



# ***A vital lifeline***

Annual Report  
2020/21



## A vital lifeline



In a year like no other, we were a vital lifeline for children, young people and families. Click on the star to see the difference we made.

# Safe and happy childhood



Action for Children protects and supports children and young people, providing practical and emotional care and support, ensuring their voices are heard, and campaigning to bring lasting improvements to their lives.

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### Looking after our environment

We have a responsibility to protect the environment for children and young people – both now and in the future. Go to [page 41](#) to see how we're doing this.





## Together we've overcome huge challenges

**It's been a testing year for Action for Children, as it has been for the rest of the world. However, I'm immensely proud of the way we've risen to the challenge.**

**“Our frontline staff helped families by distributing almost £900,000 of grants to more than 20,000 children and young people.”**

We did this by adapting our services to meet the needs of vulnerable children, young people and families, and by focusing on keeping our services open.

Whilst we were dealing with the impact of the pandemic, the Board of Trustees also focused on the long-term sustainability of our charity. We acted swiftly to tackle the financial challenges exacerbated by the crisis, and worked hard to make our organisation more effective and efficient. This work was a critical part of our Securing our Future transformation programme. Sadly, this meant losing a number of our valued staff. Securing our Future was driven by the Executive Leadership Team, and reported to a trustee sub-group. It was supported by the Board, the Directors and teams across the country. Everyone pulled together to safeguard the charity's future and financial security. I believe that we are now in a better position to meet the needs of children and families, and grow much needed services.

Over the past year, the make-up of our Board of Trustees has changed. We have adopted a skills-based approach to recruitment and I am delighted by the colleagues we've attracted.

We also sharpened our governance and introduced a Children's Services Committee. Its remit is to improve impact and outcomes for children and young people, and to ensure our regulatory compliance and continued innovation. The trustees reinforced our commitment to equality, diversity and inclusion, and the Board approved a new strategy. I am proud of the work our staff networks do in supporting all staff equally.

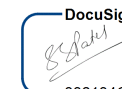
I want to particularly thank our staff for supporting children and families, themselves and the organisation during the biggest crisis of our lifetimes. Our Coronavirus Emergency Appeal, launched just days into the first national lockdown, offered a vital lifeline to thousands. Our frontline staff supported families by distributing almost £900,000 of grants to help more than 20,000 children and young people. I was delighted to share a letter from our Patron, HRH the Duchess of Cambridge, commending staff and letting them know she was thinking of them.

We have ambitious plans for the future. We have approved a strategy for expanding our residential homes for children and investing

in technology. The latter is really important given the role it has played in helping services and staff adapt to new ways of working, as well as virtual fundraising.

The Board is delighted that Melanie Armstrong, who has led us brilliantly through the pandemic, will continue as Chief Executive until at least the end of 2022. Melanie will build on our transformation work, and focus on growing services that meet the evolving needs of those we support.

Finally, I want to thank our staff, volunteers and supporters. We have been through a momentous year, and we couldn't have done it without their enormous effort and dedication. My thanks, as ever, also go to all our co-opted committee members and my fellow trustees for their passion and commitment to Action for Children.

DocuSigned by:  
  
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**Sarika Patel,**  
Chair of the Board of Trustees



# We'll be here for vulnerable children no matter what

**The pandemic hit just one month after I returned to Action for Children in March 2020, changing the way we work and live for the foreseeable future. My mission quickly became clear: to support staff so that we could keep our services running and be a vital lifeline for children in crisis.**

When lockdown came our staff adapted quickly. We kept 99% of our services going – some online – while making sure frontline staff, especially those in our residential settings, were protected in their work.

Our Coronavirus Emergency Appeal helped to keep families afloat when income and jobs were in jeopardy. Parent Talk, our digital service offering advice and live chat with experts, really came into its own, too. More than three times as many parents and carers used the service last year compared to the previous 12 months. These remarkable successes are a testament to our determination to support families and the flexibility of staff to innovate at speed.

We also adapted to virtual fundraising when in-person events were cancelled. Brilliant new ideas, like Boycott your Bed, as well as our third Secret Santa Christmas appeal, were hugely popular.

And with skilful intervention we changed the conversation on the Domestic Abuse Bill. This change ensures children are seen as victims – not just witnesses – in the new legal definition of domestic abuse. This has the potential to change how authorities and agencies respond to the issue, which will benefit 800,000 children – a remarkable impact.

Delivering lasting change for children is where we started back in 1869. And it's what we continue to do today. Our local services transform children's lives every single day. And our loud campaigning voice makes sure these children are heard. I'm incredibly proud of what we've achieved.

I want to thank the Board of Trustees for their unwavering support. The demands placed on them have been immense given the challenges we've faced. As Sarika mentions, I'm delighted to be staying as Chief Executive until at least the end of 2022, to continue the work we've started.

The past 12 months have been incredibly tough for everyone. Staff have overcome hurdles, the like of which many of us have never seen before, and our volunteers have continued to be by our side. I'm extraordinarily grateful for their compassion, determination and continued commitment to Action for Children.

DocuSigned by:

*Melanie Armstrong*

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**Melanie Armstrong,**  
Chief Executive



**“  
Delivering lasting change  
for children is where we  
started back in 1869.  
And it's what we continue  
to do today. Our local  
services transform children's  
lives every single day.  
”**

A young man and woman are seated on a public transit vehicle, both wearing black face masks. The woman, on the left, has long brown hair in a ponytail and is wearing a dark blue sweater over a white collared shirt. She is holding a gold smartphone. The man, on the right, has dark curly hair and is wearing a blue denim jacket over a white t-shirt. He is holding a black smartphone. They are both looking down at their phones. In the background, other passengers are visible, including a person in a purple blazer and another in a yellow jacket. The interior of the vehicle features orange handrails and red patterned seats.

# *Strategic report*

# A bit about us



## Our vision

Every child and young person in the country has a safe and happy childhood, and the foundations they need to thrive.

## Our mission

We protect and support children and young people by:

- Providing practical and emotional care and support.
- Ensuring their voices are heard.
- Campaigning to bring lasting improvements to their lives.

## Our values

We're passionate, ambitious, collaborative and inclusive.

## The services we're delivering

**39**

mental health  
support services.

**10**

children's rights  
and independent  
visitor services.

**13**

young carers services.

**1**

residential school.

**16**

fostering and adoption  
services.

**78**

nurseries and  
after-school clubs  
(across Britain).

**55**

youth services,  
including employment,  
justice and housing.

**1**

online Parent  
Talk service.

**82**

children's centres  
and family hubs.

**47**

youth education services.

**45**

safe and loving  
residential homes for  
children, including  
short breaks for  
disabled children  
and young people.

**88**

family support services.

**37**

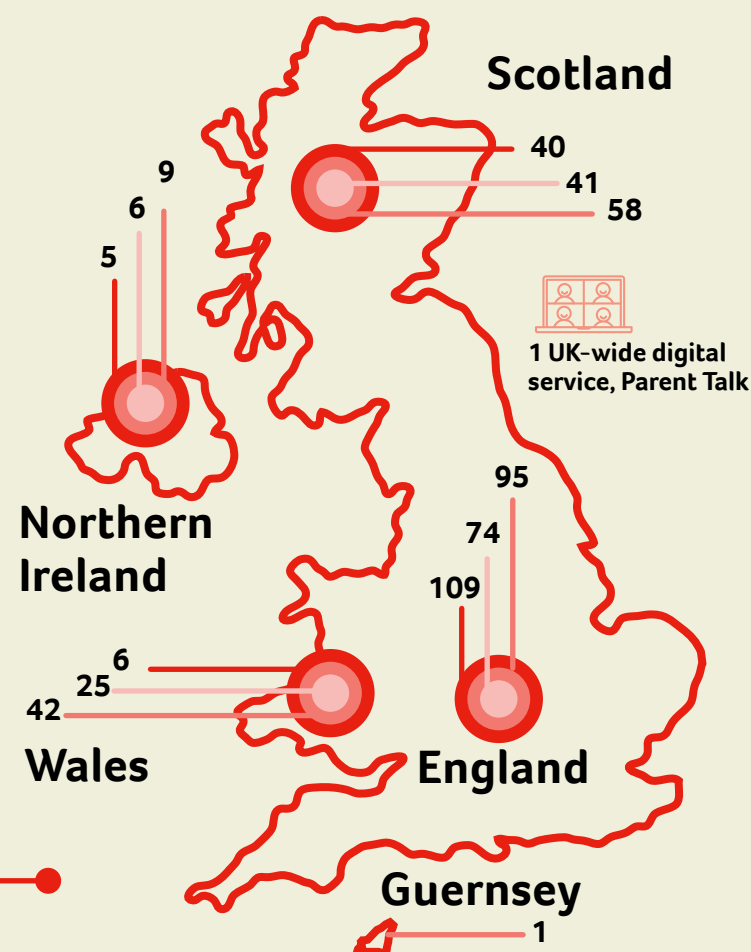
community and foster  
care short breaks.

**512**

local services run by  
us across the UK, in  
schools and online.

## Where we are

- Best start in life services
- Mental health and chance to thrive services
- Safe and stable home services



# *We said we did*



We set ourselves three ambitious objectives in last year's annual report.

- 1. To make children and young people safer and happier.**
- 2. To increase support so that we can continue to fund our work and influence change for children.**
- 3. To develop a financially sustainable and effective organisation.**

The pandemic made delivering on these promises a challenge. We had no idea just how the coronavirus crisis would shape the lives of children, young people and families. It also drastically changed many of the ways we work. Despite everything, though, we made good progress towards our three objectives. We did this by adapting quickly to changing needs and finding innovative ways to make sure children were safe and happy.

1. We said we'd make children and young people safer and happier.

2. We said we'd increase support so that we can continue to fund our work and influence change for children.

3. We said we'd develop a financially sustainable and effective organisation.

We helped



children, young people and their families in 2020/21.

This is 64% more than last year thanks to an increase in digital services to help families through the pandemic.

### 1. We said we'd make children and young people safer and happier.



#### Best start in life

73% of children who used our children's centres or family hubs showed developmental improvement, for example being able to dress themselves and improved speech. And 83% of children had better social skills and friendships.

71% of parents and carers set more effective boundaries after getting our help. Children and young people know what behaviour is acceptable and feel safe and cared for.



#### Safe, stable and loving homes

83% of the children and young people in our residential homes have improved emotional development. This helps them to build positive relationships and improves the stability of their home life or placement.

73% of children and young supported by our family support services have safer, more secure and appropriate housing.

### 2. We said we'd increase support so that we can continue to fund our work and influence change for children.



#### Mental health and a chance to thrive

72% of children and young people have improved mental health after completing The Blues Programme, our internationally-acclaimed project.

77% of children and young people have a more stable family life thanks to our mental health support services.



#### Parent Talk

361,043 parents and carers got advice about parenting, relationships, behaviour, disability, mental health and wellbeing, and more.

90% of people who used our live chat service rated it as 'good' or 'amazing'.

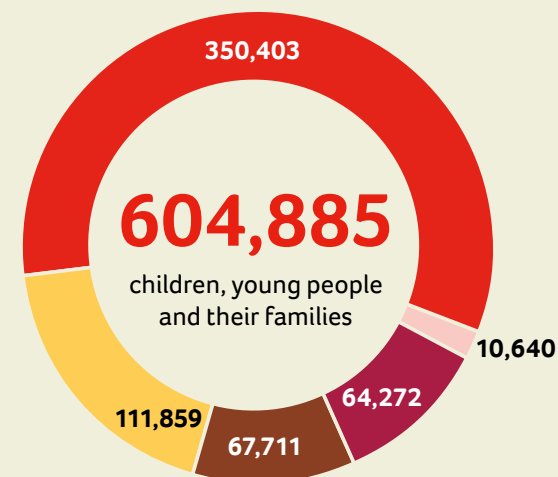
“

*Thank you for helping me through a very difficult moment. Your response was exactly what I needed to keep going when I was ready to give up.*

”

Parent Talk user

### 3. We said we'd develop a financially sustainable and effective organisation.



- Best start in life services**  
 These include children's centres, family hubs and early help.
- Safe, stable and loving homes services**  
 These include fostering, adoption, intensive family support and short breaks for children with disabilities.
- Mental health and a chance to thrive services**  
 These include mental health support, young carers services and youth employment support.
- Parent Talk information service**  
 Online information, advice and guidance for parents with children aged 0 to 19.
- Parent Talk one-to-one support**  
 Live chat to help parents deal with a specific issue.

1. We said we'd make children and young people safer and happier.

2. We said we'd increase support so that we can continue to fund our work and influence change for children.

3. We said we'd develop a financially sustainable and effective organisation.

We changed the law on domestic abuse. The **800,000** children who have experienced domestic abuse will now be recognised as victims instead of witnesses. **This will shape how they're supported.**

We reached **13,004,088** people on social media, gaining **36,326** new followers.

NEWS

We generated **3,541** pieces of media coverage, meaning more than **616 million** opportunities to see, hear or read about what we do for children, young people and families.

More than **14,000 actions** were taken by campaigners, from signing petitions to writing to their MP and tweeting the Prime Minister.

We spent **£139.4 million** on activities to help children.

**1. We said we'd make children and young people safer and happier.**

**2. We said we'd increase support so that we can continue to fund our work and influence change for children.**

**3. We said we'd develop a financially sustainable and effective organisation.**

## Be financially sustainable

- Our supporters helped us raise £20.0 million for children and families.
- We ended the year with a surplus of £5.8 million.

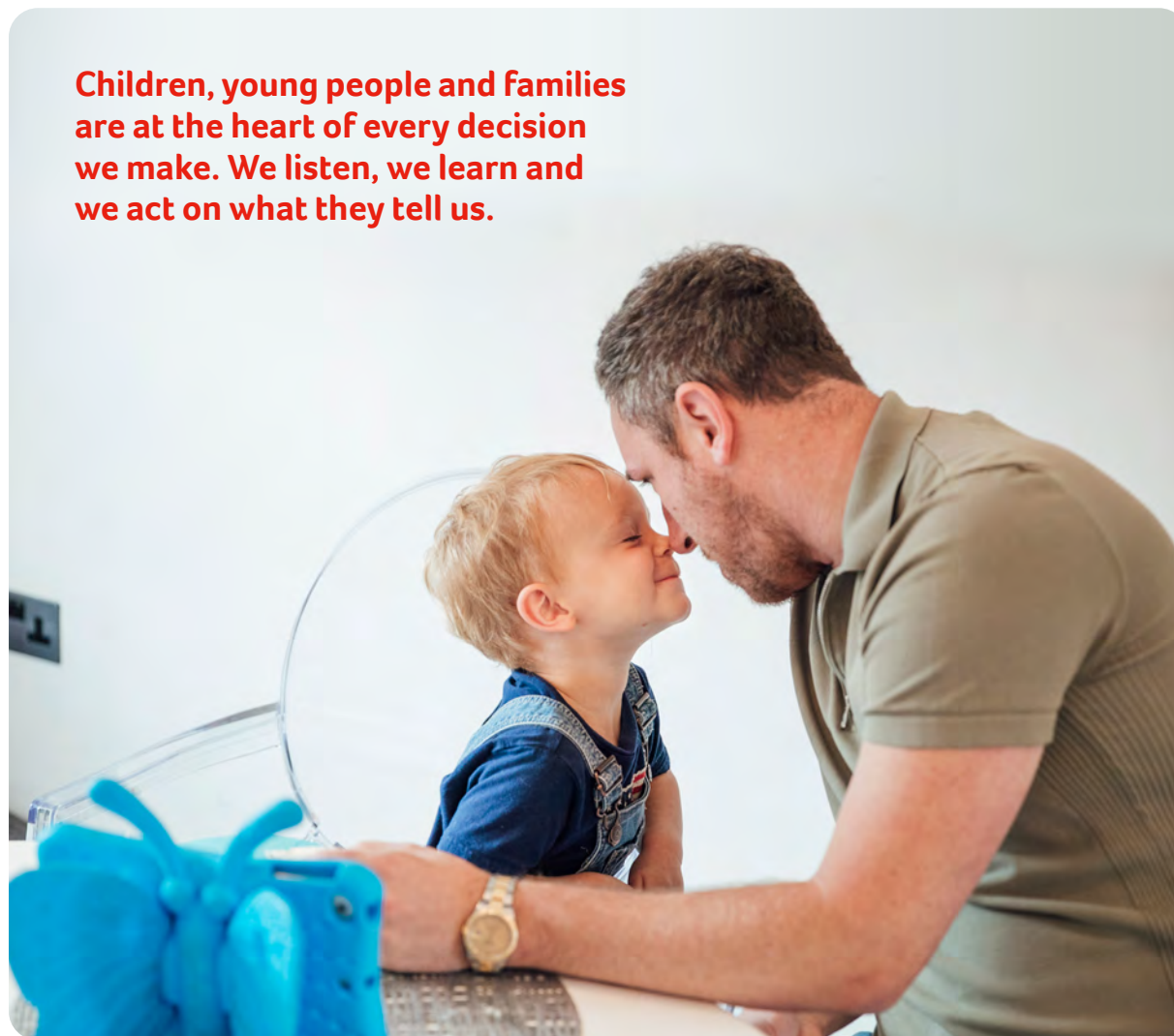
## Be an effective organisation

- After getting our support, 87% of children and young people said they were better able to share their views and contribute to the decisions that affect their lives.
- Our 11 staff networks promoted equality, diversity and inclusion.
- We made a commitment to become a proactively anti-racist organisation.

The figures in this report are from our e-Aspire analysis 2020/21 unless otherwise stated.



**Children, young people and families are at the heart of every decision we make. We listen, we learn and we act on what they tell us.**



# A year like no other



“

*I'm working with one mum who was struggling before the pandemic. One of her children has a disability. They live in a remote location and life was really hard for her. But when coronavirus hit she couldn't afford the essentials. She didn't have food for her children. They didn't have the internet to access information. Action for Children was her only lifeline. We supported them in any and every way possible. She knows that we're here for her 24/7.*

”

Sian, Family Support Worker





# Responding to the pandemic

**The past 12 months have been like no other. We're proud of our response to what have been completely unprecedented challenges.**

Our priority has been keeping staff safe and making sure children and families get the help they need. We've done this in all sorts of ways. This included setting up a Coronavirus Emergency Appeal just days into the first national lockdown. We also launched Parent Talk, an online information, advice and chat service for families with children aged 0 to 19.

“Keeping our children’s services running through the pandemic was our top priority. Staff at our residential settings – including care homes and supported living services – continued to be there for children, despite all the unknown risks. A team from across the organisation, whose job it was to handle our day-to-day response to the pandemic, made sure frontline staff had PPE. They also helped frame representations to government on what best safeguarding practice looked like.

Services that couldn't be delivered face-to-face were transferred online as we battled to keep in touch with families who needed us. Our IT Team made sure people could work from home during the lockdowns. All this while our Board of Trustees and Executive Leadership Team did what was needed to manage the risks we faced.

I'm incredibly proud to have led such a passionate, ambitious and hardworking team through the crisis. And I thank them for everything they've done to help children and young people feel safe and happy.”

Melanie Armstrong, Chief Executive

## Parent Talk

Our new digital service, Parent Talk, launched in June. It provides information, advice and one-to-one chat for parents and carers with children aged 0 to 19. We wanted to make sure that parents and carers – who were suddenly left without their usual support networks – got the help they needed. Parent Talk was due to launch in 2021, but we sped up its development to meet the urgent need.

As well as a wealth of expert information and guidance, which is available 24/7, parents can chat live to one of our parenting coaches. No topic is off-limits, and in the past year we've helped families deal with anxiety, cope with uncertainty, and help their children catch up at school. The one-to-one chat service is now bilingual for families in Wales, which is thanks to funding from the Vulnerable Children National Charities Strategic Relief Fund. Parent Talk also received Helplines Standard Accreditation, a nationally recognised mark of quality.

Demand for Parent Talk soared during the national lockdowns. The number of parents and carers who got support meant our total reach figures for 2020/21 almost doubled.



**361,043 parents and carers** got information, advice and guidance from our Parent Talk service.



Our coaches provided intensive one-to-one support to **10,640 parents and carers**.



**90% of people** who used our live chat support rated it as 'good' or 'amazing'.

“**Parent Talk has helped me so much with great advice, links for more support, and giving me confidence that I'm on the right track with my son. It's like a weight has been lifted.**

”

# A year like no other

## April

A week after lockdown was announced, we launched a new emotional support and wellbeing service in Staffordshire for **700 children and young people**.

By the end of April our flagship mental health project, The Blues Programme, had moved online.

We were delighted to receive a letter from our Patron, HRH the Duchess of Cambridge, expressing her appreciation for our work during this difficult time.

## June



Our digital support service, **Parent Talk**, launched nine months ahead of schedule. Families who couldn't access their usual support were able to get immediate help from our parenting coaches.

## August



Families helped us raise over **£350,000** by sleeping in the most unusual place they could think of for our new virtual event, Boycott your Bed.

In partnership with Liverpool Football Club Foundation, we launched a new mental health programme for young people in secondary schools in Liverpool.

We joined forces with Barnardo's on the See, Hear, Respond project. The project supports children and young people at risk of falling through the cracks during the pandemic. Together we reached **100,000 young people** in just six months.

## May

Our South Lakes Child and Family Support service quickly adapted to offer virtual baby massage sessions, parenting programmes, and 'rhythm time'.

## July

We celebrated our **20th anniversary** in Northern Ireland. Our logo was illuminated in Belfast city centre to show our support for children and families.

We also launched a new early intervention programme in Newcastle for young people at risk of getting involved in serious organised crime.

## September

**Our End Childhood Crisis campaign** highlighted the impact of the pandemic on vulnerable children. The campaign report, *Childhood During Coronavirus*, painted a stark picture of the devastating effects of poverty.

September also saw the launch of Bouncing Back, a digital programme to support young people's mental health.

## Last year...

### March 2020

We launched our **Coronavirus Emergency Appeal** at the end of March to cover the cost of essentials like food, nappies, cleaning products and bills. The money raised supported 20,266 vulnerable children and young people.

We also launched virtual short breaks for children with disabilities – featuring games, quizzes and chats – in Bury and Northamptonshire.



# END CHILDHOOD CRISIS

# October

Our mental health literacy programme, The Guide, moved online. This helps students and teachers in Wales to improve their mental health knowledge and reduce stigma.

In Derry-Londonderry, 40 staff moved to a new site to deliver early years, family support and mental health services. The site is a former army barracks in Derry, and so turns the legacy of the troubles into something positive.

# December

Our Northumberland Early Help service provided 312 grants to help families pay for essentials like food and bills.

We also took on two new residential homes in Liverpool. Marks & Spencer generously donated furniture for the properties.

We launched an emotional wellbeing service in Orkney, too. We now deliver services in 31 of Scotland's 32 local authority areas.

# February



We expanded Bouncing Back - our mental health service that tackles challenges caused by the pandemic - to primary school children.



# November

We opened a new short breaks service in Ealing. It gives children and young people with learning disabilities the opportunity to enjoy time away from home and make new friends.



# January

The last donations came in for our Secret Santa Christmas appeal. Thanks to supporters, the appeal raised an incredible **£1.5 million**, smashing our £650,000 target.

# March

The cut to Universal Credit was delayed thanks, in part, to our campaigning efforts.





“  
Our support worker is always there for us.”  
”

The pandemic has been hard for Jane and Deion Griffiths and their young family, who live in North Wales. Their eldest daughter, Ellie, has autism and ADHD, while their eldest son, Lewis, has complex sensory needs and cerebral palsy.

