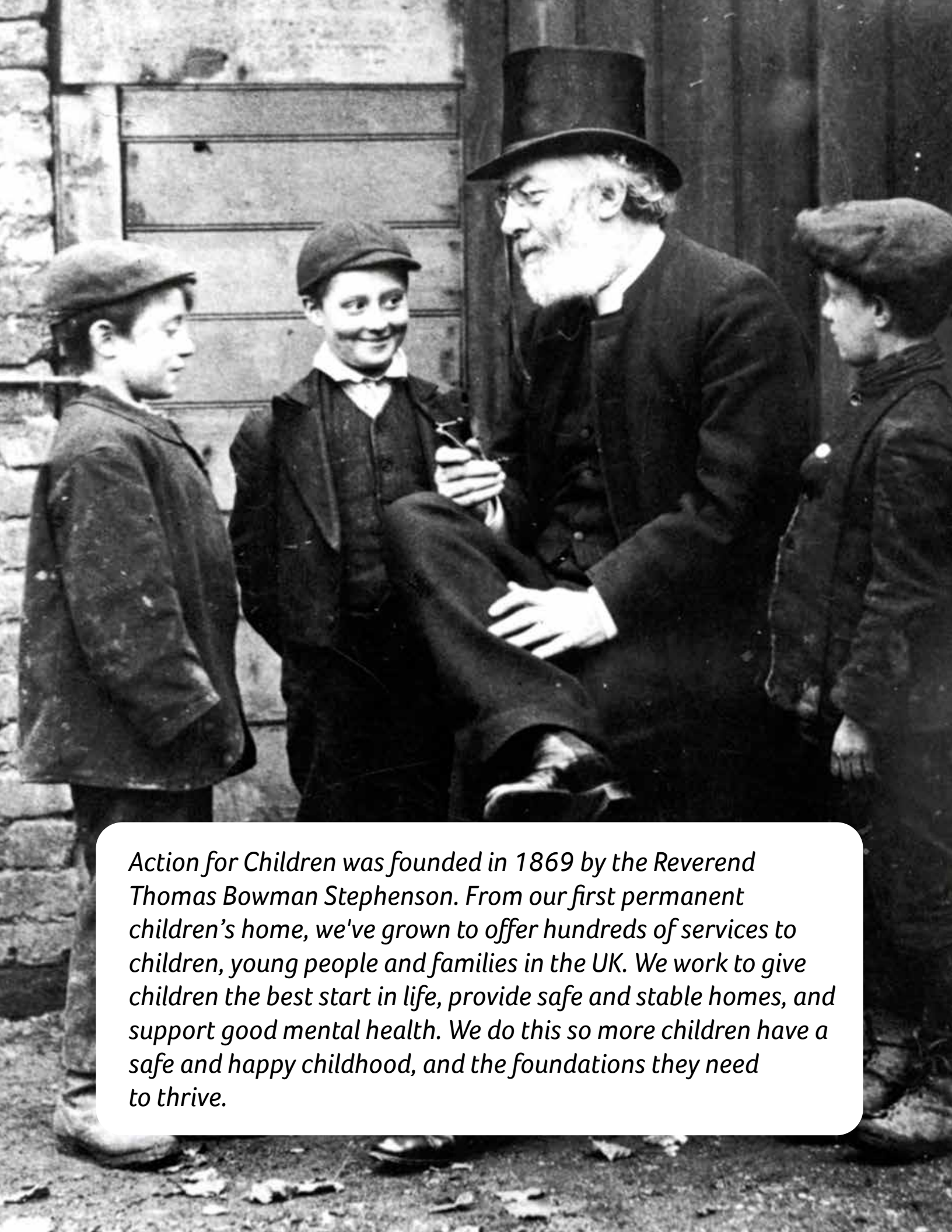


Annual Report  
2019/20

*Action for  
Children*

# *We are family*

Transforming lives  
for 150 years



*Action for Children was founded in 1869 by the Reverend Thomas Bowman Stephenson. From our first permanent children's home, we've grown to offer hundreds of services to children, young people and families in the UK. We work to give children the best start in life, provide safe and stable homes, and support good mental health. We do this so more children have a safe and happy childhood, and the foundations they need to thrive.*

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## 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.



# Welcome from Sarika

What a year of contrast it has been. We started 2019 with a programme of 150th anniversary commemorations celebrating our achievements over the years as well as our heritage. These events enabled staff, children and supporters to come together, and served as a timely reminder of our longstanding commitment to many children in their hour of need. Then, on 22 January 2020, the World Health Organization alerted us to what had happened in Wuhan in China. Life as we knew it was about to change.

As I write, in January 2021, the UK has been plunged into yet another lockdown, still trying to deal with the increasing grip of the coronavirus pandemic. Whilst vaccination offers hope, it remains a very challenging time. The biggest concern for the trustees is the safety of our staff and the children we support. I am very proud to report that staff in our services adapted to the crisis with fortitude. Our residential homes and supported living services operated under strict health and safety guidelines to protect those in their care. We have successfully delivered more of our services remotely across the UK.

Given the unprecedented times we find ourselves in, it is hard to predict what lies ahead. Our focus continues to be on those we support, and their changing needs. Taking time to reflect over the past 12 months on where we have come from makes me more determined as Chair to help secure their future. I am also greatly encouraged by the resilience, innovation and commitment of our staff.

When we were founded by the Reverend Thomas Bowman Stephenson, his mission was to take children off the streets, give them a home and protect them from a life of poverty. Today, his legacy endures, but in a rapidly changing world, we must continually ask ourselves how this can best be achieved. The lockdown and its impact have accelerated changes in ways of working. These are innovative and beneficial. However, we know that nothing can replace face-to-face support for vulnerable children. We hope these services will resume – not exactly as before – as soon as it is possible to do so safely.

Over the past few years, charities have been under the spotlight. But during the pandemic our contribution is a beacon showing how civil society can act to get the right help to the right people, swiftly. Many of the families we support, who had been struggling before the crisis hit, turned to us for urgent assistance and we delivered. We set up an Emergency Coronavirus Appeal to reach families desperate for food and other essentials; a lifeline for many. We also delivered support virtually to parents struggling with home schooling and coping with anxious children. Our parenting experts helped them navigate lockdown when their usual sources of support were not available.

Action for Children had already started a journey to transform. This time last year, we refreshed our brand to connect better with our supporters, partners, commissioners and, ultimately, the public. We have undertaken work to understand the

market and our role in it to best serve children in line with our mission. We will continue with this transformation, which will be reflected in our strategy for 2021-26. We are committed to being an adaptive organisation that responds to the changing needs of our beneficiaries.

For some time now, we have continued to build our digital capacity internally and externally. This paid dividends when lockdown was first announced and many colleagues were compelled to work from home. They have been able to deliver many of our services remotely to families. Thousands of young people benefitted from our mental health and wellbeing programmes. We recognise that, after a period of lockdown, services like these may be in even more demand as children and young people try to make sense of a very different world, taking into consideration also the disproportionate impact to children with economically deprived backgrounds.

Before coronavirus hit the UK, local authorities with tight budgets were already battling to fund overstretched children's services. During the pandemic many parents told us they became increasingly anxious about their financial situation with a number made redundant and many accessing Universal Credit for the first time. Our staff reported that children's anxieties increased and family tensions meant that some children were living in highly volatile situations. Many vulnerable children were hidden from professionals' view because of lockdown restrictions on home visits and clinic attendance. We have had to become creative in supporting families using technology and digital means.

Today, we are certain of our mission and proud of our achievements. But the next year will be critical as we refresh our organisational strategy and set out how we will do everything in our power to ensure children have a safe and happy childhood and the foundations needed to thrive. This strategy will chart our path to recovery, taking into account the ramifications of coronavirus. At its heart will be the children whose lives we seek to improve with the promise of a better future. I am clear that we need to ensure that we have a stable organisation that is resilient and able to withstand extraordinary risks to continue to support the children who need us the most. My priority is to ensure our sustainability and deliver services that are safe, innovative and make a real difference to the lives of children and their families. Every decision by the board is seen through that lens. I am very proud that despite the variety of services we provide, the



difference in geographies we operate in and the complex delivery models, we as an organisation work as **one** Action for Children.

In February 2019, our Chief Executive, Julie Bentley, stepped down for personal reasons. The Board of Trustees thanked Julie for her dedication and commitment, which made a huge difference to Action for Children. We are very fortunate that Melanie Armstrong will be Chief Executive until at least December 2021. Melanie's calm but determined approach to improving services for children, as well as organisational delivery, has been a great stabilising influence for us during the coronavirus crisis. She, along with our exceptional Executive Leadership Team, have continued to prioritise service delivery whilst innovating and transforming.

I want to thank our Executive Leadership Team, all our staff and volunteers, our trustees and co-opted members, and our supporters for their dedication and contribution. We rely on the whole Action for Children family to keep the welfare of vulnerable children at the heart of what we do.



*Chair Sarika Patel and our Patron, the Duchess of Cambridge, at Warren Park, Surrey © Chris Jackson Getty Images*

**Sarika Patel,**  
Chair of Trustees

## Our response to coronavirus – January 2021

As this report goes to print, like many other charities, we find ourselves still living with the uncertainty created by coronavirus. Although we've faced many challenges over our 150-year history, this one is unlike any we've seen before. Given this 'unprecedented' period, we wanted to acknowledge our impressive response so far to the pandemic, which we will report on fully next year.

While the crisis has continued, demand has grown and fundraising has been under pressure. Our dedicated staff have worked together to ensure children, young people and families continue to receive support. During the height of lockdown, we kept 99% of our services going, providing some virtually.

We have moved swiftly to adapt our fundraising events, which have kept vital funds coming in to support our services. After launching our Emergency Coronavirus Appeal, which helped more than 10,000 children and is detailed on page 32, we went on to successfully host our first virtual fundraising event, Boycott your Bed. We also delivered exciting virtual events

as part of our annual Secret Santa appeal over Christmas.

Our role as a loud campaigning voice for children has been more important than ever. We've carried out and shared extensive research, evidencing that this crisis has made life worse for vulnerable children and has driven more families into poverty. We've also continued to engage supporters to petition the government for continued help for these families.

With excellent IT support, many of our staff have successfully adapted to work from home. External help has also been gratefully received including government funding from all four nations and the Job Retention Scheme.

While this has been welcome, the pandemic has left our charity, like many others, facing financial challenges. To secure our future and make the savings required so we can be here both now and for years to come, at the beginning of December 2020, we launched a staff consultation on a proposed new structure.

The achievements of our charity during this time are thanks to the commitment of our incredible staff across the four nations. We value them highly and have worked to ensure they make use of our wellbeing support during these difficult times.

# Hello from Melanie

When we commemorated the 150th anniversary of Action for Children, it was a special time for all of us, as we looked back on what we'd achieved and set out ambitious plans for the future.

Of course, we couldn't have foreseen what was on the horizon. As our Chair has outlined, all of our lives have been dramatically affected by the pandemic. The impact on vulnerable children, young people and families has been particularly devastating. As the country went into its first lockdown, our incredible staff walked in our founder's footsteps, delivering a vital lifeline for children in the midst of this crisis and they have continued to do so.

