outperform this benchmark by 0.75% a year.

Ruffer LLP delivered a return of minus 0.7%, compared with 8.7 % in 2022. 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.

Since inception, up to 31 March 2023 our overall portfolio with CCLA (across our endowment and general funds) has increased by 0.3% and with Sarasin by 2.7%.

The performance of our investment managers is monitored on a regular basis by our Audit & Finance Committee, through quarterly reporting and discussion directly with 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).

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 81. 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 £3.6m, compared with £2.3m in 2022. This increase 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 £2.9m, compared with £2.0m in 2022, 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 £17.8m, compared with a surplus of £17.4m in 2022. We are continuing to see success 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 £492k profit during the year, mainly a result of releasing a provision of £500k which was no longer considered necessary. This compared with £62k profit in 2022. Activity was minimal this year as we focused on other strategic priorities. One property remains in the subsidiary for sale.

Barnardo Events Limited runs special events to raise additional funds for Barnardo's. The company generated a profit of £27k during the year, compared with a profit of £23k in 2022.

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, compared with the same amount in 2022.

Adoptionplus Limited offers adoption placement and specialist therapy services. The company generated a loss of £0.3m for the year, compared with the same loss in 2022. 2022-23 has continued to be a challenging year, due to the external context. It was agreed by the Board of Trustees on 20 June (post year end) that Adoptionplus would apply for charitable status in order to maximise fundraising opportunities and thereby allow the continued delivery of excellent adoption support and expansion of its other services. Adoptionplus became registered as a charity on 21 August.

Going Concern Statement

During 2022-23 we undertook a managed reduction in our free reserves, continuing into the coming year, to bring our position in line with our reserves strategy and target range and to support our investments in our service delivery, workforce and essential information systems.

We still ended 2022-23 in a strong financial position, with free reserves exceeding our target range and strong cash and unrestricted investment holdings. In the year, we also transferred £21m from our cash deposits into our unrestricted investment portfolio.

Whilst the external economic environment is challenging, we believe we're in a good position to withstand any further shocks. In the coming year we will continue to have a good degree of control over our chosen programme investments and their affordability and are able to adjust them if the economic outlook worsens or our income levels start to decline.

We will 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 we will take action as needed.

Given the strength of our balance sheet (see page 60) – and the availability and liquidity of the charity's free cash reserves and unrestricted investments – the Trustees have not identified any material uncertainty that would cast doubt on the charity's ability to continue. Looking ahead for next two to three years, our cash flows supported by our unrestricted investments remain strong and are regularly stress tested. This includes a reverse stress test that considers the extent that our revenues could fall and our expenditure increase (with no other corrective action being taken) that would put more of a strain on the charity as a going concern.

The last few years have been as good a test of our resilience as we have faced in recent history, and the way we have responded as a charity gives a great deal of confidence in this assertion.

The creation of the designated technology reserve and specific risk pension reserve in the previous year, 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.



Our principal risks and uncertainties

The Board of Trustees has responsibility for ensuring that there are adequate and effective risk management protocols and systems of internal controls in place to manage Barnardo's major risks and support the achievement of our strategic objectives. This responsibility is discharged by reviewing the strategic risks at each meeting and a formal annual review by the Board of Barnardo's 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 informed decision-making regarding the risks which may affect the achievement of its objectives. It also provides a consistent approach to identifying, assessing, and dealing with the risks which Barnardo's faces to ensure that they do not exceed the level of risk Barnardo's is willing to accept. The framework is designed to manage, rather than to eliminate, the risks to objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. Processes are in place to manage the key risks that could affect Barnardo's ability to achieve its objectives, including the following:

- A risk escalation protocol, to identify risks at department and regional level and ensure that, where applicable, these 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, and reviews regular audit reports on internal controls and risk management across the charity and its subsidiaries. In addition, the Committee performs 'deep dives' (in-depth analysis) to target and improve the management of key strategic risks.
- Regular 'horizon scanning' exercises by the charity's senior management team, identifying risks and emerging trends to ensure we are equipped to adapt.
- A framework of delegated authority, with detailed procedures setting out the governance and decision-making process for key corporate decisions.
- A whistleblowing policy, which is communicated to and accessible by all Barnardo's colleagues including volunteers, this includes an external, confidential whistleblowing helpline. All whistleblowing cases are subject to independent review, and investigation by the independent Audit & Assurance team.

Information relating to the principal risks to Barnardo's objectives and how these are managed is set out below:

Principal risks	How these risks are managed
<p>Safeguarding children and young people</p> <p>The Risk – 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 operations.</p>	<ol style="list-style-type: none"> 1. A dedicated safeguarding team, led by the Head of Corporate Safeguarding, reporting to our executive Director for Children's Services and links with 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 Safeguarding Leads. 4. 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 depending on role). 6. Reviews of serious cases and implementation of lessons learned. 7. Regular independent reviews of safeguarding practices across Barnardo's, performed by safeguarding specialists, with implementation of required improvements. 8. Systematic quarterly consideration of serious incident reports which require notification to the regulator.

Principal risks	How these risks are managed
<p>Financial Performance and Sustainability</p> <p>The Risk – A significant reduction in available resources due to:</p> <ul style="list-style-type: none"> • External economic or environmental factors (for example: 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 (for example Covid 19 pandemic). <p>This risks undermining our ability to meet the needs of service users and to invest appropriately in order to achieve our strategic objectives.</p>	<ol style="list-style-type: none"> 1. We have strict financial controls 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. • Regular review and additional levels of approval for payments, and expenditure. 2. Holding of a significant value of ‘free’ reserves, with a monthly review to ensure they remain within the target range set by the Audit & Finance Committee. 3. Annual budget setting and then quarterly full charity re-forecasting processes, including review and challenge from senior management and Trustees. 4. Regular engagement with external parties and research to understand 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 & Finance Committee. 6. Delegated approvals process, ensuring Trustee review and scrutiny of 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>The Risk – Loss of staff due to pay level or working conditions, or difficulty recruiting staff when mobilising new contracts or strategic initiatives, impacting 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 our pay and reward structures, which simplified our approach and aligned our compensation with the market. 2. Comprehensive learning and development offering. 3. Review our recruitment practices to encourage more diverse candidates that are representative of the children and young people we serve. 4. People and Culture Strategy includes actions to improve colleague advancement opportunities and make Barnardo’s more inclusive.
<p>Pension Liabilities</p> <p>The Risk – The defined benefit pension scheme deficit increases due to actuarial valuations and Barnardo’s is required to supplement the increased deficit severely impacting 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 overpayments to reduce the scheme liability and reduce future costs. 2. Ongoing monitoring and review (including annual desk-based valuations) of Scheme liabilities, review of assumptions, and reporting to Trustees. 3. Ongoing relationship with the Scheme Trustees. 4. Review and monitoring of the Scheme investment strategy and returns.



Principal risks	How these risks are managed
<p>Change Management, Systems and Technology</p> <p>The Risk – Inability or lack of capacity to implement change and complete priority projects, leading to reliance on sub-optimal systems and technology.</p>	<ol style="list-style-type: none"> 1. Significant investment in our Information Technology, infrastructure and transition to cloud services. 2. Modernisation of our finance and HR systems. 3. Robust governance arrangements are in place including Trustee and Corporate Leadership Team oversight. 4. Effective programme, project, change methodologies are utilised throughout the lifecycle of change. These include a comprehensive project management toolkit, change readiness assessment, portfolio approach to change, post project lesson learnt reviews and independent internal audits on specific projects.
<p>Reputation Management</p> <p>The Risk – A range of incidents or events that may consequently damage our reputation.</p>	<ol style="list-style-type: none"> 1. Sign-off and review processes for content on our external-facing channels. 2. Reputational risk framework to assist in making decisions on speaking out on controversial topics, and to act as a clear statement of our thinking. 3. Escalation of any potential reputational risks to Trustees. 4. Circulation of reputation management incident forms to relevant stakeholders and a range of ‘crisis’ escalation measures. 5. Established reporting threshold to the Charity Commission. 6. Proactive planning for potential reputational risks, for example, clear Q&As in advance, support and advice for operational communications colleagues. 7. Live reputational risk log.
<p>Cyber Security</p> <p>The Risk – Inability to maintain appropriate level of information security or quality assurance to meet regulatory demands.</p>	<ol style="list-style-type: none"> 1. Mandatory Data Protection and Information Security training. 2. Information Security Policy Framework and Compliance Reviews. 3. Investment in Tech Infrastructure, and the delivery of the Data and Insight Strategy. 4. ISO27001 accreditation. 5. Cyber Essentials accreditation. 6. Regular audit reviews including annual external penetration testing. 7. IT security controls, including Multi Factor Authentication, anti-virus/malware software, firewalls, security threat scanning, software patching and data backups. 8. Incident response process in place including lessons learned reviews.

Plans for future periods

In the 2023-24 financial year we will continue to focus our resources on:

- a. Supporting the children and families who need us most – especially in the context of the cost-of-living crisis. This includes continuing to provide direct support with essentials like food and fuel costs. Alongside this, we are continuing to work with partners to speak out where children's needs or welfare are at risk.
- b. Investing in our colleagues – including through our new approach to pay, reward and recognition, as part of a wider commitment to becoming an 'employer of choice' in the sector.
- c. Updating core technology infrastructure, so we can operate more efficiently and effectively, and focus more resource on our core work. This includes continuing to implement our new Finance and HR systems, and replacing our current recruitment system, which is not fit for purpose.