Jane says: “Coronavirus has really affected us. We’ve had to rely on Universal Credit and it’s been tough trying to feed everyone and keep the house warm. It’s been such a terrible year for the kids and, due to Deion’s work situation, we’ve just been trying to make it through to the next Universal Credit payment each month.”

Thankfully, the family were able to get support through one of our projects.

“Action for Children have been fantastic,” explains Jane. “They’ve helped with food vouchers, toys, a bed, and a weighted blanket. We’ve been so grateful for that support. Our support worker, Hayley, is always there for us, too. She’s been brilliant at keeping in touch and regularly puts on quizzes and games for the family on Zoom. I’m really not sure how we would’ve managed without them.”

## Campaigning to end child poverty

**Even before the pandemic many low-income families were finding it hard to make ends meet. But job losses and rising household costs meant that many of those who were coping before were pushed into poverty.**

Over the past year we’ve campaigned tirelessly to tackle child poverty. This includes calling on the government to come up with a comprehensive approach to reduce UK child poverty and not cut Universal Credit by £20 a week.

### Universal Credit

To support families affected by coronavirus restrictions, the government increased Universal Credit by £20 a week. Although this was far from enough, it offered a lifeline for many.

We campaigned for the government to ensure this increased help would not be cut. Our *Childhood During Coronavirus* policy report, which was part of our End Childhood Crisis campaign, found that many UK families were struggling financially. An analysis of applications to our Coronavirus Emergency Fund showed that:

- 29% of the fund was spent on food for families.
- 21% of families had seen at least one adult lose their job or have their pay cut.
- 78% of staff reported the pandemic was having a negative impact on the mental health and wellbeing of the children they support.

This led to action from our family of supporters, which generated media coverage and put pressure on the government. Following extensive campaigning, the government has now delayed the cut until September 2021. In the coming year, as the government shapes its plans for the UK’s recovery, we’ll continue to speak up and make sure children and families have the support they need to thrive.

40% 

**of families told us they struggled to feed their children during the pandemic.**



## **What we do**

**Our services for children, young people and families give them the best start in life, a safe and loving home, and good mental health and a chance to thrive.**



# Best start in life

## Every child should have the best start in life.

We're one of the largest providers of nurseries, children's centres, family hubs and early years support in the UK. These services have been a vital lifeline for young children and their families over the past 12 months.

### Adapting to the pandemic

Our staff adapted quickly to meet changing government guidelines. They found new ways to help parents meet their children's needs. And they continued to support children and families living with a range of challenges, from poverty to domestic abuse.

This included running many services online for the first time. In Cumbria we ran virtual baby massage sessions. And in Solihull we developed an online, 10-week Parenting Programme to help families who felt isolated and anxious during lockdown. We also supported parents over the phone and on their doorstep, helping them to manage their children's behaviour and cope with parenting during

a pandemic. One mum told us, "In times when I thought there was no hope and I couldn't see, you came along and there was hope and help and support."

Many services, including the Early Childhood and Family Service in Norfolk, were able to provide emergency food parcels to families, activity packs to support children's development, and digital devices to help families access online support and learning. Without this, many families would have struggled to afford the basics and been cut off from support. But not everything switched online. Our Grow Cook Eat programme in Northern Ireland – which has now expanded into several separate projects – encouraged families to grow food at home.

**Approximately 70% of families who used our children's centres and family hubs told us their family functioned better. This was because their children felt more secure and had clear routines, including mealtimes, bedtimes and getting up for school.**

What's more, 70% of children had a warmer, more loving relationship with their parent(s) and/or carer(s) after getting our help.



We run more than

# 160



**early years services, which include children's centres, family hubs and nurseries.**

### Nurseries and children's clubs

Our award-winning Spring nurseries support children's learning, development and wellbeing. We're in 37 locations across the UK, which are all rated as either 'Good' or 'Outstanding' by Ofsted, the Care Inspectorate Wales or the Care Inspectorate Scotland.

**We're proud to have kept 14 settings open through the pandemic, supporting key worker parents and their children.**

We expanded our out-of-school-hours, wrap-around childcare for four to 16-year-olds by adding three new Spring Oscars clubs in England. In partnership with the RAF Benevolent Fund, we delivered both Ben Clubs – a play service for five to seven-year-olds – and Airplay for 11 to 18-year-olds. 1,940 young people took part in these projects at 24 locations. We also set up Airplay Connect, a digital platform that kept children connected through lockdown.

Any surplus from Action for Children Developments Limited is used to support our charitable work. Our nurseries, clubs and commercial teams also support campaigns like Secret Santa. Last year, they raised £9,500 by holding a danceathon.

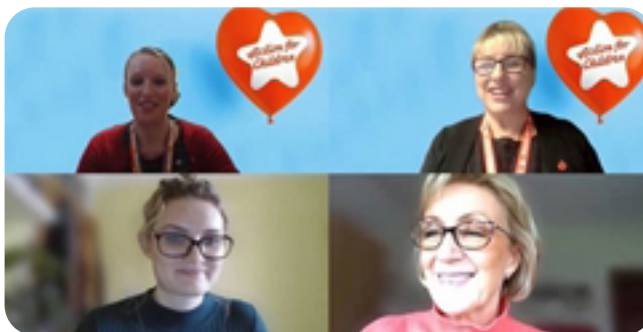
## Campaigning for children

In the last three years we've played a crucial role in calling on the government to make the early years a priority. This is in response to years of funding cuts to the support available for babies and young children.

Led by Andrea Leadsom MP, the government carried out a review of the first crucial 1,001 days of a child's life. We proposed recommendations on how the government could better support families. This included hosting over 20 sessions for Andrea Leadsom and her team during a virtual visit to one of our children's centres in Devon.

Following the review, the government set out its vision for giving babies and children the best possible start in life. While this is great progress, it's vital that services are properly funded and the early years

agenda is prioritised. With the pandemic putting even more pressure on families, the need for government commitment to these services is more urgent than ever. In the coming year we'll continue our campaigning efforts so that more families get the support they need.



Andrea Leadsom and her team on a virtual visit to one of our children's centres in Devon



Vicky, who has four children, came along to one of Andrea Leadsom's visits. She says the practical and emotional support her family received at the centre, as well the chance to meet other mums, was a real lifeline.

"As a mum you rely on other people to support you with your child – from the children's centre workers to the health visitor. I've no idea what I would've done without them over the years. I'm lucky these early help services are still available in my area. My heart goes out to parents in other parts of the country who don't have this support."

Vicky and her family

## Expanding our serious organised crime service

We officially launched our serious organised crime early intervention service in Cardiff, Edinburgh and Newcastle last year.

The service offers intensive one-to-one support, peer mentoring, education and employment training to 11 to 18-year-olds on the cusp of serious organised crime. This early intervention is essential to helping young people thrive. The project is the first of its kind to use peer mentors, many of whom are former young offenders themselves. The mentors are role models for teenagers who have previously resisted other types of support.

The award-winning service has been running in Glasgow since 2013.

**83%**   
of young people demonstrated a reduction in offending behaviour.

Based on an evaluation of our Glasgow service by Research Scotland (2021).

# Safe, stable and loving homes

**Every child** should have a safe place to call home.

We help children and their parents to overcome problems so that it's safe for them to stay together. When this isn't possible, we provide stable, permanent homes with wonderful foster, adoptive and residential families. We also run short breaks for children and young people with disabilities.

## Helping families so children are safer and happier

We know that being a parent is tough. And sometimes families need a bit of extra support. Last year services like Dundee Families and Vale of Glamorgan Family Intervention helped parents to overcome challenges, create nurturing home environments, and build support networks. Doing this gives families the best chance of staying together.

**After working with us, 77% of parents and/or carers have improved parenting skills and confidence, and 87% engage better with their children.**

## Fostering and adoption

We find adoptive homes for children in England and run fostering services in all four nations. Our foster and adoptive families offer warmth, love and stability. Like us, they want every child to feel secure, happy and cared for.

In the last year, our staff, foster and adoptive families have shown immense resilience in difficult circumstances. Staff came up with creative ways to meet families' needs by adapting quickly to produce online support and training.

In 2020/21, all our fostering and adoption services in England were rated 'Outstanding' or 'Good' by Ofsted. On a visit to our service in Exeter, Ofsted said: 'Many children have lived with their foster carers for a long time. They feel loved, cared for and have a sense of permanence. Children are carefully matched with foster carers. Feedback from foster carers and professionals was extremely positive about the agency, the care that children receive and the progress that children are making'.

Last year, our adoption services helped 21 more brothers and sisters stay together. There was a 100% increase in sibling matches in the first quarter of the year alone.

**“Without a doubt, becoming a foster mum with Action for Children has transformed my life. It's the best thing I have ever done. The support I was offered by Action for Children was second to none. My social worker is nothing short of amazing.”**

Nicky,  
foster carer in Northern Ireland

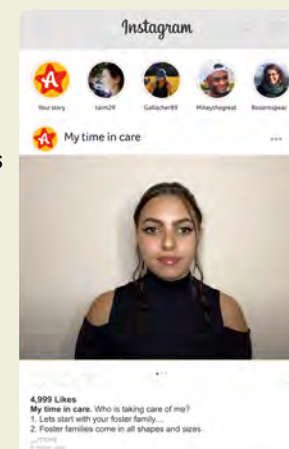
## My Time in Care

The My Time in Care project, funded by corporate partner CBRE, told the story of life in foster care through a series of videos created by young people. The videos shared experiences and tips, including how to settle in on your first evening and where you can go for help.

The project's Instagram page has been shared by celebrities and featured on Sky News. We also received a flurry of positive messages about the campaign, including:

**“As someone who grew up in care, these posts are invaluable to the younger generation going through this.”**

The Children's Minister, Vicky Ford MP, tweeted: 'An incredible series about entering into life in foster care and helping others on their journey, as told by care leavers and produced by Action for Children.'



## Residential homes and supported living

We ran 19 permanent residential services in England, Scotland, Wales and Northern Ireland last year. And we're opening two new homes in Tyne and Wear in 2021. Our goal is to make sure children feel welcome, comfortable and settled in modern family-style homes, in supported housing, or at our residential school, Headlands.

Our frontline staff pulled out all the stops to make sure young people were happy and looked after during the crisis. Some even moved into our children's homes. In Wales, our Tan y Bryn residential home planned a series of activities, including cooking, gardening and camping. Rhys, 13, was one of the first young people to move into Tan y Bryn in 2019. He says: **"The news was very frightening but I felt safe here. The staff have really looked after us and we had a lot of fun doing games and exercise. We all loved getting out in the countryside and looking after our garden."**

In Northern Ireland, our Floating Support and Supported Accommodation service supported 70 young people. The service helps young people who have left or are leaving care, or who are homeless or at risk of homelessness. Support included video calls, socially distanced walks, wellbeing packs and our positive text service. We also helped them to plan for the future through weekly job search emails, CV and training support, and a cooking on a budget programme.

**After living in one of our residential homes, 77% of young people have improved life skills, including knowing how to manage a tenancy or look after their home.**



## A school with a difference

Headlands is our residential school in Penarth, South Wales. The school normally supports 70 children and young people who have difficulty learning as a result of early trauma, complex emotional and social issues, autistic spectrum conditions and Asperger's syndrome.

Headlands stayed open through the lockdowns, looking after the children of key workers and other vulnerable students. Staff were determined to keep the pupils busy and came up with all sorts of activities to ensure healthy bodies and minds. This included trampolining, painting, baking cakes and starting the day with a Joe Wicks exercise class. The school's companion dog, Dexter, also helped to keep the students calm and relaxed.

In September, four Peruvian alpacas enrolled at the school. The pupils designed and built housing for the alpacas, and share responsibility for looking after them. They boost students' mental health and wellbeing, and are a vital part of the young people's outdoor education.

**"I enjoy being outdoors and caring for the alpacas. When I came to Headlands last year, I was angry, but I'm much better now. Working with the alpacas has helped."**

Casey, 15



## Short breaks

Our short breaks give children and young people with disabilities the chance to have fun, enjoy time away from home and learn new skills. They also give families a much-needed break from their caring responsibilities. Breaks range from days out to residential trips in different settings and locations across the UK.

Our dedicated staff worked hard to adapt our short breaks last year. They ran services virtually, delivered activity packs to doorsteps, and created safe spaces where clubs could take place face-to-face. In Bury, our short breaks service moved 100% online. Using their tech skills, staff created imaginative online games and activities, which went down brilliantly with the children. The service won a BBC Manchester award, following a nomination from a parent.

# 17,500



**children went on one of our short breaks, despite the challenges we faced during the pandemic.**



# Mental health and a chance to thrive

## Every child deserves to have good mental health.

We make sure children have the support they need to look after their mental health. We do this by running evidence-based programmes that help children and young people in a way that works for them.

One example, Build Sound Minds Derby and Derbyshire, offers early intervention support to 0 to 17-year-olds who are experiencing mental health difficulties. Working in partnership with Derbyshire Federation for Mental Health, this community-based service runs therapeutic one-to-one and group sessions. It also provides information and advice face-to-face, digitally and over the phone.

The pandemic has had a big impact on the wellbeing of children, young people and families. We responded by expanding our mental health support, including launching a schools-based counselling service in Inverclyde and wellbeing support in Orkney. We also moved many of our services online, including our flagship project, The Blues Programme, which has been running in schools since 2017.

We're incredibly proud that, last year, the Early Intervention Foundation rated The Blues as having the highest possible effectiveness in dealing with the early signs of anxiety and depression in teenagers. This means the programme's positive effects are felt long after it ends.

The Guide – our service that delivers mental health literacy training to teachers and health workers across Wales – moved online, too. 97% of teachers and professionals who completed The Guide said they had

a better understanding of mental health and the stigmas attached. The service was also a finalist in the mental health category at the Digital Leaders Impact Awards 2021. Both The Guide and Bouncing Back in Wales are funded by the Welsh government.

**More than 98,000 children and young people got mental health support through programmes and services delivered in schools and the community. That's 291% more than last year thanks to new projects and increased online help.**

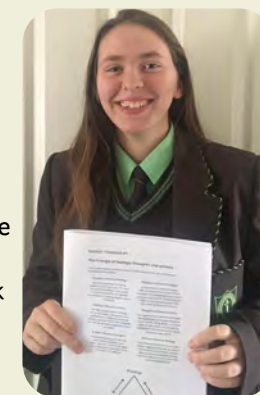
## The Blues and Bouncing Back

When coronavirus hit, teachers told us their students urgently needed help to deal with the pressures of lockdown. We adapted The Blues so that it could be delivered online. But we also developed a new programme – Bouncing Back – which runs alongside The Blues and tackles the challenges raised by the pandemic.

Since September, more than 5,000 pupils at 50 schools have taken part in Bouncing Back. Nearly three-quarters (72%) reported an increase both in confidence and their ability to cope with stressful situations. The young people also received a mental health first aid kit to help them manage their mood and sustain improvements in their emotional wellbeing.

Fourteen-year-old Niamh took part in The Blues Programme virtually during the pandemic.

Niamh found the second lockdown much harder than the first. She explains how the programme helped her manage her feelings and look after her mental health.



**“It's good that you're able to talk about your feelings, but you're also able to hear about other people. We do activities both in and outside of school, and our mentors help us through it.”**

## Delivering better youth mental health

For four years, Royal Mail has helped us raise money and awareness for better mental health support for children. They also helped us launch The Blues Programme, lobbied the government for change, and supported several campaigns.

Through staff fundraising and matched giving, Royal Mail raised an incredible £2 million. They also donated more than 1,100 volunteer hours at our services, and 400 hours of pro bono support to improve how we work.

# Campaigning for change

Our policy and campaigns work raises awareness of the issues that affect children, young people and families, especially in times of crisis.

We quickly adapted the focus of our campaigns to tackle the issues made worse by coronavirus. In the last year, we:

- Highlighted the need for continued safeguards in the adoption process.
- Pushed the government to provide free school meals during the holidays.
- Shared experiences of getting PPE and testing with the sector.
- Worked with government officials to deliver specific help for vulnerable families, including the See, Hear, Respond project.
- Our Universal Credit campaign to secure a six-month delay in the cut (read more on [page 18](#)).
- Discussed the importance of early years with the Duchess of Cambridge and supported the Royal Foundation's State of the Nation report on the impact of the pandemic on parents (read more about our early years campaign on [page 21](#)).
- Conducted research with 100 frontline workers in Scotland to understand their experiences and produce recommendations ahead of the Scottish Parliamentary elections.
- Led 50 other charities in a call for children to be put at the heart of a coronavirus recovery plan, which was delivered to the Northern Ireland Executive Office.



In Wales, we continued to support the Welsh government to promote a law banning the physical punishment of a child in Wales, which will come into force from 2022. We also helped them to create promotional videos and share important messages, using our bilingual Parent Talk service to tell families about the Act.

In Northern Ireland, the Assembly was restored in January 2020 after three years without a Legislative Executive. We built strong relationships with Ministers, Members, special interest groups, and organisations in the children's sector. Together, we influenced policymaking on children and young people's mental health, wellbeing in schools, child poverty, and young carers' rights. This work was informed by the children and families we support. Young people played a huge role, speaking to government officials and other decision-makers, appearing on television, and talking on social media.

## Campaign breakthrough:

### Changing the law on domestic abuse to make homes safer for children and young people

Following the incredible campaigning efforts of staff, supporters, politicians, partners and survivors, we successfully changed the law on domestic abuse.

Around 800,000 children in England have experienced domestic abuse. The consequences can be devastating. Action for Children and Women's Aid brought domestic abuse and children's organisations together to call for change. From publishing policy reports and holding events for MPs, to asking campaigners to email the Prime Minister and private meetings with the government, we're proud of the role we played.

## Carol's story

**Carol\* was in an abusive relationship for over a decade. She managed to escape her abuser after one of her daughters told a teacher that she thought 'daddy would kill her mummy'.**

Despite doing whatever she could to protect her children from the abuse, the trauma badly affected them. Her eldest daughter, Melanie\*, 15, blamed herself and attempted suicide twice. Action for Children reached out to support the family and helped Melanie to express how she was feeling.

"Melanie wouldn't talk to me, but she did speak to her Action for Children worker," Carol explains. "She told her how she was feeling and talked through her emotions. Even through lockdown she was constantly in touch, and that was a lifeline for Melanie."

After moving to a safe house, the family were put on Universal Credit. But when the children were due to go back to school after the first lockdown, Carol couldn't afford their uniforms.

Thankfully, her support worker was able to help. Carol says: "I mentioned that we were struggling in a passing comment. Our worker accessed funding and got them everything, uniforms and equipment, for going back. That meant Melanie could go to college and feel a bit of normality."

The support made a life-changing difference. "She's coming back to my Melanie – my little girl again," says Carol. "Had it not been for Action for Children, I would've been sitting here wondering how to get my daughter back. The support showed my family that life can be more than the nightmare we were in."

Carol and her family were supported by our Coronavirus Emergency Fund. They also received help from our corporate partner, Turner & Townsend, who funded school uniforms and other essential items.



\*We've changed people's names to protect their identities.

## How has the law changed?

1. Children are now recognised as victims of domestic abuse under the Domestic Abuse Act.
2. Guidance for local authorities stresses the importance of addressing the impact on children and young people, which will shape how organisations support children.
3. The Domestic Abuse Commissioner will now have to focus on children as well as adult victims of domestic abuse.



# Safeguarding

**Every child should feel safe and be protected from harm.**

Safeguarding is at the heart of everything we do. This has never been more important than in the last 12 months.

It starts with our recruitment and induction processes, which make sure staff and volunteers share our commitment to making a positive difference to children's lives. The people delivering our services are guided by the latest research and best practice. Their day-to-day work is rooted in our safeguarding policy and procedures, which protect children from harm.

We review our safeguarding practice, policy and procedures every year. We also audit our case files regularly and talk to staff and managers about what's working well and where we need to make changes. All of this work is overseen by our Board of Trustees, which supports and challenges our arrangements for safeguarding children.

## Responding to the coronavirus crisis

Our staff went above and beyond to make sure children, young people and families got the support they needed.

We increased the amount of training on offer by moving most of our learning and development activity online. We also took great care to make sure that new safeguarding guidance was produced for the pandemic, and that this was kept up-to-date as the situation changed. Staff Q&A sessions were regularly attended by more than 200 people.

Staff kept 99% of our services open through the crisis. We made sure staff in close contact care or working in family homes had the right PPE. We also developed online assessments and put processes in place to safely see children and families in communities at a distance, on doorsteps and where possible in their homes. We also continued to care for children in our residential, foster and adoptive homes, nurseries and community short breaks services.

The work we did last year means we're well placed to deal with the next stages of the pandemic. We'll continue to focus on services that support children's mental health. And we'll continue to offer a mix of online and in-person support to reach those most at risk.

We'll also respond to the growing demand for services that keep children and young people safe. We know that some disabled children haven't received the same level of community support this year, for example. We also know that domestic abuse has increased and that the threats from sexual exploitation and mental ill-health are rising. We're working hard to meet these challenges.





## How we work to keep children safe and happy

**We're ambitious about what we want to achieve for children. Everything we do is underpinned by the passionate people who work, volunteer and support us. To make a life-changing difference, we raise money, listen to children and families, and do whatever we can to run a sustainable organisation.**



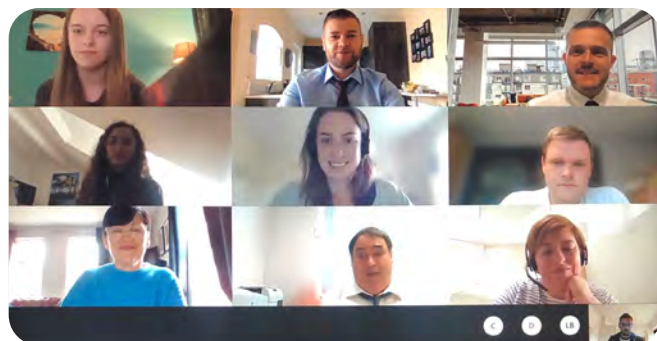
# Giving young people a voice

## We always put the views of children and young people first.

Their opinions shape everything we do. Last year, we recruited more young people to our Youth Ambassador Panel – a group that has a big influence on projects right across Action for Children. We now have 15 permanent members.

### Creating teen-friendly coronavirus communications

Our Young Carers Inclusive Group in Northern Ireland helped the government to come up with young people-friendly ways of sharing coronavirus guidelines. Their work informed public announcements on billboards, transport and social media.



Members of the Legislative Assembly hear from our Young Carers Inclusive Group

### Influencing decision-makers

A group of young people fed back on our *Childhood During Coronavirus* report, sharing ideas about what needs to be done to protect children from the effects of poverty. One of the authors of the young person's version of the report presented its findings to MPs at a virtual drop-in event. Young people also shared their views on mental health with MPs during Children's Mental Health Week. And a team of young activists virtually delivered a petition to the Prime Minister calling for an end to child poverty.

We'll continue to harness young people's voices to create change in the coming year. We have exciting plans to help care experienced young people shape the outcome of the Care Review and put pressure on the government.

**384** 

**young people got involved in our work last year.**

You can also read about the My Time in Care Instagram campaign, created by care experienced young people, on [page 22](#).

### Developing new mental health resources



As part of The Blues Programme, students at Strabane Academy in Northern Ireland created a mental health journal for 11 to 16-year-olds. *Looking After Me* encourages young people to express how they're feeling through writing and drawing.