Coronavirus will have a lasting impact on these children and families. But we will, of course, work tirelessly to respond to the challenges they face. Whilst we are a very different organisation to the one founded by the Reverend Thomas Bowman Stephenson in 1869, our principles remain the same. Stephenson stepped in to help vulnerable children in desperate need. Today, we support vulnerable children, young people and families in many different ways. We make sure children get the best start in life, find safe and stable homes, and offer vital mental health support. We do this in local communities across the UK and through our sector-leading digital support services.

Our 150th year was a busy one, as services and staff from across the UK held parties, fundraising events and special activities. Our Patron, the Duchess of Cambridge, helped to mark the milestone, taking part in a photography workshop with some of the children we support. On 9 July 2019, 150 years after the opening of our first children's home, we launched our Choose Childhood campaign and report. The landmark report called on the government to develop a UK-wide strategy and funding plan to help children have a safe and happy childhood.

We also updated our vision, mission and values, refreshed our brand identity, and continued work to sharpen our strategy. Doing these things will help us really connect with the people we help and our supporters. It will also ensure we respond effectively to the changing world around us.

As one of the oldest children's charities in the UK, we know what needs to be done to support vulnerable children, young people and families. To give them a safe and happy childhood. And to make sure they have the foundations they need to thrive. The task for tomorrow – as we deal with the effects of the coronavirus crisis – is ensuring we use our resources in the most effective way possible to deliver that vision.

Our challenge is to continue to be there when that help is needed – in line with our founder's principles – today, tomorrow and long into the future.

**Melanie Armstrong,**  
Chief Executive





*We believe that every child and young person in the country should have a safe and happy childhood, and the foundations they need to thrive.*



# We said, we did

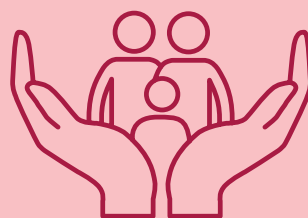
## Every child should have a safe and happy childhood.

At Action for Children, we protect and support vulnerable children across the UK. We step in early so that children get the best start in life. We make sure they have a safe and stable home. And we give them the practical and emotional help they need to thrive.

We do this because life for many of the children we meet is hard. Some don't have the basics, like the love and care of

a family or a safe place to live. Others are struggling with their mental health, face physical challenges or don't have the support they need to become healthy, happy adults.

Last year, our staff, volunteers and supporters worked tirelessly to give children a safe and happy childhood.



We helped

**368,648**

children, young people and their families in 2019/20.



We did this in

**503**

local services across the UK, in schools and online, and increased our reach by developing our digital support services.



**We said we'd make children safer and happier, and reach more children, young people and families.**



**150,289**

children and their families used our children's centres and family hubs.



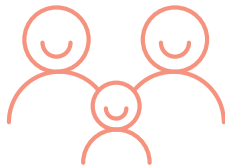
**22,413**

children, young people and families got specialist help from our disabled children's services.



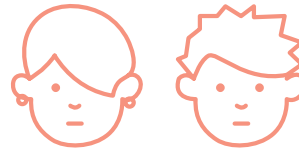
**10,455**

young carers and their families got practical and emotional support.



**72%**

of children have improved social skills and stronger friendships after getting our help.



**64%**

of children have a better relationship with a parent or carer following our support.

### Better mental health

- **3,279** young people completed The Blues Programme, our flagship mental health programme for teenagers.
- **80.9%** said the programme made them more confident.
- **79.4%** felt happier talking about their mental health.
- Head to page 24 to find out more about The Blues Programme.



## We said we'd build support to fund our work and influence change for children.

Across all four nations, we sought to influence Ministers, MPs, MSPs, AMs and MLAs to help bring about lasting change for children. We campaigned on issues like domestic abuse, banning smacking, and raising the criminal age of responsibility.



Together with our supporters we raised

**£18.7 million**

to support our children, young people and families, including **£600,000** from our Secret Santa appeal – more than double last year's total.



We generated

**3,138**

pieces of media coverage, meaning almost **648 million** opportunities to see, hear or read about our work.



Our supporters took

**11,500**

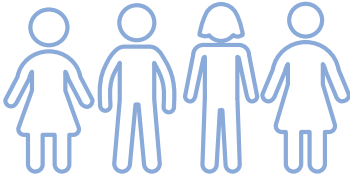
campaign actions – adding their name to open letters, writing to their MP, and signing petitions.

### Campaigning for change

- In July, we launched our Choose Childhood campaign and report, which explores what childhood is like in the UK today. Almost **5,000** people have supported the campaign so far.
- In November, we produced a report examining the impact of domestic abuse on children. More than **40** MPs and Peers attended the launch event in Westminster.
- Head to page 28 to find out more about our Choose Childhood campaign.



## We said we'd develop an organisation for the future.



We reached more than

**12 million**

people on social media, adding more than 26,000 new followers.



Our website (including our Secret Santa microsite) had

**2,619,425**

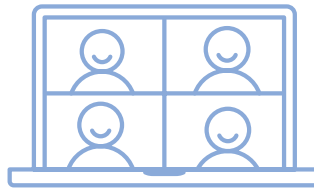
page views.



We retained our Investors in People 'developed' status and introduced new rewards for staff (find out more on page 38).



We received several awards for our diversity, equality and inclusion work (find out more on page 39).



Investment in technology meant that, when coronavirus hit, many staff could work from home.

### Doing things differently

- By April 2020, our Emergency Coronavirus Appeal – supported by over **13,300** people – had helped more than **5,500** vulnerable children.
- **105,052** people got advice online through our digital support services – up **20%** from 2018/19.
- Head to page 18 to find out more about our sector-leading digital services.

### But we know more still needs to be done

- Every 15 minutes a child is taken into care for their own safety.
- 4.2 million children in the UK are locked in poverty.

Hundreds of thousands of vulnerable children across the UK face abuse, neglect, poverty and poor mental health. And we've seen the devastating impact the coronavirus pandemic is having on vulnerable families.

Our ambitious 2017-22 strategy sets out our plan to support more children. We'll be reviewing this in light of coronavirus to make sure we meet the challenges faced by vulnerable children today.



# Our 150-year journey

We opened our first permanent home for children in 1869. And we've been here for children, young people and their families ever since.



## 1869

Methodist minister Thomas Bowman Stephenson opens our first family home at 8 Church Street in Waterloo, London.



## 1908

As the charity grows, we become the National Children's Home (NCH). The new name reflects our mission to provide safe and secure homes for vulnerable children.



## 1935

Our childcare training college opens – the first of its kind anywhere in the world.



## 1955

Our first residential home opens in Scotland – Rutherglen in Glasgow.

## 1911

Our first home in Wales, 85-87 Newport Road in Cardiff, opens on 2 January.

## 1871

The home moves to Bonner Road in Bethnal Green, East London, and offers support to girls, as well as boys. A year later, we open a second home in Lancashire.



## 1926

We set up a national adoption agency – the first charity to do so in the UK – to match children with stable, loving families.

## 1945

We help the government to develop national childcare standards, a role we continue in today.





# 1966

Her Majesty The Queen becomes our Patron.

# 1973

Her Royal Highness Princess Anne visits our children's home in Kingston, Jamaica.



## Byte Night

# 1998

Byte Night, the UK's biggest corporate fundraising sleep out, takes place for the first time. The event has since raised £12 million.



# 2008

We change our name to Action for Children to reflect the range of support we offer children and young people.



# 2017

Her Royal Highness the Duchess of Cambridge becomes our new Royal Patron.



# 1969

We celebrate 100 years of helping children in the UK, and launch new services in the Caribbean.



# 1990s

A range of ground-breaking family support programmes are introduced to keep children safe at home and out of care.

# 2010

Her Majesty The Queen hosts a charity reception at Hillsborough Castle on 21 October to celebrate our 10th anniversary in Northern Ireland.

# 2019/20

In our 150th year, we helped 368,648 children, young people and families. We launched our Choose Childhood campaign, stepped in quickly to support children affected by coronavirus, and helped more families through our digital services. We also refreshed our brand, vision, mission and values.

# Celebrating our history

Our 150th anniversary was a year to remember. And it was all thanks to our supporters, staff and the people we support.

The Action for Children family came together to celebrate our history across England, Scotland, Wales and Northern Ireland – from parties at our nurseries to parliamentary receptions. Here are some of the highlights.

## Choose Childhood

We launched our Choose Childhood campaign on 9 July – the date of our 150th birthday. The launch included a landmark report that explored the history of children's lives since our foundation, and laid bare the state of childhood today. The report called on the government to develop a UK-wide strategy and funding plan to secure a safe and happy childhood for children.

We celebrated the anniversary across the UK with events in Wales and Scotland, and a launch with a reception in the House of Commons. More than 200 people attended, including over 50 MPs and Peers. You can read more on page 28.

## Tracing our descendants

We kicked off our anniversary year by launching a search for descendants of the children who lived in our first home in London. We delved into our archives, tracking down Chris Barned, the great, great grandson of George Oliver, the very first boy we helped way back in 1869.

Chris said: *"Discovering that George was the very first child ever taken in by the charity was a huge surprise... I'm very proud to find out about his story, and to know that he went on to live a long and happy life."*

The story was covered by national and regional media, including BBC's *The One Show*.

## Commemorating our founder

A plaque to commemorate our founder, the Reverend Thomas Bowman Stephenson, was unveiled at Brunswick Methodist Church, Newcastle in August – where Stephenson was baptised in 1840. The special event was attended by Chi Onwurah, MP for Newcastle Central, David Cook, Lord Mayor of the city, and some of our old boys and girls – those who have kept in touch since leaving our children's homes.

## Giving thanks to supporters

St Paul's Cathedral in London provided the perfect backdrop for our 150th anniversary service in October. The service celebrated our links with the Methodist Church and brought together Christian leaders, old boys and girls, volunteers, supporters and staff. It featured on the BBC's Songs of Praise programme, where Antiques Roadshow presenter, Ronnie Archer-Morgan, talked about his experience of growing up in

one of our homes. The ceremony was a fitting finale to the year. It helped us reflect on our foundations but also underlined the need to adapt to an ever-changing world to ensure, like our founder, we continue to reach those who need our help most.



*Our Patron, HRH the Duchess of Cambridge, attended a photography workshop for some of the children and young people we support*

## Our Patron

Our Patron, HRH the Duchess of Cambridge, helped us to commemorate our special anniversary in June by joining a photography workshop with children we support at our Warren Park residential home in Surrey. The Duchess, who is a keen photographer, explored camera techniques with a number of children who live at the home. She was also joined by other youngsters, aged between nine and 17, who had travelled from across the UK to take part.

We collaborated with the Royal Photographic Society (RPS), another of the Duchess' charities, to stage the workshop. It was an unforgettable day for everyone, including experts from the RPS who gave their time for free. With the help of black and white photos from our archive, which played such a big part in our celebrations, our Chair, Sarika Patel, took the Duchess through important milestones in our 150-year history.