To achieve this, we will continue to improve the effectiveness of our commercial and fundraising activities. This includes rationalising retail stores that are not providing returns and expanding our portfolio of superstores.

At the same time, we are in the process of developing a new three-year Strategy. Whilst our current Strategy can continue until 2025, the Board of Trustees have taken a decision that given the extraordinary changes in the external environment, we will be best served by a new Strategy beginning in April 2024.

A key focus of our new Strategy will be measuring, describing and communicating our impact, to help us drive quality in our services; to provide authoritative advice and thought leadership to decision makers; and to deliver accountability to donors, partners, and most importantly to the children and young people we serve. Alongside this, we will provide opportunities for children and young people to make their voices heard and their experiences understood, and we will stand alongside them in calling for change to systems and policy.

During this new Strategy period we will be working towards a set of headline metrics, which we will set out in next year's report.





Our Structure, Governance and Management

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 charity's Members 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 five times for scheduled meetings in 2022-23.

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 91.

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

The Board has adopted the Charity Governance Code (the Code) for larger charities. A substantive review of the charity's application of the Code is conducted every two years, with the next review due in 2024. 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 the next review also due in 2024. There have been three principal areas of focus for charity governance during 2022-23 that relate to Principles 4, 5 and 7 of the Code:

1. Reviewing and enhancing the effectiveness of the charity's committees. This has resulted in updates to the committee structure and their functioning, notably expanding the scope of the Nominations and Remunerations Committee (now renamed the People Committee) and disbanding the Governance and Compliance Committee with the transfer of compliance and governance scope to the Risk and People Committees;

2. The recruitment of five new Trustees including a new Chair of Trustees, based on a robust skills and diversity audit, an expert external search and selection process;
3. The review of stakeholder engagement in the context of the charity's ongoing strategy review.

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

Committee	Remit	Number of meetings per year	Chair
Audit and Finance Committee	<ul style="list-style-type: none"> • 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. • Reviewing 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. • Oversees the annual external audit, scrutinises the external auditor's report and makes recommendations to the Board on the appointment/removal of the auditors. 	5	Dennis Hone (Treasurer)
Children and Young People's Services Committee	<ul style="list-style-type: none"> • 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. 	4	Penny Thompson (Deputy Chair)
EDI Committee	<ul style="list-style-type: none"> • Oversees and monitors the effectiveness of the charity's approach to equality, diversity and inclusion and its aim of embedding equality, diversity and inclusion fully in all its work and in its culture. 	2	Briony Ladbury
Income Generation Committee	<ul style="list-style-type: none"> • Overseeing Barnardo's approach to generating sufficient and sustainable income and the delivery plans to meet its needs today, and in the future. 	4	Matt Davies
Risk Committee	<ul style="list-style-type: none"> • 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. • Overseeing the work of our Audit & Assurance function. 	4	Neil Crockett
People Committee (Nominations and Remuneration)	<ul style="list-style-type: none"> • Making sure 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 Barnardo's strategic objectives and its Basis and Values. • Oversees the development and evolution of Barnardo's culture, and the implementation of the People Strategy. • Oversees Trustee governance arrangements in the areas of conflicts of interest, induction and training and performance review. 	4	John Bartlett (Chair)

The National Advisory Boards (NABs) for Scotland, Northern Ireland and Cymru/Wales comprise volunteers whose local knowledge, experience and networks maximise Barnardo's ability to change children's lives in those nations. Barnardo's remains a single UK charity, but these NABs provide targeted strategic support and advice to the delivery of Barnardo's UK Corporate Strategy in the relevant nation. This work is done within the framework set by the Board of Trustees.

Our Royal Patron

Our Patron, Her Majesty The Queen, continued to support Barnardo's in 2022-23, most notably through the generous donation of over 1,000 Paddington bears, which were left as tributes to Her Late Majesty Queen Elizabeth II. We are 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 91.

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

Responsibility for operational activities is allocated to six directorates: Barnardo's Trading Companies, Business Services, Children's Services (Development and Innovation), Children's Services (Operations), Fundraising and Marketing, and the CEO's Directorate, covering People & Culture; Strategy & External Affairs; and the Foundation.

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, families and other stakeholders, Barnardo's employs a significant number of colleagues alongside the vital support from our volunteers.

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. We have now published our first Diversity Pay Gap report, which brings together data and analysis on our gender, ethnicity and disability pay gaps across the charity, and is available on our website. In future years we will include our LGBT+ pay gap too.

Barnardo's has a single UK wide trade union recognition agreement with UNISON. In April 2022 Barnardo's agreed a 5% pay award to colleagues, to reflect current market conditions. This went beyond the Living Wage Foundation and Minimum

Wage hourly rate increases. 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 People 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 Charities Statement of Recommended Practice (SORP) 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 £60k and above (in bands of £10k) (note 12 to the accounts);
- disclose the aggregate remuneration of the Corporate Leadership Team;
- disclose any payments made to CLT or Trustees which are outside of the normal employment contract;
- disclose pensions and other benefits (note 13 to the accounts) The Board approves the annual pay settlement for all staff.

The People Committee meets four times a year. Members of the Committee include the Chair, Honorary Treasurer and up to four more Trustees. No members of the executive are members of the Committee. The Committee's main responsibilities are set out on page 41.

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 People 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 the children and young people most in need of support, to reach their full potential. The wide-ranging and substantial impact of our work is demonstrated on pages 7 to 23. 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 activities in Scotland. During the year, Barnardo's provided 173 services throughout Scotland, with over 11,000 children, young people, parents and carers accessing these in 2022-23.

Specific detail about our activities in Scotland is included throughout the report.

Serious incident reporting to charities regulators

Barnardo's operates strong procedures for the reporting of serious incidents to its charities regulators that include a robust internal process for assessing and escalating incidents that are potentially notifiable. They have been endorsed by the Charity Commission, England & Wales (CCEW) and are reviewed every two years. During the financial period 2022-23 Barnardo's reported five incidents to the CCEW. These included two data breach incidents and three safeguarding incidents. In all cases the CCEW was satisfied with the charity's response to these incidents and there are no outstanding actions.

Registered office

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





Our Sustainability Report

As a charity, we're committed to reducing our environmental footprint to help preserve the planet for the children and young people across the UK.

We know that climate change is one of the most fundamental concerns for our young beneficiaries, and they expect us to take action and play our part.

Our Sustainability Strategy launched in 2021, outlines our charity's commitment to sustainability and achieving net zero by 2050 or sooner.

Our strategic vision is to build a culture whereby we implement sustainable practices to achieve substantial and positive changes to make us a sustainable charity. We have committed to reducing our environmental impact through –

- Sustainable working practices and behaviours.
- Proactive measures to reduce our environmental footprint.
- Responsible and sustainable stewardship in everything we do.

Our sustainability work is governed by a Steering Group and delivered by a dedicated Programme Team which directly reports to our Corporate Programme Board. With our data and insight getting better every day, we are confident and committed to achieving our long-term ambition of achieving net zero by 2050 or sooner.

We have prioritised five key areas to focus our effort to make maximum impact: **Travel, Transport & Logistics, Procurement, Energy and Recycling.**

We understand environmental change will affect disadvantaged communities the most, and we have started working with over 40 social and environmental charities through a partner organisation, to understand how the needs of children and young people can be addressed. Building on our external collaborative work, during this period we conducted internal research into how climate threats and opportunities could affect the delivery of our children services. 'A Greta Future' explored key challenges, focusing on the psychological impact of the climate crisis on children and young people, and the importance of access to nature as a source of positive mental and physical wellbeing. Recommendations from the research will inform actions for our leadership across the charity.



Our sustainability strategy and initiatives demonstrate a comprehensive approach to minimising our environmental impact and we have continued to refine our approach, making significant progress through various initiatives over the last year.

- **Green energy** – all our properties continue to receive electricity from Ofgem accredited renewal sources.
- **Responsible and Sustainable Stewardship:** We continue to prioritise responsible and sustainable stewardship in everything we do, ensuring environmental and social considerations are embedded in our decision making. We prioritise procuring from sustainable sources and have integrated sustainability criteria into our Procurement Processes to ensure suppliers have appropriate environmental protection measures.