# Fundraising

**It's been a challenging 12 months for fundraising. But – in spite of everything – our supporters continued to do what they do best: raising money and awareness for Action for Children.**

Sadly, all of our in-person events were cancelled by lockdowns. But by adapting quickly and coming up with virtual alternatives, new and existing supporters, celebrities and the public were able to get behind our fundraising and campaigns.

This helped us to significantly increase fundraising income in 2020/21. We also benefitted from several one-off donations, which we know were unique to last year. We're extremely grateful to those generous supporters who left us a gift in their will, too.



## Fundraising innovation: Boycott your Bed

The pandemic meant we couldn't hold our 23rd Byte Night sleep out last year. Instead, we came up with a brand new at-home event, Boycott your Bed.

Households up and down the country ditched the duvet, banished the blanket and packed the pillow in favour of the most unusual sleeping spot they could find. People slept in all sorts of weird and wonderful places, including stables, baths, beaches, trampolines and cliff edges.

An amazing 4,500 people signed up to boycott their beds. They enjoyed a star-studded evening of virtual entertainment featuring Pixie Lott, comedian Ed Byrne and many more.

Through fundraising, sponsorship, matched funding, a silent auction, raffle and more, Boycott your Bed raised over £350,000.

**“My five-year-old couldn't fathom children not having their own beds. We explained that the £300 we raised was enough to purchase three beds! He was thrilled.”**



## Secret Santa success

Our hugely successful Secret Santa appeal turned three this year. Generous supporters across the UK raised £1.5 million for vulnerable children and their families – more than double the previous year's total.

Lots of our usual Santa activities had to be adapted because of coronavirus restrictions. Almost 900 households joined us for a virtual carol concert, hosted by Channel 4's Jon Snow, raising over £31,000. And Instagram sensations Mr and Mrs Hinch compered a virtual quiz, which raised more than £30,000.

In total, over 50 celebrities supported Secret Santa last year, helping us generate 160 million opportunities to see. Highlights included several artists dedicating Christmas singles to Action for Children, including Liam Gallagher.

High street retailer Iceland signed up to become our first Secret Santa lead partner. All 28,000 Iceland staff became Secret Santas, with the Iceland Foods Charitable Foundation donating £280,000 to make sure more children had a hot meal over the Christmas period. Colleagues also collected food and toys, and comedian Jason Manford delivered Christmas treats to some of our services.

Metro Bank also got behind the appeal, setting up magical Christmas pop-ups in each of their stores. Our corporate partner, FirstGroup, ran Santa Buses across their sites in Doncaster, Leicester, Worcester, Potteries, Sheffield and Hadley, bringing festive cheer to customers.



## Finding new ways to fundraise

As well as Secret Santa and Boycott your Bed, our supporters got involved in lots of other exciting virtual activities.

In early March, the Ultimate News Quiz was replaced by a special lockdown edition, with a series of current affair questions posed by famous faces from the world of broadcasting. We rounded off the year with an online auction – featuring exclusive prizes – in place of our annual Spring Ladies Lunch. The auction raised £15,000.

We also raised a fantastic £3.2 million through regional fundraising in 2020/21. There was a big shift to virtual events, including the 2.6 Challenge, 30 Days Your Way, the Woman of Influence Awards, and Sports Dinner in Scotland. There were changes to sporting events, too, with the Virgin Money London Marathon and Great North Run being held virtually.

In Scotland, The National Lottery, Creative Scotland, John Lewis Foundation, BBC Children in Need, William Grant Foundation, Miss M J M

Smith Trust and Nationwide Building Society supported applications to fund our work.

The Philanthropy Team continued to create strong, long-lasting partnerships with philanthropic individuals, trusts and foundations. In lots of cases this meant finding new ways of working, as we sought to raise money for our Coronavirus Emergency Fund, which paid for essentials like food, bills and baby items. We made sure supporters were aware of the impact of their donations. This included running a series of webinars showing how staff were responding to challenges and transforming lives.

We're extremely grateful for the continued support of our Methodist family. While lockdowns put a stop to many of their fundraising activities, Methodist supporters still managed to raise more than £330,000, which is a remarkable achievement. Examples of innovative fundraising ideas include Jim Godfrey's book of cartoons, *Trying Times*, which raised more than £2,600, and Brownhills and Willenhall Circuit's nativity character window pack, which raised £340.

## Our corporate partners

Our wonderful corporate partners continued to go the extra mile, from employee fundraising and company donations to valuable pro bono and gift-in-kind support.



Our award-winning partnership with **CBRE** came to an end in January 2021. We smashed our fundraising goal, raising more than £1.3 million for children and young people in foster care. CBRE staff took part in one final fundraising challenge last year, £10k Your Way, raising over £60,000.



**Turner & Townsend** continued to support our Education Fund, which covers the cost of vital educational resources. Last year we provided grants for 2,027 children and young people. We also introduced resources to support home learning during the pandemic. This enabled children to attend, engage and achieve when they went back to school.



In partnership with **Dell Technologies**, we continued to run the Inspire IT programme, which helps young people gain valuable digital skills. We expanded the programme in 2020/21 to give young people access to technology at home. We also offered digital skills and employability qualifications.



**FirstGroup** supported the roll out of specialist mental health training for frontline staff last year. Over 450 training opportunities were taken up, with sessions covering topics like building emotional resilience. We also continued to benefit from gift-in-kind, out-of-home advertising across FirstGroup's UK transport network.



In the fourth and final year of our partnership with **Royal Mail**, we launched Can't Talk, Write toolkits with The Prince's Trust. The toolkits encourage 11 to 18-year-olds to share their feelings through writing and include tips to improve wellbeing.



**CMC Markets (London headquarters)** funded a coordinator for our London Independent Visitors service. The coordinator supports volunteer mentors to help children and young people in care develop vital independence skills.

Children's Services Manager, Paul Kellagher, boycotted his bed on a cliff overlooking the Atlantic Ocean



## Fundraising compliance

We increased our fundraising income last year by quickly adapting activities to a virtual model, working hard to engage supporters, and by leveraging support from the wider public.

To raise awareness of our work, we advertised on social media and outdoor public spaces. We also engaged with supporters directly by email, post, telephone or SMS.

At times we used agencies to deliver fundraising activity (for example direct mail, telephone or digital marketing). All third parties and external agencies who act on our behalf are expected to do so in accordance with our standards. They must also follow all applicable regulations, laws and the Fundraising Code of Practice.

Action for Children is committed to maintaining high fundraising standards. We're a member of the [Fundraising Regulator](#) and follow its [Code of Fundraising Practice](#) and [Fundraising Promise](#).

We'll always be clear, open and honest when communicating with supporters. We respect their privacy and contact preferences. We're also registered with the Fundraising Preference Service.

Last year we updated our Vulnerable Persons Policy, Donations Acceptance Policy and Ethical Fundraising Statement. We also developed guidance on specific areas of fundraising, including refunding donations.

## Dealing with complaints

We're committed to excellent customer service and welcome comments and feedback about the way we work. Every complaint is taken seriously and dealt with in line with our [Fundraising Complaints Procedures](#). We try to resolve complaints as quickly and efficiently as possible, and in a personal, fair and confidential way.

In 2020/21, we received 17 complaints about our fundraising processes. The majority (eight) were linked to the way we acknowledge donations. Thanking supporters for the incredible things they do is hugely important. With more donations being made digitally, people's expectations are changing. To meet these, we're using new digital tools to make sure gifts are acknowledged quickly and in a cost-effective way.

The remaining complaints related to fundraising material orders (two), issues with internal processes (two), a fundraising event (one), communication preferences (one) and regular giving (three).



# The Action for Children family

**We couldn't be here for children without the dedication, skills and passion of our ambitious staff and volunteers. They've worked tirelessly over the past year in incredibly difficult circumstances.**

The last 12 months – with its repeated lockdowns, changing restrictions and impact on vulnerable children – posed enormous challenges to our staff. Making sure our talented, hardworking people were safe and happy was more important than ever.

## Looking after our staff

We put together a team to make sure frontline staff had PPE, received the latest health and safety advice, and were up-to-date on changing restrictions. When the first lockdown eased, we issued more guidance, this time on re-opening some services.

Our 'Silver Team' also held regular calls for all staff. This gave everyone the chance to ask for help, question how we were managing the crisis, and get support with their wellbeing.

Staff mental health has been one of our biggest focuses. We offered mindfulness training and ran mental health awareness training for managers. We also have 160 Mental Health First Aiders across the charity. A new recognition toolkit and benefits video were produced to make sure staff felt valued and recognised for the work they do. Equipment, training and wellbeing support were offered to staff working from home, too.

Our Homeworkers' Network met regularly, supporting staff across the UK. We invited guest speakers to present webinars on topics including work-life balance and resilience building. Regular 'solidarity hours' provided safe spaces for discussion and sharing.

Frontline staff kept

**99%**



**of our services open during national lockdowns.**



## Our volunteers

In the last year, 2,875 people chose to volunteer their time to help children and families. This is up 15% from last year and a big jump on our 10% target. These brilliant people gave an estimated 95,220 hours of support.

Volunteers come to us through our volunteer portal, social media, local communities and services. By adapting the roles on offer, moving online and creating new opportunities, 60% of our volunteering continued through the pandemic. We introduced new telephone befriending services, walk and talk roles, and a teacher talk project to help parents with home schooling.

**90%**



**of our volunteers said they'd recommend volunteering with Action for Children to a friend.**

## Equality, diversity and inclusion

Being inclusive is one of our core values. We're passionate about promoting equality and diversity. Doing this creates a better, fairer workplace for everyone.

Last year we launched a new equality, diversity and inclusion strategy. This sets out three priorities: delivering services and a workforce culture that builds on and respects the values and diversity of staff, volunteers and service users; increasing diversity across our board, workforce and volunteer communities by 2025; and becoming an anti-racist organisation.

We're proud of our new strategy and, since launching it, all senior managers have completed understanding bias training. We also did Equality Impact Assessments to better understand the effect big organisational changes have on staff and communities. And we published an anti-racism statement detailing how we'll play our part in dismantling institutional and systemic racism.

Diversity continues to be celebrated through our staff and volunteer networks. Networks include Celebrate (LGBTQ+), Christian Network, Gender Empowerment Network, Breakthrough (race and ethnicity) and Inspire (disability and caring). The groups promote important events like Black History Month, Pride, Mental Health Awareness Week and International Women's Day. Network Chairs meet with the Executive Leadership Team to discuss issues like the gender pay gap and promoting good mental health. Diversity and inclusion are also celebrated across our services. For example, we developed a series of posters promoting our 'everyone's welcome' message in multiple languages.



Our Diversity and Inclusion Advisory Group – made up of inclusion leads from across the organisation – monitors our approach to equality, diversity and inclusion. It makes recommendations to the Executive Leadership Team and trustees, and gives staff and volunteers a voice to drive forward our ambitious strategy.

"Action for Children would like to reaffirm its commitment to being an actively anti-racist organisation by dismantling prejudice, discrimination and racism in all its forms to make our charity a truly equitable, diverse and inclusive organisation." A quote from our statement published on the anniversary of the death of George Floyd.

### Denise's passion for inclusion

Denise has cerebral palsy and a speech impairment, and has faced communication challenges throughout her life. Her experiences have made her passionate about inclusion. She approached us about volunteer opportunities with the aim of making services more accessible for children and young people with disabilities.

Working with our team in Northern Ireland, Denise developed an online programme that shows people how to approach, interact with, understand, and empathise with people who have different communication needs. The Inclusive Communication E-learning programme was launched last year, led by Denise.

**227** 

**people enrolled on our Inclusive Communication E-learning programme.**

## Pay and recruitment

Our recently launched pay policy and procedures were embedded into our structure last year. This will help us to attract, recruit and retain the skills we need to support children, young people and families.

When setting new pay scales and grades, we benchmark against the not-for-profit and public sectors. Staff pay is managed through an agreed organisational increase that's negotiated with our trade union partners.

Senior management pay (director level and above) is based on a spot salary rather than ranges. Any change to existing staff pay requires the submission and approval of a pay business case to the relevant Executive Leadership Team member and the Chief People Officer.

The pay policy states that the Chief Executive's basic salary shouldn't be more than 10 times the midpoint basic salary of a full-time employee at grade 6/7. The Chief Executive's pay setting is agreed with the Governance, People and Remuneration Committee.

Our pay policy is monitored by our Reward and Recognition Board. The Board reports to the Executive Leadership Team. Where necessary, it's also examined in line with the scheme of delegation to the Governance, People and Remuneration Committee, and the Board of Trustees.

Our April 2020 median gender pay gap was 5.06%. This is close to our 2022 target of 4.90%, which aims to reduce the 9.80% recorded in 2017 by half.

As part of our strategic workforce plan, we made the decision to bring our recruitment and disclosure services in house. This means we can be more flexible and attract talented people more efficiently.

## The ongoing impact of coronavirus

Coronavirus has challenged the way we work. It's also brought new opportunities. Our staff have shown that agile, flexible, remote working is possible. The pandemic has also highlighted how everyone's experience of working from home is different. As lockdown restrictions ease and offices reopen, we want to give staff more choice and opportunity, while maintaining the successful running of Action for Children.

Social distancing may continue into next year. This will have an impact on ways of working, as we look to deliver more services digitally. These services won't, however, replace essential face-to-face social care work in children's homes.

The pandemic also exacerbated our challenging financial position. This meant we had to go through an organisational change programme, Securing our Future (find out more on [page 46](#)).

## Technology

Our reliance on technology has never been greater. It played a crucial part in our response to the pandemic.

Last year, as part of our technology strategy, we replaced all our old hardware. We also moved to a new virtual desktop. Doing this enabled us to respond quickly to what was an ever-changing situation. Within a few days of the first lockdown, remote working was possible across the organisation. We were also able to move service delivery online.

Our support teams provided guidance to staff as they adapted to new ways of working. We trained 2,400 staff to work effectively at home, offering advice on using Microsoft Teams, and supporting partners, parents and young people. We came up with tools to track the income and expenditure of the Coronavirus Emergency Fund and supported the move to virtual fundraising events like Boycott your Bed (find out more on [page 30](#)).

We also developed a comprehensive new technology and digital transformation strategy. This will be implemented in two phases over the next five years. New systems will make our operations, data and analytics capability faster and more efficient. Increased automations will also help us to reduce costs and improve our cyber security and data protection practice.

# Looking to the future

**The aftermath of the pandemic will be felt for some time. But the steps we've taken to address the financial challenges caused by the crisis have put us in a strong position.**

We have ambitious plans to invest in residential homes for children in 2021/22. We'll also continue to invest in technology to benefit the people we support, and help staff and our organisation to work efficiently.

Our new Children's Services Committee will make sure we improve impact and outcomes for children and young people.

## Our 2021/22 objectives

- 1. Make children and young people safer and happier.**
- 2. Build support so that we can continue to fund our work and influence change for children.**
- 3. Develop a sustainable, effective and inclusive organisation.**

## 1. Make children and young people safer and happier

We'll do this in three key areas:

### The best start in life

By making sure children get the right support in the early years of their lives – through our nurseries, children's centres, family hubs and Parent Talk. Our early intervention services will give young children the best possible start.

### A safe and loving home

By supporting and stepping in early to help parents and carers, and working to keep families together. We'll increase investment to provide safe and loving homes for children and young people with complex needs. We'll also find secure foster and adoptive homes for children and young people who can't live with their birth families.

### Good mental health and the chance to thrive

By having positive conversations about mental health and emotional wellbeing, and giving children and young people the tools to build resilience following the pandemic. We'll also support young carers so they have a happy childhood, and help young people to find work.

## 2. Build support so that we can continue to fund our work and influence change for children

We'll inspire even more people to support our work for children, young people and families. We'll develop innovative ways to engage supporters both online and in real life. We'll campaign for lasting change for children by talking to the government about the challenges children face, including those caused by the pandemic. We'll raise awareness of the need to take action and make sure children are high on the political agenda. And we'll provide more opportunities for young people to share their views on things that affect them, giving them a voice.

## 3. Develop a sustainable, effective and inclusive organisation

We'll continue to work on shaping an organisation for the future. This includes strategic plans to meet the increased demand for our vital services. In particular, we plan to make a substantial investment in technology and digital tools to improve service delivery for children and families, and support for staff. To achieve our goals, we'll draw on relationships and partnerships, collaborating with other organisations who share our vision for children. We'll deliver our strategic workforce plan so that staff are fully equipped and supported. We'll also make sure our volunteers are recognised and really enjoy what they do. And we'll deliver our diversity and inclusion strategy, including our anti-racism plan, so that everyone feels welcome at Action for Children.

# Governance

## Our Board of Trustees is responsible for governance, overseeing our performance and providing strategic direction.

Under the guidance of our Chair, Sarika Patel, our trustees and CEO, we regularly review how we operate so that we can best support children, young people and families.

We're committed to best practice and the highest standards of governance. We monitor our ways of working against each of the Charity Code of Governance's seven principles. The Code was updated in December 2020 to include an emphasis on integrity ([see page 40](#)) and equality, diversity and inclusion (EDI) ([see page 34](#)).

Our governance framework supports our strategic objectives and makes sure we achieve our organisational aims. We're driven by our charitable purpose.

### Our charitable purpose

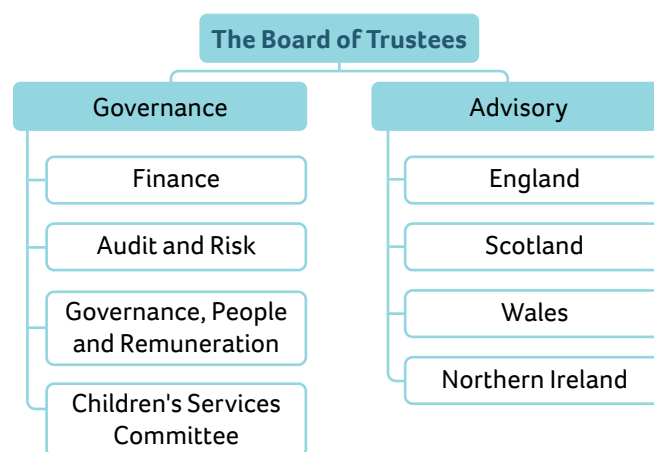
Our purpose is set out in our articles of association (otherwise known as our charitable objects). It is:

The promotion of the upbringing and care of children and young people in need, from all backgrounds, cultures and faiths, or none in particular, by:

- Promoting their health.
- Promoting better care and safeguarding them.
- Promoting their education and establishment in life.
- Providing assistance to them, their families and carers.

We're satisfied that our services reflect our charitable purpose and the public benefit requirement, as set out in section 17 of the Charities Act 2011.

### Governance framework



#### The Board of Trustees

The Board is currently made up of nine trustees. They are listed on [page 83](#). Every trustee is appointed based on their skills and experience, which help us to achieve our strategic objectives. The Board meets six times a year and holds occasional ad-hoc meetings when necessary.

We try to attract a broad range of candidates and invite young people from our services to take part in trustees'

selection. Once appointed for a three-year term, trustees and committee members go through an induction programme to make sure they understand their roles under charity and company law.

We have close links with the Methodist Church. These are reflected in our constitution, which means the Church can nominate a trustee. The knowledge, expertise and passion that our Methodist trustee brings is hugely important.

Several changes were made to the Board leading up to 1 April 2021. Four trustees left during the financial year and five new trustees were recruited. The Board now consists of nine trustees, who each bring considerable experience and expertise. Further recruitment is underway enhancing the Board's balance of skills and knowledge. We always seek to reflect diversity in trustee recruitment.

Trustees often visit services to get an understanding of the work we're doing and the difference we make to children, young people and families. Access to services was restricted during the pandemic but some virtual visits were possible.

All of our trustees give their time voluntarily and receive no rewards or benefits from Action for Children. They get involved because they believe in what we do and want to make a real difference. Any expenses claimed by the trustees are set out in our financial statements. The average attendance figure of current trustees in post this year was 98%. This is up from 83% last year.

## Board committees

The Board has standing committees that report on specific issues. Each committee has agreed terms of reference and includes specialist co-opted members, as well as trustees. The Board delegates the day-to-day running of Action for Children to the Chief Executive and Executive Leadership Team. The Board also delegates some areas of its work to sub-committees.

### **Audit and Risk Committee**

Makes sure we meet our statutory accounting obligations and have effective systems of internal control, audit function and risk management.

### **Finance**

Oversees our finances and maintains the short- and long-term viability of Action for Children. The Committee also advises the Board on appropriate financial strategy. In its oversight of investments it is informed by an investment sub-committee.

### **Governance, People and Remuneration**

Supports the effective running of the organisation, ensuring standards of excellence and taking a leading role on people policy and remuneration.

### **Children's Services Committee**

Formed in January 2021 to oversee and develop the quality, reach and performance of children's services. The Committee is focused on improving outcomes for children and young people.

## **The National Advisory Committees**

The National Advisory Committees were set up last year, replacing our Nation Committees. Their role is to guide what we do in each nation and offer advice to the Board of Trustees. They also help us to build deep and long-lasting connections in each of the countries we work in.

### **How we organise our work**

We have four directorates, each led by a member of the Executive Leadership Team.

- Children's Services.
- Fundraising, Communications and Policy.
- People.
- Corporate Shared Services.

The Executive Leadership Team works closely with the Board of Trustees to support our vision, mission and values, and to achieve our objectives.

### **Board effectiveness**

The Board regularly reviews its own – and the Chair's – performance. In September 2020, a Board evaluation was carried out. This included: an assessment of the role and composition of the Board; our strategy; performance management; management of the business; talent and succession; investments; stakeholder engagement; committees; risk; Board behaviours; culture; and diversity and inclusion.

## **Diversity**

The Board believes that a balance of experience, skills, knowledge and backgrounds provides a variety of different perspectives and enhances decision-making. Each year, new trustee appointments are evaluated against the existing skills, knowledge and experience on the Board. The term 'diversity' includes the nine protected characteristics of the Equality Act 2010, as well as different backgrounds, life experiences, career paths and diversity of thought.

The Board's Governance, People and Remuneration Committee pays particular attention to diversity. Board members have completed diversity training and the Board agreed our strategy on EDI in November 2020. This has now been rolled out across the organisation. Diversity was also considered as part of the annual board evaluation process in September 2020. And the Board has appointed a Trustee Champion for EDI.

We're working hard to create a fully inclusive culture. Our EDI strategy addresses the recommendations of the Code and articulates our ambitions for the future. This includes becoming an anti-racist organisation. Our staff networks were actively consulted on the development of the strategy and play a crucial role in monitoring its implementation. You can read more on [page 34](#).

We're transparent and publish the charity's progress, including shared learning, where appropriate.

# Trustees' duties in relation to section 172 of the Companies Act

**The Board of Trustees is aware of its duty under Section 172 of the Companies Act 2006. This duty includes acting in the interests of stakeholders when promoting the success of the company.**

The trustees, as company directors of Action for Children, act in accordance with this requirement and in doing so have regard to:

- The likely consequences of any decision in the long-term.
- The interests of the company's employees.
- The need to foster the company's business relationships with suppliers, customers and others.
- The impact of the company's operations on the community and the environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.
- The need to act fairly between members of the company.

As part of their induction, trustees are briefed on their duties, which are fulfilled partly through the governance structure detailed on [page 37](#). These include embracing our vision of a safe and happy childhood, and promoting our values to be passionate, ambitious, collaborative and inclusive, which form the foundation of everything we do. The Board has been working closely with Action for Children's Executive Leadership Team to secure our future financial sustainability.