Everyone present on the day, including the staff and families of the children we care for at Warren Park, greatly appreciated the time the Duchess spent with them.



# Looking to the future

We've refreshed our brand identity, vision and values so that we can better meet the needs of children, young people and families in the UK.

Family is at the heart of our brand. Because for many of the children we support, we are family. And because every person who supports, volunteers or works for us is such an important part of what we do.

We also sharpened our focus so we have a clear sense of what we stand for. This is captured in our new vision, mission, values and behaviours, which are brought to life through a refreshed look, feel and tone of voice.

We worked closely with staff, volunteers and the people we support to make sure our identity reflects who we are. Their input led to the creation of a single phrase that encapsulates our culture: We are family.

## Our vision

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

## Our values

We are

**Passionate**  
**Ambitious**  
**Collaborative**  
**Inclusive**

## 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.*

# Best start in life: the early years

Every child should have the best start in life. We make sure young children and their families get the right support, when they need it.

A child's first years are so important. It's when they learn to communicate, build relationships and start to explore the world around them. These formative moments lay the foundations for their health and wellbeing in later life.

Parents have the biggest part to play in their child's early years. But we know that some face challenges that make parenting more difficult. Poverty, physical or mental ill-health, unsuitable living situations, domestic violence, single parenthood, and being a young parent can make it hard to cope.

Our services for parents focus on those who really need help. We offer a range of parenting programmes, including targeted support in key areas. This includes Early Bird, which is for

families who have a child with autistic spectrum disorder. The programme builds on parents' strengths, giving them the tools and confidence to meet their child's needs.

Programmes like Triple P are based on more than 30 years of research. The programme gives parents straightforward, practical strategies to help them build strong relationships with their children. It also boosts confidence so they can manage behaviour and stop problems from escalating.

We also encourage parents to look after their own wellbeing. This includes helping them to get the skills they need to work. This boosts their children's aspirations and opportunities, too.

- We're one of the largest providers of nurseries, children's centres, family hubs and early years support programmes in the UK.
- Our children's centres are warm, welcoming places where families can find all sorts of support. This includes parenting advice and drop-in services, which cover things like budgeting, housing and employment.
- In some areas our children's centres have been replaced by early help services. These offer targeted intervention for vulnerable families, including support for parents with mental health or substance misuse issues. Our early help outreach services offer parenting support in people's homes.
- We work with a network of professionals to make sure parents get the support they need to improve their parenting skills. This includes helping to set boundaries, developing routines, and managing challenging behaviour. We also suggest activities for parents to do with their children. These help to develop attachments and encourage learning through exploration.
- We also help parents of children with special educational needs to navigate their way through complex health and education processes. We help them to ask the right questions and make sure they get the support they're entitled to.



As part of her work as chair of the Inter-Ministerial Group on Early Years Family Support, the Rt Hon Andrea Leadsom MP met with staff and families at Action for Children's Tavistock Children's Centre in May (find out more on page 18)

**73%**

**of parents/carers have improved parenting skills and confidence after taking part in our parenting programmes.**

## Helen and Sam's story

When Helen's son, Sam, was 18 months old, she noticed he wasn't developing at the same pace as other children.

*"His speech wasn't hitting the markers you'd expect," Helen explains. "The Action for Children centre helped me to arrange a hearing test, as well as speech and language support. The test came back fine but a staff worker still felt something wasn't right. At first I was resistant, because you don't ever want to admit something might not be OK. But she was convinced something wasn't right. She suggested we get an early years specialist to come and observe him."*

Helen was told Sam had autism. Thanks to the centre picking up on his behaviours, Sam's diagnosis was made earlier than most. So when it came to starting school, Sam already had an appropriate education care plan in place.



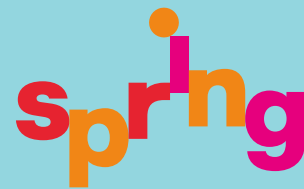
*"I wouldn't be where I am without the support of Action for Children," says Helen. "You don't realise until you've been through it and come out the other side. If it hadn't been for their professionalism and the caring way it was approached, things wouldn't be as easy as they are today."*

## Action for Children Developments Limited

We're one of the biggest providers of childcare in the UK, supporting 6,000 children. As well as nurseries, our commercial arm, Action for Children Developments Limited, offers wrap-around childcare in the form of breakfast and after-school clubs, holiday programmes and youth services. The profit from Action for Children Developments Limited is used to support our work.

## Spring by Action for Children

Our award-winning Spring nurseries support children's learning, development and wellbeing. We're in 44 locations across the UK, which are all rated as either 'Good' or 'Outstanding' by Ofsted, the Care Inspectorate Wales or the Care Inspectorate Scotland.



by Action for Children

- Our survey found that 98% of parents also rated Spring as 'Good' or 'Outstanding'.
- Our Spring Bensham Nursery in Gateshead won the Nursery of the Year Award from Nursery World 2019.
- Parents voted us one of the top 20 nursery chains at the Day Nurseries Awards.

As well as running nurseries for 0 to 5-year-olds, we offer add-on services for children up to the age of 12:

- Our **Grow** programme helps families to navigate their way through early parenthood. In 2019/20, the programme supported more than 200 babies and parents.
- In Scotland, we run out-of-school-hours, wrap-around childcare for 4 to 16-year-olds through our Spring and Oscars programme. We hope to expand into England in 2020/21.
- In partnership with the Royal Air Force Benevolent Fund, we delivered Ben Clubs (for 8 to 11-year-olds) and Airplay, a youth service scheme for 11 to 18-year-olds. More than 1,865 young people took part in the projects at 24 locations.



### Early years digital support

The number of parents using our digital support services increased by 20% in 2019/20. We reached 105,052 people through three sites:

- **Dots**, which offers relationship advice and support for parents of children under five, and is part of the Department for Work and Pension's Reducing Parental Conflict programme.
- **Build Sound Minds**, our emotional wellbeing and mental health support platform.
- **Talk**, which offers one-to-one support from parenting coaches. The service is open to all parents and covers lots of different topics, from behaviour and disability to emotional wellbeing.

At the end of March we launched **parent-talk.org.uk**, which brings together all three support sites. The website has been a vital lifeline for many parents during lockdown. We plan to develop the site as we expand our digital reach in 2020/21.

### Targeted early help

Stepping in early to give families the right support can make a life-changing difference. It helps to break the cycles of poverty and neglect, and gives young children the best start in life.

#### Norfolk

In October we launched The Early Childhood and Family Service (ECFS) in Norfolk. The service operates in 15 early childhood and family hubs – and community venues – across Norfolk. Run on behalf of the council, the service helps parents of 0 to 5-year-olds.

Support includes one-to-one sessions for people who need help with their parenting. There are a range of courses and activities, too, including play sessions, baby massage and healthy relationship building courses.

#### Devon

As part of her work as chair of the Inter-Ministerial Group on Early Years Family Support, the Rt Hon Andrea Leadsom MP met with staff and families at our Tavistock Children's Centre in May. The Group is looking at how to plug gaps in services for children and families, and exploring how the government can do more to help children in the first few years of their lives.

We've now adopted a 'One Devon' approach to providing early targeted support for 0 to 8-year-olds across Devon.



*Maria from Horrabridge, Devon, and her daughter, Izzibella*

*“I found it hard to meet people and I was struggling until I was put in touch with the children's centre. They helped me get through a very difficult time in my life and I think my children would have been put in care if it wasn't for the help I've had.”*

*Maria from Horrabridge in Devon*






Voice of the creative

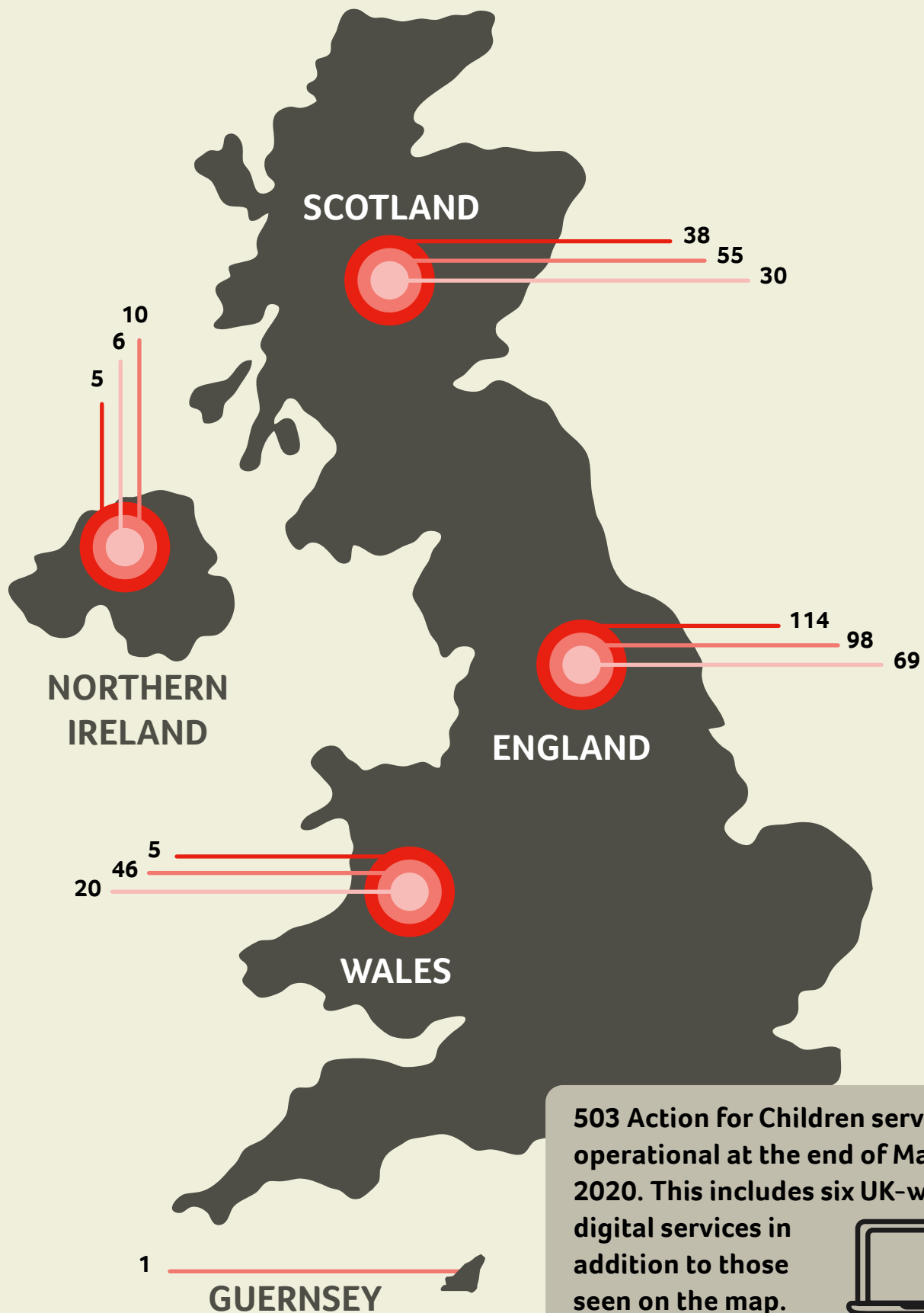
### Voice of the Creative

The Voice of the Creative arts project encourages families to play, explore and spend time together. Action for Children centres across Northumberland took part in the programme, which explores wellbeing and heritage through art.