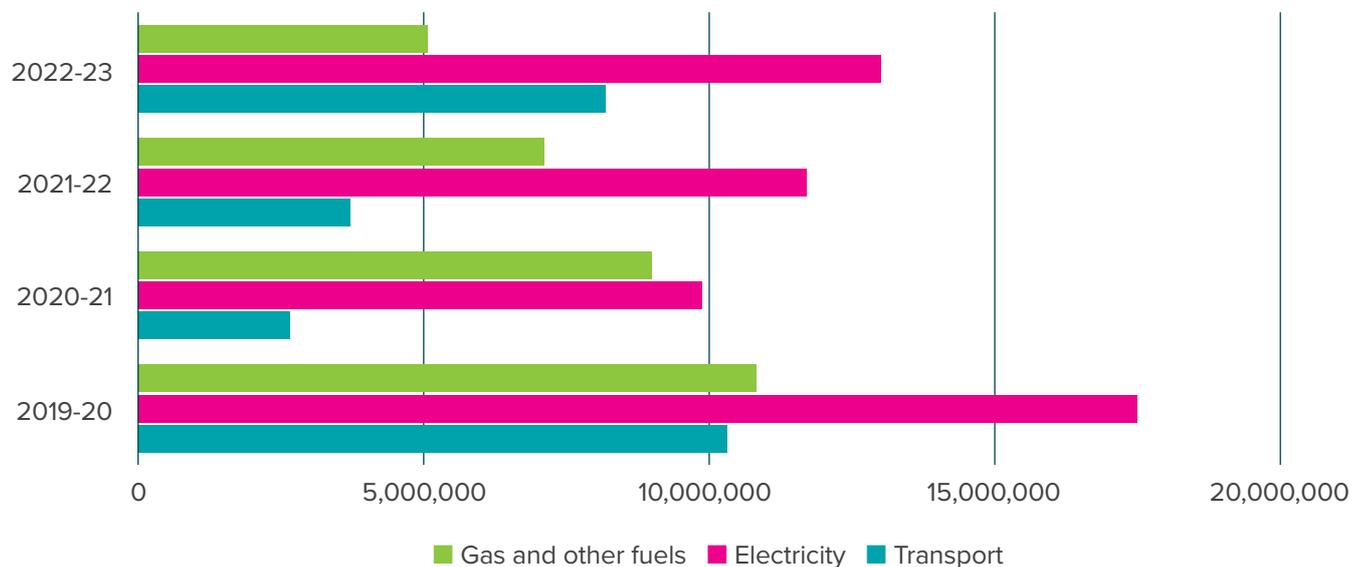
We have also evaluated our Energy procurement and management strategy to ensure it is aligned to our sustainability strategy and enabling our aim to reduce energy consumption.

We have strengthened our Supplier Code of Conduct and we seek wherever possible to engage with suppliers on our sustainability plans, whether social or environmental to explore where we can deliver mutual benefits. We encourage our suppliers to follow (or exceed) our example and make their own commitments on sustainability. Suppliers are expected to provide their policies, strategies and plans on sustainability at a time of selection and onboarding.

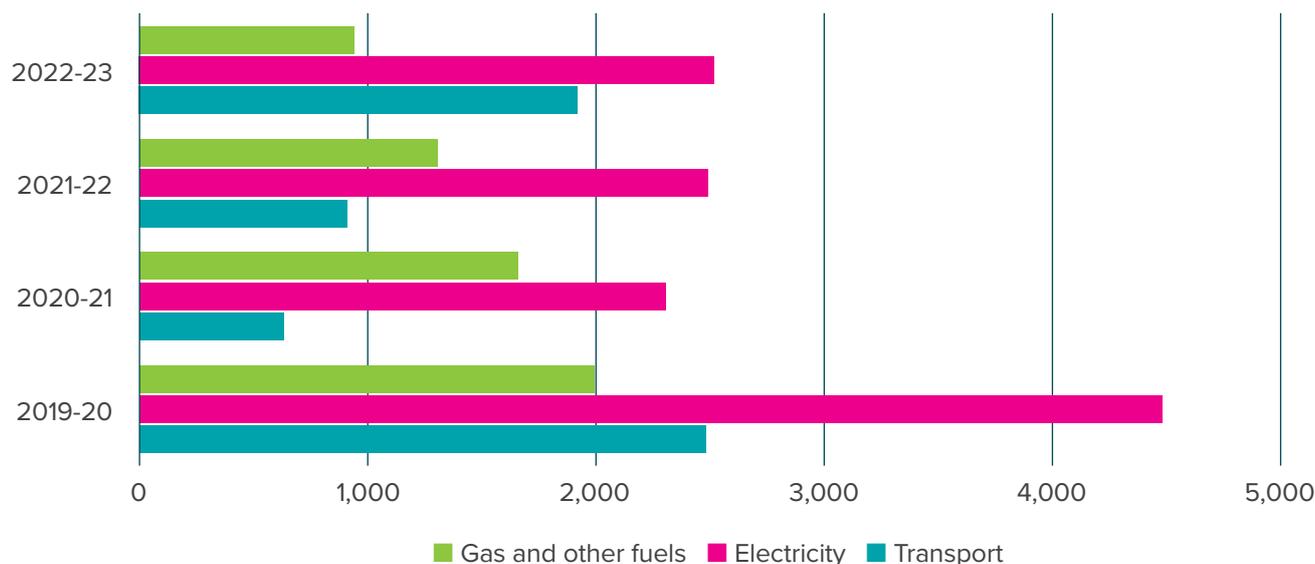
- **Data & Insight:** We work with energy experts to optimise energy cost and reduce consumption and have put in place an online utilities management platform enabling real time consumption data capture and reporting.
 - **Green Champions:** We have dedicated green champions, organised as a Task and Finish Group, representing different areas of our charity to support and promote our sustainability efforts across the organisation. They work to engage and galvanise action across the charity using various engagement channels including a dedicated Quarterly Sustainability Newsletter.
 - **Collaboration:** We actively collaborate with partner organisations through sustainability networks such as Fit for Future to share learning and best practice as well as understand climate threats and opportunities and how they may impact the delivery of our services.
 - **Learning and Awareness:** We have invested in training and awareness programs to enhance knowledge, skills, and awareness related to sustainability across the charity.
 - **Energy efficiency:** Energy use is one of our sustainability strategic priorities and will play an integral part in achieving our ambition of becoming Net Zero by 2050 or sooner. We are focused on raising energy awareness across the charity and promoting climate action for a more carbon conscious workforce. This year, we launched an energy efficiency campaign and developed an enhanced Energy Efficiency Training Programme for all staff and volunteers as well as an advance specialist module targeted at staff members with responsibility to affect change as part of their roles. They will be equipped with practical knowledge, tools, and data on consumption to enable them implement measures and lead on energy reduction initiatives and Co2 management. We will launch the training programme in 2023 and plan to embed the learning by continuously providing a refresher course and making it a key part of our mandatory training offer.
 - **Green home guidance:** With Barnardo's hybrid workplace offer enabling an increasing number of staff to work from home and in different locations, we have provided a Green Homes Guide to all staff. The guide covers a range of topics on energy saving to help them make sustainable changes when working at home.
 - **Travel Survey:** We conducted a travel survey which went to all our colleagues including volunteers, to help us identify travel patterns and put measures in place to reduce our carbon footprint. The insight from 1,120 responses will inform key actions to ensure travel sustainability at the charity.
 - **Fleet Reduction:** We are actively reducing our fleet size and diesel vehicles while introducing plug-in hybrid electric vehicles (PHEVs), demonstrating a shift toward cleaner transportation.
 - **Recycling:** We continue to expand our recycling initiatives in our retail stores and have this year recycled unsold and damaged donations including over 6,000 tonnes of textiles, 900 tonnes of shoes, 2,500 tonnes of books as well as other materials. Other environmental initiatives include recycling IT kit and on-premises recycling facilities for our retail customers. Our annual recycling rate continues to improve and is currently at 6% with some areas achieving rate of over 25%.
 - **Waste:** We have saved 1730.3 tonnes of carbon emissions by diverting all waste from landfill through consolidating waste and recycling management contracts across the retail estate.
 - **Plastic:** Our retail shops are moving away from single use plastic bag implementing reusable and recyclable Sugar Poly bags across all our stores by summer 2023. Our Sugar Poly bags are carbon natural in their manufacture, reusable and 100% recyclable. By recycling 43.7 tonnes of plastic, Barnardo's has saved the equivalent of 1,040,476.2 litre drink bottles or 3,641,666.7 carrier bags from being produced.
 - **Repurposing stores:** We continue to repurpose new stores and superstores, utilising previous tenants' fittings. Vacant new build premises are fitted out to a higher standard, incorporating LED lighting and modern design principles for improved thermal efficiency and reduced heating/cooling requirements.
- Since 2019, Barnardo's has met its legal obligations to report on Scope 1, 2 and 3 emissions through the Streamlined Energy & Carbon Report (SECR). In addition to this Barnardo's provides detailed reporting on building emissions through the completion of the ESOS energy assessment.
- Barnardo's has taken 2019-20 as a baseline reporting year for carbon emissions and has seen a decrease in the level of carbon emissions against the baseline for all its sustainability indicators due to the pandemic, adoption of hybrid working and its sustainability initiatives. With the easing of restrictions in 2022, we are expecting to see fluctuating data patterns against all key sustainability indicators. We will continue to monitor and report our carbon emissions, with the information used to inform the development and delivery of our core sustainability strategy.

Barnardo's key sustainability performance indicators for 2022-23 are shown below. Barnardo's has taken 2019-20 as the baseline reporting year for energy consumption and carbon emissions, due to the impact of the pandemic.

Consumption year on year (KwH)



Co2 Emissions year on year (tCo2e)



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	% difference between 2019-20 (baseline) and 2022-23 <i>Carbon emissions (tCo2e)</i>
Gas and other fuels	-52.83%
Electricity	-43.77%
Transport	-22.62%

Barnardo's total carbon emissions during the 2022-23 financial year was 5,384 tCO₂e. Measured against the charity's confirmed intensity ratio, this equates to 0.75 based on tonnes CO₂e of emissions per employee (based on 7,217 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 (yet) to provide any reasonable assessment of this.