## Collaborating with others

### Engaging with our staff

Employee engagement is really important at Action for Children. The Board and Executive Leadership Team keep in touch with staff through regular team meetings, our intranet, weekly and monthly emails, and all-staff meetings. We also hold six-monthly roadshows that give people the chance to ask questions and provide feedback (for more information on how we engage with staff see [page 33](#)).

The Executive Leadership Team also regularly briefs the trustees. Updates include: an analysis of the strategic workforce plan; attracting candidates and developing talent; reward and recognition; wellbeing and engagement; staff pay; and our diversity and inclusion strategy.

This information, which reaches the Board through reports at meetings, gives the trustees an overview of our culture and how people engagement affects performance. The Governance, People and Remuneration Committee reviews feedback from staff and volunteer surveys – as well as other projects linked to health at work, equality, diversity and inclusion – to make sure that any concerns are brought to the attention of trustees.

The Chair of the Board of Trustees also communicates with staff through email updates and Meet the Chair events. The Board has been committed to keeping staff informed and maintaining morale through the pandemic. We held regular virtual staff calls and Q&A sessions,

moved staff meetings and roadshows online, shared good news stories, promoted our wellbeing hub, and encouraged people to take annual leave.

### Engaging with volunteers

The trustees recognise the huge value volunteers bring. Our 2,875 volunteers supported more than 200 projects, services and departments last year. The trustees engage with volunteers through our National Advisory Committees. This gives them an insight into the work they do, our services across the nations, and the difference they make. Volunteers receive regular newsletters, come along to our six-monthly roadshows and are invited to join our network groups (read more about volunteering on [page 33](#)).

### Engaging with suppliers, customers and others

The trustees recognise the importance of both internal (staff and volunteers) and external (children and young people, parents, our Patron, the public, regulators, commercial partners, media, local authorities, government agencies, charities, children's societies and suppliers) stakeholders. You can read about the work we do with children and young people from [page 19](#) onwards.

Trustees are committed to building strong relationships with the children, young people and families we support. They're mindful that we can only be a vital lifeline if we engage effectively, collaborate and put their views at the heart of our services. Young people are represented on our National Advisory Committees and help us to recruit trustees and senior staff.

All of our partners are expected to comply with the requirements of any professional standards or trade bodies, as well as all applicable laws, statutes, regulations and codes of practice relating to safeguarding, anti-bribery and anti-corruption. Our Donation Acceptance and Refusal Policy ensures we don't compromise our mission, values and charitable purpose when raising money (for more on our fundraising compliance, see [page 32](#)). Our vision and values are also promoted to partners and new providers to make sure they understand what we stand for as a charity.

Trustees receive regular commercial, operational, communications, fundraising, media and policy updates. This gives them an understanding of the impact our activities have and the views of our stakeholders. The trustees also review, at their bi-monthly board meetings, financial and operational performance. They're responsible for establishing and maintaining an effective system of internal controls to detect, prevent and manage risks. They're also responsible for reviewing legal and regulatory compliance. For more on our Risk Management Framework, and how we identify and manage risks in all our activities, head to [page 42](#).

### Integrity

Our ethical framework helps us to manage any issues to do with donations, in our work with suppliers or partners, or when appointing trustees, staff and ambassadors.

To make sure we meet legal and sector standards, we don't work with any organisations:

- That compromise our values and behaviours.
- That conflict with our principles and policies.
- That undermine our services to children.

- That undermine our commitment to safeguarding.
- That undermine our commitment to diversity.
- That operate in markets known to damage children and families.
- That treat the environment in an unsustainable way.
- That conflict with the ethical principles developed by NCVO and the principles of the Charity Governance Code.
- Whose actions breach the UN Convention on the Rights of the Child.

Where potential partners work in countries that aren't subscribed to the UN Convention on the Rights of the Child, we require them to honour the statements above in all their work.

We addressed the Code's increased focus on 'integrity' last year. Our trustees continued to:

- Understand safeguarding responsibilities.
- Follow appropriate procedures that are embedded within our risk management framework and training.
- Make sure everyone knows how to raise concerns.
- Address power imbalances.

### Modern Slavery Act 2015

Action for Children has a zero-tolerance approach to modern slavery.

We're committed to:

- Acting ethically and with integrity in all our business dealings and relationships.
- Implementing and enforcing effective systems and controls, to make sure modern slavery doesn't take

place anywhere in our business, or in any of our supply chains.

- Being transparent in everything we do and in our approach to tackling modern slavery in our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015.

We include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, as part of the due diligence on our contracting process.

We expect our suppliers to hold the businesses they work with to the same high standards. To achieve this last year, we:

- Complied with anti-slavery and anti-human trafficking legislation by implementing processes, reporting and prevention mechanisms.
- Included template clauses addressing the issue to avoid breaches of the Modern Slavery Act by our suppliers. These are clearly written into our procurement documentation, with reference to the Modern Slavery Act in the Pre-Qualifying Questionnaire (PQQ).
- Included modern slavery preventions in our Safeguarding Framework and organisational policies. We also gave staff training materials explaining modern slavery and human trafficking.

## Serious incident reporting

We have measures in place to meet Charity Commission reporting requirements for serious incidents. Action for Children reports any serious incidents to the body. This is done through the Serious Incident Reporting Group, which meets four times a year. The group shares any potential problems with the Board, who make a final decision about whether this should be reported to the Charity Commission, using the bulk reporting procedure. We also have an expedited procedure in place should we urgently need to report a serious incident.



## Looking after our environment

We have a responsibility to protect the environment for children and young people now and in the future.

We know that environmental issues are a big concern for children and young people. As a children's charity we need to make sure their voices are heard and taken seriously.

This year we launched a new Green Action Network. The network currently has 75 members from across the organisation. It's committed to both raising awareness and taking action on individual and systemic green issues across Action for Children. Everyone is welcome to join regular meetings and discuss problems and solutions to environmental issues at home and at work – and then come up with concrete ways to tackle them.

We make sure the organisations we work with also minimise damage and strain on our environment and we are continuing to work towards sustainable procurement accreditation. It's our aim to meet ISO20400:2017 Sustainable Procurement standards by the end of 2021. Our Sustainability Policy sets out how we minimise the environmental impact of our activities. This includes:

- Complying with all applicable regulations and legal requirements.
- Aligning our systems with environmental management standards.
- Adopting the 'reduce, reuse and recycle' principles in all our work.
- Conserving natural resources by using cost-effective methods for energy, water and e-waste management.

- Reducing the amount of waste we generate.
- Minimising the amount of non-recyclable waste we send to landfill.
- Working with suppliers to reduce any negative environmental impacts and risks to do with their products and services.
- Understanding our role in protecting the environment.

## Energy and carbon reporting (SECR)

We're on a 100% green tariff for our electricity. We plan to move to a 100% green gas tariff as soon as possible.

| Energy type                               | Consumption      | Emissions                   |
|-------------------------------------------|------------------|-----------------------------|
| Gas                                       | 8,200,863 KWh    | 1,507.89 tonnes CO2e        |
| Electricity                               | 2,133,200 KWh    | 540.13 tonnes CO2e          |
| Fleet                                     | 42,497.85 litres | 106.33 tonnes CO2e          |
| <b>Total emissions</b>                    |                  | <b>2,154.35 tonnes CO2e</b> |
| <b>Emission offset by recycling waste</b> |                  | <b>-408.70 CO2e</b>         |
| <b>Net emissions</b>                      |                  | <b>1,745.65 CO2e</b>        |

(Intensity ratio: CO2e kg/£million turnover = 25,276).  
The above figures cover the year to 31 March 2021.

# Managing risk in challenging times

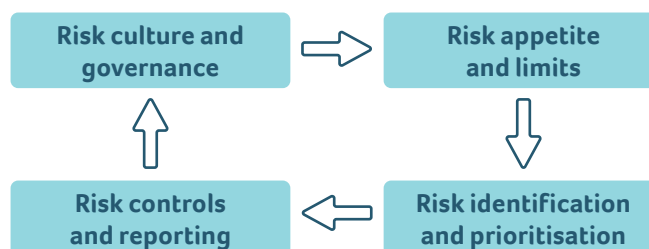
**Our Board of Trustees is responsible for making sure we safeguard children, young people and families, are financially sustainable, and manage all risks effectively.**

Our approach to risk management is guided by The Institute of Risk Management's (IRM) best practice. We regularly review and improve our capability to prevent, identify, assess and mitigate emerging risks across the organisation. We also observe regulatory standards, like those set out in the Charities and Risk Management (CC26) guidance.

Our risk management framework is based on a logical governance structure, a rigorous internal control framework, experienced staff, and the use of external subject matter experts.

- Taking a proportionate approach to strategic risk means we can give children and young people the best possible support. The Board of Trustees, the Executive Leadership Team, and the Board sub-committees are guided by our risk management strategy, which was last reviewed in 2019.
- Everyone at Action for Children is viewed as a 'risk manager'. We're mindful that staff, contractors and external service providers are critical to managing enterprise risks diligently.
- Our Executive Leadership Team and Group of Directors meet and discuss emerging risks periodically. Programme and project teams are created for significant pieces of work, such as the delivery of our information governance strategy.

- Our whistleblowing procedures ensure proper investigation and reporting on any serious incidents. Our Serious Incident Reporting Group considers all incidents of concern and makes appropriate recommendations to the Board.



We continue to think critically and creatively to identify, assess and prepare for any dangers and hazards that may interfere with our operations and objectives.

The economic, operational and social impacts of the pandemic – and Brexit – continued to test the resilience of our financial and human resources. Our risk management approach remains under constant review so that we can take swift responsive and preventative actions when needed.

## Clear accountability

The Board of Trustees has overall responsibility for establishing and maintaining an effective system of internal controls. While absolute assurance can't be guaranteed, our internal control framework aims to provide maximum effectiveness in the detection, prevention and management of enterprise risks.

The Board considers emerging principal risks at each of its six annual meetings.

- Our risk assurance framework is overseen by the Audit and Risk Committee, which reviews risks at its quarterly meetings. The Committee also periodically examines the risk register, which is maintained by the Executive Leadership Team.
- The Committee approves the annual risk-based internal audit plan on the effectiveness of our internal control systems. This is curated by our independent internal auditors. Informed by its review of regular reports, the Committee provides the Board with an annual synopsis of its activities, as well as its view on the effectiveness of internal controls and risk management processes.
- The internal auditors also provide the Board with an annual report on internal audit activity. They give an objective opinion on the effectiveness of the organisation's internal controls.

The Committee's work is now complemented by the Children's Services Committee, a board sub-committee that meets quarterly. It oversees the safeguarding, health and safety, operational performance and quality of our children's and childcare services.

## Corporate risks

Corporate risks are overseen by the Board of Trustees, who work closely with the Audit and Risk Committee and the Executive Leadership Team. Together they identify potential barriers to the delivery of our strategic objectives.

- Day-to-day operational risks are managed by the experts in each area using local risk registers. Key issues are escalated for review by the Executive Leadership Team.
- We take active measures to mitigate the most significant risks to our strategic objectives and have an extensive disaster recovery plan in place.
- We periodically test our business continuity arrangements.
- The principal outstanding risks to our strategic objectives are set out below.

## Coronavirus

The coronavirus pandemic has threatened the health and wellbeing of staff and volunteers, as well as the children, young people and families we support. Delivering services became much more difficult and complex last year. We also had to quickly assess the risks and actions we needed to take. The key strategic risks needing immediate attention included an increased demand for our services, the impact on our income, cost streams and cash flow, and the physical and mental strain on our staff.

Through regular communication between the Board and the Executive Leadership Team, we responded quickly to these challenges. We launched a Coronavirus Emergency Fund to meet families' immediate needs. We moved many of our fundraising events and activities online. We addressed the impact of lockdown on childcare. And we used the furlough scheme where appropriate.

Our organisational change programme, Securing our Future, addressed our cost structure and financial sustainability. The Board and Executive Leadership Team will continue to monitor our position so that we can respond to longer-term post-pandemic impacts, structural changes and emerging risks.

We managed operational risks through our incident management response system. We minimised service disruption using our Business Continuity Policy, making sure staff had the right PPE and guidance, and developed digital services to ensure continuity and reach. Our technology infrastructure helped us move quickly to remote working. And regular communication with staff and managers made sure they had up-to-date guidance and support throughout the year.

A big focus through the pandemic was the wellbeing of our staff (you can read more about this on [page 33](#)). We provided resources and support, as well as networks, webinars and regular briefings, to help people keep in touch. We're aware that this support needs to continue even as we return to more normal ways of working.

## Safeguarding risks

The safety of children, young people and families is our priority. Our comprehensive safeguarding policies and procedures are designed to mitigate any potential risks.

We continuously strive to improve our working practices. These efforts are supported by our Safeguarding Team. Strict controls and oversight structures are in place around the supervision of staff working with children. All our safeguarding procedures have been reviewed and revised as part of our ongoing effort to improve practice.

We continued to make sure that children and young people were kept safe through the pandemic. One of the ways we did this was by sustaining our audit activity to make sure that staff working with children were effectively supervised throughout the year.

We reviewed our standards of safer recruitment and took action to improve how we record staff details. We also worked with our provider of property contractors to make sure they were all subject to safer recruitment procedures.

We carried out several internal reviews to learn from the occasions when our work with children and families didn't go to plan. We reported all serious incidents to our trustees and considered lessons and future planning in our Safeguarding Group – which is led by our Chief Executive and attended by our safeguarding trustee – and in our new Children's Services Committee.

## Brexit

We're closely monitoring the impact of Brexit. So far, it hasn't had a significant effect on our ability to deliver services. There are, however, some combined impacts of the pandemic and Brexit. These are affecting the movement of goods across Britain and Northern Ireland, as well as the availability and price of building materials. We'll continue to monitor developments as new legislation and agreements are put in place.

## Financial performance and sustainability

Anticipated or unexpected pressures on our income streams can have a negative impact on our ability to support children, young people and families. Our current approach helps us to detect adverse financial trends early, prompting appropriate action where possible.

We carefully monitored the impact of the pandemic on our three main income streams. Our children's services and fundraising income remained resilient throughout the year. Income from childcare services, however, reduced because of the temporary closure of nurseries and out-of-school clubs following government guidance.

Coronavirus and the expected pressures on public finances will increase the risk of a significant reduction in funding for children's services. This could potentially



weaken our ability to meet the needs of children, young people and families, as well as to deliver our strategic objectives. Our key stakeholders, partners and local government face similar challenges, and we're campaigning together to highlight funding gaps.

We're actively managing evolving financial risks to the organisation's liquidity and cash position, as well as our reserves, as set out on [page 49](#). We implemented a transformation plan to reshape our operating model and secure our medium to long-term financial sustainability.

## Capability risks

We're proud of our experienced, passionate and dedicated staff. Our policies emphasise the importance of both retaining and attracting talented people so that we remain an employer of choice. Staff received regular performance

appraisals and benefited from a comprehensive training programme. We also developed a Strategic Workforce Plan to take us through to 2022. We continue to hold Investors in People accreditation, too.

Our staff worked tirelessly through the coronavirus pandemic, often in extremely challenging conditions. Their health, safety, wellbeing and resilience has been at the heart of our approach to managing risks.

## Information security risks

Technology is in place to minimise information security risks from cyberattacks and attempted data theft, as well as denial-of-service attacks (DoS).

With more staff working remotely – and a number of recent attacks on the not-for-profit sector – we're alert to the increased risks of cybercrimes. These include those using common social engineering techniques like phishing, whaling and ransomware. We've invested in our information security to strengthen our resilience.

We refreshed our data security policies, put a new cyber security training platform in place for staff, set up a programme of ongoing penetration testing, and completed recertification of our Cyber Essentials Plus accreditation. The Information Security Team continued to work closely with data protection and information governance to build strong partnerships with colleagues across the organisation.

## Pensions liability

We're mindful that, in volatile financial markets, assets held by the organisation's Defined Benefit Pension Scheme may experience negative investment performance. This could lead to a material and potentially unsustainable deficit between liabilities and assets.

In collaboration with our Pension Fund trustees, we implemented a plan in 2009 to substantially reduce this deficit over a 20-year period. As of 31 March 2021, we have made good progress, which is detailed on [page 50](#). The scheme's investment strategy has also been revised to a lower risk asset portfolio to limit the down-side risk to Action for Children.

## Financial controls

Over the course of the year, we addressed the findings from our external and internal auditors' reports. Improvements will continue to be made, which include investment in our financial systems, to make sure we operate in a robust financial control environment.

## Health and safety

Health and safety is a central component of our organisational risk management and governance approaches. The policies and procedures we have in place ensure effective risk management, and keep staff, volunteers and the people who use our services safe.

The risk of failing to act in accordance with relevant guidance, laws and regulations, which could cause harm, affect our services and potentially lead to regulatory or



legal consequences, is mitigated by our specialist Health and Safety and Property Teams. Risk is also managed through our training, the effective reporting of incidents, and by promoting a safety culture across the organisation. We support and challenge health and safety controls through our internal Health and Safety Committee, regular reviews at the Audit and Risk Committee, and by reporting to the Board of Trustees.

During the pandemic, our Health and Safety and Safeguarding Teams worked together to provide guidance to our managers and staff. Their focus was running services for children, young people and families, making sure they – and our staff – were safe and well.

Our arrangements were strengthened during the year through a revised Health and Safety Policy, a suite of comprehensive training, and a new incident reporting system. We also engaged the Hampshire Fire Service to act as our Primary Fire Authority. They now advise us on all issues relating to fire safety.

# Finances

**Everything we do supports our mission to protect and support vulnerable children. This includes our financial performance, too. Making sure our finances are sound means we can do more for children, young people and families across the UK – both now and in the future.**

Making sure Action for Children is financially sustainable was a vital consideration for the Board of Trustees during 2020/21. This meant undertaking an organisational transformation programme, Securing our Future.

## Securing our Future

We acted swiftly to tackle the financial challenges exacerbated both by the coronavirus crisis and tighter local authority budgets. To become a more effective and efficient organisation we carried out a transformation programme, Securing our Future.

Securing our Future will help to safeguard our future and financial security. Sadly, though, going through this process meant losing a number of staff.

We will continue to review our costs on an ongoing basis and continue to exercise tight financial controls.

Innovation will be hugely important moving forward. It's vital we continue to find new ways of raising money to support what we do. Last year we did just that, which helped us increase fundraising income to £20.0 million.

Our nursery services, which also provide wrap-around childcare, holiday programmes and youth services, were significantly affected by restrictions imposed to control

the pandemic. In order to adapt to the changing environment we reviewed our operations, and as a result certain nurseries were closed and management was restructured.

We continued to focus our spending on services that have the biggest impact on the lives of children, young people and families. We are investing in the development of new residential services. We are also investing in our Technology including in new Finance and HR systems to ensure that staff and teams across the organisation can work effectively.



Candice and Giselle in their den for Boycott your Bed

## Income and expenditure

We were overwhelmed by the generosity of our supporters last year. Voluntary income from donations and legacies grew by £1.2 million (6%) to £20.0 million. Unrestricted voluntary income rose by £2.9 million (24%) to £14.6 million thanks to the continued loyalty of regular donors, long-time supporters and a £2.1 million increase in legacy income. We quickly came up with new virtual events, too, including the award-winning Boycott your Bed, which raised over £350,000. And our Christmas Secret Santa Appeal raised more than £1.5 million, up from £600,000 in 2019/20. The incredible response to our Coronavirus Emergency appeal – both from the public and our corporate partners – brought in £950,000. During the year we used available means of support from government, which included grants in respect of the government job retention scheme of £4.1 million and grants from the Department for Education totalling £1.2 million.

As we do every year, we looked closely at our support costs and overheads. We reduced costs in several areas by spending efficiently and encouraging good working practices. Our activity in 2020/21 helped us to achieve a stable total income of £145.2 million. Net income for the year – before investment and pension valuation movements – was £5.8 million.

Our results for the year to 31 March 2021 are reported in our Statement of Financial Activities (SOFA). The figures are summarised in the table.

|                                             | 2020/21<br>£m  | 2019/20<br>£m  |
|---------------------------------------------|----------------|----------------|
| Income from donations and legacies          | 20.0           | 18.7           |
| Investment income and fixed asset disposals | 0.8            | 1.0            |
| Income from charitable activities           | 119.1          | 126.9          |
| Other income                                | 5.3            | -              |
|                                             | <b>145.2</b>   | <b>146.6</b>   |
| Expenditure on raising donations            | (5.4)          | (7.7)          |
| Expenditure on charitable activities        | (134.0)        | (140.1)        |
| <b>Total expenditure</b>                    | <b>(139.4)</b> | <b>(147.8)</b> |
| <b>Net gain/(loss) for the year</b>         | <b>5.8</b>     | <b>(1.2)</b>   |
| Gain/(loss) on investment valuation         | 4.7            | (2.3)          |
| Actuarial loss on pension liability         | (2.7)          | (2.8)          |
| <b>Net movements in funds</b>               | <b>7.8</b>     | <b>(6.3)</b>   |



### Total income

- **£119.1m** - Income from charitable activities
- **£20.0m** - Income from donations and legacies
- **£6.1m** - Other (including investment income and income from government job retention scheme and other government grants)



### Total expenditure

- **£134.0m** - Activities to help children
- **£5.4m** - Fundraising



### Expenditure on activities to help children

- **£34.4m** - Safe and stable homes
- **£31.2m** - Disabled children's services
- **£31.8m** - Best start in life
- **£36.0m** - Mental health and chance to thrive
- **£0.6m** - Campaigning and public policy

## Group financial statements

The Action for Children group's consolidated financial statements include two other charitable trusts. These trusts share the same corporate trustee being the Action for Children charity.

**The National Children's Home** (charity number 215301) is an unincorporated trust. It continues to hold permanent endowments and receive legacies left in the former name of the charity. This trust only administers the permanent endowments of Action for Children, and all income is used to help us meet our objectives.

**The Nicholas Galperin Trust** (charity number 210618) supports young people under the age of 25.

Four wholly owned subsidiary companies, registered in England & Wales and Scotland also support our work.

**Action for Children Services Limited** (company number 2332388) provides welfare and educational services. The company faces many of the same challenges as Action for Children. New contracts with local authorities are placed through the company, and turnover increased by 7% in 2020/21, to £55.8 million. The company made a profit of £2.0 million in 2020/21, and Gift Aid will be paid to Action for Children so that no corporation tax is due.

**Action for Children Trading Limited** (company number 3776025) is a subsidiary for our fundraising and trading activities. The company made a profit of less than £0.1 million in 2020/21, which is paid to Action for Children under Gift Aid.

**Action for Children Developments Limited** (company number 6842765) is a company limited by guarantee. The company looks after commercial trading, property transactions and other developments that support Action for Children's objectives. The company also runs children's nurseries under the trading name 'Spring'.

The company made a profit of £0.1 million in 2020/21. This is down from £1.0 million in the previous year. The temporary closure of nurseries due to the pandemic adversely affected results.

**Out of School Scotland Limited** (company number SC264619) is a subsidiary that provides after-school clubs, breakfast clubs and holiday camps. The company made a loss of £0.1 million in 2020/21 due to the closure of clubs during periods of lockdown.

## Group funds

Trust and charity law require that we present our funds in the following categories:

**Restricted funds**, which include legacies, donations and other income that can only be used for particular purposes. Where these funds are held on trust, to be kept for our benefit as a capital fund, they are classed as endowment funds. These funds are for scholarships and general use. On 31 March 2021 our endowment funds were £10.8 million. Specific-purpose funds were £6.3 million.

**Unrestricted funds** of £65.2m comprised the general fund, of which a part has been categorised as designated funds, with the remainder being undesignated.