The project has received £34,000 in funding from Arts Council England, Bait Museums Northumberland, and Northumberland County Council Cultural Services.

Lindsey Kirk, Manager at Ashington Children's Centre, said: *"Parents and carers became more confident when interacting and communicating with their children through play and arts activities, both in children's centre sessions and in the home."*

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



503 Action for Children services operational at the end of March 2020. This includes six UK-wide digital services in addition to those seen on the map.





# Safe and stable homes

Every child should have a safe place to call home. We make sure children feel part of a family they can trust.

We've been finding safe and stable homes for children for more than 150 years. Today we do this in lots of different ways. We protect children who have been abused or neglected. We find them safe and stable homes, and run residential short breaks for disabled children and young people. We also match young people with adult buddies through our volunteer Independent Visitors service.

## Fostering and adoption

Every year, we find loving foster and adoptive homes for vulnerable children. Our wonderful foster and adoptive families offer warmth, love and stability. Like us, they want every child to feel secure, happy and cared for. This means encouraging them to play, learn and try new things. And it means being there for them when things go wrong as well as right.

The children and young people we support can be at particular risk of sexual and other forms of exploitation. We offer training and 24/7 support for carers so they can meet their child's needs.

In 2019/20, all our fostering and adoption services in England were rated 'Outstanding' or 'Good' by Ofsted. We also had our first whole England inspection for our adoption services. Ofsted reported: 'They care and have a clear understanding of their responsibilities towards children and adopters, this shines through all of the work undertaken by the agency, throughout preparation, assessment, approval and post approval'.

**83%** 

of children feel more secure, safe and cared for after we've helped their parents and/or carers to reinforce boundaries.

.....

## Working in partnership

Thanks to one of our corporate partners, CBRE, we've been able to recruit three new members of staff across the UK to support young people when they leave foster care. We now have four CBRE-funded support workers. They play a vital role in helping young people to live independently and transition into adult life. So far, our fantastic workers have helped 26 young people. This includes giving them advice on things like finding accommodation, health, work and practical life skills. One young person shared the difference a transition worker made to her life:

*"This woman is essentially my fairy godmother. Not to sound too childish but there is nothing this woman can't do. In this past year I have really benefited from her helping me and if I didn't have her support or care I would be stuck."*

CBRE has also continued to support The Big Welcome, a digital platform for young people moving into foster care. The app gives a young person information about their foster family, including photos, so they get a feel for their new home. The Big Welcome is now being used in all our fostering services and has been piloted with other agencies, including The Adolescent and Children's Trust (TACT).

In the last three years, CBRE has raised over £1 million for us. They've donated 1,322 volunteering hours and given 516 pro-bono hours across six different projects.



Two of our fabulous foster carers, Jennifer and Trevor Hilley from Northern Ireland, were recognised at The Fostering Network's Awards for Excellence in Foster Care in November. Jennifer and Trevor have fostered with us for almost three years, doing amazing work to support the children and young people who live with them.



*Jennifer and Trevor Hilley*

### Permanent homes for children

We set up our first residential home for children in 1869. Today, our aim is to support children who need a safe place to live in small, modern, family-style homes. We know these settings best meet the needs of every child and young person. Our ambition is to offer more homes like this in the future.

**Sycamore House** in Shrewsbury opened in 2018. It's the first long stay home for disabled young people to open as part of our recent developments in England. Sycamore House is home to up to four young people and has close links with our Shropshire-wide short breaks services. In March, Ofsted rated the home as 'Good' in all areas.

**Our Place** in Yatton, North Somerset, opened in September 2019. Our Place has been completely refurbished so staff can support young people with learning disabilities and/or autism. The home works closely with our short breaks services in Bath and North East Somerset. These breaks give young people the chance to try new activities and build their confidence.

**Tan y Bryn** in North Wales opened its doors in July 2019. Located in an idyllic rural setting, the young people who live with us get to try lots of outdoor activities and courses, including growing and selling their own food. One of the first young people to live at Tan y Bryn brought chickens with him to help him settle into life at the home.

### Residential and community short breaks

Our short breaks and residential trips give disabled children the chance to try things and meet new people. They also give parents and carers a break from their caring responsibilities.

We want disabled children and young people to have the same opportunities as their peers. This is why our short breaks are so important – and why we're passionate about developing new services across the UK. This way we can support more

children and families. We're currently developing new short breaks services in Ealing and Kingston upon Thames.

In 2019/20, 11,143 disabled children and young people enjoyed one of our short or residential breaks. We ran:

- 29 residential short breaks across England, Scotland and Wales.
- 11 specialist residential care services in England and Scotland.
- Three short breaks for children in foster care across Devon and Wales.
- 41 community short breaks across England, Scotland and Wales.



*Tan y Bryn in North Wales*



*Scotland's First Minister, Nicola Sturgeon, visits the STAY service in January*

### **Services to Assist You (STAY) service**

We launched our Services to Assist You (STAY) service in September. The service has supported more than 100 young people so far thanks to a partnership with four colleges: the City of Glasgow College, Glasgow Clyde College, Glasgow Kelvin College and West College Scotland. STAY supports students from a care experienced background, giving these young people the practical and emotional help they need to do well at college.

STAY is important because personal circumstances can have a big effect on students' college work. While colleges in Scotland offer traditional support in areas like study skills, admissions, funding advice and careers guidance, they can't always provide the community-based, one-to-one guidance some students need. That's where STAY comes in. We work with students to put a plan together so they can thrive at college and at home.

In January, we welcomed Scotland's First Minister, Nicola Sturgeon, to our STAY service.



# Mental health and the chance to thrive

Every child should have a bright future. We make sure children get the practical and emotional support they need to thrive.

We're here for children and young people who need support with their health and wellbeing. We encourage young people to have positive conversations about how they're feeling. We run research-based programmes that support children in a way that works for them. And we make sure they don't ever feel alone.

## The Blues Programme

The Blues Programme, funded by Royal Mail, helps to tackle the early signs of depression and mental health issues in 13 to 19-year-olds.

In 2019/20, 3,279 young people in England, Scotland, Wales and Northern Ireland completed The Blues Programme. Young people reported a big increase in confidence (80.9%), increased involvement in learning (75.2%), and felt happier talking about their mental health (79.4%).

Several young people have also gone on to support us in other ways.

Gabby Breen, one of The Blues ambassadors, won the Young Achiever Award at our Stephenson Awards in February. Since completing the course, Gabby has appeared on BBC News,

met MPs at Westminster, and spoken at events alongside Royal Mail's Interim CEO (UKPIL), Stuart Simpson.

*"I've always struggled with my mental health throughout my entire life. I'd just started a new school and I was really struggling with dealing with the stress of A-levels and making new friends. And I really needed something to help me cope with that. It was amazing. It helped me so much."*

Our specialists trained 25 staff last year, meaning we can run The Blues Programme in more secondary schools across the UK.

The Blues team, in partnership with founder Paul Rhode, also developed The Approach Training programme. The training, which uses cognitive behavioural therapy methodologies, teaches staff how to look after their own mental health. It also gives them the tools to share what they learn with the children and families we support. We trained 46 Action for Children staff and 110 external partners and police officers across Wales.

Mandy's son, Cathal, completed The Blues Programme in Northern Ireland. She said: *"When Action for Children reached out to help it was a game changer. He's a different person now and loving life."*



Emily Philliskirk (left), Wirral West MP Margaret Greenwood (centre), and Gabby Breen (right)



### Other mental health services

**The Guide** is a mental health literacy programme for year 9 students and their teachers. The programme, originally from Canada, improves their understanding of mental health issues, reduces stigma, and encourages students to get help. The Guide is now successfully embedded in secondary schools across Wales.

Our **Build Sound Minds** Derbyshire service, which launched in June 2019, has supported more than 2,300 children who have shown early signs of a mental health problem. The programme builds resilience and stops issues from getting worse. Every child gets a tailored package of support, which ranges from one-to-one therapy and group programmes to online help. Mental health experts also work with a child's parents and carers. The Build Sound Minds website has helped us reach an extra 31,798 young people.

In March, we were commissioned by Staffordshire County Council to run an **emotional health and wellbeing service** for 5 to 25-year-olds. The service is jointly funded by the council and other health partners. The focus is prevention and early intervention, stepping in to support children and young people across Staffordshire. The service is helping us respond to the coronavirus pandemic by offering virtual therapies and interventions.

Our corporate partner, FirstGroup, continued to fund a **mental health specialist** in Wigan. Over a 10-month period, 292 hours of support was given to young people and their families. Ninety-seven Action for Children staff were also trained to help people with their mental health.

### In May, we celebrated our volunteer mentors and the children they support at a graduation ceremony at Croxteth Hall and Country Park in Liverpool.

Six children and their mentors officially graduated from our Merseyside Junior Mentoring programme, which supports 5 to 11-year-olds who have behavioural or emotional problems in school or at home.

Volunteer mentors are matched with a child or young person based on their personality and skills. They meet up once a week for 12 months to enjoy activities like trips to the museum or cinema. Kacey, who's 10, was referred to the programme when problems at home started to affect her schoolwork. She said:

*"Before I started the programme, I was shy and didn't have a lot of confidence. I had a lot going on in my head because my mum and dad weren't getting along. I would often get angry and frustrated in school, and would become quiet or upset."*

*"My mentor Natalie was amazing and we have created lots of memories together. Since graduating from the programme I feel more confident and I can face my fears. I'm overwhelmed with positive feelings and I am proud of my success."*



A group of children with their volunteer mentors

# Safeguarding

## Our goal is to keep children safe and protect them from harm.

Safeguarding is a critical part of everything we do. 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 who run and work in our services are guided by the latest research and best practice. Their day-to-day work is rooted in our safeguarding policies, which promote safe cultures at work and at home. All of our children's services staff take part in reflective supervision, which gives them the support and skills they need to be there for vulnerable children.

Last year, a new trustee – whose focus is safeguarding – joined our Board of Trustees. This has helped us respond quickly to new challenges and changing needs. Never has this been more important as we entered lockdown in March.

We review our safeguarding practice every year. We also audit our case files and talk to children's services staff and managers across the UK. This helps us to understand the needs of children and families, improve our practice, develop our services, and inform our policy and campaigns work.

Our review also looked at how communities were affected by criminal exploitation. This covers the victimisation of children and young people, including drugs, violence, gangs, sexual exploitation and trafficking. Children and young people are also affected by grooming and exploitation on social media, which presents a lot of safeguarding challenges.