How we meet Section 172 of the Companies Act 2006

Trustees must act in accordance with Section 172 of the Companies Act 2006: to act in the way they consider, in good faith, would be most likely to promote Barnardo's success to achieve its charitable purposes. In carrying out their duties the Trustees have regard (amongst other matters) to:-

The likely long-term consequences of decisions

Trustees considered the likely long-term consequences of key decisions taken throughout the year, taking into account both the internal and external operating environment and the charity's key stakeholder groups.

Key stakeholders include current service users, supporters, donors, employees and volunteers, children's services commissioners, partner organisations, regulators and the wider public. Examples of key decisions taken this year that demonstrated this approach included:

- The approval of a Medium-Term Budget Strategy (MTBS) 2023-26. This budget continued significant investments in our children's services as well as cross cutting areas such as investment in our colleagues and essential technology. This is in line with our commitments in the last Annual Report. The investment in support for children included the setting up of a £5m emergency fund to respond to the urgent and immediate needs of children, young people and families thereby prioritising basic requirements of beneficiaries to help safeguard their longer term future, while ensuring the affordability of such a measure in the light of ongoing economic volatility in the external environment. The investment in our colleagues as key stakeholders is detailed further below.
- The commencement of a comprehensive review of the charity's strategy and rebrand in order to develop a new three-year Strategy with effect from April 2024. This review will ensure that the charity is best positioned to respond to the unprecedented changes since the current strategy was drawn up in 2015 and aims at achieving stronger clarity of purpose, better impact measurement and clearer external

messaging that focuses on making sure children's voices and experiences are heard and understood. The process will involve considerable consultation with all its key stakeholders and with children and young people at its heart. A stakeholder mapping exercise was undertaken with the purpose of updating mechanisms to facilitate stronger stakeholder engagement and accountability. The rebrand work will ensure that the charity improves its profile and public standing across all key stakeholders. All of these aspects are critical for the charity's long term future.

The 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. Targeted communication and engagement events were hosted by the CEO on our development of a new approach to pay, reward and recognition.

Charity-wide and local action plans put in place following the launch of the new employee engagement survey in November 2021 continue to progress. A second survey took place in Spring 2023, which included our volunteers for the first time.

We were particularly focused on our new objective to become an 'employer of choice' in the sector through our focus on people and culture (outlined in the Strategic Report.) Our communications and engagement with colleagues were strongly focused on the various pillars of this work, including our commitment to promote wellbeing, learning and development opportunities, and our new approach to pay, reward and recognition. Equality, diversity and inclusion is another key focus for our engagement with colleagues. 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.

Our policy on the employment, training, career development and promotion of disabled persons

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.

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 wider changes to our pay, reward and recognition offer. The Board of Trustees, through its dedicated committees, annually reviews the diversity pay gap data and oversees the implementation of the charity's Equality, Diversity and Inclusion commitments.

Our first Diversity Pay Gap Report (covering gender, ethnicity and for the first time, disability) was published in April 2023 (see details within our Remuneration Policy on page 43).

Our business relationships with suppliers, customers and others; maintaining high standards of business 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. We have recently strengthened our Supplier Code of Conduct and due diligence process in areas such as modern slavery, sustainability and equality, diversity and inclusion (EDI), proactively ensuring that our suppliers meet the required standards and demonstrate commitments throughout the entire relationships. We use a similar approach in managing our relationships with our customers, based on transparency, focus on delivery, and our values.

Fundraising

Barnardo's runs a wide range of fundraising activities to raise voluntary donations for our direct work with children and families. Our Board of Trustees and Corporate Leadership Team are deeply committed to building relationships and trust with our supporters and to encourage more people and partners to join the Barnardo's family.

Our Income Generation Committee meets regularly to provide oversight of this work and our fundraising programmes, and to 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 fundraise with corporate partners who are required to comply with the Fundraising Code of Practice and the terms set out in our corporate fundraising/commercial participator agreements.

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 Persons Guidance' 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.

We have received and responded to 106 fundraising complaints for financial year 2022/23, this is a decrease of 7 complaints from the previous year. The 6% decrease in complaints is due to the number of concerns raised from our face-to-face fundraising activities being lower than the previous year. No complaints we received and dealt with, resulted in them being escalated to the Fundraising 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 Care 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 46.

Acting fairly between members of the charity

Barnardo's, as a charitable company limited by guarantee, is run to deliver its charitable objects rather than further the interests of its members. Barnardo's has currently 88 members who are composed principally of former employees, Trustees and former service users and who all have equal status and voting rights under the charity's constitution. As part of the current strategy review, Barnardo's is improving its engagement with its members as a key stakeholder group to ensure more meaningful involvement in decisions affecting the future of the charity. In the meantime Barnardo's will continue to ensure that members are supported to discharge their legal rights and duties under the charity's constitution notably at the AGM.

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 87 to 89.

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 28 September 2023 and authorised for issue on 18 October 2023.



Statement of Trustees' Responsibilities

Statement of Responsibilities of the Trustees of Barnardo's

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

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 2023 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, 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 2023 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated cash flow statement, the consolidated summary income and expenditure account 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 thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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:

- 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the sector in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be FRS 102 and the Charities SORP 2019, UK tax legislation, Fundraising Regulations, Charities Act 2011 and the Companies Act 2006.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, Ofsted, Children Acts 1989 & 2004, the Children and Young Person Act 2014 and the Social Services and Well Being Act.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of serious incident reports raised in the year.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and the Audit and Finance Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of journals posted into the financial system, management override of the judgements and estimates within the Group and the recognition of income.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Involvement of forensic specialists in the audit to assist in determining the most likely areas fraud would occur in the group;
- Assessing significant estimates made by management for bias, in particular the assumptions used to value the defined benefit pension scheme; and

- Incorporating unpredictability into our testing approach through amending the nature and extent of audit procedures.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Fiona Condron (Senior Statutory Auditor)

19 October 2023

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 funds	Endowment funds	Total 2023	Total 2022
		£000	£000	£000	£000	£000
Income from:						
Charitable activities	4	179,706	4,784	–	184,490	179,685
Donations and legacies	5	33,597	5,914	–	39,511	37,235
Other trading activities	6	87,887	–	–	87,887	77,790
Development and sale of properties	8	40	–	–	40	520
Investments	9	2,053	1,060	–	3,113	2,001
Other	10	211	–	–	211	2,272
Total Income		303,494	11,758	–	315,252	299,503
Expenditure on:						
Raising donations and legacies		12,930	959	–	13,889	11,234
Other trading activities	7	71,175	–	–	71,175	60,354
Costs of developing and selling properties		–	–	–	–	336
Investment management costs		207	–	38	245	209
Raising Funds		84,312	959	38	85,309	72,133
Net income available for charitable expenditure		219,182	10,799	(38)	229,943	227,370
Expenditure on:						
Service provision	7	208,987	11,363	–	220,350	196,735
Informing the public about our work		5,706	–	–	5,706	5,001
Childcare research and education		985	–	–	985	701
Total Charitable Activities		215,678	11,363	–	227,041	202,437
Other – pension finance charge	13	–	–	–	–	4,200
Total expenditure		215,678	11,363	–	227,041	206,637
Net income before investments		3,504	(564)	(38)	2,902	20,733
Net (losses)/gains on investments	15	(2,403)	–	(2,466)	(4,869)	4,267
Net (expenditure)/income	14	1,101	(564)	(2,504)	(1,967)	25,000
Transfers between funds	25	–	1,900	(1,900)	–	–
Actuarial (loss)/gain on defined benefit pension scheme	13	(35,500)	–	–	(35,500)	48,100
Net movement in funds		(34,399)	1,336	(4,404)	(37,467)	73,100
Total funds brought forward		57,646	7,911	36,841	102,398	29,298
Total funds carried forward	25	23,247	9,247	32,437	64,931	102,398

All of the above results relate to continuing activities. The notes on pages 63 to 85 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 2023)

	Note	Group		Charity	
		2023	2022	2023	2022
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	16	31,045	30,254	31,026	30,226
Investments	17	97,959	80,096	97,304	79,476
		129,004	110,350	128,330	109,702
Current Assets					
Stocks and work in progress	18	3,134	1,811	–	–
Debtors	19	43,898	46,694	39,543	46,607
Current asset investments	20	24,173	21,074	21,074	21,074
Bank and cash	21	10,237	42,139	12,897	38,924
		81,442	111,718	73,515	106,605
Creditors: Amounts falling due within one year	22	(58,239)	(56,664)	(48,685)	(50,775)
Net current assets		23,203	55,054	24,830	55,830
Provision for liabilities	23	(7,396)	(10,826)	(7,396)	(10,326)
Net assets excluding pension reserve		144,811	154,578	145,764	155,206
Pension reserve	13	(79,880)	(52,180)	(79,880)	(52,180)
Net assets including pension reserve		64,931	102,398	65,884	103,026
Fund balances					
Endowment funds	25(a)	32,437	36,841	32,437	36,841
Restricted funds	&(b)	9,247	7,911	9,247	7,911
Fixed assets fund		30,872	30,080	30,852	30,052
Designated fund	25(c)	22,949	26,050	22,949	26,050
General reserve	25(d)	48,037	19,948	49,009	19,828
Revaluation reserve	&(e)	1,269	19,727	1,269	19,727
Working capital fund		–	14,021	–	14,797
Unrestricted funds excluding pension reserve		103,127	109,826	104,080	110,454
Pension reserve	13	(79,880)	(52,180)	(79,880)	(52,180)
Total unrestricted funds including pension reserve		23,247	57,646	24,200	58,274
Total funds	25 (d) & (e)	64,931	102,398	65,884	103,026

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Approved by the Board of Trustees on 28 September 2023 and authorised for issue on the 18 October 2023 and signed on its behalf by:



John Bartlett
Chair of Trustees



Dennis Hone, CBE
Honorary Treasurer

18 October 2023

The notes on pages 63 to 85 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 £256.0 million and net income of £15.5 million (2022: net income £20.2 million) has been dealt with in the accounts of the charity.