Part of the general fund has been categorised as designated funds, representing both a capital fund equivalent to the net book value of tangible fixed assets used to support operational work (£17.7 million), and a charged asset fund representing the market value of those investments over which the Pension Fund has a charge (£21.1 million).

The total value of the assets charged to the Pension Fund is £40 million. This comprises the charged asset fund of £21.1 million together with operational properties within the capital fund with a market value of £18.9 million.

The remainder of the general fund (£26.4 million) is undesignated and constitutes the Charity's free reserves.

The pension reserve would represent the difference between the fair values of pension assets and liabilities on the FRS 102 basis. However, this surplus is not recognised in the accounts, on the basis that such surplus can't be released back on an unconditional basis.

## Reserves policy and forward financial forecast

Like most charities, Action for Children has a limited number of potential funding sources. We've listed these in our accounts. Our reserves, therefore, reflect the capital we need to continue our activities safely in times of uncertainty and in exceptional circumstances. This allows an orderly closure of the operation by transferring out the services as appropriate.

Free reserves represent unrestricted funds available for spending. They're calculated by taking the total unrestricted funds and deducting balances not available for spending, namely designated funds.

Our total funds at 31 March 2021 were £82.4 million. However, some of these funds are held for restricted purposes (£17.2 million) or are designated as funds representing our tangible fixed assets which are held for operational purposes (£17.7 million) and those assets over which the defined benefit pension fund holds a charge that can be exercised in the event of the charity defaulting on its agreed contributions (£21.1 million).

The remaining funds (£26.4 million) constitute our free reserves over which there are no restrictions or designations. They're represented by assets that may be employed to enable our normal charitable activities to continue even where there are unforeseen adverse circumstances that depress our income or increase our costs for a period.

The Finance Committee reviews our reserves policy – as well as the level of free reserves – every year. The review is then approved by the Board of Trustees. A risk-appraisal approach – determining the likelihood of future costs, potential liabilities and risks – is used to work out the general reserves needed. This is based on the latest business and financial plan. Risks include a loss of income from partners and voluntary donations, and changes to costs.

The trustees endeavour to make sure we have sufficient free reserves to protect Action for Children's financial stability. This gives us a safety net should income and expenditure need to be rebalanced. Taking into consideration our strategic plans, and economic and market conditions, we plan to hold free reserves excluding designated funds above £14 million. The trustees believe the charity will have sufficient reserves, based on current projections and taking account of the impact of the pandemic, to meet future requirements.

Our financial plan and reserves policy include Pension Fund contribution costs. The accounting disclosure required for pension liabilities is included in the balance sheet, which can be found in note 6. We have allowed for planned cash flow for the next five years with no further adjustment to the reserves policy for pension costs needed.

## Investments

A large portion of our investments are managed by the Central Finance Board (CFB) of the Methodist Church. The CFB has a social, environmental and ethical investment approach that matches our aims, objectives and ethical considerations.

The CFB is interested in a wide range of issues, including the environment, climate change and human rights. Its ethical approach excludes companies deemed inappropriate, such as those involved with alcohol, tobacco, pornography and armaments, or those who use child labour. The CFB works closely with other church-based organisations to maximise the influence they have over the companies they invest in. The CFB is also signed up to, and compliant with, the Financial Reporting Council's UK Stewardship Code.

Our investments provide the reserves we need to manage future developments, risks and uncertainties. One of our main objectives is to keep an asset allocation model that matches the timing of potential liabilities, within reserves, to appropriate investment assets. The investment policy and statement of investment principles is based on this model, and was reviewed and updated earlier in 2021. Investment decisions and performance are reviewed by the investment committee, a sub-committee of the Finance Committee. We measure the performance of the CFB fund against an agreed benchmark. In 2020/21, our investments outperformed by 1.2% above the benchmark. The main general fund performance for the year increased by 20.6%.



Performance is regularly reviewed by our investment committee and discussed with the CFB. The investment committee also looks at external benchmarking to ensure our funds generate appropriate returns. The portfolio was 3.4% behind the 'Steady Growth' index and 2% ahead of the 'Balanced Asset' index. Investment income dropped to £0.8 million in 2020/21 compared to £1.0 million in 2019/20.

## Pensions

Pension funds are valued in different ways by the actuaries to suit different purposes. A triennial valuation establishes an appropriate funding level and uses set financial assumptions that differ from those used for including pensions in the financial statements of the sponsoring employer. These accounting disclosure requirements are governed by the Financial Reporting Standard, FRS 102.

At the 31 March 2018 triennial valuation, the pension deficit was £38.4 million, which is a funding level of 94%. This is based on estimating the long-term liabilities over the remaining lives of members. The deficit on 31 March 2021, calculated on the same basis, was £4 million, at a funding level of 99%. However, the value as per FRS 102 was a surplus of £35.5 million, which is a funding level of 106%. The FRS 102 valuation assumes lower inflation and higher interest/discount rates than the triennial valuation. These differences lead to a lower calculation of pension liabilities.

We use the ongoing valuation basis, as used for the triennial valuation, to agree contribution levels and the recovery plan. We haven't recognised the surplus on the FRS 102 basis as an asset in the accounts because we have no certainty that, were it to crystallise, this sum would be refundable from the pension scheme. Settling pension liabilities takes a long time, with costs spread over many years. The funding level is also volatile, and valuations are sensitive to changes in the financial market.

We receive a regular report on the funding position of the Pension Fund from the actuary, which we monitor closely. We have continued to make pension deficit recovery payments in line with the 20-year plan agreed with the Pension Fund trustee directors in 2009. This has been updated to reflect the 2018 valuation.

Despite market volatilities, we're making good progress to meet the recovery plan funding position. This has been helped by the implementation of the agreed investment strategy.

In 2019/20 steps were taken to move to a lower risk asset portfolio to limit the down side risk to Action for Children, and this work has continued in 2020/21. For the last 10 years we have been paying a deficit reduction contribution on an annual basis, as agreed with the Pension Fund trustees. In 2020/21, the payment was £3 million.

## Going concern

It's been an unusual and challenging year for Action for Children. But our charity has shown great resilience and strength during the pandemic.

The environment changed quickly from March 2020 onwards, with increased uncertainty in the business environment and wider economy. This has increased the pressure on many charities. During this period, the Executive Leadership Team worked closely with the Board of Trustees to regularly monitor the situation, considering the cash position and the impact on reserves. The Securing our Future transformation project helped to permanently reduce the cost base, ensuring an economically better operating model. You can read more about the project on [page 46](#).

The positive financial performance for 2020/21 was partially attributable to the government grants we received both through the job retention scheme and the specific grant from the Department for Education. In addition our swift response to mitigate known risks and careful management of the cost base helped us to deliver the surplus of £5.8 million in 2020/21, placing us in a stronger position. Our nurseries were only open for vulnerable children or children of key workers during lockdowns. This affected our income (although this was offset, to an extent, by the government's job retention scheme). We expect this to change as lockdowns become less likely. Children's services income was maintained during this period and in 2021/22 is expected to remain broadly the same. It's worth noting that the provision of children's services has continued during the pandemic, and that local authority contracts in general have continued to be renewed.

The fundraising team managed to run some specific Coronavirus-related campaigns during this period and generated substantial income in addition to gaining trust grants and legacy income. In 2021/22, fundraising income is expected to go down. This is because of uncertain economic and social conditions, and fewer opportunities to launch special campaigns.

The trustees reviewed the group's financial plans in February 2021 and have approved a balanced base budget forecast for the next three years (2021/22 to 2023/24). Trustees have also approved residential growth plans and a technology strategy as a key enabler to secure the longer-term future of the charity. The budget forecast was stress tested to ensure robustness, considering what events would need to happen to cause cash and reserves to drop to an unsustainable level.

The Executive Leadership Team has worked closely with the Board of Trustees to consider the projected reserves and liquidity position. Doing this demonstrated that the group can continue to operate as a going concern. Different scenarios were modelled to test key risks such as loss of income from all the key income generating areas, Children's Services, Fundraising and Nurseries / Child Care. Scenarios also tested potential delays in receiving payments for our services and the possibility of not realising the expected full benefit from the Transformation Project. This work enabled us to assess the potential impact on both liquidity and reserves if the aforementioned scenarios happened. This was done in comparison to the projected budget forecast, which is our base case. We also carried out a stress test. This assumed the worst possible scenario, where all of the above risks happened at the same time.

The trustees evaluated the above, along with the probability of these risks occurring. They are satisfied that the current financial strength of the reserves is sufficient, and allow us to take timely remedial action to minimise any impact. The group and parent charitable company has a strong balance sheet. Unrestricted reserves at 31 March 2021 totalled £65.2 million (of which £26.4 million constituted our free reserves over which there are no restrictions or designations), with anticipated substantial cash balances averaging over £20m in the period to 31 March 2023. Further the trustees considered the financial impact of the two substantial projects approved as above using the business plans along with the investment required and recognised that the liquidity and the reserves will still be maintained well above the minimum required level beyond the next 12 months.

As such, the trustees remain satisfied that the group can continue to operate for the next 12 months from the date these accounts are signed. Trustees are also satisfied that the accounts have been prepared in the knowledge that the group is financially viable. After making appropriate enquiries, the trustees therefore consider that the group has adequate resources to continue in operational existence for the foreseeable future, being a minimum of 12 months from the date these accounts are signed. Accordingly, the financial statements have been prepared on a going concern basis.

# Statement of trustees' responsibilities

The trustees (who are also directors of Action for Children for the purposes of company law) are responsible for preparing the Trustees' Annual Report (incorporating the strategic report) and the financial statements in line with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles set out in the Charities SORP (FRS 102).
- Make reasonable and prudent judgements and accounting estimates.
- State whether applicable UK accounting standards have been followed, subject to any differences disclosed and explained in the financial statements.

- Prepare the financial statements on the going concern basis unless it's inappropriate to presume that the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. The trustees are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- So far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken the necessary steps to make themselves aware of any relevant audit information, and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for maintaining the integrity of the corporate and financial information included on the charitable company's website. UK legislation governing the preparation and dissemination of financial statements

may differ from legislation in other jurisdictions. The Trustees' Annual Report (incorporating the strategic report) was approved and signed on behalf of the trustees on 7 September 2021.

DocuSigned by:



832139C21ECF4CE...

**Sarika Patel,**  
Chair of the Board of Trustees

A close-up photograph of a young child with light brown hair, wearing a light blue surgical mask. The child is looking upwards and to the right with a slight smile. Two adult hands are gently holding the child's face, one on each side of the mask. The background is blurred, showing warm, indoor lighting and wooden furniture.

# ***Independent auditor's report***

# Independent auditor's report

## Independent auditor's report to the members and trustees of Action for Children.

### Opinion

We have audited the financial statements of Action for Children ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company/group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group'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 contained within the annual report. 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within 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 and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on [page 52](#), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations, are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The

laws and regulations we considered in this context for the UK operations were General Data Protection Regulations, Health and Safety legislation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations,

or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

## 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 Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Naziar Hashemi

Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor

### London

Date

A photograph of a woman with dark hair tied back, wearing a green off-the-shoulder top and white pants, kneeling on a blue carpet. She is smiling and holding a baby who is wearing a yellow patterned dress. The baby is looking towards the camera. In the background, there is a wooden bookshelf filled with books, a red toy truck, and an acoustic guitar.

# ***Financial statements***

## Consolidated statement of financial activities for the year ended 31 March 2021

(incorporating the income and expenditure account)

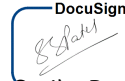
|                                                          |           | Total unrestricted funds | Specific Purpose | Endowment     | Total funds 2021 | Total unrestricted funds | Specific Purpose | Endowment      | Total Funds 2020 |
|----------------------------------------------------------|-----------|--------------------------|------------------|---------------|------------------|--------------------------|------------------|----------------|------------------|
|                                                          | Notes     | £'000                    | £'000            | £'000         | £'000            | £'000                    | £'000            | £'000          | £'000            |
| <b>Income and endowments</b>                             |           |                          |                  |               |                  |                          |                  |                |                  |
| Income from donations and legacies                       | 3         | 14,576                   | 5,404            |               | 19,980           | 11,749                   | 6,947            | 16             | 18,712           |
| Investment income                                        |           | 771                      | 56               |               | 827              | 1,018                    | -                | -              | 1,018            |
| <b>Income from charitable activities:</b>                |           |                          |                  |               |                  |                          |                  |                |                  |
| Best start in life                                       |           | 27,556                   | -                | -             | 27,556           | 37,593                   | -                | -              | 37,593           |
| Disabled children's services                             |           | 29,127                   | -                | -             | 29,127           | 33,474                   | -                | -              | 33,474           |
| Mental health and chance to thrive                       |           | 31,679                   | -                | -             | 31,679           | 19,258                   | -                | -              | 19,258           |
| Safe and stable homes                                    |           | 30,744                   | -                | -             | 30,744           | 36,562                   | -                | -              | 36,562           |
|                                                          |           | 119,106                  | -                | -             | 119,106          | 126,887                  | -                | -              | 126,887          |
| <b>Other income</b>                                      |           |                          |                  |               |                  |                          |                  |                |                  |
| Net (loss) / gain on disposal of fixed assets            |           | (30)                     | -                | -             | (30)             | 3                        | -                | -              | 3                |
| Government grants                                        | 3         | 5,329                    |                  |               | 5,329            | -                        |                  |                | -                |
| <b>Total income and endowments</b>                       |           | <b>139,752</b>           | <b>5,460</b>     | <b>-</b>      | <b>145,212</b>   | <b>139,657</b>           | <b>6,947</b>     | <b>16</b>      | <b>146,620</b>   |
| <b>Expenditure</b>                                       |           |                          |                  |               |                  |                          |                  |                |                  |
|                                                          | 4,5       |                          |                  |               |                  |                          |                  |                |                  |
| Expenditure on raising funds                             |           | 5,431                    | -                | -             | 5,431            | 7,695                    | -                | 16             | 7,711            |
| <b>Expenditure on charitable activities:</b>             |           |                          |                  |               |                  |                          |                  |                |                  |
| Best start in life                                       |           | 30,175                   | 1,604            | -             | 31,779           | 37,987                   | 738              | -              | 38,725           |
| Disabled children's services                             |           | 30,857                   | 373              | -             | 31,230           | 37,099                   | 376              | -              | 37,475           |
| Mental health and chance to thrive                       |           | 33,652                   | 2,381            | -             | 36,033           | 19,503                   | 2,223            | -              | 21,726           |
| Safe and stable homes                                    |           | 32,807                   | 1,554            | -             | 34,361           | 40,337                   | 1,228            | -              | 41,565           |
| Campaigning & public policy                              |           | 549                      | 14               | -             | 563              | 649                      | -                | -              | 649              |
|                                                          |           | 128,040                  | 5,926            | -             | 133,966          | 135,575                  | 4,565            | -              | 140,140          |
| <b>Total Expenditure</b>                                 |           | <b>133,471</b>           | <b>5,926</b>     | <b>-</b>      | <b>139,397</b>   | <b>143,270</b>           | <b>4,565</b>     | <b>16</b>      | <b>147,851</b>   |
| Net gain / (loss) on investments                         | 9         | 2,451                    | -                | 2,243         | 4,694            | (580)                    | -                | (1,681)        | (2,261)          |
| <b>Net income / (loss) for the year before transfers</b> |           | <b>8,732</b>             | <b>(466)</b>     | <b>2,243</b>  | <b>10,509</b>    | <b>(4,193)</b>           | <b>2,382</b>     | <b>(1,681)</b> | <b>(3,492)</b>   |
| Transfers between funds                                  | 14        | (147)                    | 252              | (105)         | -                | 18                       | (163)            | 145            | -                |
|                                                          |           | 8,585                    | (214)            | 2,138         | 10,509           | (4,175)                  | 2,219            | (1,536)        | (3,492)          |
| Actuarial loss on pension liability                      | 6         | (2,724)                  | -                | -             | (2,724)          | (2,818)                  | -                | -              | (2,818)          |
| <b>Net movement in funds</b>                             |           | <b>5,861</b>             | <b>(214)</b>     | <b>2,138</b>  | <b>7,785</b>     | <b>(6,993)</b>           | <b>2,219</b>     | <b>(1,536)</b> | <b>(6,310)</b>   |
| Funds brought forward                                    | 14        | 59,371                   | 6,535            | 8,698         | 74,604           | 66,364                   | 4,316            | 10,234         | 80,914           |
| <b>Funds carried forward</b>                             | <b>14</b> | <b>65,232</b>            | <b>6,321</b>     | <b>10,836</b> | <b>82,389</b>    | <b>59,371</b>            | <b>6,535</b>     | <b>8,698</b>   | <b>74,604</b>    |

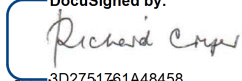
All activities derive from continuing operations. The surplus for the year, including realised and unrealised gains of £4,694,000, was £7,785,000 (2020 loss of £6,310,000, including realised and unrealised losses of £2,261,000).

## Statement of Financial Position as at 31 March 2021

|                                                       | Notes        | Group          |                | Charity        |                |
|-------------------------------------------------------|--------------|----------------|----------------|----------------|----------------|
|                                                       |              | 2021           | 2020           | 2021           | 2020           |
|                                                       |              | £'000          | £'000          | £'000          | £'000          |
| <b>Fixed assets</b>                                   |              |                |                |                |                |
| Tangible assets                                       | 7            | 17,715         | 17,204         | 17,715         | 17,190         |
| Intangible fixed assets                               | 8            | 1,216          | 1,462          | 1,216          | 1,462          |
| Investments                                           | 9            | 41,211         | 36,517         | 30,116         | 27,718         |
|                                                       |              | <b>60,142</b>  | <b>55,183</b>  | <b>49,047</b>  | <b>46,370</b>  |
| <b>Current assets</b>                                 |              |                |                |                |                |
| Debtors                                               | 10           | 18,663         | 23,445         | 11,357         | 14,109         |
| Notice deposits                                       |              | 4,090          | 3,852          | 3,856          | 3,700          |
| Cash                                                  |              | 26,302         | 11,596         | 25,705         | 11,096         |
|                                                       |              | <b>49,055</b>  | <b>38,893</b>  | <b>40,918</b>  | <b>28,905</b>  |
| <b>Creditors: amounts falling due within one year</b> | 11           | (23,926)       | (17,752)       | (16,019)       | (14,217)       |
| <b>Net current assets</b>                             |              | <b>25,129</b>  | <b>21,141</b>  | <b>24,899</b>  | <b>14,688</b>  |
| <b>Total assets less current liabilities</b>          |              | <b>85,271</b>  | <b>76,324</b>  | <b>73,946</b>  | <b>61,058</b>  |
| <b>Provisions for liabilities</b>                     | 12           | <b>(2,882)</b> | <b>(1,720)</b> | <b>(2,882)</b> | <b>(1,720)</b> |
| <b>Net assets</b>                                     |              | <b>82,389</b>  | <b>74,604</b>  | <b>71,064</b>  | <b>59,338</b>  |
| <b>Funds</b>                                          | 14           |                |                |                |                |
| <b>Restricted funds:</b>                              |              |                |                |                |                |
| Endowments                                            |              | 10,836         | 8,698          | -              | -              |
| Specific purpose                                      |              | 6,321          | 6,535          | 6,321          | 6,535          |
| <b>Total restricted funds</b>                         |              | <b>17,157</b>  | <b>15,233</b>  | <b>6,321</b>   | <b>6,535</b>   |
| Unrestricted funds:                                   |              | 65,232         | 59,371         | 64,743         | 52,803         |
| <b>Total funds</b>                                    | <b>14,15</b> | <b>82,389</b>  | <b>74,604</b>  | <b>71,064</b>  | <b>59,338</b>  |

These accounts were approved by the Board of Trustees on 7 September 2021 and signed on its behalf

DocuSigned by:  
  
 132a1B6CP44CF4CE...  
 Sarika Patel  
 Chair

DocuSigned by:  
  
 3D2751761A48458...  
 Richard Cryer  
 Trustee

Company number 4764232

## Consolidated cash flow statement

|                                                                    | Group         |                |
|--------------------------------------------------------------------|---------------|----------------|
|                                                                    | 2021          | 2020           |
|                                                                    | £'000         | £'000          |
| <b>Net cash inflow/(outflow) from operating activities (below)</b> | <b>15,259</b> | <b>(5,712)</b> |
| <b>Cash flows from investing activities</b>                        |               |                |
| Interest received                                                  | 16            | 170            |
| Dividends received                                                 | 389           | 435            |
| Rental income from investment properties                           | 422           | 413            |
| Purchase of subsidiary (net of cash acquired)                      | -             | (726)          |
| Proceeds of sale of tangible fixed assets                          | 370           | 3              |
| Purchase of tangible fixed assets                                  | (1,512)       | (1,096)        |
| Proceeds of sale of investments                                    | 1,699         | 16,728         |
| Purchase of investments                                            | (1,699)       | (3,417)        |
| <b>Net cash (used) / provided by investing activities</b>          | <b>(315)</b>  | <b>12,510</b>  |
| <b>Change in cash and cash equivalents in the year</b>             | <b>14,944</b> | <b>6,798</b>   |
| Cash and cash equivalents brought forward as at 1st April          | 15,448        | 8,650          |
| <b>Cash and cash equivalents carried forward as at 31st March</b>  | <b>30,392</b> | <b>15,448</b>  |

## Reconciliation of net income / (expenditure) to net cash inflow / (outflow) from operating activities

|                                                                                        | 2021          | 2020           |
|----------------------------------------------------------------------------------------|---------------|----------------|
|                                                                                        | £'000         | £'000          |
| Net income / (expenditure) for the year (as per the statement of financial activities) | 10,509        | (3,492)        |
| <b>Adjustments for:</b>                                                                |               |                |
| Depreciation and amortisation charges                                                  | 847           | 1,110          |
| Net (gain)/loss on investment assets                                                   | (4,694)       | 2,261          |
| Investment income                                                                      | (827)         | (1,018)        |
| Net gain / (loss) on disposal of tangible fixed assets                                 | 30            | (3)            |
| Pension current service and administration cost                                        | 1,453         | 1,525          |
| Pension employer contributions                                                         | (4,177)       | (4,343)        |
| Decrease in debtors                                                                    | 4,782         | 3,481          |
| Increase / (decrease) in creditors                                                     | 6,174         | (4,663)        |
| Increase / (decrease) in provision for liabilities                                     | 1,162         | (570)          |
| <b>Net cash inflow / (outflow)</b>                                                     | <b>15,259</b> | <b>(5,712)</b> |

## Analysis of cash and cash equivalents

|                                        | 2021          | 2020          |
|----------------------------------------|---------------|---------------|
|                                        | £'000         | £'000         |
| Cash in hand                           | 26,302        | 11,596        |
| Notice deposits (less than 3 months)   | 4,090         | 3,852         |
| <b>Total cash and cash equivalents</b> | <b>30,392</b> | <b>15,448</b> |

## Analysis of changes in net debt

|                                              | 2021          | 2020          |
|----------------------------------------------|---------------|---------------|
| Total cash and cash equivalents b/fwd        | 15,448        | 8,650         |
| Cashflows                                    | 14,944        | 6,798         |
| <b>Total cash and cash equivalents b/fwd</b> | <b>30,392</b> | <b>15,448</b> |

## Notes to the financial statements

### 1. Basis of preparation

The Charity constitutes a public benefit entity as defined by FRS 102. The Group and Charity financial statements have been prepared in accordance with the Statement of Recommended Practice: “Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting in Standard applicable in the UK and Republic of Ireland Ireland (FRS 102)” (Charities SORP (FRS102)) issued on 2 October 2019 and the “Financial Reporting Standard applicable in the UK and Republic of Ireland” (FRS 102). They also comply with the reporting requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2011.