Concerns were raised last year about the rise in thresholds for statutory intervention in child protection and mental health. Our early help services are often at a pressure point in the child protection system – namely the boundary in and out of statutory intervention. Children in Need (CIN) and children who have been subject to a child protection plan are often most at risk. However, crisis-led social care systems mean that many children are 'stepped down' to our services too quickly. They need effective, long-term support.

You can read more about our approach to safeguarding during the pandemic on page 50.



### Responding to the coronavirus crisis

Our staff have responded incredibly to the challenges posed by coronavirus. They've gone above and beyond to make sure children, young people and families continue to get the support they need.

Training for staff has increased the support we're able to offer digitally, including online mental health programmes. This means vulnerable children and young people can still get specialist help.

We'll continue to respond imaginatively so that we can have face-to-face contact with the people we support. We're prioritising services that look after children in care, young homeless people, and those with high levels of need.

We're confident that our safeguarding framework will help us through the coronavirus crisis and that our brilliant staff will find new ways to support the most vulnerable.





# Policy and campaigns

Childhood should be free from crisis. We campaign for lasting change and make sure every child has a voice.

Our policy and campaigns work plays a vital role in making life better for children and young people. In the last 12 months we've campaigned for investment in children's services. We've urged the government to come up with a national strategy for childhood. And we've called for children affected by domestic abuse to be properly protected.

With the help of our supporters, we lobbied governments in England, Scotland, Northern Ireland and Wales. We hosted events in parliaments and assemblies, which raised awareness of our campaigns, giving children a stronger voice.

Last year was one of our busiest in terms of campaigning. Our campaigners took lots of different actions, including contacting their MPs, adding their names to letters to the Prime Minister, and sharing their thoughts on what childhood is like today. In total, our supporters helped us take 11,500 actions to instigate change.

More than 3,000 supporters joined our call to action during the general election. They added their names to our open letter ahead of TV debates, helped us contact the new Prime Minister, and shared their reasons for supporting children and young people.

It's really important that our campaigning reflects the views and experiences of children and families. We held focus groups with children, parents and frontline staff to get their opinions. We also shared families' stories in our reports and supported young people to speak at parliamentary receptions, party conferences and drop-in sessions. Last year, we ran campaign training for young people and tested several campaigning tools, which we'll develop in the next few months.

## Choose Childhood campaign

Following a decade of austerity – and in the face of an increasingly challenging political climate, where the problems facing children have competed with Brexit and general elections – we wanted to send a strong message to the government.

So on 9 July – our 150th anniversary – we launched our Choose Childhood campaign. The campaign calls on decision-makers to put vulnerable children first and protect them from harm. We will evolve this campaign over the coming months.

### The campaign urges the government to:

- Create a national strategy for childhood.
- Urgently close the £3.1 billion funding gap for local support services.
- Invest in prevention and early support for families, before they reach crisis point.

Choose Childhood is so important because, in the last decade, life for many has reached breaking point. More and more families are struggling to afford the basics, to feed and clothe their children. And new pressures – at home, at school and online – are fuelling a crisis in young people's mental health.

The campaign highlights this growing crisis and offers solutions to make life better for children. As well as calling for more funding, Choose Childhood is raising awareness among decision-makers, driving lasting change for children.

As part of the campaign, we launched a landmark report, which featured the views of more than 5,000 children, parents and grandparents. We celebrated the launch with a reception in the House of Commons. More than 200 people attended, including over 50 MPs and Peers.

Since launching, almost 5,000 people have joined our call for action. We'll continue the campaign throughout 2020/21 to make sure children's voices are heard.



**Our research found that the majority of grandparents (62%) and parents (60%) thought that childhoods today are getting worse.**

*“What we want is for every child and young person in the country to have a safe and happy childhood and the foundations they need to thrive. The country is sleepwalking into a crisis in childhood and, far from being carefree, our children are buckling under the weight of unprecedented social pressures, global turmoil and a void in government policy that should keep them well and safe.”*

**Melanie Armstrong**  
Chief Executive, Action for Children





Young people at Westminster Choose Childhood event

### Changing the conversation on domestic abuse

We played a leading role in shifting the public and political conversation on domestic abuse last year.

In April, we gave evidence to the parliamentary committee scrutinising the draft Domestic Abuse Bill. The committee's report quoted our evidence and reflected many of our recommendations. In October, we were the only children's charity to give evidence in person to the committee scrutinising the Bill in Parliament.

In November, we published a report on domestic abuse services in England and Wales, *Patchy, Piecemeal and Precarious: Support for children affected by domestic abuse*. Our research, in partnership with Stirling University, found that children face barriers to support in at least two-thirds of the local authorities interviewed.

More than 40 MPs and Peers attended the launch of the report in February, including the Justice Minister. Over 50% of these MPs were contacted by our supporters. MPs spoke to children's services experts about the support needed by children who have experienced domestic abuse. We also secured a parliamentary debate on the impact of domestic abuse on children, which took place in early March.

Our work – in collaboration with other charities – has led to important policy changes. The Domestic Abuse Commissioner's independence has been strengthened and her remit includes a bigger focus on children. In March, the government amended the statutory guidance, *Working Together to Safeguard Children*. The guidance now makes it clear that coercive control and other types of domestic abuse have a damaging effect on children. We'll continue to call for more legal rights and access to services as the Bill passes through Parliament.

### Breaking the Cycle

Our Breaking the Cycle service in Newcastle supports children and young people who have experienced domestic abuse. Funded by the Big Lottery, Breaking the Cycle offers one-to-one counselling sessions to improve emotional wellbeing.

The sessions help children and young people to share their feelings. They're a safe space where children can explore their emotions. The sessions are adapted to each child and counsellors use a variety of activities, like arts and crafts, reading, and play therapy.

Parents also helped us shine a light on the devastating effect domestic abuse has on children. Sally Noden, Children Service's Manager for Breaking the Cycle, gave evidence at The Select Committee on the Bill.

## Children's centres

In June, we published our *Closed Doors* report. The report found that many children's centres in England had closed, which meant the number of children accessing support in this way fell by 18% between 2014/15 and 2017/18. Worryingly, the most deprived local authorities saw the largest fall. We'll continue to call on the government to set a clear direction and provide sufficient funding for children's centres.

We've been working with MPs from all parties to make sure this issue is firmly on the government's radar. In the run-up to the general election, we worked with colleagues in our services to build relationships with potential parliamentary candidates, inviting them to see what we do firsthand.

## Funding for adult and children's social care

We campaigned for additional funding for local authority children's services alongside Barnardo's, The Children's Society, NSPCC, National Children's Bureau and the Local Government Association. The government's decision to provide an extra £1 billion for adult and children's social care in the autumn showed the impact of our campaigning. The Conservative Party manifesto confirmed that investment would be made every year.

## Mental health

In January, as part of Children's Mental Health Week, we took ambassadors from The Blues Programme (find out more on page 24) to Westminster. They spoke about the importance of youth mental health to 49 parliamentarians. We also wrote to MPs in constituencies where The Blues Programme is delivered. Several MPs also visited local projects.

## Working in partnership

- We worked in partnership with organisations to bring lasting change for children, young people and their families.

## Disabled Children's Partnership

- We continued to campaign for improved care for disabled children.

## End Child Poverty coalition

- We worked with other charities to raise awareness of child poverty, highlighting the rising numbers in the media.

## Child protection

- In October, our collective work saw the Scottish Parliament pass the Children (Equal Protection from Assault) (Scotland) Act, making it a criminal offence for parents to smack their children. We also took a leading role in a campaign to remove the defence of 'reasonable punishment' for children in Wales

- the so-called 'Smacking Ban'. The law will come into force in 2022 and will end the physical punishment of children.

## Scottish Child Payment scheme

- We joined other organisations to call on the Scottish government to bring forward financial support for low-income families. The new Scottish Child Payment scheme, which is set to launch in early 2021, will pay £10 per week to families with a child under six.

## Age of Criminal Responsibility Act

- We joined the Scottish government's Age of Criminal Responsibility Advisory Group, which is tasked with exploring the impact of raising the criminal age of responsibility within three years.

## Independent Care Review

- We contributed evidence to the Scottish government's Independent Care Review and hosted the First Minister at our STAY project in Glasgow (find out more on page 23). We also published a report, *Scotland's Care System: Achieving Life Goals and Ambitions*, sharing the views of 500 young people who have been in care.

## The Cliff Edge Mitigation Coalition NI

- We joined The Cliff Edge Mitigation Coalition NI of more than 90 organisations to express our concern about the end of Welfare Reform mitigations in March 2020.



Action for Children Scotland's National Director, Paul Carberry, receives an award for our Serious Organised Crime project from Humza Yousaf, Scotland's Cabinet Secretary for Justice

## Serious Organised Crime Early Intervention Service

Our award-winning Serious Organised Crime Early Intervention Service is a multi-agency partnership with Police Scotland and Glasgow City Council. The service helps 12 to 18-year-olds to stay away from serious organised crime.

The service employs specialist peer mentors to gain the trust of young people. The mentors – many of whom are former young offenders – offer advice and guidance to the young people, acting as positive role models. This works really well with teenagers who have rejected other types of support. One teenager, who had committed almost 600 offences, hasn't reoffended since taking part in the Glasgow project.

Of the 49 young people who have taken part in the programme, only four continued to offend after getting support. By diverting four high risk young people from secure care, the project saved Glasgow City Council more than half a million pounds in just six months.

The service won the Overall Excellence award at the 2019 European Social Services Awards, as well as the Young Person's Project of the Year at the 2019 Herald Society Awards. We also received £4.6 million from The National Lottery Community Fund to run the service in other parts of the UK.

Joe Ferns, UK Funding Director at The National Lottery Community Fund, said: *"Action for Children's Serious Organised Crime project has proved to be very effective in Scotland, and we're proud that National Lottery funding will now see it expand to help even more young people at risk. By identifying and diverting young people away from serious organised crime and towards positive choices, this project not only helps reduce lawbreaking, but also helps them to thrive."*



MP Sarah Champion at the parliamentary launch of our Choose Childhood campaign



# Fundraising

Every penny makes a big difference. We couldn't be here for children without our wonderful supporters.

Two years ago we set an ambitious target to transform the way we fundraise. We wanted to raise more money so that we could help more children, young people and families.

Thanks to our supporters, fundraising income has continued to grow. In the two years since we developed our new fundraising strategy, income has risen from £17 million to £18.7 million, an increase of 10%. This increase is down to a more ambitious, cohesive and strategic way of doing things.

The launch of our new brand, the performance of our Choose Childhood campaign and Secret Santa appeal, which is explained below, and fantastic support from our corporate partners, have played a huge part.

Thanks to the development of several new ways of engaging donors, we received a number of large philanthropic gifts last year. We look forward to building on these partnerships in 2020/21.

## The impact of coronavirus

Coronavirus has thrown all our lives into crisis. But the impact on the children and families we support, who already face huge challenges, has been devastating.

We responded by launching our first ever emergency appeal in March. The money raised is helping families to pay for essentials like nappies, food, cleaning products, gas and electricity, as well as support to help children learn at home. We're also responding to an increased demand for support through our digital services.