Consolidated Statement of Cash Flows

	Note	2023		2022	
		£000	£000	£000	£000
Cash flows from operating activities:					
Net cash (used)/generated from operating activities	26		(6,222)		6,044
Cash flows from investing activities:					
Investment income and interest	9	3,113		2,001	
Purchase of tangible fixed assets	16	(5,112)		(1,597)	
Purchase of investments	17	(21,142)		(12,314)	
Sale of tangible fixed assets		560		678	
Sale of investments	17	–		12,390	
Net cash (used)/provided by investing activities			(22,581)		1,158
(Decrease)/Increase in cash and cash equivalents in the year			(28,803)		7,202
Cash and cash equivalents at the beginning 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
Cash and cash equivalents at the end of the year					
Held as current asset investments		24,173		21,074	
Held as bank and cash		10,237		42,139	
			34,410		63,213

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

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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 endowment funds are not recognised.

	Note	2023	2022
		£000	£000
Gross income			
Gross income of continuing operations		256,036	241,123
Income of non-charitable trading subsidiaries	3	59,216	57,558
		315,252	298,681
Gross expenditure			
Total expenditure of continuing operations		256,618	223,484
Expenditure of non-charitable trading subsidiaries	3	55,694	55,286
		312,312	278,770
Net income for the year before transfers and investment asset disposals			
		2,940	19,911
Realised gains/unrealised (losses) on investment assets	15	(2,403)	2,618
Net income for the year		537	22,529
Reconciliation to statement of financial activities:			
Net income for the year before investment gains and losses above		2,940	19,911
Movement on restricted capital and endowment funds	25 (a)	(38)	822
Net income before investments		2,902	20,733

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 of approval.

Given the strength of the balance sheet (see page 60) and the availability and liquidity of the charity's unrestricted investments and cash held in the General Reserve and the Working Capital Reserve (largely cash backed) of £35.2m, the Trustees have not identified any material uncertainty that would cast doubt on the charity's ability to continue as a going concern. The last few years continue to 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 reverse 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

- 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 2023. 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 statement of financial activities.

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. Cash held by investment managers is not considered to be part of cash and cash equivalents. 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:

- 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.
- 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. Within the year, some suppliers experienced a temporary delay in payment as we switched to a new purchase order process and finance system.

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

- 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. Lottery income is recognised 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 our volunteer 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 for prior year 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.

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 (expenditure)/ income); and
- actuarial (loss)/gain 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.

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. Revaluation reserve

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

4. General reserve

The working capital fund has now been amalgamated into this fund.

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's 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.

Adoptionplus Limited was registered as a charity on 21 August 2023, number 1204419 (England & Wales).

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.

3. Trading Subsidiaries' Results

	Barnardo Trading Limited	Barnardo Developments Limited	Barnardo Events Limited	Barnardo Services Limited	Adoptionplus Limited	Total 2023	Total 2022
	£000	£000	£000	£000	£000	£000	£000
Turnover	7,905	40	73	49,995	732	58,745	57,064
Cost of sales	(4,051)	499	–	(49,995)	(746)	(54,293)	(53,847)
Gross profit	3,854	539	73	–	(14)	4,452	3,217
Gain on revaluation	–	35	–	–	–	35	15
Admin/other costs	(912)	(82)	(46)	(44)	(317)	(1,401)	(1,439)
Trading profit	2,942	492	27	(44)	(331)	3,086	1,793
Other income	–	–	–	471	–	471	494
Taxation	–	–	–	–	–	–	–
Net Income	2,942	492	27	427	(331)	3,557	2,287
Amount payable by qualifying charitable donation to Barnardo's	(2,942)	(309)	(27)	(427)	–	(3,705)	(2,517)
Retained loss for year	–	183	–	–	(331)	(148)	(230)
Total assets	3,135	1,146	116	8,166	253	12,816	15,681
Total liabilities	(3,125)	(1,146)	(116)	(8,166)	(1,001)	(13,554)	(16,251)
Retained loss brought forward	10	(183)	–	–	(397)	(570)	(340)
Retained loss carried forward and net liabilities	10	–	–	–	(728)	(718)	(570)

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 2022
	£000	£000	£000	£000	£000	£000
Turnover	5,998	520	114	49,416	1,016	57,064
Cost of sales	(3,041)	(405)	(30)	(49,416)	(955)	(53,847)
Gross profit	2,957	115	84	–	61	3,217
Gain on revaluation		15	–	–	–	15
Admin/other costs	(908)	(68)	(61)	(49)	(353)	(1,439)
Trading profit	2,049	62	23	(49)	(292)	1,793
Other income	–	–	–	494	–	494
Taxation	–	–	–	–	–	–
Net Income	2,049	62	23	445	(292)	2,287
Amount payable by qualifying charitable donation to Barnardo's	(2,049)	–	(23)	(445)	–	(2,517)
Retained loss for year	–	62	–	–	(292)	(230)
Total assets	4,396	1,097	91	9,578	519	15,681
Total liabilities	(4,386)	(1,280)	(91)	(9,578)	(916)	(16,251)
Retained loss brought forward	10	(245)	–	–	(105)	(340)
Retained loss carried forward and net liabilities	10	(183)	–	–	(397)	(570)

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

4. Income from Charitable Activities

	2023			2022		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£000	£000	£000	£000	£000	£000
Family support & placement	85,464	901	86,365	76,950	702	77,652
Education	26,937	679	27,616	25,825	336	26,161
Disability support	8,538	140	8,678	8,756	220	8,976
Government grants	12,483	2,632	15,115	14,080	1,489	15,569
Other services	46,284	432	46,716	48,383	2,944	51,327
	179,706	4,784	184,490	173,994	5,691	179,685

5. Income from Donations and Legacies

	2023			2022		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£000	£000	£000	£000	£000	£000
Legacies	17,960	1,253	19,213	14,966	2,223	17,189
Donations and gifts from the general public	11,999	658	12,657	14,248	1,848	16,096
Donations from companies and trusts	3,638	4,003	7,641	1,067	2,883	3,950
	33,597	5,914	39,511	30,281	6,954	37,235

Legacies notified but not accrued at 31 March 2023, due to probability or measurable criteria not being met, were estimated at £5.8m (2022: £5.4m).

6. Other Trading Income

Income from trading is £87.9m (2022:£77.8m). All income relates to unrestricted activities.

7. Expenditure

	Direct costs	Grant funding of activities	Apportioned support costs	2023	2022
	£000	£000	£000	£000	£000
Raising donations and legacies	6,604	–	7,285	13,889	11,234
Other trading activities	67,290	–	3,885	71,175	60,354
Costs of developing and selling properties	–	–	–	–	336
Investment management Costs	245	–	–	245	209
Total Raising Funds	74,139	–	11,170	85,309	72,133
Service provision	192,818	264	27,268	220,350	196,735
Informing the public about our work	5,706	–	–	5,706	5,001
Childcare research and education	985	–	–	985	701
Total Charitable Activities	199,509	264	27,268	227,041	202,437
Total Expenditure	273,648	264	38,438	312,350	274,570

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

Total expenditure of £312.4m (£2022: £274.6m) included restricted expenditure of £12.4m (2022: 12.8m), of which £1.0m related to the cost of raising funds (2022: £1.2m) and £11.4m to service provision (2022: £11.5m). Other trading activities expenditure of £71.2m (2022: £60.4m) included £66.2m (2022: £56.5m) representing the costs of operating our 589 retail shops and £5.0m (2022: £3.9m) for expenditure of Barnardo Trading Limited on costs of goods sold and other costs. £nil (2022: £0.3m) has been incurred developing and selling land surplus to the group's requirements. The pension finance charge for 2023 (£2.9m) has been allocated to the various expenditure categories.

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	2023	2022
	£000	£000	£000	£000	£000
Property	989	996	4,085	6,070	4,555
Information Systems	3,847	419	12,399	16,665	10,634
Human Resources	298	1,896	5,216	7,410	7,522
Finance	737	246	2,948	3,931	1,914
Other Corporate	88	26	283	397	585
Governance	1,326	302	2,337	3,965	3,016
Total 2023	7,285	3,885	27,268	38,438	28,226

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

8. Income from Development and Sale of Properties

	2023	2022
	£000	£000
Turnover of Barnardo Developments Limited	40	520

Income relates to unrestricted activities.