The Group and Charity financial statements have been prepared on a going concern basis (see below), under the historical cost convention, as modified by the revaluation of listed investments and investment properties.

In preparing these financial statements the charity has taken advantage of the exemption permitted under section 408 if the Companies Act and has not presented its unconsolidated Statement of Financial Activities.

#### Going concern

It’s been an unusual and challenging year for Action for Children. But our charity has shown great resilience and strength during the pandemic.

The environment changed quickly from March 2020 onwards, with increased uncertainty in the business environment and wider economy. This has increased the pressure on many charities. During this period, the Executive Leadership Team worked closely with the Board of Trustees to regularly monitor the situation, considering the cash position and the impact on reserves. The Securing our Future transformation project helped to permanently reduce the cost base, ensuring an

economically better operating model. You can read more about the project on [page 46](#).

The positive financial performance for 2020/21 was partially attributable to the government grants we received both through the job retention scheme and the specific grant from the Department for Education. In addition our swift response to mitigate known risks and careful management of the cost base helped us to deliver the surplus of £5.8 million in 2020/21, placing us in a stronger position. Our nurseries were only open for vulnerable children or children of key workers during lockdowns. This affected our income (although this was offset, to an extent, by the government's job retention scheme). We expect this to change as lockdowns become less likely. Children’s services income was maintained during this period and in 2021/22 is expected to remain broadly the same. It’s worth noting that the provision of children’s services has continued during the pandemic, and that local authority contracts in general have continued to be renewed. The fundraising team managed to run some specific Coronavirus-related campaigns during this period and generated substantial income in addition to gaining trust grants and legacy income. In 2021/22, fundraising income is expected to go down. This is because of uncertain economic and social conditions, and fewer opportunities to launch special campaigns.

The trustees reviewed the group’s financial plans in February 2021 and have approved a balanced base budget forecast for the next three years (2021/22 to 2023/24). Trustees have also approved residential growth plans and a technology strategy as a key enabler to secure the longer-term future of the charity. The budget forecast was stress tested to ensure robustness, considering what events would need to happen to cause cash and reserves to drop to an unsustainable level.

The Executive Leadership Team has worked closely with the Board of Trustees to consider the projected reserves

and liquidity position. Doing this demonstrated that the group can continue to operate as a going concern. Different scenarios were modelled to test key risks such as loss of income from all the key income generating areas, Children’s Services, Fundraising and Nurseries / Child Care. Scenarios also tested potential delays in receiving payments for our services and the possibility of not realising the expected full benefit from the Transformation Project. This work enabled us to assess the potential impact on both liquidity and reserves if the aforementioned scenarios happened. This was done in comparison to the projected budget forecast, which is our base case. We also carried out a stress test. This assumed the worst possible scenario, where all of the above risks happened at the same time.

The trustees evaluated the above, along with the probability of these risks occurring. They are satisfied that the current financial strength of the reserves is sufficient, and allow us to take timely remedial action to minimise any impact. The group and parent charitable company has a strong balance sheet. Unrestricted reserves at 31 March 2021 totalled £65.2 million (of which £26.4 million constituted our free reserves over which there are no restrictions or designations), with anticipated substantial cash balances averaging over £20m in the period to 31 March 2023. Further the trustees considered the financial impact of the two substantial projects approved as above using the business plans along with the investment required and recognised that the liquidity and the reserves will still be maintained well above the minimum required level beyond the next 12 months.

As such, the trustees remain satisfied that the group can continue to operate for the next 12 months from the date these accounts are signed. Trustees are also satisfied that the accounts have been prepared in the knowledge that the group is financially viable. After making appropriate

enquiries, the trustees therefore consider that the group has adequate resources to continue in operational existence for the foreseeable future, being a minimum of 12 months from the date these accounts are signed. Accordingly, the financial statements have been prepared on a going concern basis.

## 2. Accounting policies

The principal accounting policies applied in the preparation of the Group and Charity financial statements are set out below.

### Basis of consolidation

The results of subsidiaries are consolidated on a line by line basis and acquisitions are included at fair value at the date acquired. The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its wholly owned subsidiaries, Action for Children Services Limited, Action for Children Trading Limited, Action for Children Developments Limited and Out of School Scotland Limited. Based on the nature of the trusts, which have Action for Children as the sole trustee and share management arrangements and common control with Action for Children, two associated charities, National Children's Home and Nicholas Galperin Trust are also treated as subsidiaries and consolidated in the group accounts.

### Accounting estimates and judgements

In the application of the Charity's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates, along with their underlying assumptions, are continually reviewed. Key estimates and judgements used in the preparation of these accounts include the use of external valuation reports for:

- the carrying value of investment properties, which are determined using external valuation reports.
- the recognition of any pension asset or liability under FRS 102

The following judgements have been made in the process of applying the Charity's accounting policies

and that has the most significant effect on the amounts recognised in the financial statements:

- Income recognition in relation to contracts
- Pension actuarial assumptions (see note 6)
- Investment property valuations (see note 9)
- Dilapidations provision (see note 12)
- Redundancy provision (note 12)

### Income

All incoming resources are included in the SOFA when the charity is legally entitled to the income, when receipt of the income is considered probable, and the amount can be quantified with reasonable accuracy. Entitlement, for legacies, is the earlier of the Charity being notified of an impending distribution and the legacy being received.

Incoming resources from charitable activities, including capital grants, are included in the SOFA when they are receivable. The full amount of capital grants is taken to the

SOFA when receivable. Where cash is received in respect of contractual work to be undertaken in the next financial year, if there is agreement from the funding body, this is treated as deferred income. Where such agreement has not been obtained it is included in other creditors.

Donations and gifts received at offices and projects during the year are recorded gross, or at estimated value, except that the sale proceeds from gifts donated for resale are included, at their sale price, when they are sold. All other incoming resources are reported gross of fees and expenditure whether raised by the Charity or its agents, except for small fundraising events, not under the direct control of Action for Children, where funds are remitted and recorded net of direct expenses.

No amounts are included in the financial statements for services donated by volunteers.

### Expenditure

Expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they are allocated to activities on a basis consistent with the use of resources.

The costs of generating funds include fundraising and publicity costs, trading costs and investment management costs. Fundraising and publicity comprises the salaries of staff and other direct and indirect costs, which include appropriate allocations of central support costs.

Expenditure on charitable activities include the expenses relating to campaigning and advocacy, together with the costs of informing and educating the public about the work, and the costs of other supporting services, management and administration essential to the professional and competent execution of the work.

## 2. Accounting policies (continued)

Where arrangements exist for the delivery of work by partner organisations, the cost of this is included within the relevant activity. Where central services support both direct charitable work and fundraising, allocations of their costs are made on a head count basis which reflects the use made of those services.

### Governance costs

Governance costs represent the salaries, direct expenditure and overhead costs incurred by the corporate resources department as well as internal and external audit costs. The corporate resources department is involved in the compliance with the constitutional and statutory requirements of operating a charitable company.

### Retirement benefits

Action for Children contributes to a variety of pension arrangements on behalf of staff. Most benefits are provided by the Action for Children Pension Fund, which has a number of sections, including defined benefit and defined contribution elements.

The costs of providing defined benefit pensions are treated in accordance with FRS 102. The following elements are charged to the SOFA: the service cost of pension provision relating to the period, together with the costs of any benefits relating to past service (allocated to staff costs); the pension finance cost, which is a charge equal to the increase in the present value of the pension fund's liabilities at the previous year end, less a credit equivalent to the pension fund's long-term expected return on assets; and the actuarial gain or loss on the pension fund's assets and liabilities (allocated to other recognised gains and losses). The difference between the market value of the assets of the pension fund and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet, except that an asset

is only recognised where the Charity has the sole right to determine the use of surplus of assets over liabilities.

In prior years, the pension finance credit was recognised as a separate item on the face of the Statement of Financial Activities. However, it has been determined that this item should be netted off against the actuarial loss for the year instead. The Statement of Financial Activities for both the 2019/20 prior year has been adjusted accordingly.

Pension costs for the defined contribution part of the Fund are charged to the accounts on an accruals basis in the period in which they occur.

Action for Children also contributes to the Teachers', local government and NHS pension schemes in respect of a number of its employees. All such costs are included within the SOFA on an accruals basis as incurred.

### Leases

Rentals under operating leases are charged to the SOFA over the term of the lease on a straight line basis.

### Value Added Tax

As part of Action for Children's activities is classified as exempt or non-business activities for the purposes of VAT, Action for Children is unable to reclaim all the VAT that it suffers on its operating costs. Expenditure in these financial statements is therefore shown inclusive of VAT paid and not reclaimable.

### Funds

Unrestricted funds are available for use at the discretion of the Board in furtherance of the general objectives of the Charity.

Part of the unrestricted funds have been designated for particular purposes by the Board as described in the

Annual Report at page 56 and in the notes to the financial statements. The Board periodically reviews the levels of designated funds to ensure they are adequate to support the purposes for which they were set-up, and any surplus or deficit is transferred to or from the general fund.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors, or which have been raised by the Charity for particular purposes. The costs of administering such funds are charged against the specific fund.

Endowment funds represent those assets that must be held permanently by the Charity, and are invested to produce income to meet expenditure, either as directed by the endowment or for general purposes.

### Tangible fixed assets

Tangible assets are recorded at cost or, in cases where tangible assets have been donated to Action for Children or acquired through a merger, at open market valuation at the time of the donation or merger. Assets in the course of construction are transferred to the relevant category of asset and depreciated when practical completion is achieved. The threshold for capitalisation is £1,000.

Depreciation is charged on the following basis: In the case of freehold buildings the acquisition cost of buildings, together with any adaptation costs that add value to the property, is capitalised and depreciated over the estimated useful life of the property. No depreciation is provided on freehold land.

For the purposes of depreciation, 999 year leasehold buildings are treated as if they were freehold buildings. Capital expenditure on other leasehold buildings will normally be regarded as a depreciating cost and as such is written off over the estimated useful life (see below).

## 2. Accounting policies (continued)

Other tangible assets are depreciated on a straight line basis over their useful lives which are estimated to be:

|                                             |                                     |
|---------------------------------------------|-------------------------------------|
| <b>Assets in the course of construction</b> | no depreciation                     |
| <b>Freehold buildings</b>                   | 50 years                            |
| <b>Leasehold land and buildings</b>         | 10 years or lease period if shorter |
| <b>Equipment</b>                            | 4 years                             |
| <b>Computer software</b>                    | 4 years                             |
| <b>Computer software (major)</b>            | 5 years                             |
| <b>Furniture and fittings</b>               | 5 years                             |
| <b>Motor vehicles</b>                       | 4-6 years                           |

When the currently expected useful life of individual assets is considered to be less than these periods, shorter periods are used.

If there are factors indicating that an Impairment to the carrying value of fixed assets is possible, an impairment review is conducted and if fixed assets are found to have a carrying value materially higher than their recoverable amount, they are written down accordingly.

The recoverable amount would typically be determined by reference to an external valuation report, and any loss would be recognised in the Statement of Financial Activities for the year.

### Intangible fixed assets

Intangible fixed assets are held on the balance sheet at cost less accumulated depreciation and any impairment losses.

The purchase of brands is capitalised as an intangible fixed asset and amortised on a straight line basis over an expected useful life of seven years. Goodwill arising on the acquisition of a business is capitalised as an intangible

fixed asset and amortised on a straight line basis over an expected useful life of seven years.

Impairment reviews are made 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 benefit to generate future revenues, it is written down accordingly.

### Investments

Action for Children holds investments both in order to generate income for the support of charitable activities over a long-term period and to provide assets to meet the needs of reserves, identified in the reserves policy. Investments are stated at current market value on the balance sheet date unless there is evidence of a different fair value.

Investment properties are recorded initially at cost and are revalued at the end of each year on the basis of fair value.

Gains or losses arising during the year are disclosed in the consolidated statement of financial activities within other recognised gains and losses in the year and in note 9.

### Cash equivalents

Cash equivalents are represented by cash balances held on a short term basis.

### Debtors

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

### Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that

will probably result on the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amounts after allowing for trade discounts due.

### Cashflow

The Charity meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemption in relation to presentation of a cash flow statement in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

### Government grants

Government grants are recognised on the accruals basis, when there is reasonable assurance that the Charity will comply with the conditions attaching to the grant and the grant will be received. The grant in connection to the job retention scheme, has been recognised in the period to which the underlying furloughed staff costs relate to.

### Recognition of Income and Expenditure from Nurseries and Out of School Clubs

Income from these activities is primarily carried out through the Action for Children Developments Limited and Out of School Scotland Limited entities. In prior years, income and expenditure from these activities have been reflected under the 'Trading' category on the face of the Statement of Financial Activities. It has been concluded that these activities are in line with the charitable objects of the parent entity, and that income and expenditure from these activities should be classified under 'Charitable Activities' under the subcategory 'Best Start in Life' for the 2020/21 current year, with 2019/20 prior year comparative being restated accordingly.

### 3. Income and endowments

Incoming resources from charitable activities are analysed across the main activities of Action for Children on the face of the statement of financial activities. This income is mostly derived from work with local authorities, health trusts and central government sources, providing services to children, young people and their families.

| Group                  |               |               |
|------------------------|---------------|---------------|
| Donations and legacies | 2021          | 2020          |
|                        | £'000         | £'000         |
| Donations              | 14,269        | 15,080        |
| Legacies               | 5,711         | 3,632         |
|                        | <b>19,980</b> | <b>18,712</b> |

Specific purpose receipts included above are £5,460,000 for donations (2020: £6,947,000)

#### Charity income and result

Total incoming resources for the charity were £137,675,000 (2020 £127,217,000). The net surplus for the charity was £11,726,000 (2020 net loss £6,744,000)

#### Subsidiaries and associated charities

Action for Children Services Limited, Action for Children Trading Limited and Action for Children Developments Limited are engaged in delivering welfare and educational services on behalf of the charity, fundraising, and commercial activities. All profits are gift aided to the charity. National Children's Home (NCH) and Nicholas Galperin Trust are associated charities that share common trustees and management and are both unincorporated. Out of School Scotland Limited provides services relating to after school clubs, breakfast clubs and holiday clubs.

A summary of the results for the year ended 31 March 2021 is given below:

|                                                                          | Trading subsidiaries |          |             |              | Associated charities |                   | Total         | Total         |
|--------------------------------------------------------------------------|----------------------|----------|-------------|--------------|----------------------|-------------------|---------------|---------------|
|                                                                          | Services             | Trading  | OSCARS      | Developments | NCH                  | Nicholas Galperin | 2021          | 2020          |
|                                                                          | £'000                | £'000    | £'000       | £'000        | £'000                | £'000             | £'000         | £'000         |
| Turnover                                                                 | 55,789               | 7        | 1,351       | 13,392       | -                    | -                 | 70,539        | 69,883        |
| Cost of sales                                                            | (53,757)             | (1)      | (1,120)     | (12,147)     | -                    | -                 | (67,025)      | (61,022)      |
| Gross profit                                                             | 2,032                | 6        | 231         | 1,245        | -                    | -                 | 3,514         | 8,861         |
| Charitable activities                                                    | -                    | -        | -           | -            | -                    | -                 | -             | (348)         |
| Administration costs                                                     | (25)                 | 1        | (125)       | (1,111)      | (2)                  | (2)               | (1,264)       | (1,022)       |
| <b>Surplus/(deficit) on ordinary activities before investment income</b> | <b>2,007</b>         | <b>7</b> | <b>106</b>  | <b>134</b>   | <b>(2)</b>           | <b>(2)</b>        | <b>2,250</b>  | <b>7,491</b>  |
| Investment income                                                        | -                    | -        | -           | -            | 129                  | 75                | 204           | 290           |
| Net (losses)/gains on investment assets                                  | -                    | -        | -           | -            | 1,461                | 837               | 2,298         | (1,681)       |
| <b>Surplus/(deficit) on ordinary activities before tax</b>               | <b>2,007</b>         | <b>7</b> | <b>106</b>  | <b>134</b>   | <b>1,588</b>         | <b>910</b>        | <b>4,752</b>  | <b>6,100</b>  |
| Tax on ordinary activities                                               | -                    | -        | -           | -            | -                    | -                 | -             | (2)           |
| Retained earnings brought forward                                        | 5,945                | 113      | 105         | 308          | 5,732                | 3,122             | 15,325        | 14,169        |
| Donations under gift aid                                                 | (7,952)              | (120)    | (237)       | (442)        | -                    | -                 | (8,751)       | (4,940)       |
| <b>Retained earnings carried forward</b>                                 | <b>-</b>             | <b>-</b> | <b>(26)</b> | <b>-</b>     | <b>7,320</b>         | <b>4,032</b>      | <b>11,326</b> | <b>15,327</b> |

### 3. Income and endowments (continued)

The net assets of the subsidiaries and associated charities are set out below:

|                   | Trading subsidiaries |          |             |              | Associated charities |                   | Total         | Total         |
|-------------------|----------------------|----------|-------------|--------------|----------------------|-------------------|---------------|---------------|
|                   | Services             | Trading  | OSCARS      | Developments | NCH                  | Nicholas Galperin | 2021          | 2020          |
|                   | £'000                | £'000    | £'000       | £'000        | £'000                | £'000             | £'000         | £'000         |
| Fixed assets      |                      |          |             |              | 7,054                | 4,042             | 11,096        | 8,812         |
| Current assets    | 9,121                | 484      | 421         | 1,216        | 266                  | 244               | 11,752        | 14,168        |
| Creditors         | (9,121)              | (484)    | (447)       | (1,216)      | -                    | (254)             | (11,522)      | (7,653)       |
| <b>Net assets</b> | <b>-</b>             | <b>-</b> | <b>(26)</b> | <b>-</b>     | <b>7,320</b>         | <b>4,032</b>      | <b>11,326</b> | <b>15,327</b> |

#### Investment income:

|                                          | Group      |              |
|------------------------------------------|------------|--------------|
|                                          | 2021       | 2020         |
|                                          | £'000      | £'000        |
| CFB funds - UK                           | 362        | 384          |
| CFB funds - Overseas                     | 27         | 51           |
| Interest income                          | 16         | 170          |
| Income from securities                   | 405        | 605          |
| Rental income from investment properties | 422        | 413          |
|                                          | <b>827</b> | <b>1,018</b> |

#### Government grants:

|                                 | Group        |          |
|---------------------------------|--------------|----------|
|                                 | 2021         | 2020     |
|                                 | £'000        | £'000    |
| Government Job Retention Scheme | 4,112        | -        |
| Department for Education        | 1,217        | -        |
|                                 | <b>5,329</b> | <b>-</b> |



## 4. Expenditure

|                                             | Direct costs   | Support costs | Total 2021     | Direct costs   | Support costs | Total 2020     |
|---------------------------------------------|----------------|---------------|----------------|----------------|---------------|----------------|
| Group                                       | £'000          | £'000         | £'000          | £'000          | £'000         | £'000          |
| <b>Expenditure on raising funds</b>         |                |               |                |                |               |                |
| Donations                                   | 4,396          | 811           | 5,207          | 6,796          | 656           | 7,452          |
| Legacies                                    | 164            | 14            | 178            | 204            | 20            | 224            |
|                                             | 4,560          | 825           | 5,385          | 7,000          | 676           | 7,676          |
| Investment management costs                 | 46             | -             | 46             | 35             | -             | 35             |
|                                             | 4,606          | 825           | 5,431          | 7,035          | 676           | 7,711          |
| <b>Expenditure on charitable activities</b> |                |               |                |                |               |                |
| Best start in life                          | 29,671         | 2,108         | 31,779         | 35,318         | 3,407         | 38,725         |
| Disabled children's services                | 27,977         | 3,253         | 31,230         | 34,181         | 3,294         | 37,475         |
| Mental health & chance to thrive *          | 32,164         | 3,869         | 36,033         | 19,818         | 1,908         | 21,726         |
| Safe & stable home *                        | 31,656         | 2,705         | 34,361         | 37,915         | 3,650         | 41,565         |
| Campaigning & public policy                 | 512            | 51            | 563            | 592            | 57            | 649            |
|                                             | 121,980        | 11,986        | 133,966        | 127,824        | 12,316        | 140,140        |
| <b>Total expenditure</b>                    | <b>126,586</b> | <b>12,811</b> | <b>139,397</b> | <b>134,859</b> | <b>12,992</b> | <b>147,851</b> |

\* Note - for the year ended 31 March 2021, revenues and costs from the Headlands project were recognised under the 'Mental Health and Chance to Thrive' category (costs for 2020/21 were £5.5m). This was project was recognised under the 'Safe and Stable Homes' category for 2019/20 and earlier years.

The charity's policy is to allocate support costs of various functions to the activities above based on the costs of those activities. Support costs by category include Technology £4.4m, Property £1.7m, Finance £2.0m, Strategy £1.0m, HR £1.1m, Transformation £1.2m. Other £1.4m. Details of governance costs are detailed later in this note.

### Trustee costs

Two trustees were reimbursed travel expenses totalling £1,000 (2020 11 recipients of £6,000).

The charity purchased insurance for trustees and officers during the year to indemnify them against possible liabilities incurred by them in relation to their duties. The cost of this insurance was £3,000 (2020: £3,000).

Trustees are not entitled to and did not receive any remuneration.

|                                                                                                                                                                                                                                      | 2021  | 2020  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|
|                                                                                                                                                                                                                                      | £'000 | £'000 |
| <b>Fees payable to the auditors of Action for Children</b>                                                                                                                                                                           | 77    | 238   |
| In respect of the charity audit                                                                                                                                                                                                      | 26    | 24    |
| In respect of subsidiary and associated trust audits                                                                                                                                                                                 | 103   | 262   |
|                                                                                                                                                                                                                                      | -     | 4     |
| In respect of certificates for project partners                                                                                                                                                                                      | -     | 26    |
| In respect of tax and other advice                                                                                                                                                                                                   | 103   | 292   |
| <b>Value added tax</b>                                                                                                                                                                                                               |       |       |
| As stated in the accounting policy, Action for Children is unable to reclaim all the value added tax which it suffers on its purchases of goods and services. During the year the cost of irrecoverable value added tax amounted to: | 1,781 | 2,412 |
| <b>Rentals under operating leases</b>                                                                                                                                                                                                |       |       |
| Plant and machinery                                                                                                                                                                                                                  | 10    | 13    |
| Land and buildings                                                                                                                                                                                                                   | 1,688 | 2,105 |
|                                                                                                                                                                                                                                      | 1,698 | 2,118 |
| <b>Depreciation</b>                                                                                                                                                                                                                  | 601   | 895   |
| <b>Governance costs</b>                                                                                                                                                                                                              |       |       |
| Wages, salaries and related costs                                                                                                                                                                                                    | 428   | 460   |
| Internal and external audit fees                                                                                                                                                                                                     | 245   | 330   |
| Legal fees                                                                                                                                                                                                                           | 35    | 25    |
| Other costs                                                                                                                                                                                                                          | 38    | 130   |
|                                                                                                                                                                                                                                      | 746   | 945   |

Governance costs are included within support costs.