The long-term impact of the crisis on fundraising isn't clear yet. But it is having a big effect on how – and how much – we raise, particularly as many of our events for the coming year have already been cancelled. We hope to limit the impact by increasing our fundraising presence online and by creating more bespoke philanthropic partnerships.

## Methodist partnership

Our partnership with the Methodist Church is incredibly important to us. The principles established by our founder, the Reverend Thomas Bowman Stephenson, remain at the heart of what we do today. Last year, the Methodist Church played a vital role in our 150th anniversary celebrations. Churches across the UK raised money, spread the word, volunteered and organised special events, raising an extraordinary £1.1 million. We want to say 'thank you' for the creativity and effort local churches invested in Action for Children Sunday last year. We also really value the opportunity to visit churches and thank our generous supporters in person.

## Secret Santa

Our hugely successful Secret Santa appeal took place for the second year. More than 20,000 Santas raised over £600,000 for vulnerable children. This was more than double the previous year's total.

These amazing people visited our winter wonderland-themed pop-up store in London, bought virtual gifts, and donated online. More than 3,900 supporters bought t-shirts and jumpers designed by celebrities like Stacey Solomon, Kara Tointon and Lisa Snowdon. Celebrity supporters also used their social media channels to encourage their followers to support us, raising awareness of who we are and what we do. Our exclusive 'safe' and 'happy' designs raised £10,000.

The Daily Mirror supported Secret Santa through their Christmas Appeal in December. The appeal, Give Kids a Cracking Christmas, raised over £52,000 and featured stories about our 150th anniversary.

## Community fundraising

In 2019/20, we raised almost £2.7 million from our community fundraising events. These included bake sales, quiz nights, The Giant Wiggle and Secret Santa. They also included big sporting events, like Prudential RideLondon and the Virgin Money London Marathon. A total of 56 people ran the London Marathon for us last year, raising a staggering £130,000.



Celebrity Secret Santa supporters Stacey Solomon and Mrs Hinch





**“Big thank you to you and the whole Action for Children team for hospitality and looking after us after the marathon. Wonderful and pain filled experience that I will treasure. Look forward to raising more money for your wonderful charity when we run the Great North Run. ”**

Two of our brilliant runners, Stephanie Dodds, and Sharon McLeay



Our Derry-Londonderry Fundraising Group in Northern Ireland has been active since 2018. The nine members raise around £3,500 a year through all sorts of activities – from fitness classes and quiz nights to collection boxes, raffles, and by supporting events like Byte Night.

**“If you want to do something worthwhile but you may not have the skills or the time to be frontline facing, it’s great fun and very rewarding to raise money. ”**

Natasha, group member



In 2018/19 we raised

**£17  
million**



In 2019/20 we raised

**£18.7  
million**

### 1869 pop-up shop

Our 1869 pop-up charity shop concept continued its journey around the UK. Last year, we opened temporary stores in Watford and Birmingham. From October to December, the shop sold high-end stock from big brands – which otherwise would be sent to landfill – at discounted prices. So far, the stores have raised over £100,000. More than 60 people have volunteered in our shops, too, giving over 700 volunteering hours.

### High value events

We're incredibly grateful to our dedicated volunteer boards and committees who work tirelessly to organise and bring our high value events to life.

Our flagship corporate sleep out event, Byte Night, took place for the 22nd year running at 11 locations across the UK, raising over £600,000. More than 1,000 sleepers braved the weather to sleep under the stars, helping to take the total amount raised from the event since it began to £12 million.

Other events, including the Entertainment Quiz of the Year, The Ultimate News Quiz, and the Spring Ladies Lunch and Fashion Show, raised more than £390,000 in 2019/20. They also brought together more than 800 guests.

To celebrate our 150th anniversary, Asprey London hosted a special event at their flagship store on New Bond Street, London. Guests learnt about the mental health challenges faced by young people today and our ambitions for the future.

In Scotland, our portfolio of award-winning gala fundraising events continued to raise large sums of money. We were chosen as the national charity partner of the Solheim Cup, the pinnacle of women's golf. More than 400 children, young people and carers went along to the tournament, which took place at Gleneagles. Three young people were flagbearers at the opening ceremony (Teni Okpaje, Medeea Chiciu and Frida Skinner) where they met the First Minister. This event was covered by Sky, which raised our profile with a completely new audience. The money raised will be used to set up a Solheim Cup Legacy Fund, which will help young people get into sport.



Supporters take part in Byte Night, our annual UK-wide sleep out



Former politician, Alan Johnson, and journalist, Rachel Johnson, host The Ultimate News Quiz

## Corporate partnerships

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



### Royal Mail

In summer 2019, thousands of Royal Mail staff took part in their annual fundraising challenge, raising £330,000. The challenge is part of our longstanding partnership with Royal Mail. Their partnership funds our flagship youth mental health project, The Blues Programme (find out more on page 24). Since 2017, Royal Mail has raised £1.6 million for Action for Children.



### FirstGroup

The second year of our partnership with FirstGroup was hugely successful. We benefitted from gift-in-kind, out of home advertising across FirstGroup's UK transport network, which raised the profile of our Choose Childhood campaign, Secret Santa appeal and the Emergency Coronavirus Appeal. FirstGroup businesses also gifted Action for Children travel passes for staff.

Money raised by FirstGroup has supported our Emergency Fund and paid for a mental health support worker in Wigan (find out more on page 25).



### CBRE

Our partnership with CBRE continues to fund vital programmes for children in foster care (find out more on page 21). As well as fundraising and volunteering, CBRE has provided extensive pro bono support, which is valued at more than £180,000. To thank CBRE for their continued support and generosity, they were presented with the Outstanding Corporate Partner award at the Stephenson Awards in February.



### Dell Technologies

We've worked in partnership with Dell Technologies for more than 10 years. Through donations and gift-in-kind support, they've funded our Inspire IT programme, which offers technology and training opportunities for young people. This improves how young people live, work and connect with their communities.



### Turner & Townsend

Turner & Townsend continued to support our Education Fund, which covers the costs of essential educational materials, including school uniforms. Since the start of our partnership, the Education Fund has provided over 4,500 grants to vulnerable children and families across the UK.

## Philanthropy

In 2019/20, we changed the way we engage with our philanthropic supporters. We focused on raising money for priority areas of work, making sure donors have a say – and can clearly see – the life-changing difference they make to children and young people's lives.

We were delighted that so many generous individuals and organisations chose to partner with us for the first time. We also continued to strengthen relationships with existing donors.

The Postcode Community Trust generously supported The Voice radio station project at Headlands School.

The Voice radio station is run by Headlands students and encourages collaboration between pupils past and present. The project helps current students develop literacy skills and supports former pupils to pick up work skills, giving them an edge as they start life beyond Headlands. The Voice project also encourages young people to make healthy and positive choices, focusing on their wellbeing and starting conversations about bullying, drugs and staying safe.

The National Lottery continues to support a number of our programmes and services. Our most recent award, from Awards for All (Wales), will support the Skills 4 Living service in Wales. This programme gives care experienced young people the skills they need to live independently when they leave care. This includes help with cooking, budgeting, and drug and alcohol issues.

## Programme funding

We developed a number of compelling propositions so that philanthropic individuals, trusts, foundations and corporate supporters can partner with us. This approach has helped us secure a number of sizeable donations, including £1 million to deliver The Blues Programme (find out more on page 24). Between April and June 2019, we piloted the Emergency Fund, a flexible grant programme that provides immediate, one-off support to children and young people in poverty. The fund helps people who are struggling with an unexpected expense or who are experiencing domestic violence, disability, or poor health. In March 2020, thanks to the incredible support we received for our Emergency Coronavirus Appeal, we rolled out the Emergency Fund across the UK. We'll continue to offer this vital lifeline through the crisis.

## Fundraising compliance

Action for Children works hard to engage the UK public and a range of other potential supporters. Thanks to their time, money and actions, we were able to significantly increase fundraising income in 2019/20. Our fundraising covers a broad scope of activity through relationships with philanthropists and corporate partners; through our regular giving programme; by building

and maintaining strong relationships with our community and faith partnerships; by taking part in sponsored sports events, like the Virgin Money London Marathon; and through participation in our integrated campaigns, such as Secret Santa. There's more information on our fundraising events on page 32.

To raise awareness, we advertise on TV, radio, social media and in outdoor public spaces. We also engage with existing supporters directly by email, post, telephone or SMS. Legacy gifts also help ensure we are able to carry our work of giving children a safe and happy childhood. Our staff and volunteers are fantastic ambassadors, helping to spread the word and explain what we do.

Occasionally, we use agencies to deliver fundraising activity (for example face-to-face fundraising, 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 have to adhere to all applicable regulations, laws and the Fundraising Code of Practice. They also undergo stringent briefings and training sessions led by our staff.

We also regularly monitor our professional fundraising agencies via mystery shops, shadowing and review of telephone calls.

Action for Children is committed to responsible and ethical fundraising. We are a member of the Institute of Fundraising and are registered with the Fundraising Regulator and the Fundraising Preference Service. We also employ a fundraising compliance expert. They monitor activity against our policies (for example our Vulnerable Person's Policy or Donation Acceptance Policy) and the wider regulatory environment.

## Dealing with complaints

We take complaints extremely seriously and have robust processes in place, which are regularly monitored. In 2019/20, we received 82 fundraising complaints. The vast majority (63) were linked to our face-to-face fundraising activity (door-to-door, private site – like shopping centres – and street) with one particular agency. The agency acted quickly to retrain the fundraisers involved. The complaints we received equated to less than 1% of our total regular giving sign-ups and less than 0.012% of our total interactions. The remaining complaints were received in relation to fundraising materials, direct marketing activity, acknowledgement letters and our rebrand. We reassess our complaints policy regularly and will be doing so again in 2020/21.

## Technology

Our technology strategy has helped us to improve how we support children, young people and families. This is particularly important as we respond to the coronavirus crisis.

Last year, our ambition was to help staff work wherever and whenever they needed. Many people are now having to work from home because of coronavirus. Thanks to an extensive



refresh of the hardware and software we use, we're working with modern, flexible platforms. We've also started to deliver a programme of automation that will increase our efficiency.

We've introduced a modern tool that improves how data is managed. This will ultimately improve our reporting capabilities. We've also moved all our business systems to the cloud, saving money and making our operating systems more resilient.

This work is based on a robust supplier management process. We've built strategic relationships with existing and new suppliers, and made sure we get the best possible value from the hardware and software we use.

We've also retained our Cyber Essentials Plus accreditation, which is essential for our work with local authorities. The last 12 months have laid the foundations for further digital transformation, too. This is really important as we develop our new strategy to meet the increasing technology needs of children in our residential homes, replace old systems, increase our use of automation and artificial intelligence, and further develop data and analytics.