9. Income from Investments

	2023	2022
	£000	£000
Listed investments – United Kingdom	2,157	1,815
Short term deposits	582	15
Rents and ground rents	350	147
Other interest	24	24
	3,113	2,001

The income from investments was £3.1m (2022: £2.0m) of which £2.0m is unrestricted income (2022: £1.1m) and £1.1m is income from endowments (2022: £0.9m).

10. Other Income

	2023	2022
	£000	£000
(Loss)/Gain on disposal of non property fixed assets	(44)	100
Gain on disposal of properties	255	6
Covid-19 government support grants	–	2,166
	211	2,272

All income relates to unrestricted activities.

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 2023 there were 88 members (31 March 2022: 93).

Barnardo's Trustees are all unpaid volunteers who give freely of their time and expertise 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. Actual expenses incurred amounted to £7,696 (2022: £nil) and included travel, subsistence and other related costs. The number of Trustees claiming expenses was 7 (2022: 0).

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 2023 (2022: £nil). Donations made without conditions attached were £100 in the year to 31 March 2023 (2022: £5,100). 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 £5,600 (2022: £5,174).

12. Employees

	2023	2022
The average number of employees during the year was:	No.	No.
Children's Services	5,049	5,007
Fundraisers, shop managers, clerical staff and fundraising management	1,919	1,895
Central support services	501	415
	7,469	7,317
	2023	2022
	No.	No.
The number of staff whose emoluments fell within each of the following bands was:		
£60,000 to £69,999	45	30
£70,000 to £79,999	22	15
£80,000 to £89,999	12	9
£90,000 to £99,999	10	6
£100,000 to £109,999	1	2
£110,000 to £119,999	1	–
£120,000 to £129,999	1	1
£130,000 to £139,999	1	2
£140,000 to £149,999	1	–
£170,000 to £179,999	1	–
£250,000 to £259,999	–	1
Number of full time equivalent employees at the year end	5,412	5,304

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The highest paid employee was the former chief executive. In the previous year Executive pay was higher, 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.

	2023	2022
The aggregate emoluments to employees in the year were:	£000	£000
Wages and salaries	161,344	144,442
Social security costs	14,385	11,746
Employer's pension contributions to defined contribution scheme	12,851	11,297
Employer's pension contributions to defined benefit schemes	822	912
Other benefits	673	599
Benefits in kind (as calculated for taxation purposes)	412	354
	190,487	169,350

Included in wages and salaries is an amount of £0.4m relating to redundancy, compromise and termination costs (2022: £0.9m) 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, social security and expenses). Systems are in place for the management of expenses.

92 staff earning over £60,000 (2022: 53) receive benefits accruing under the Barnardo's Retirement Savings Plan. Employer contributions to the pension funds of these 92 employees were a combined total of £732k during the year (2022: £467k).

The total employee emoluments of the executive Corporate Leadership Team, as listed on page 91, was £1.0m in 2023 (2022: £1.2m) including pension and social security costs.

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 £7.3m (2022: £6.5m).

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 2021.

Over the year to 31 March 2023, £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 based on membership data as at 31 March 2021 were updated to 31 March 2023 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.

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

Assumptions	2023	2022
	per annum	per annum
RPI inflation	3.1%	3.5%
CPI inflation	2.7%	3.0%
Discount rate	4.8%	2.8%
Revaluation of deferred pensions (non-GMP)	3.1%	3.5%
Pension increases:		
Pre 88 GMP	nil	nil
Post 88 GMP	2.3%	2.4%
Pre 97 XS	3.1%	3.4%
Post 97 pension	2.2%	2.3%
Life expectancies (in years)		
For a male aged 60 in 2023	84.7	85.0
For a female aged 60 in 2023	88.3	88.4
At age 60 for a male aged 40 in 2023	85.9	86.1
At age 60 for a female aged 40 in 2023	89.4	89.5

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:

	2023	2022
	£m	£m
Fair value of assets	566.0	797.8
Present value of liabilities	(645.8)	(849.9)
Net liability recognised in the balance sheet	(79.8)	(52.1)

These figures exclude additional voluntary contributions.

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 and CPI Inflation	+/- 0.1%	+/- £12.2m (1.4%)
Assumed life expectancy	+/- 1 year	+/- £31.9m (3.8%)

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

	2023	2022
	£m	£m
Employer's part of current service cost	–	–
Past service cost	–	–
Interest expense	1.3	2.2
Administrative expenses	1.6	2.0
Total expense	2.9	4.2

In 2023, the pension finance charge of £2.9m has been directly allocated to the various expenditure categories.

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

	2023	2022
	£m	£m
Equities	–	30.8
Bonds	157.8	329.3
Property	60.9	0.0
Diversified growth fund	0.0	29.0
Swap contracts (LDI)	255.5	314.6
Private credit	89.1	88.8
Cash/other	2.7	5.3
	566.0	797.8

Over the year to 31 March 2023, the value of the Scheme's assets decreased from £797.8m to £566.0m. The reduction in the Scheme's asset value is largely because of the fall in the value of the Scheme's liability driven investment (LDI) portfolio, which is designed to hedge changes in the value of the Scheme's liabilities (which also fell significantly over the period). The Scheme's LDI portfolio includes instruments such as gilts and swaps that protect against movements in long term interest rates and future inflation. Over the period the Scheme reduced its exposure to equities, sold its allocations to diversified growth and corporate bonds, introduced an allocation to long-lease property, and increased the investment in assets supporting the LDI portfolio. Note that despite the fall in the value in the Scheme's assets, the Scheme's funding deficit (Technical Provisions liabilities less the value of the Scheme's assets) remained relatively stable over the period.

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

	2023	2022
	£m	£m
Opening value of Scheme liabilities	849.9	881.6
Past service cost	–	–
Interest cost	23.3	19.1
Actuarial loss	(199.4)	(24.3)
Benefits paid	(28.0)	(26.5)
Closing value of Scheme liabilities	645.8	849.9

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

	2023	2022
	£m	£m
Opening fair value of scheme assets	797.8	774.9
Interest on plan assets	22.0	16.9
Actual return on plan assets less interest on plan assets	(234.9)	23.8
Contributions by the employer	10.7	10.7
Administrative expenses	(1.6)	(2.0)
Benefits paid	(28.0)	(26.5)
Closing fair value of Scheme assets	566.0	797.8

The actual return on the scheme's assets over the year was a loss of £212.9m (2021/22: gain of £40.7m).

14. Net (Expenditure)/Income

	2023	2022
	£000	£000
Net (expenditure)/income is stated after charging/(crediting):		
Depreciation of tangible fixed assets	4,055	4,345
Auditor's remuneration – statutory	190	121
Auditor's remuneration – other assurance services	–	5
Operating lease rentals	15,098	17,880
Operating lease income	(40)	(35)

15. Gains and Losses on Revaluation and on Investment Asset Disposals

	2023	2022
	£000	£000
Realised (losses)/gains	(3,691)	2,618
Unrealised (losses)/gains	(1,178)	1,649
	(4,869)	4,267

Gains and losses on revaluation and on investment asset disposals is a £4.9m loss for the year (2022: £4.3m gain) of which £2.4m is unrestricted (2022: £2.9m gain), £1.1m restricted (2022: £0.6m gain) and £1.4m endowment fund losses (2022: £0.8m gain). During the year investments were sold with brought forward unrealised gains of £17.4m which led to a total realised gain on the lifetime of the portfolio of £13.0m. The net realised loss in year is £4.4m, which is included in the realised (losses)/gains above.

16. Tangible Assets

PG
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	Properties	Equipment & vehicles	Total
	£000	£000	£000
(a) Group and Charity:			
<i>Cost</i>			
At beginning of year	78,228	19,646	97,874
Additions	4,386	726	5,112
Disposals	(2,513)	(2,561)	(5,074)
At end of year	80,101	17,811	97,912
<i>Depreciation</i>			
At beginning of year	50,574	17,046	67,620
Provided during year	2,665	1,390	4,055
On disposals	(2,310)	(2,498)	(4,808)
At end of year	50,929	15,938	66,867
Net book value			
At beginning of year	27,654	2,600	30,254
At end of year	29,172	1,873	31,045

	Group & Charity	
	2023	2022
	£000	£000
(b) Analysis of freehold and leasehold properties:		
Freeholds	20,225	21,139
Long leaseholds (over 50 years)	1,949	2,081
Short leaseholds (50 years and under)	6,994	4,434
	29,168	27,654
(c) Use of properties:		
Service delivery	10,093	10,617
Other (including shops and offices)	19,079	17,037
	29,172	27,654

17. Investments

	Group	
	2023	2022
	£000	£000
Investments at market value	97,959	80,096
At beginning of year	80,096	75,905
Additions	108,246	12,314
Disposals	(85,514)	(12,390)
Realised/unrealised (losses)/gains	(4,869)	4,267
At end of year	97,959	80,096
<i>Comprising:</i>		
UK Equities	58,572	25,822
UK Bonds	18,184	23,443
International Pooled Funds	2,702	26,873
Cash held for reinvestment	1,952	1,027
Property	2,265	640
Other investments	14,284	2,291
	97,959	80,096
Cost of Investments	96,690	60,369

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

During the year we invested an additional £21m into our portfolio, and also transferred an amount of £63.5m to new investment managers.