## 5. Employees' emoluments

|                                                                                | 2020   |        |
|--------------------------------------------------------------------------------|--------|--------|
|                                                                                | £'000  | £'000  |
| Wages and salaries                                                             | 82,788 | 82,125 |
| Redundancy costs                                                               | 1,912  | 312    |
| Termination payments                                                           | 114    | 88     |
| Temporary staff costs                                                          | 2,913  | 5,588  |
| Social security costs                                                          | 6,519  | 6,334  |
| Apprenticeship levy                                                            | 389    | 381    |
| Action for Children Pension Fund - defined benefit current service cost        | 23     | 107    |
| Action for Children Pension Fund - defined contribution cost                   | 3,692  | 3,523  |
| Teachers', Local Government Pension Schemes and NHS Pension Fund contributions | 511    | 562    |
|                                                                                | 98,861 | 99,020 |

Included in the redundancy costs is £453,000 (2020 £133,000) of ex gratia redundancy payments made in line with Action for Children's redundancy policy. Such payments are made at the discretion of senior management and are non contractual.

Other than the Action for Children Pension Fund, the charity participates in a number of defined benefit schemes, where the accounting treatment is as for defined contribution plans.

The Teachers Pension Scheme and the NHS Pension Fund are unfunded schemes. Liabilities in addition to ongoing contributions potentially arise with redundancy or early retirement. But that is a risk controlled by the charity, and provision is made for the full liability if the occurrence arises.

The charity also has admitted body status in various Local Government Pension Schemes (LGPS), which may potentially carry a risk to the charity. Action for Children ensures that potential risks outside its control are passed back to the relevant local authority in line with the Department for Communities and Local Government guidance dated December 2009, "Admitted body status provisions in the Local Government Pension Scheme when services are transferred from a local authority or other scheme employer", and the local authority retains the actuarial, mortality, inflation, regulatory changes, discount rate and investment return risks.

The average number of employees during the year was:

|                                             | 2021  | 2020  |
|---------------------------------------------|-------|-------|
|                                             | No.   | No.   |
| Fundraising                                 | 154   | 163   |
| Charitable activities                       | 4,442 | 4,638 |
| Support services                            | 145   | 189   |
|                                             | 4,741 | 4,990 |
| Number of full time equivalents at year end | 3,036 | 3,116 |

The number of staff whose benefits fell within each of the following bands was:

|                      | 2021 | 2020 |
|----------------------|------|------|
|                      | No.  | No.  |
| £60,001 to £70,000   | 27   | 29   |
| £70,001 to £80,000   | 21   | 10   |
| £80,001 to £90,000   | 8    | 8    |
| £90,001 to £100,000  | 3    | 2    |
| £100,001 to £110,000 | -    | -    |
| £110,001 to £120,000 | 1    | 2    |
| £120,001 to £130,000 | 2    | 1    |
| £130,001 to £140,000 | 1    | 1    |
| £140,001 to £150,000 | 0    | 1    |
| £150,001 to £160,000 | 0    | 1    |

Of the staff listed above, 52 were accruing benefits under the Action for Children Pension Fund defined contribution section (in 2021 it was 43). The amount of contribution paid in respect of these staff to the scheme was £218,000 (2020 £195,000).

The total emoluments paid in 2020/21 and the current annual salaries of existing key management personnel are shown below. In the bandings above, where these staff are also included, the required definition of emoluments is total gross pay plus any benefits in kind. The analysis below also includes employer pension and national insurance contributions and termination payments.

## 5. Employees' emoluments (continued)

|                                                                                             | Total<br>emoluments<br>2020/21 | Current<br>annual<br>salary |
|---------------------------------------------------------------------------------------------|--------------------------------|-----------------------------|
|                                                                                             | £                              | £                           |
| Chief Executive Officer                                                                     | 155,130                        | 138,000                     |
| Deputy Chief Executive Officer &<br>Managing Director- Operations<br>(to 31st January 2021) | 134,495                        | -                           |
| Managing Director - Children's<br>Services (from 1 February 2021)                           | 24,490                         | 130,000                     |
| Managing Director Fundraising,<br>Communications and Policy                                 | 148,484                        | 123,333                     |
| Chief Financial Officer                                                                     | 150,328                        | 127,333                     |
| Chief People Officer                                                                        | 104,892                        | 87,150                      |
| Commercial Director<br>(resigned 18 June 2021)                                              | 113,851                        | 95,000                      |
|                                                                                             | <b>831,670</b>                 | <b>700,816</b>              |

The total cost of key management personnel for 2020/2021 was £831,670 (2019/2020 £779,344).

## 6. Pensions

Action for Children provides pension benefits mainly through the Action for Children Pension Fund. The assets of the Pension Fund are held in a separate trustee administered fund.

Current staff are members of the defined contribution section of the Pension Fund, into which new employees are auto-enrolled.

Until 30 April 2010 benefits were provided to employees through a number of defined benefit sections and a hybrid scheme combining career average revalued earnings and defined contribution arrangements. On 1 May 2010, following a review of benefits and consultation with members of the Pension Fund, staff of Action for Children and Unions, all sections of the Pension Fund were closed, with one exception, for both new and existing members. Staff who transfer to Action for Children under Fair Deal TUPE arrangements are eligible to join a defined benefit section of the Pension Fund comparable to the local government pension scheme. A new defined contribution section was created for all other staff.

The Pension Fund is subject to triennial valuations by an independent actuary. The last valuation as at 31 March 2018 showed a deficit of £38.4m, a funding level of 94%, comparing the market value of the assets of the Pension Fund to the estimated value of liabilities to members. In conjunction with the actuarial valuation a recovery plan and schedule of contributions was agreed with the trustees of the Pension Fund. The actuarial estimate is that the Pension Fund assets and liabilities will be balanced by 2029.

The recovery plan, accepted by the Pensions Regulator, is underpinned by a Memorandum of Understanding to regularly communicate and share information between the employer and the Pension Fund. Action for Children is paying deficit contributions of £3m per annum. There is a charge in favour of the Pension Fund over assets owned by Action for Children in the event of default. The Memorandum of Understanding includes agreement that up to 50% of the receipt from some property sales, less any investment in property, may be paid to the Pension Fund.

Action for Children pays a 2% contribution for all active members into the defined benefit section to cover death in service and to meet the administration costs of the Pension Fund.

Contribution rates for the Fair Deal TUPE section range from 5.5% to 8.5% for the employee and 35.1% for the employer.

The total employer contribution to the defined benefits section of the Action for Children Pension Fund for the year was £4,177,000 (2020 £4,343,000). The reduction in contribution reflects the contributions required to address the deficit whilst maintaining an appropriate cashflow within the charity.

## 6. Pensions (continued)

Contributions for the defined contribution section are variable with the following matching rates:

|          |    |    |    |    |    |          |
|----------|----|----|----|----|----|----------|
| Employee | 3% | 4% | 5% | 6% | 7% | above 7% |
| Employer | 5% | 5% | 5% | 6% | 7% | 7%       |

Membership of the Pension Fund at 31 March 2021 was:

|                                               | 2021   | 2020   |
|-----------------------------------------------|--------|--------|
| Active members - defined benefit section      | 2      | 4      |
| Active members - defined contribution section | 2,887  | 2,841  |
|                                               | 2,889  | 2,845  |
| Deferred members                              | 8,695  | 8,401  |
| Pensioner members                             | 2,802  | 2,734  |
|                                               | 14,386 | 13,980 |

Pension funds are valued in different ways for different purposes. The triennial valuation noted above is carried out to establish an appropriate funding level, and uses prescribed financial assumptions that are different from the assumptions that must be used under the Financial Reporting Standard, FRS 102 valuation detailed below, which is carried out for accounting disclosure purposes. The FRS valuation uses lower inflation and higher interest/discount rate assumptions than the triennial valuation, and both of these differences lead to a lower calculation of pension liabilities.

At 31 March 2021, on the ongoing valuation basis used for the triennial valuation, the deficit was £4m, a funding level of 99%. The FRS 102 position shown below is a surplus of £35.5m, a funding level of 106%.

The ongoing valuation basis is used in agreeing contribution levels and the recovery plan. Although movements in the FRS 102 valuation show in the statement of financial activities and feed through to the balance sheet total, they do not change the level of the general fund. It is the general fund that is directly linked to the reserves policy and important in assessing the charity's ability to manage its future operations.

The deficit contributions are reflected in the charity's business plans and the assessment of the charity's reserves policy.

Whilst the settlement of pension liabilities is a very long-term process, with costs spread over many years, the funding level is volatile. Valuations are snapshots on one day and are sensitive to changes in financial market factors. The actuary provides a regular report on the funding position of the Pension Fund and this is closely monitored by the Pension Fund and charity.

Under FRS102 the amount of any surplus should be restricted so that it is no more than the economic benefits that could be realised by the Charity, either in the form of future refunds or reductions in future contributions. As the Charity does not have an unconditional right to the surplus arising on the FRS102 valuation of the pension fund, the surplus of £35,457,000 has not been recognised in the financial statements.

### FRS 102 valuation

These financial statements have been prepared in line with the requirements of FRS 102. The FRS 102 valuation is only in respect of the defined benefit sections of the Action for Children Pension Fund and the following analysis only covers that element of the Pension Fund. The principal FRS 102 actuarial assumptions determined by financial markets and demographic conditions are shown below. A later table shows the sensitivity of the liability to these assumptions.

### Financial assumptions % pa

|                              | 2021 | 2020 |
|------------------------------|------|------|
| Inflation - RPI              | 3.25 | 2.60 |
| Inflation - CPI              | 2.55 | 1.80 |
| Rate of increase in salaries | 2.00 | 2.00 |
| RPI min 0%                   | 3.25 | 2.65 |
| RPI min 0% max 2.5%          | 2.25 | 1.95 |
| CPI min 0% max 3%            | 2.25 | 1.70 |
| Discount rate                | 2.05 | 2.30 |

## 6. Pensions (continued)

### Demographic assumptions

|                                                    | 2021                                                                                                                                                                                                                              | 2020                                                                                                                                                                                                                              |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality base table adopted                       | Scheme specific "Club Vita tables" Improvements in line with CMI 2020, with a smoothing parameter of 7.0, an initial improvements parameter of 0.5 for males and 0.25 for females, and a long term rate of improvement of 1.5% pa | Scheme specific "Club Vita tables" Improvements in line with CMI 2019, with a smoothing parameter of 7.0, an initial improvements parameter of 0.5 for males and 0.25 for females, and a long term rate of improvement of 1.5% pa |
| Mortality future improvements adopted              |                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                   |
| Life expectancy for male currently aged 60         | 27.4                                                                                                                                                                                                                              | 27.1                                                                                                                                                                                                                              |
| Life expectancy for female currently aged 60       | 29.2                                                                                                                                                                                                                              | 29.1                                                                                                                                                                                                                              |
| Life expectancy at 60 for male currently aged 40   | 28.3                                                                                                                                                                                                                              | 28.1                                                                                                                                                                                                                              |
| Life expectancy at 60 for female currently aged 40 | 30.5                                                                                                                                                                                                                              | 30.4                                                                                                                                                                                                                              |
| Transfer take-up                                   | Nil                                                                                                                                                                                                                               | Nil                                                                                                                                                                                                                               |
| GMP equalisation                                   | 0.28% allowance included in the Defined Benefit Obligation (DBO) reflecting Hymans Robertson's best estimate in respect of the cost of GMP equalisation (regardless of actual method being implemented)                           | 0.28% allowance included in the DBO reflecting Hymans Robertson's best estimate in respect of the cost of GMP equalisation (regardless of actual method being implemented)                                                        |
| Cash commutation                                   | Pre 2002/Post 2002 members assumed to exchange 20%/5% of their pension for a cash lump sum at retirement                                                                                                                          | Pre 2002/Post 2002 members assumed to exchange 20%/5% of their pension for a cash lump sum at retirement                                                                                                                          |

The mortality assumptions are based on the recent actual mortality experience of Fund members and allow for expected future improvements in mortality rates.

### Balance sheet position

|                                          | Value          | 2021<br>Asset<br>allocation | Value          | 2020<br>Asset<br>allocation |
|------------------------------------------|----------------|-----------------------------|----------------|-----------------------------|
|                                          | £'000          | %                           | £'000          | %                           |
| Alternatives - property / private equity | 170,800        | 25                          | 185,471        | 29                          |
| Bonds                                    | 497,400        | 74                          | 379,523        | 60                          |
| Cash                                     | 1,799          | 0                           | 19,245         | 3                           |
| Equity                                   | -              | -                           | 52,921         | 8                           |
| <b>Total fair value of assets</b>        | <b>669,999</b> | <b>100</b>                  | <b>637,160</b> | <b>100</b>                  |
| Actuarial value of liabilities           | (634,542)      |                             | (559,000)      |                             |
| <b>Surplus for FRS 102 purposes</b>      | <b>35,457</b>  |                             | <b>78,160</b>  |                             |
| Derecognition of surplus                 | (35,457)       |                             | (78,160)       |                             |
|                                          | -              |                             | -              |                             |

## 6. Pensions (continued)

### Analysis of amounts charged to the statement of financial activities

|                                                                              | 2021         | 2020         |
|------------------------------------------------------------------------------|--------------|--------------|
|                                                                              | £'000        | £'000        |
| Current service cost                                                         | 23           | 107          |
| Past service cost (including curtailments)                                   | -            | -            |
| Settlement cost                                                              | -            | -            |
| Administration expenses                                                      | 1,430        | 1,418        |
| Interest on net defined benefit liability / (assets)                         | -            | -            |
| <b>Pension expense recognised in profit &amp; loss</b>                       | <b>1,453</b> | <b>1,525</b> |
|                                                                              | £'000        | £'000        |
| Return on Fund assets (in excess of) / below that recognised in net interest | (34,416)     | 5,356        |
| Liability (gains) / losses arising during the year                           | 81,672       | (36,888)     |
| Change in effect of the asset ceiling                                        | (44,532)     | 34,350       |
| <b>Total recognised actuarial (loss)</b>                                     | <b>2,724</b> | <b>2,818</b> |

### Reconciliation of the fair value of the Pension Fund assets and liabilities

|                                                    | Assets<br>2021 | Liabilities<br>2021 | Fund<br>2021  | Assets<br>2020 | Liabilities<br>2020 | Fund<br>2020  |
|----------------------------------------------------|----------------|---------------------|---------------|----------------|---------------------|---------------|
|                                                    | £'000          | £'000               | £'000         | £'000          | £'000               | £'000         |
| Assets/(liabilities) at the start of the year      | 637,160        | (559,000)           | 78,160        | 643,132        | (600,369)           | 42,763        |
| Interest income (expense)                          | 14,487         | (12,658)            | 1,829         | 15,229         | (14,182)            | 1,047         |
| Current service cost                               | -              | (23)                | (23)          | -              | (107)               | (107)         |
| Administration costs                               | -              | (1,430)             | (1,430)       | -              | (1,418)             | (1,418)       |
| Past service cost (including curtailments)         | -              | -                   | -             | -              | -                   | -             |
| Contributions by Fund participants                 | 2              | (2)                 | -             | 15             | (15)                | -             |
| Contributions by the employer                      | 4,177          | -                   | 4,177         | 4,343          | -                   | 4,343         |
| Actuarial gain/(loss)                              | 34,416         | (81,672)            | (47,256)      | (5,356)        | 36,888              | 31,532        |
| Net benefits paid put                              | (20,243)       | 20,243              | -             | (20,203)       | 20,203              | -             |
| <b>Assets/(liabilities) at the end of the year</b> | <b>669,999</b> | <b>(634,542)</b>    | <b>35,457</b> | <b>637,160</b> | <b>(559,000)</b>    | <b>78,160</b> |

## 7. Tangible fixed assets

| Group                   | Assets in the course of construction | Freehold land and buildings | Leasehold land and buildings | Computers and equipment | Furniture and fittings | Motor vehicles | Total         |
|-------------------------|--------------------------------------|-----------------------------|------------------------------|-------------------------|------------------------|----------------|---------------|
|                         | £'000                                | £'000                       | £'000                        | £'000                   | £'000                  | £'000          | £'000         |
| <b>Cost</b>             |                                      |                             |                              |                         |                        |                |               |
| At 1 April 2020         | 299                                  | 25,455                      | 3,600                        | 13,965                  | 3,450                  | 1,753          | 48,522        |
| Additions               | 550                                  | 627                         | 216                          | 112                     | 7                      | -              | 1,512         |
| Disposals               | -                                    | (385)                       | -                            | (108)                   | -                      | (13)           | (506)         |
| At 31 March 2021        | 849                                  | 25,697                      | 3,816                        | 13,969                  | 3,457                  | 1,740          | 49,528        |
| <b>Depreciation</b>     |                                      |                             |                              |                         |                        |                |               |
| At 1 April 2020         | -                                    | 9,476                       | 3,008                        | 13,690                  | 3,436                  | 1,708          | 31,318        |
| Charges for year        | -                                    | 354                         | 82                           | 115                     | 15                     | 35             | 601           |
| Disposals               | -                                    | (11)                        | -                            | (82)                    | -                      | (13)           | (106)         |
| At 31 March 2021        | -                                    | 9,819                       | 3,090                        | 13,723                  | 3,451                  | 1,730          | 31,813        |
| <b>Net book value:</b>  |                                      |                             |                              |                         |                        |                |               |
| <b>At 31 March 2021</b> | <b>849</b>                           | <b>15,878</b>               | <b>726</b>                   | <b>246</b>              | <b>6</b>               | <b>10</b>      | <b>17,715</b> |
| At 31 March 2020        | 299                                  | 15,979                      | 592                          | 275                     | 14                     | 45             | 17,204        |

| Charity                 | Assets in the course of construction | Freehold land and buildings | Leasehold land and buildings | Computers and equipment | Furniture and fittings | Motor vehicles | Total         |
|-------------------------|--------------------------------------|-----------------------------|------------------------------|-------------------------|------------------------|----------------|---------------|
|                         | £'000                                | £'000                       | £'000                        | £'000                   | £'000                  | £'000          | £'000         |
| <b>Cost</b>             |                                      |                             |                              |                         |                        |                |               |
| At 1 April 2020         | 299                                  | 25,455                      | 3,600                        | 13,951                  | 3,450                  | 1,753          | 48,508        |
| Additions               | 550                                  | 627                         | 216                          | 112                     | 7                      | -              | 1,512         |
| Disposals               | -                                    | (385)                       | -                            | (94)                    | -                      | (13)           | (492)         |
| At 31 March 2021        | 849                                  | 25,697                      | 3,816                        | 13,969                  | 3,457                  | 1,740          | 49,528        |
| <b>Depreciation</b>     |                                      |                             |                              |                         |                        |                |               |
| At 1 April 2020         | -                                    | 9,476                       | 3,008                        | 13,690                  | 3,436                  | 1,708          | 31,318        |
| Charges for year        | -                                    | 354                         | 82                           | 115                     | 15                     | 35             | 601           |
| Disposals               | -                                    | (11)                        | -                            | (82)                    | -                      | (13)           | (106)         |
| At 31 March 2021        | -                                    | 9,819                       | 3,090                        | 13,723                  | 3,451                  | 1,730          | 31,813        |
| <b>Net book value:</b>  |                                      |                             |                              |                         |                        |                |               |
| <b>At 31 March 2021</b> | <b>849</b>                           | <b>15,878</b>               | <b>726</b>                   | <b>246</b>              | <b>6</b>               | <b>10</b>      | <b>17,715</b> |
| At 31 March 2020        | 299                                  | 15,979                      | 592                          | 261                     | 14                     | 45             | 17,190        |

Assets in the course of construction comprise incomplete building, major refurbishment and capital project work, and are not depreciated.

The cost of land, which is not depreciated, was £4,709,000 (2021 £5,539,000).

Of the total cost or valuation of leasehold land and buildings £2,253,000 (2020 £2,253,000) relates to leases due to expire within 50 years or less.

It is not considered that any assets have suffered permanent impairment to their value.

Capital commitments for contracts placed in respect of capital expenditure less amounts incurred to 31 March 2021 amounted to £nil (2020 £nil).

## 7. Tangible fixed assets (continued)

Commitments to operating lease payments were:

|                               | Land and<br>buildings | Plant and<br>equipment | 2021  | 2020  |
|-------------------------------|-----------------------|------------------------|-------|-------|
|                               | £'000                 | £'000                  | £'000 | £'000 |
| Within<br>one year            | 827                   | -                      | 827   | 34    |
| Between one<br>and five years | 1,726                 | -                      | 1,726 | 2,279 |
| After<br>five years           | 787                   | -                      | 787   | 5,250 |

## 8. Intangible fixed assets

| Group and Charity                  | 2021  | 2020  |
|------------------------------------|-------|-------|
|                                    | £'000 | £'000 |
| At 1 April                         | 1,462 | 649   |
| Goodwill purchased during the year | -     | 1,028 |
| Depreciation charged for the year  | (246) | (215) |
| Net book value at 31 March         | 1,216 | 1,462 |



## 9. Investments

| Value at 31 March             | Group         |               | Charity       |               |
|-------------------------------|---------------|---------------|---------------|---------------|
|                               | 2021          | 2020          | 2021          | 2020          |
|                               | £'000         | £'000         | £'000         | £'000         |
| <b>Securities</b>             |               |               |               |               |
| CFB UK equity fund            | 4,126         | 3,597         | 4,126         | 3,597         |
| CFB overseas fund             | 3,785         | 3,171         | 3,785         | 3,171         |
| CFB gilt fund                 | 358           | 209           | 358           | 209           |
| CFB corporate bond fund       | 959           | 626           | 959           | 626           |
| CFB short fixed interest fund | 1,511         | 1,211         | 1,511         | 1,211         |
| CFB managed fund              | 11,095        | 8,799         | -             | -             |
| CFB inflation linked          | -             | 106           | -             | 106           |
| CFB deposit fund              | 1,918         | 1,703         | 1,918         | 1,703         |
|                               | 23,752        | 19,422        | 12,657        | 10,623        |
| Unlisted equities             | 5             | 5             | 5             | 5             |
|                               | <b>23,757</b> | <b>19,427</b> | <b>12,662</b> | <b>10,628</b> |
| <b>Investment properties</b>  | <b>17,454</b> | <b>17,090</b> | <b>17,454</b> | <b>17,090</b> |
| <b>Total investments</b>      | <b>41,211</b> | <b>36,517</b> | <b>30,116</b> | <b>27,718</b> |

All investments are held in the UK.

Investments are valued at current market value, but where listed shares have a limited market their fair value is reviewed

Unlisted investments are valued at cost or, if donated to Action for Children, at valuation at the time of donation. Investments in subsidiaries are valued at the higher of cost and estimated value at the time of acquisition less any diminution in value.

Investment properties are valued at the end of each year on the basis of open market value by external firms of chartered surveyors.

The historical cost or earliest known valuations of investments held at 31 March 2021 were:

- Securities £12,629,000 (2020 £12,157,000)
- Investment properties £6,349,000 (2020 £6,349,000)



## 9. Investments (continued)

### Investment gains and losses

|                                                      | Group   |          | Charity |          |
|------------------------------------------------------|---------|----------|---------|----------|
|                                                      | 2021    | 2020     | 2021    | 2020     |
|                                                      | £'000   | £'000    | £'000   | £'000    |
| <b>Securities</b>                                    |         |          |         |          |
| Market value at 1 April                              | 19,427  | 29,783   | 10,628  | 19,303   |
| Acquisitions during the year                         | 1,699   | 3,417    | 1,699   | 3,417    |
| Sale proceeds of disposals during the year           | (1,699) | (11,312) | (1,699) | (11,312) |
| Net investment losses in SOFA - realised             | -       | (194)    | -       | (194)    |
| Net investment gains / (losses) in SOFA - unrealised | 4,330   | (2,267)  | 2,034   | (586)    |
| Market value at 31 March                             | 23,757  | 19,427   | 12,662  | 10,628   |
| <b>Investment properties</b>                         |         |          |         |          |
| Market value at 1 April                              | 17,090  | 22,306   | 17,090  | 22,306   |
| Reclassification from fixed assets at book value     | -       | -        | -       | -        |
| Sale proceeds of disposals during the year           | -       | (5,416)  | -       | (5,416)  |
| Net investment losses in SOFA - realised             | -       | (141)    | -       | (141)    |
| Net investment gains in SOFA - unrealised            | 364     | 341      | 364     | 341      |
| Market value at 31 March                             | 17,454  | 17,090   | 17,454  | 17,090   |

The investment property revaluations as at 31st March 2021 are on the basis of independent valuations carried out by Sanderson Weatherall (chartered surveyors). The valuations were conducted on the basis of fair value in use.