Secret Santa pop-up shop



Byte Night



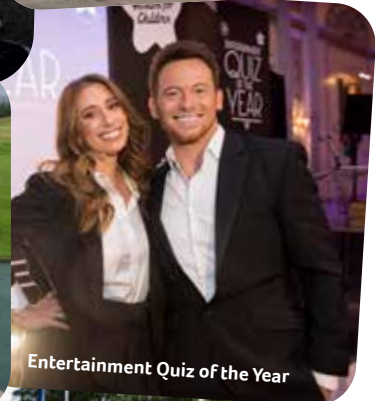
Spring Ladies Lunch



Never Mind the Business



Gleneagles golf event



Entertainment Quiz of the Year



Asprey networking event



Solheim Cup

# Our people: the Action for Children family



*The winner and runners-up from the Outstanding Volunteer award category at the Stephenson Awards*

**Our staff and volunteers are incredible. Their kindness and commitment transforms children's lives every day.**

We couldn't do what we do without the skills and dedication of our wonderful staff and volunteers. We support one another and make sure children, young people and their families get the best possible help.

In 2019/20, our People Directorate made several changes to improve how we support, develop and reward our staff.

## **Strengthening the family**

We were proud to retain our Investors in People 'Developed' status. We received great feedback about our culture and values, and will use this as we try to reach the next level. We also launched a new set of behaviours in line with our values (find out more on page 15). The behaviours were developed in collaboration with staff and apply to everyone who works for us.

Work has started on improving our performance management tools. We're also developing a strategic workforce plan, which focuses on improving our pay policy, rewards, induction programme, and management skills.

Our Leadership and Management Team took part in learning and development training, as well as a successful leadership conference.

## **Staff wellbeing**

The wellbeing of our staff is hugely important. We work hard

to promote a good work-life balance and positive mental and emotional wellbeing. We know that everyone needs a bit of extra help from time to time, and offer a range of support. This has been particularly important during the coronavirus crisis.

We were one of the first charities in the UK to launch a new domestic abuse policy for staff. The policy means staff experiencing domestic abuse can take paid leave to deal with what they're going through.

Mental health is a vital part of our support. Last year, we trained more than 300 staff in mindfulness. We also trained 120 mental health first aiders.

Several new reward initiatives have been introduced to recognise staff. These include buying or selling annual leave, giving staff more flexibility and balance, and a new volunteer day benefit, which encourages staff to share their skills and try new things. We also continued to recognise staff and volunteers at our annual Stephenson Awards.

## **Pay and recruitment**

We developed a new pay policy last year. This will ensure our salary structures meet the needs of a social care organisation that has to source, attract and retain a multitude of professions and skills from a variety of employment sectors. Our pay policy has several core principles. These include a market-focused national salary

structure that's flexible enough to accommodate local pay and ensure the decisions we make are fair and affordable.

When setting new pay scales and grades, we benchmark against the not-for-profit and public sectors, using subscription-based pay surveys. Other information may also be used, in line with our strategic priorities, skills and current market conditions. Pay sourced from subscription-based surveys is assessed at the 60th percentile. Employee pay progression is managed through an agreed organisational pay increase that's negotiated with our trade union partners. This is subject to budget, the market, inflation, and pay differentials. In exceptional circumstances, though, an increase in pay can be made by applying a range of initiatives against core criteria.

Senior management pay (director level and above) is based on a spot salary rather than salary ranges and, as with other roles, we use subscription-based pay surveys, market-based analysis and the outcome of the job evaluation process to set the pay rate for any new senior management vacancies. Any change to existing post holders' pay in senior management roles requires 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 7. CEO pay setting is discussed and agreed with the Governance, People and Remuneration Committee.

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

Our median gender pay gap in 2020/21 was 5.62%, which was well below the UK average of 17.3%. Our aim is to reduce this gap to under 5% by 2023 and then work towards eradicating the gap completely.

As part of our retention and recruitment strategy, we've also improved our induction process, which will help to reduce staff turnover. The new People Advice Team has received great feedback from both staff and managers.

## Diversity and inclusion

Inclusion is one of our core values. Being a diverse and inclusive employer is so important, and brings benefits for everyone who's part of our family.

We received several awards for our diversity and inclusion work last year. We won the Institute of Fundraising's inaugural #ChangeCollective award for our work on race and ethnicity. We also won the Equality and Diversity award at the Youthlink Scotland Awards for our heritage and inclusion project, which has supported 80 young people from 20 different ethnic backgrounds. We were

invited to speak at the Legal Island Equality and Diversity Awards 2019 Winners Workshop after winning Best Employer for Equality and Diversity in Northern Ireland.

Diversity is also celebrated through our staff networks, which have gone from strength to strength in the past 12 months. Networks include: Celebrate LGBT+, Christian Faith Network, Gender Empowerment Network, Breakthrough (race and ethnicity) Inspire (disability and caring), and our Homeworker Network.

The groups celebrate and promote important events, like Black History Month, Pride and International Women's Day. Representatives from each group meet with the Executive Leadership Team every six months.

Our Diversity and Inclusion Advisory Group monitors our approach to equality, diversity and inclusion. This group is made up of inclusion leads from across the organisation. It makes recommendations to the Executive Leadership Team and gives staff and volunteers a voice.

Important progress has been made on our equality, diversity and inclusion strategy. In the next 12 months, we'll focus on: meeting statutory and regulatory duties; improving representation in the communities we serve; embedding diversity and inclusion in our culture; and becoming a champion for change in the charity sector.

We're also aware of the challenges facing black, Asian and minority ethnic (BAME) staff, volunteers, children, young people and families because of coronavirus. We'll continue to listen, learn and take action to support BAME members of our family.

## Our volunteers

In the last 12 months, 2,501 people chose to volunteer their time to help children and families. This is an increase of more than 20% from last year, and a big jump on our 10% target. These brilliant people gave 345,138 hours to support 200 projects. More than 200 volunteers also supported our Byte Night sleep out event.

Volunteers come to us through our volunteer portal, via social media and the local community. Every one of them makes a big difference. They help out at local services, buddy up with young people as Independent Visitors, and mentor children and families.

We love hearing from our volunteers. It's really important they feel valued. We held volunteer forums and worked hard to achieve the Investing in Volunteers Award. A hundred volunteers were interviewed as part of this process, providing really good feedback. We also recognised their excellent work at the Stephenson Awards.

In the next few months, we want to make sure our volunteers continue to feel supported and have lots of exciting opportunities. Our new vision, mission, values and brand identity will help us reach more people, raise our profile, and encourage more people to get involved.

## Sustainability, including streamlined energy and carbon reporting (SECR)

We're acutely aware of the need to protect the environment we live and work in. It's vital we all play our part and build a sustainable future for the children we support.

Our new Sustainability Policy will help us gain accreditation in sustainable procurement. It outlines several areas where we can have a positive impact. To lead by example, we want to minimise the environmental impact of our activities and services by:

- Complying with all applicable regulations and other relevant legal requirements.
- Aligning our systems with environmental management standards.
- Adopting 'reduce, reuse and recycle' principles across our operations.
- Conserving natural resources by implementing systematic and 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. Our new policy will make sure that our purchasing and contracting activities are ethical and environmentally responsible.

Our aim is to reduce general and non-recyclable waste year-on-year. We'll do this by analysing our annual overall usage and by continuing to reduce the energy (gas and electricity) we use. We plan to achieve this by measuring annual average site use, determining which sites significantly exceed this, and then evaluating practical options that can enhance energy-saving. We remain on a 100% green tariff for our electricity corporate account, and aim to move to a 100% green gas tariff as soon as it's economically viable.

We promote sustainability within our procurement practices and tenders. We make sure the organisations we work with use goods, works and services in a way that achieves long-term value for money. This is on top of minimising the damage and strain on our environment, and creating tangible economic and social benefits. We aim to meet ISO20400:2017 Sustainable Procurement standards by the fourth quarter of 2021.

	Total use	Total CO2e emissions
Electricity	2,165,956 (kwh)	504,971
Gas	10,282,114 (kwh)	1,890,572
Total fuel	548,257 (litres)	1,395,881
Overall total CO2e emissions		3,791,424

(Intensity ratio: CO2e kg/£million turnover = 25,276)

Above figures cover the year to 31 March 2020





*Attendees at our Breaking Barriers event in Scotland*



*Stephenson Awards host, TV presenter Dermot Murnaghan, with Bronagh Norris from Northern Ireland, joint winner of the Outstanding Staff Award with Matthew Burns from Headlands School*

# Our 2020/21 objectives

The next 12 months will be really difficult for vulnerable children, young people and families. Coronavirus has had a devastating effect and it's vital we respond immediately to meet their needs.

We're already doing everything we can to help. Our Emergency Coronavirus Appeal has helped struggling families to pay for essentials. We've also expanded our digital support services. In the next year – in line with our strategic plan – we'll act quickly and flexibly to make sure children and families get the right support.

## **Make children and young people safer and happier**

**We'll achieve this in three key areas:**

### **The best start in life**

By making sure children get the right support in the first few years of their lives – through our nurseries, children's centres, and family hub services.

### **A safe and stable home**

By supporting parents, stepping in early to help families, and working to keep families together.

By finding secure foster and adoptive homes for children and young people who can't live with their birth families.

By providing safe and stable homes for children and young people with complex needs.

### **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, be safe and feel happy.

By extending our reach and continuing to provide information and support through digital services.

By supporting young carers and giving them the opportunity to enjoy their childhood.

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

We'll continue to talk about the children and families we help so that people see the difference we make. We'll inspire even more people to support us and develop innovative ways to manage the financial impact of coronavirus. This includes running virtual events and activities.

We'll continue to campaign for real and lasting change for children. We'll talk to the government about the challenges children face today, and raise awareness of the need to take action, now. We'll make sure children are high on the political agenda.

We'll also continue to build strong partnerships with organisations that share our vision for children.

## **Develop a financially sustainable and effective organisation**

We'll agree our onward strategic direction and put a comprehensive plan in place to meet the increase in demand for our services. We'll also try to find ways to mitigate any decrease in funding.

To achieve our strategic goals, we'll draw on relationships and partnerships, collaborating with other organisations wherever possible. We'll also leverage our technology, insight and digital tools. Children, young people and families will continue to inform and influence the decisions we make.

We'll create a strategic workforce plan so that staff are fully supported. We'll continue to make sure that equality, diversity and inclusion are at the heart of our work. We'll also make sure our volunteers are supported, recognised and really enjoy what they do.







# Governance

We continue to review how we operate so that we can best support children and young people.

Under the guidance of our Chair, Sarika Patel, our trustees and CEO, we continue to look at and improve our governance. This is in line with best practice, industry standards, and the Charity Code of Governance 2017 (the Code).

Following an external review of our performance in 2018, we developed a governance action plan against the Code. The plan will continue to increase our efficiency, embed good governance in our work (in line with legal requirements), support our strategic objectives, and make sure we achieve our organisational purpose. We continue to work against each of the principles set out by the Code.

## 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.

## The Board of Trustees

The Action for Children Board of Trustees meets at least six times a year. It is responsible for overseeing our performance and providing strategic direction. The Board regularly reviews its own – and the Chair's – performance, and 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 CEO and Executive Leadership Team.

## Our trustees

We appoint our trustees and committee members based on their skills and experience. We want to attract a broad range of candidates, and invite children from our services to take part in their 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 continue to have close links with the Methodist Church, and 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.