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

18. Stocks and Work in Progress

	Group	
	2023	2022
	£000	£000
Finished goods	3,134	1,811
	3,134	1,811

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 2023 was £4.1m (2022: £3.4m).

19. Debtors

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade debtors	298	241	–	–
Statutory and related funders	25,698	27,652	20,209	23,234
Taxation	3,176	1,974	3,176	1,974
Other debtors	560	2,005	503	1,758
Prepayments and accrued income	14,166	14,822	11,458	14,191
Amounts owing from subsidiaries	–	–	4,197	5,451
	43,898	46,694	39,543	46,608

Amounts due from subsidiaries represent:

1. Loans from the charity to Barnardo Trading Limited, Barnardo Developments Limited 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.
2. Temporary current account balances between the charity and Barnardo Services Limited and Barnardo Events Limited.

20. Current Asset Investments

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Interest bearing deposit accounts	24,173	21,074	24,173	21,074

21. Analysis of Bank and Cash

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Cash in hand	10,237	42,139	9,799	38,924
Notice deposits (less than 3 months)	–	–	–	–
	10,237	42,139	9,799	38,924

22. Creditors – Amounts falling due within one year

	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Pension contributions	892	892	892	892
Other taxes and social security costs	8,287	8,476	5,560	5,526
Other creditors	7,513	8,597	7,278	8,450
Accruals	12,954	11,428	12,599	11,319
Trade creditors	7,193	3,752	6,166	3,259
Deferred income	21,400	23,519	16,190	16,786
Amounts owing to subsidiaries	–	–	–	4,543
	58,239	56,664	48,685	50,775

Deferred income relates to fees and grants invoiced in advance from statutory and related funders. An amount of £23.5m (2022: £19.9m) was released from prior year. An amount of £21.4m (2022: £23.5m) was deferred in the year.

23. Provisions for Liabilities

	Group			
	Dilapidations	Other	Total	Total
	2023		2022	
	£000	£000	£000	£000
Provision 1 April	5,576	5,250	10,826	11,600
New provisions	–	–	–	2,061
Provisions released	(1,018)	(2,412)	(3,430)	(2,835)
Provisions for Liabilities at end of year	4,558	2,838	7,396	10,826

	Charity			
	Dilapidations	Other	Total	Total
	2023		2022	
	£000	£000	£000	£000
Provision 1 April	5,576	4,750	10,326	11,100
New provisions	–	500	500	2,061
Provisions released	(1,018)	(2,412)	(3,430)	(2,835)
Provisions for Liabilities at end of year	4,558	2,838	7,396	10,326

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 will fall due is uncertain.

24. Commitments

(a) Capital Expenditure

There are no capital commitments.

	Group	
	2023	2022
(b) Land & Other Buildings	£000	£000
Total future minimum lease commitments under non-cancellable operating leases are as follows:		
Operating leases payable which are due:		
Within one year	12,932	12,489
In the second to fifth years inclusive	30,352	32,781
Over five years	11,269	13,115
Operating leases receivable which are due:		
Within one year	35	35
In the second to fifth years inclusive	105	139

25. Fund Balances

	2023			2022		
	Restricted income funds	Endowment funds	Total	Restricted income funds	Endowment funds	Total
(a) Analysis of restricted & endowment funds	£000	£000	£000	£000	£000	£000
Income						
Fundraising income	10,698	–	10,698	11,974	–	11,974
Big Lottery Fund	–	–	–	672	–	672
Net income from investments and other	1,060	–	1,060	–	861	861
	11,758	–	11,758	12,646	861	13,507
Expenditure						
Child care and community work in the UK	11,099	–	11,099	11,305	–	11,305
Cost of fundraising income	959	–	959	1,231	–	1,231
Grants to young people in need	264	–	264	244	–	244
Investment management costs	–	38	38	–	39	39
	12,322	38	12,360	12,780	39	12,819
Net (expenditure)/income before investments	(564)	(38)	(602)	(134)	822	688
Net unrealised/realised gains and losses	–	(2,466)	(2,466)	–	1,411	1,411
Transfers between funds	1,900	(1,900)	–	–	–	–
Net movement in funds	1,336	(4,404)	(3,068)	(134)	2,233	2,099
Fund balances brought forward	7,911	36,841	44,752	8,045	34,608	42,653
Fund balances carried forward	9,247	32,437	41,684	7,911	36,841	44,752

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 transfer in year of £1.9m related to a reclassification of income from endowments into our restricted funds.

The restricted capital and endowment fund balances carried forward at 31 March 2023 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 2023 value. The unapplied return is the difference between the 2023 value and the market value of funds as at 31 March 2023.

	Trust for investment	Unapplied return	Total
	£000	£000	£000
Brought forward at 1.4.22			
Original gift component (indexed to 31 March 2002)	14,785	–	14,785
Further indexation to 31 March 2022	12,624	–	12,624
Unapplied return	–	7,722	7,722
Total	27,409	7,722	35,131
Movements in period			
Increase/(decrease) from indexation	3,703	(3,703)	–
Investment return: Realised and unrealised gains	–	(2,466)	(2,466)
Less: Investment management costs	–	(38)	(38)
Total	3,703	(6,207)	(2,504)
Income funds transferred to restricted	–	(785)	(785)
Net movements in the reporting period	3,703	(6,992)	(3,289)
Carried forward at 31.3.23			
Original gift component (indexed to 31 March 2002)	14,785	–	14,785
Further indexation to 31 March 2023	16,327	–	16,327
Unapplied total return	–	730	730
Total	31,112	730	31,842

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

	2023	2023	2022	2022
(b) Categorisation of restricted & endowment funds	No.	£000	No.	£000
Fund balances				
Educational purposes	3	3,516	3	3,712
Project buildings	2	284	2	284
Sea training	1	553	1	597
General & other purposes	17	37,331	19	40,160
	23	41,684	25	44,753

Included in the restricted and endowment funds are two charities that are independently registered with the Charity Commission, along with a number of constituent charities, also registered with the Charity Commission. The independent charities are ACW Edwards (registration number 247678 with total funds of £28k (2022:£29k)) 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 £26k (2022:£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 31 March 2023
	At 1 April 2022	Income	Expenditure	Net losses on investments and pension revaluation	Transfers	
(c) Analysis of Designated (including Fixed Asset fund) & other unrestricted funds	£000	£000	£000	£000	£000	£000
Technology fund	10,000	–	(3,101)	–	–	6,899
Pension risk	16,050	–	–	–	–	16,050
Designated Funds	26,050	–	(3,101)	–	–	22,949
Fixed Assets fund (net book value of unrestricted fixed assets)	30,080	–	–	–	792	30,872
Total funds designated for purpose	56,130	–	(3,101)	–	792	53,821
Unrestricted “free reserves”	53,696	303,494	(296,889)	(2,403)	(8,592)	49,306
	109,826	303,494	(299,990)	(2,403)	(7,800)	103,127
Pension reserve	(52,180)	–	–	(35,500)	7,800	(79,880)
Total unrestricted funds including pension reserve	57,646	303,494	(299,990)	(37,903)	–	23,247

The unrestricted “free reserves” of the charity comprise the general fund (now incorporating the working capital fund), and the revaluation reserve. The balance at 31 March 2023 was £49.3m (2022: £53.7m).

The fixed assets fund which comprises the net book value of unrestricted fixed assets is excluded because they cannot be quickly realised. During 2021/22 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 was expected that the technology fund would 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
	2023	2023	2023	2023	2022	2022	2022	2022
(d) Analysis of fund balances between group net assets	£000	£000	£000	£000	£000	£000	£000	£000
Fixed assets	30,871	174	–	31,045	30,080	–	174	30,254
Investments	65,824	–	32,135	97,959	45,550	–	34,546	80,096
Pension liability (note 13)	(79,880)	–	–	(79,880)	(52,180)	–	–	(52,180)
Net current assets	13,828	9,073	302	23,203	45,022	7,911	2,121	55,054
Provisions	(7,396)	–	–	(7,396)	(10,826)	–	–	(10,826)
Net assets	23,247	9,247	32,437	64,931	57,646	7,911	36,841	102,398

	Unrestricted	Restricted	Endowments	Total	Unrestricted	Restricted	Endowments	Total
	2023	2023	2023	2023	2022	2022	2022	2022
(e) Analysis of fund balances between charity net assets	£000	£000	£000	£000	£000	£000	£000	£000
Fixed assets	30,852	174	–	31,026	30,052	–	174	30,226
Investments	65,169	–	32,135	97,304	44,930	–	34,546	79,476
Pension liability (note 13)	(79,880)	–	–	(79,880)	(52,180)	–	–	(52,180)
Net current assets	15,455	9,073	302	24,830	45,798	7,911	2,121	55,830
Provisions	(7,396)	–	–	(7,396)	(10,326)	–	–	(10,326)
Net assets	24,200	9,247	32,437	65,884	58,274	7,911	36,841	103,026

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 £1.3m (2022: £19.7m).