### Investments in subsidiaries

- (i) Action for Children Services Limited is a wholly owned company registered in England and Wales handling the primary purpose trading activities of Action for Children. The investment comprises shares at a cost of £100 (2020 £100). The company registration number is 02332388.
- (ii) Action for Children Trading Limited is a wholly owned company registered in England and Wales handling fundraising trading activities of Action for Children. The investment comprises shares at a cost of £100 (2020 £100). The company registration number is 03776025.
- (iii) Action for Children Developments Limited is a wholly owned company registered in England and Wales handling nursery and new developmental activities of Action for Children. It is limited by guarantee. The company registration number is 06842765.
- (iv) Out of School Scotland Limited is a wholly owned company registered in Scotland and provides holiday camps and after school clubs. The investment comprises one hundred shares at a nominal value of £100. The company registration number is SC264619.
- (v) Action for Children (Scotland) Limited is a wholly owned company registered in Scotland. The investment comprises one share at a cost of £1 (2020 £1) and it has not traded. The company registration number is SC526474.
- (vi) Action for Children (Wales) Limited is a wholly owned company registered in England and Wales. The investment comprises one share at a cost of £1 (2020 £1) and it has not traded. The company registration number is 10011497.
- (vii) Action for Children (Northern Ireland) Limited is a wholly owned company registered in Northern Ireland. The investment comprises one share at a cost of £1 (2020 £1) and it has not traded. The company registration number is NI638222.
- (viii) St Barts Day Nurseries Limited is a wholly owned company registered in England and Wales. The company registration number is 11010289. The company has not traded since incorporation.
- (ix) Cairdretir Company Limited is a wholly owned company limited by Guarantee in the Republic of Ireland. The company registration number is 669758. The company has not traded since incorporation.

## 10. Debtors

|                                         | Group         |               | Charity       |               |
|-----------------------------------------|---------------|---------------|---------------|---------------|
|                                         | 2021          | 2020          | 2021          | 2020          |
|                                         | £'000         | £'000         | £'000         | £'000         |
| Amounts falling due within one year     |               |               |               |               |
| Trade receivables                       | 12,013        | 17,720        | 3,872         | 8,559         |
| Prepayments                             | 996           | 879           | 985           | 875           |
| Accrued income                          | 5,602         | 4,657         | 4,694         | 3,239         |
| Amounts owed by subsidiary undertakings | -             | -             | 1,806         | 1,254         |
| Other                                   | 52            | 189           | -             | 182           |
|                                         | <b>18,663</b> | <b>23,445</b> | <b>11,357</b> | <b>14,109</b> |

## 11. Creditors: amounts falling due within one year

|                                         | Group         |               | Charity       |               |
|-----------------------------------------|---------------|---------------|---------------|---------------|
|                                         | 2021          | 2020          | 2021          | 2020          |
|                                         | £'000         | £'000         | £'000         | £'000         |
| Trade payables                          | 1,396         | 730           | 1,270         | 322           |
| Tax and Social Security                 | 3,970         | 3,626         | 3,825         | 3,476         |
| Other creditors                         | 2,354         | 2,318         | 1,568         | 1,963         |
| Accruals                                | 5,855         | 5,293         | 5,317         | 5,065         |
| Deferred income                         | 10,351        | 5,785         | 3,557         | 1,601         |
| Amounts owed to subsidiary undertakings | -             | -             | 482           | 1,790         |
|                                         | <b>23,926</b> | <b>17,752</b> | <b>16,019</b> | <b>14,217</b> |

The group deferred income balance has moved as follows during the year 2020/21

|                           |         |
|---------------------------|---------|
| Balance at 1 April 2020   | 5,785   |
| Released during the year  | (5,785) |
| Provided at 31 March 2021 | 10,351  |
| Balance at 31 March 2021  | 10,351  |

## 12. Provisions for liabilities

Group and Charity

|                                  | Onerous leases | Dilapidations | Redundancies | Total |
|----------------------------------|----------------|---------------|--------------|-------|
|                                  | £'000          | £'000         | £'000        | £'000 |
| At 1 April 2020                  | 687            | 1,033         | 0            | 1,720 |
| Additional provision in the year | (23)           | 458           | 727          | 1,162 |
| Provision utilised               | -              | -             | -            | -     |
| At 31 March 2021                 | 664            | 1,491         | 727          | 2,882 |



### 13. Analysis of group net assets between funds

| Fund balances at 31 March 2021 are represented by: | Restricted      |                        | Unrestricted     |               | Group balance sheet total |
|----------------------------------------------------|-----------------|------------------------|------------------|---------------|---------------------------|
|                                                    | Endowment funds | Specific purpose funds | Designated funds | General funds |                           |
|                                                    | £'000           | £'000                  | £'000            | £'000         | £'000                     |
| Tangible fixed assets                              | -               | -                      | 17,715           | -             | 17,715                    |
| Intangible fixed assets                            | -               | -                      | -                | 1,216         | 1,216                     |
| Investments                                        | 10,836          | -                      | 21,095           | 9,280         | 41,211                    |
| Debtors                                            | -               | -                      | -                | 18,663        | 18,663                    |
| Cash and short term deposits                       | -               | 6,321                  | -                | 24,071        | 30,392                    |
| Other liabilities and provisions                   | -               | -                      | -                | (26,808)      | (26,808)                  |
| <b>Total funds</b>                                 | <b>10,836</b>   | <b>6,321</b>           | <b>38,810</b>    | <b>26,422</b> | <b>82,389</b>             |

Further analysis of the funds and movements during the year are given in Note 14. The purpose of the main funds are noted below.

Endowment funds are monies received which must be retained as a capital fund for the benefit of the charity. The Annual Income fund provides income for general purposes. The Nicholas Galperin Trust operates for the relief of young persons under the age of 25 who are in need, hardship or distress. St Leonard's Convalescent Home Trust provides the advantages of a temporary home to children who require the benefit of sea air.

Specific purpose funds represent legacies, donations and other income that can only be used for particular purposes.

Designated funds are part of the charity's unrestricted funds that are earmarked by the trustees for a particular purpose and currently comprises the capital fund.

The capital fund is the amount invested in fixed assets used in the charity's operational work, net of capital grants and associated financing. The transfers out of designated funds reflect the net amounts released to the general fund in the current year.

For the capital fund this is principally depreciation, offset by new purchases, and the release of the provision for capital grants. The charged asset fund is the value of the charity assets charged to the Pension Fund less the value of operational properties which are already part of the capital fund.

## 14. Group statement of fund movements

The brought forward balances of the Charged Asset and General Fund, as permitted by the Charity SORP FRS102, now incorporates the Fair Value Reserve of £13.8m which was shown separately in the 2019/20 financial statements.

|                                                                                                              | Brought forward | Income         | Expenditure      | Transfers    | Gains and losses | Carried forward |
|--------------------------------------------------------------------------------------------------------------|-----------------|----------------|------------------|--------------|------------------|-----------------|
|                                                                                                              | £'000           | £'000          | £'000            | £'000        | £'000            | £'000           |
| <b>Endowment funds</b>                                                                                       |                 |                |                  |              |                  |                 |
| Annual Income fund                                                                                           | 2,439           | -              | -                | -            | 637              | 3,076           |
| Lincoln City & County Home                                                                                   | 74              | -              | -                | -            | 19               | 93              |
| Nicholas Galperin Trust                                                                                      | 3,204           | -              | -                | (205)        | 783              | 3,782           |
| Scholarship fund                                                                                             | 353             | -              | -                | -            | 92               | 445             |
| Sheila Mildred Gage                                                                                          | 13              | -              | -                | -            | 3                | 16              |
| Sidney Charles Salter                                                                                        | 299             | -              | -                | -            | 78               | 377             |
| St Leonard's Convalescent Home                                                                               | 2,316           | -              | -                | 100          | 631              | 3,047           |
| <b>Endowment Funds</b>                                                                                       | <b>8,698</b>    | <b>0</b>       | <b>0</b>         | <b>(105)</b> | <b>2,243</b>     | <b>10,836</b>   |
| <b>Corporate Partners</b>                                                                                    |                 |                |                  |              |                  |                 |
| Advent International - support for Emergency Fund, ParentTalk and the Sandwell Family Partners               | -               | 475            | (403)            | -            | -                | 72              |
| Barclays Foundation - Emergency Fund                                                                         | -               | 100            | (100)            | -            | -                | -               |
| CBRE - corporate partnership funding programmes supporting young people in foster care                       | 419             | 223            | (262)            | -            | -                | 380             |
| Dell (Inspire IT) - corporate partnership funding a digital inclusion programme                              | 138             | 179            | (152)            | -            | -                | 165             |
| Iceland - support for our Christmas Emergency Fund                                                           | -               | 280            | (280)            | -            | -                | -               |
| FirstGroup - corporate partnership funding mental health support.                                            | 191             | 127            | (112)            | (51)         | -                | 155             |
| Royal Mail (The Blues Programme) - funding for the 'Blues' mental health programme                           | -               | 255            | 2                | (124)        | -                | 133             |
| <b>Trusts &amp; Statutory funders</b>                                                                        |                 |                |                  |              |                  |                 |
| Big Lottery Fund - note 16 - (The National Lottery Community Fund) – TNLCF support a range of AFC programmes | 1,044           | 1,110          | (1,566)          | -            | -                | 588             |
| CAF Covid Relief Fund - 3 yr programme to support Young Carers                                               | -               | 247            | (78)             | -            | -                | 169             |
| Welsh Government - 'Bouncing Back' mental health programme                                                   | -               | 138            | (109)            | -            | -                | 29              |
| St Leonard's Convalescent Home                                                                               | -               | 56             | -                | 60           | -                | 116             |
| <b>Other funders</b>                                                                                         |                 |                |                  |              |                  |                 |
| Emergency Fund - emergency appeal supporting families in crisis as a result of Covid 19.                     | 272             | 408            | (391)            | 51           | -                | 340             |
| Other projects less than £100,000 donation in year                                                           | 4,471           | 1,862          | (2,475)          | 316          | -                | 4,174           |
| <b>Specific purpose funds</b>                                                                                | <b>6,535</b>    | <b>5,460</b>   | <b>(5,926)</b>   | <b>252</b>   | <b>0</b>         | <b>6,321</b>    |
| Capital Fund                                                                                                 | 17,204          | -              | -                | 511          | -                | 17,715          |
| Charged asset fund                                                                                           | 21,218          | -              | -                | (123)        | -                | 21,095          |
| General                                                                                                      | 20,949          | 139,752        | (136,195)        | (535)        | 2,451            | 26,422          |
|                                                                                                              | <b>59,371</b>   | <b>139,752</b> | <b>(136,195)</b> | <b>(147)</b> | <b>2,451</b>     | <b>65,232</b>   |
| Pension reserve                                                                                              | -               | -              | 2,724            | -            | (2,724)          | -               |
| <b>Total - unrestricted</b>                                                                                  | <b>59,371</b>   | <b>139,752</b> | <b>(133,471)</b> | <b>(147)</b> | <b>(273)</b>     | <b>65,232</b>   |
| <b>Total Funds</b>                                                                                           | <b>74,604</b>   | <b>145,212</b> | <b>(139,397)</b> | <b>-</b>     | <b>1,970</b>     | <b>82,389</b>   |

## 15. Charity statement of fund movements

The brought forward balances of the Charged Asset and General Fund, as permitted by the Charity SORP FRS102, now incorporates the Fair Value Reserve of £13.8m which was shown separately in the 2019/20 financial statements.

|                                                                                                              | Brought forward | Income         | Expenditure      | Transfers    | Gains and losses | Carried Forward |
|--------------------------------------------------------------------------------------------------------------|-----------------|----------------|------------------|--------------|------------------|-----------------|
|                                                                                                              | £'000           | £'000          | £'000            | £'000        | £'000            | £'000           |
| <b>Corporate Partners</b>                                                                                    |                 |                |                  |              |                  |                 |
| Advent International - support for Emergency Fund, ParentTalk and the Sandwell Family Partners               | -               | 475            | (403)            | -            | -                | 72              |
| Barclays Foundation - Emergency Fund                                                                         | -               | 100            | (100)            | -            | -                | -               |
| CBRE - corporate partnership funding programmes supporting young people in foster care                       | 419             | 223            | (262)            | -            | -                | 380             |
| Dell (Inspire IT) - corporate partnership funding a digital inclusion programme                              | 138             | 179            | (152)            | -            | -                | 165             |
| Iceland - support for our Christmas Emergency Fund                                                           | -               | 280            | (280)            | -            | -                | -               |
| FirstGroup - corporate partnership funding mental health support.                                            | 191             | 127            | (112)            | (51)         | -                | 155             |
| Royal Mail (The Blues Programme) - funding for the 'Blues' mental health programme                           | -               | 255            | 2                | (124)        | -                | 133             |
| <b>Trusts &amp; Statutory funders</b>                                                                        |                 |                |                  |              |                  |                 |
| Big Lottery Fund - note 16 - (The National Lottery Community Fund) - TNLCF support a range of AFC programmes | 1,044           | 1,110          | (1,566)          | -            | -                | 588             |
| CAF Covid Relief Fund - 3 yr programme to support Young Carers                                               | -               | 247            | (78)             | -            | -                | 169             |
| Welsh Government - 'Bouncing Back' mental health programme                                                   | -               | 138            | (109)            | -            | -                | 29              |
| St Leonard's Convalescent Home                                                                               | -               | 56             | -                | 60           | -                | 116             |
| <b>Other funders</b>                                                                                         |                 |                |                  |              |                  |                 |
| Emergency Fund - emergency appeal supporting families in crisis as a result of Covid.                        | 272             | 408            | (391)            | 51           | -                | 340             |
| Other projects less than £100,000 donation in year                                                           | 4,471           | 1,862          | (2,475)          | 316          | -                | 4,174           |
| <b>Specific purpose funds</b>                                                                                | <b>6,535</b>    | <b>5,460</b>   | <b>(5,926)</b>   | <b>252</b>   | <b>-</b>         | <b>6,321</b>    |
| Capital Fund                                                                                                 | 17,204          | -              | -                | 511          | -                | 17,715          |
| Charged asset fund                                                                                           | 10,504          | -              | -                | (534)        | -                | 9,970           |
| General                                                                                                      | 25,095          | 132,215        | (122,421)        | (229)        | 2,398            | 37,058          |
|                                                                                                              | <b>52,803</b>   | <b>132,215</b> | <b>(122,421)</b> | <b>(252)</b> | <b>2,398</b>     | <b>64,743</b>   |
| Pension reserve                                                                                              | -               | -              | 2,724            | -            | (2,724)          | -               |
| <b>Total - unrestricted</b>                                                                                  | <b>52,803</b>   | <b>132,215</b> | <b>(119,697)</b> | <b>(252)</b> | <b>(326)</b>     | <b>64,743</b>   |
| <b>Total Funds</b>                                                                                           | <b>59,338</b>   | <b>137,675</b> | <b>(125,623)</b> | <b>-</b>     | <b>(326)</b>     | <b>71,064</b>   |

## 16. Group statement of fund movements, further detail

Funds received from the following trusts and organisations have been granted towards expenditure on the following projects:

| Value at 31 March                                    | Bought forward | Incoming resources | Outgoing resources | Transfers | Carried forward |
|------------------------------------------------------|----------------|--------------------|--------------------|-----------|-----------------|
|                                                      | £'000          | £'000              | £'000              | £'000     | £'000           |
| <b>Big Lottery Fund</b>                              |                |                    |                    |           |                 |
| Chat & Play England                                  | -              | 32                 | (22)               | -         | 10              |
| Digital Parenting Support (ParentTalk)               | -              | 80                 | (80)               | -         | -               |
| Early Action Youth Homelessness                      | 267            | 3                  | (231)              | -         | 39              |
| Family Support Volunteers                            | 37             | -                  | (39)               | -         | (2)             |
| Functional Family Therapy                            | 1              | -                  | (1)                | -         | -               |
| Moray Care Farming                                   | 13             | -                  | (2)                | -         | 11              |
| Newcastle DV Counselling Service                     | 12             | 93                 | (58)               | -         | 47              |
| Newcastle Family Support Service                     | 2              | -                  | (1)                | -         | 1               |
| Side Step                                            | 142            | -                  | (142)              | -         | -               |
| Side Step National Programme                         | 536            | 778                | (893)              | -         | 421             |
| Skills for Living                                    | 13             | -                  | -                  | -         | 13              |
| Swansea SAIL                                         | (24)           | -                  | 24                 | -         | -               |
| Young Adult Carers Support (Empowering Young People) | 23             | 124                | (115)              | -         | 32              |
| Young Fathers' Network (Clackmannanshire & Perth)    | 22             | -                  | (6)                | -         | 16              |
|                                                      | <b>1,044</b>   | <b>1,110</b>       | <b>(1,566)</b>     | <b>-</b>  | <b>588</b>      |

## 17. Taxation

Action for Children, as a charity, is exempt from taxation of income and gains falling within Section 478 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent they are applied to its charitable objects. No tax charge arises in any of the subsidiary entities included in the group accounts due to their policy of gifting all taxable profits to Action for Children each year.

## 18. Contingent liabilities

Certain grants received in respect of property alterations and improvements and equipment attach conditions whereby amounts could be repayable in the event of the relevant property or equipment being sold or ceasing to be used for the stated purpose. At 31 March 2021 these grants amounted to £551,000 (2020 £551,000). This relates to property and equipment where the conditions of the grant continued to be fulfilled.

Action for Children has agreed a recovery plan with the Action for Children Pension Fund for clearing the pension fund deficit. To support the recovery plan, on 7 March 2011 a security agreement was signed creating a first legal charge to Action for Children Pension Fund of £32m over freehold properties and of £8m over CFB investment units. The charge becomes enforceable in the event of default, including Action for Children becoming insolvent, ceasing business or failing to pay contributions in line with the schedule of contributions or Pensions Regulator direction.

## 19. Related parties

All transactions with subsidiaries, associated charities and trustees are disclosed in the financial statements.

Management fees and gift aid payments paid to the parent charity during the year were as follows:

- Action for Children Services Limited: £62,067,046 (2020 £49,943,970)
- Action for Children Trading Limited: £119,842 (2020 £196,430)
- Action for Children Developments Limited: £770,412 (2020 NIL)
- Out of School Scotland Limited: £236,952 (2020 NIL)
- National Children's Home £NIL (2020 £45,542)
- Nicholas Galperin Trust £NIL (2020 £300,000)



# **Legal** and **administration details**

**Registered office**

Action for Children  
3 The Boulevard  
Ascot Road  
Watford  
WD18 8AG

**Banker**

HSBC Bank PLC  
The Peak  
333 Vauxhall Bridge Road  
London  
SW1V 1EJ

**External auditors**

Crowe U.K. LLP  
55 Ludgate Hill  
London  
EC4M 7JW

**Internal auditors**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Investment managers**

Central Finance Board of the  
Methodist Church  
9 Bonhill Street  
London  
EC2A 4PE

**Board of Trustees****Chair**

Sarika Patel

**Vice Chair**

Patricia Gordon  
(until 14 September 2020)  
Markus Ruetimann  
(14 September 2020)

**Trustees**

Richard Cryer  
Dawn Warwick  
Revd Dr Michael Long  
(Methodist Church appointee  
from 1 July 2020)  
Enda Johnson  
(from 1 July 2020)  
Steve Bell  
(from 2 November 2020)  
Gary Edwards  
(from 1 December 2020)  
Peter Curran  
(from 1 February 2021)  
Dr Daleep Mukarji OBE  
(Methodist Church appointee  
until 30 June 2020)  
Jo Larbie  
(until 23 July 2020)  
Kate Guthrie  
(until 15 January 2021)

**Executive Leadership Team****Chief Executive**

Melanie Armstrong

**Managing Director  
Children's Services**

Carol Iddon  
(to 31 January 2021)

Dr Tim O'Neill  
(from 1 February 2021)

**Managing Director Fundraising,  
Communications and Policy**

Nicholas Jones

**CFO**

Hari Punchihewa

**CPO**

Michael Knight

**Commercial Director**

Emma Horne  
(to 30 June 2021)

**Finance Committee**

Richard Cryer (Chair)  
Peter Curran  
Simon Cruickshank  
Susan Bailey

**Audit and Risk Committee**

Steve Bell (Chair)  
Markus Ruetimann  
David King  
Mike Pavey

**Children's Services Committee**

Dawn Warwick (Chair)  
Revd Dr Michael Long  
Enda Johnson  
Peter Curran  
Sarika Patel

**Governance, People and  
Remuneration Committee**

Sarika Patel (interim Chair)  
Gary Edwards

**Northern Ireland Committee**

Sarika Patel (interim Chair)  
Michelle Connolly  
Jennifer Cuthbert  
Zara Duffy  
Anthony Armstrong  
(young person co-opted member)  
Odhran McGeown  
(young person co-opted member)

**Scotland Committee**

Enda Johnson (Chair)  
Shona Cotterill  
Peter Mills  
Paul Renz  
Lesleyann Russell  
Mary Smith  
Robert Fleming

**Wales Committee**

Peter Curran (Chair)  
Richard Cryer  
Paul Bulpin  
Angharad Roberts (young  
person co-opted member)  
Iona Wyn

**England Committee**

Mike Long (Chair)  
Alistair Russell  
Jane Sales  
Lauren Seager-Smith  
Wasif Mehdi

A young girl with blonde hair, wearing a red knit beanie and a dark blue quilted jacket with a colorful striped scarf, is smiling and holding hands with an adult whose arm is visible on the left. The background is a blurred outdoor setting with sunlight filtering through trees.

**Our  
thanks**

# Our thanks

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# Get involved



## Visit our website

To find out more about the work we do across the UK – and how you can support us – visit: [actionforchildren.org.uk](https://actionforchildren.org.uk)

If you have a question or comment about what we do, get in touch with our **Supporter Care Team** on: **0300 123 2112**.

Or you can find us on:



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There are lots of different ways you can raise money or volunteer for Action for Children. We're always on the lookout for fantastic corporate partners and companies to work with, too. [actionforchildren.org.uk/support-us](https://actionforchildren.org.uk/support-us)

Legacies make a huge difference to our work, changing children's lives for years to come. Leave us a gift in your will and you'll give vulnerable children a brighter future. [actionforchildren.org.uk/legacies](https://actionforchildren.org.uk/legacies)

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Regular donations help us support more children and plan for the future. Find out how your money helps children grow up safe and happy.

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Phone

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## References

All the stories about children, young people and adults in this report are real. However, some of the images or names may have been changed to protect people's identities.

We report on outcomes for children and young people (or their parents/carers) using evidence of improvements in their lives at regular review stages and/or when they don't need our services anymore. We look at all the available data for each outcome to arrive at a percentage.



# Thank you

## Action for Children

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