26. Reconciliation of Net (Expenditure)/Income to Net Cash (Outflow)/Inflow from Operating Activities

	2023	2022
	£000	£000
Net (expenditure)/income	(1,967)	25,000
Depreciation charge	4,055	4,344
Losses/(Gains) on investments	4,869	(4,267)
Profit on the sale of fixed assets	(294)	(190)
Legacy investment property	(1,590)	–
Net pension credits	(7,800)	(6,500)
Decrease/(Increase) in debtors	2,796	(8,438)
Decrease in creditors	(1,855)	(2,245)
Investment income and interest	(3,113)	(2,001)
(Increase)/Decrease in stock and work in progress	(1,323)	341
Net cash (used)/generated by operating activities	(6,222)	6,044

27. Analysis of Changes in Net Funds

	At start of year	Cash flows	At end of year
	£000	£000	£000
Bank and cash	42,139	(31,902)	10,237
Current asset investments	21,074	3,099	24,173
Total	63,213	(28,803)	34,410

28. Related Parties

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

	Income	Expenditure	Debtor	Income	Expenditure	(Creditor)/ Debtor
	2023	2023	2023	2022	2022	2022
	£000	£000	£000	£000	£000	£000
Barnardo Services Limited	428	(23)	246	445	(34)	(4,543)
Barnardo Developments Limited	309	(56)	1,108	–	(39)	744
Barnardo Events Limited	27	(19)	100	23	(16)	65
Barnardo Trading Limited	2,942	(73)	2,055	2,049	(62)	4,328
Adoptionplus Limited	–	–	466	–	–	185

Commission amounting to £0.5m was paid by the charity to Barnardo Services Limited (2022: £0.5m).

Payments made to the pension scheme by the Charity amounted to £10.7m (2022: £10.7m) of which £0.9m is outstanding as at 31 March 2023 (2022: £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 for ensuring 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 funds	Endowment funds	Total 2022
	£000	£000	£000	£000
Income from:				
Charitable activities	173,994	5,691	–	179,685
Donations and legacies	30,281	6,954	–	37,235
Other trading activities	77,790	–	–	77,790
Development and sale of properties	520	–	–	520
Investments	1,140	–	861	2,001
Other	2,272	–	–	2,272
Total income	285,997	12,645	861	299,503
Expenditure on:				
Raising donations and legacies	10,003	1,231	–	11,234
Other trading activities	60,354	–	–	60,354
Costs of developing and selling properties	336	–	–	336
Investment management costs	170	–	39	209
Raising funds	70,863	1,231	39	72,133
Net income available for charitable expenditure	215,134	11,414	822	227,370
Expenditure on:				
Service provision	185,186	11,549	–	196,735
Informing the public about our work	5,001	–	–	5,001
Childcare research and education	701	–	–	701
Total charitable activities	190,888	11,549	–	202,437
Net expenditure before pensions and investment	24,246	(135)	822	24,933
Other – pension finance charge	4,200	–	–	4,200
Total expenditure	195,088	11,549	–	206,637
Net gains on investments	2,855	–	1,412	4,267
Net income	22,901	(135)	2,234	25,000
Other recognised gains:				
Actuarial gain on defined benefit pension scheme	48,100	–	–	48,100
Net movement in funds	71,001	(135)	2,234	73,100
Total funds brought forward	(13,355)	8,045	34,608	29,298
Total funds carried forward	57,646	7,910	36,842	102,398

Gifts and Grants Received

Funding from Donations

Corporate Partnerships

Amazon, Arun Estates, Beko, The Bestway Foundation, Enterprise Rent-a-Car, Fortinet, Hellman & Friedman, Hollywood Bowl, IKEA, Pokémon, People's Postcode Lottery, Russell & Bromley, Saint-Gobain, TA Associates, Vodafone, Zurich Community Trust.

Public Fundraising

Barnardo's Helper Groups	£80,432
Martyn Bentley	£43,830

Charitable Trusts, Grants and Foundations

Big Lottery Fund	£584,333
Sport England	£109,508
Nottingham University Hospitals NHS Trust	£97,813
Heritage Lottery	£16,518
The Corra Foundation	£315,000

Funding from Statutory Authorities

England

Home Office	£6,967,740
Department for Levelling up, Housing & Communities	£488,894
NHS England	£133,219
Department of Health and Social Care	£88,606
NHS Frimley ICB	£75,000
Bristol City Council (Vanguard MH Grant)	£7,083
West Mercia Police (TIP)	£60,000
Household Support Fund	£44,725
Birmingham City Council and BVSC Centre	£213,655
MOJ via the Office of the Police and Crime Commissioner	£87,918
Department for Education	£132,852

Scotland

Aberdeen City Council	£98,400
Aberdeenshire Council	£306,592
Angus Council	£58,410
Dundee Council	£65,473
Edinburgh Council	£154,971
Falkirk Council	£632,580
Fife Council	£1,254,307

Glasgow City Council Communities Fund	£144,446
Highland Council	£1,170,335
Midlothian Council	£50,802
North Ayrshire Council	£38,322
Perth & Kinross Council	£45,354
Renfrewshire Council	£243,236
Scottish Government	£1,912,714
Scottish Government (Equally Safe)	£234,609
Scottish Government via SACRO	£198,834
Scottish Prison Service	£103,987
Shared Care Scotland	£16,524

Northern Ireland

Belfast Health & Social Care Trust	£1,570,126
Victims & Survivors Service	£159,090
Department of Health (SPPG)	£3,018,456
DE (Through HSCB)	£916,292
Northern Ireland Housing Executive	£66,553
Supporting People	£233,043
The Executive Office	£7,379
Public Health Agency	£1,004,625
Southern Health & Social Care Trust	£1,290,471
Western Health & Social Care Trust	£264,687
Northern Ireland Prison Service	£148,751
South Belfast Partnership Board	£30,150

Cymru

Welsh Government	£43,000
Cwm Taf Morgannwg UHB	£25,000
Welsh Government	£101,705
Ministry of Justice	£111,059
Home Office	£165,424

Philanthropy

The Loomba Foundation
 The Hemraj Goyal Foundation
 Claire Gilligan
 Neil Kitchener QC
 Jane and Jonathan Clarke
 Sally Lykiardopulo
 The William Brake Foundation
 The AJS Charitable Trust

Charitable Trusts and Foundations

The 29th May 1961 Charity	The Moondance Foundation
Aberbrothock Skea Trust	Nominet Trust
The Alan Edward Higgs Charity	The Northwood Charitable Trust
Alexander Moncur Trust	Paul Cottingham Trust
B&CE Charitable Trust	Peacock Charitable Trust
The Barbour Foundation	PF Charitable Trust
BBC Children in Need	Pilkington Charities Fund
Bill Brown's Charitable Settlement of 1989	The RS Macdonald Charitable Trust
The CareTech Foundation	Sandra Charitable Trust
Cattanach	Scotch Whisky Action Fund
The Co-op Foundation	Sir James Knott Trust
Duchy of Lancaster Benevolent Fund	Sir James Reckitt Charity
Edith Murphy Foundation	The Waterloo Foundation
EM Chapman Discretionary Will Trust	William Grant Foundation
The Eveson Trust	William Whyte Tait Charitable Trust
The Hugh Fraser Foundation	Z V M Rangoonwala Foundation
The Indigo Trust	The Zochonis Charitable Trust
The J H Bartlett Charitable Trust	
J Siddall Charitable Trust	
J.W. Chapman Earlesmere Charitable Trust	
The Jenour Foundation	
John James Bristol Foundation	
The John Scott Trust	
The Joseph & Lilian Sully Foundation	
Julia and Hans Rausing	
The Katherine Martin Charitable Trust	
Leach Family Charitable Trust	
The Mary Homfray Charitable Trust	

Board of Trustees and Officers

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Her Majesty The Queen

President

Natasha Kaplinsky, OBE

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Mrs Susan Bernerd, MBE

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Mr David Cathie

Mr William Chalmers

Ms Anita Goyal, MBE

Ms Rosemary Jones

Lord Loomba, CBE

Mr Bruce Oldfield, OBE

Trustees (year of first appointment)

John Bartlett (2014) – Chair of Trustees (due to step down as Chair November 2023)

Magdalene Bayim-Adomako (from November 2022)

Anne-Cécile Berthier (2020)

Neil Crockett (2019)

Avis Darzins (2020) – Senior Independent Trustee

Matt Davies (2020) (resigned July 2023)

Dennis Hone CBE (2017) – Honorary Treasurer

Meredith Pierce Hunter (2020)

Briony Ladbury (2019)

Henry Odogwu (2022)

Penny Thompson CBE (2019) – Deputy Chair

Rajinder Verma (2019)

Mark Waddington (2019) (resigned November 2022)

Incoming Trustees (appointment date in brackets)

Mark Wood (1 August 2023) [due to be appointed Chair November 2023]

Breid O'Brien (28 September 2023)

Koulla Yiasouma (28 September 2023)

Chief Executive

Lynn Perry, MBE

Corporate Director Children's Services (Development and Innovation)*

Michelle Lee-Izu

Corporate Director Children's Services (Operations)*

Steve Oversby

Corporate Director of Business Services*

Richard Moore

Director of People and Culture*

Lynne Holmes (until August 2023)

Director of Fundraising and Marketing*

Rebecca Mauger

Managing Director of Barnardo's Trading Companies*

Mark Gregory

Company Secretary

Nicholas Williams

Contact details**Registered office**

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

Bankers

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Investment managers

Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU

CCLA, One Angel Lane, London, EC4R 3AB

Principal solicitors

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



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