A number of changes were made to the Board in the period leading up to 1 April 2020. Five trustees departed during the financial year, and the Board now consists of nine trustees, who each bring considerable experience and expertise. The Board is continuing to looking to enhance its diversity by appointing one further female trustee with a background in governance and fundraising.

Trustees often visit services to see what we're doing and the impact our work has on children and families. Access to services was restricted during the pandemic.

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. A full list of our trustees can be found on page 96.

Any expenses claimed by the trustees are set out in our financial statements.

The average attendance figure of current trustees, while in post this year, was 83%.

## Committees

The Board delegates some areas of its work to sub-committees as shown below:





## The Nation Committees

The Nation Committees offer advice and support in Northern Ireland, Scotland, Wales and England, so that we can provide high quality children's services and meet our strategic objectives across the UK.

The Nation Committees also help us to form deep and long-lasting connections in each of the countries we work in.

### How we organise our work

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

Children's Services

Fundraising, Communications and Policy

People

Finance and Technology

Commercial

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

## Ethical framework

We have an ethical framework in place 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.
- 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.
- 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.

## 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 does not take place anywhere in our own business, or in any of our supply chains.
- Ensuring we are 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 expect the same high standards from all our contractors, suppliers, and other business partners. 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 their own suppliers to the same high standards. To achieve this, we:
  - Complied with anti-slavery and anti-human trafficking legislation, by implementing processes, reporting and prevention mechanisms.
  - Included template clauses addressing this issue to avoid breaches of the Modern Slavery Act by our suppliers. This is clearly written into our procurement documentation, with reference to the Modern Slavery Act in the Pre-Qualifying Questionnaire (PQQ).
- The implementation of modern slavery preventions in our Safeguarding Framework and organisational policies. We also give staff training materials explaining modern slavery and human trafficking.

## Serious incident reporting

We've put new measures in place to meet new Charity Commission reporting requirements. Action for Children reports any notifiable serious incidents to the body. This is done through the serious incident reporting group, which meets four times a year. The group shares any potentially serious 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 now have an expedited procedure in place, should we urgently need to report a serious incident.

# Trustee 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 to act in a way that is considered to be 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, the trustees are briefed on their duties, which are fulfilled partly through the governance structure detailed on page 44. 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 and mentioned throughout this report.

## Stakeholder engagement

### Engagement with employees

Employee engagement is really important at Action for Children. Senior management are involved in the engagement of colleagues through a number of channels, including regular team meetings, the intranet, weekly and monthly email communications, and six-monthly roadshows that provide an opportunity to ask questions and give feedback. The Executive Leadership Team regularly brief the trustees, and the Chair of the Board of Trustees communicates with staff via email updates.

Engagement with our employees was central to creating the charity's values, mission and vision. Staff shared their ideas and thoughts through focus groups and our internal roadshows. These were key to the end result.

During the coronavirus pandemic, which caused many operational challenges, we've been committed to keeping staff informed and maintaining motivation and morale. We held virtual staff calls and Q&A sessions, shared good news stories on our staff intranet, promoted our wellbeing hub, and encouraged people to take annual leave. Sadly, it hasn't been possible for trustees to visit a service since March 2020. However, there are plans for virtual visits as and when restrictions allow.

The trustees receive regular qualitative and quantitative updates. These include information about: employee matters

from the Chief People Officer and the Chief Executive; analysis of the strategic workforce plan focusing on attracting high calibre candidates and developing talent; reward and recognition; wellbeing and engagement; pay policy; and our diversity and inclusion strategy. This information, which reaches the Board through routine reports at regular business meetings, gives the trustees oversight of the effects people engagement has on our performance, and the continued strength of our culture.

The Governance and Remuneration Committee's remit was expanded in 2019. This was done to help the Board of Trustees to fulfil its governance duties in relation to staff. The new Governance, People and Remuneration Committee reviews feedback from employee and volunteer surveys – and other initiatives relating to health at work, equality, diversity and inclusivity – to ensure that any concerns about culture or policy are brought to the attention of the trustees.

### Engagement with volunteers

The trustees recognise the huge value volunteers bring. Our volunteers support more than 200 projects, services and departments across the UK. The trustees engage directly with volunteers by chairing Action for Children's Nation Committees. This gives trustees an insight into the work of our volunteers, our services across the nations, and our engagement with stakeholders.

As with staff, volunteer feedback was also used in creating our new vision, mission and values. This came through our roadshows and also a survey which was sent out to volunteers.

In 2019, Action for Children achieved the Investing in Volunteers quality standard for good practice in volunteer management.

### Business relationships with suppliers, customers and others

The trustees recognise the importance of both internal (employees and volunteers) and external (children and young people, parents, our Patron, the general public, regulators, commercial partners, media channels including TV, digital, radio and newspapers, local authorities, government agencies, charitable organisations, children's societies, and suppliers) stakeholders.

The trustees are committed to forming strong relationships with the children, young people and families we support. They are mindful that success depends on our ability to engage effectively, work together, and make these stakeholders' views central to the development of our services. Young people are represented on our Nation Committees and help us to recruit our trustees and senior management.

In 2019, the trustees engaged positively with the people we support by visiting two residential services in the North West. Our trustees spent time at:

- Wigan and Bury Disability Service, where they learnt about the volunteer strategy, intensive support family offer, and disability services.
- Manchester Fostering Service, where the trustees met with young people and carers, and discussed the fostering improvement journey, transformation of the service and the digital market

Young people and parents were also among key stakeholders who we engaged with when creating our vision, mission and values. We carried out survey with those who use our services and the Youth Advisory Board.

Partner organisations are expected to comply with the requirements of any professional standards or trade bodies, depending on their activities, and all applicable laws, statutes, regulations and codes of practice relating to safeguarding, antibribery and anti-corruption. Action for Children has a zero-tolerance approach to modern slavery and our Donation Acceptance and Refusal Policy ensures we do not compromise

our mission, values and charitable purpose when raising funds. For more on our fundraising compliance, see page 36. Our vision and values are also promoted to our partners and new providers, ensuring they understand what we stand for as a charity.

The 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 are responsible for establishing and maintaining an effective system of internal controls to provide maximum effectiveness in the detection, prevention and management of risks. They are 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, see page 48.



# Managing risks 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 enhance 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 guidance, CC26.

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 are mindful of the fact 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 workstreams, 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 via the Audit and Risk Committee.

**Risk culture and governance**

**Risk appetite and limits**

**Risk controls and reporting**

**Risk identification and prioritisation**

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 swift responsive and preventative actions can be taken when the need arises.

## 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 obtained, 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, a Board sub-committee that reviews risks on the occasion of each of 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, which 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 across the organisation.
- 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 complemented by our internal Practice Improvement Team, which oversees the safeguarding, operational performance and quality of our children's services.

## Corporate risks

Strategic 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. These risks are regularly reviewed 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. During the year, we successfully tested our business continuity arrangements.

The principal outstanding risks to our strategic objectives are set out below.

### **Coronavirus**

The coronavirus pandemic threatens the health and wellbeing of staff and volunteers, as well as the children, young people and families we support. Delivering services has become difficult and more complex. It will take many months before the full impact of the pandemic becomes clear and more quantifiable.

This unprecedented situation demanded a swift assessment of potential risks and the prioritisation of appropriate actions. Strategic risks, including an increased demand for our services, the organisation's cash flow, and the physical and mental strain on staff, needed urgent attention.

To manage the significant operational risks arising from the outbreak, we invoked our incident management response. This is designed to minimise disruption to service delivery in line with our Business Continuity Policy and associated processes. Following the government's guidelines, we provided staff with the protective equipment and guidance they needed to keep services running.

The crisis has tested our preparedness for a significant unexpected event. It has proven the efficacy of our business continuity procedures, the robustness of our technology infrastructure and remote working facilities, as well as the resilience of our staff and volunteers. In due course, we will reflect on lessons learnt to further strengthen our business continuity planning.

We'll also continue to meet regularly with the Department for Education, local authorities and other key organisations across the four nations to inform their approach to the outbreak.

## Financial performance and sustainability

Anticipated or unexpected pressures on our income streams can adversely impact our ability to support children, young people and families. Our current approach facilitates the early detection of adverse financial trends, prompting appropriate action where possible.

We expect that coronavirus will negatively impact our three main income streams and will increase the risk of a significant reduction in statutory 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.

We're actively managing the evolving financial risks to the organisation's liquidity and cash position as well as reserves as set-out on page 57. This includes instituting a wider transformation plan to reshape the operating model of the organisation to secure its medium to long-term financial sustainability.

## Safeguarding risks

The safety of children, young people and families in our care is our priority. Our comprehensive safeguarding policies and procedures are designed to mitigate potential risks. We aim to continuously improve our working practices.

These efforts are supported by our Central Practice Improvement Team. Strict controls and oversight structures are in place around the supervision of staff working with children.

Safeguarding children during lockdown necessitated the use of extra measures to supplement our usual safeguarding practices. For example, we implemented open-access fortnightly live webinars on a wide range of safeguarding challenges associated with coronavirus. We've enhanced the visibility of safeguarding leaders and created further opportunities to share learning, research and best practice with others from across the UK. The recent introduction of a comprehensive range of facilitated digital training further strengthened our work in this area.

We recently completed an evaluation of our experience of working with children, young people and families, using digital methods to support understanding of what the strengths and limitations of virtual working have been in keeping children and young people safe during the pandemic. This will inform our planning for the future.

## Information security risks

Technological solutions are in place to minimise information security risks that may arise from cyberattacks and attempted data theft, as well as denial-of-service attacks (DoS).

With more staff working remotely, we're alert to the increased risk of cybercrimes, including those using common social engineering techniques like phishing, whaling and ransomware.

We'll continue to ensure that our staff and volunteers remain informed about how to reduce various types of information risks. This includes mandatory training and clear escalation protocols to report any concerns or incidents.

As coronavirus has changed elements of how the organisation delivers certain services, information security will become an integral part of our safeguarding measures over time.

## 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 receive regular performance appraisals and benefit from a comprehensive training programme. Managers also monitor performance and engagement metrics. We continue to hold Investors in People accreditation.

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



## Brexit

We have been closely monitoring the situation with regards to Brexit and put a recovery and resolution plan in place. We remain in close contact with key service providers and stakeholders to better understand the financial and operational impacts of the new Trade and Co-operation Agreement between the UK and the EU.

## Pension liabilities

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 2020, we have made good progress, which is detailed on page 57.

The scheme's investment strategy has also been revised to move to a lower risk asset portfolio over the last year to limit the down-side risk to Action for Children.

## Financial controls

The organisation is also focused on addressing the findings from our external and internal auditors, particularly with respect to financial controls and the use of technology to improve oversight across all operational activities of the charity.

## Health and safety

Health and safety forms an integral part of our organisational risk management and governance approaches. It ensures the effective control of risks to the health and safety of our service users, staff and volunteers. The risk of failing to act in accordance with relevant guidance, laws and regulations that could cause harm, impact upon services and potentially lead to regulatory or legal consequences for the charity is mitigated through the work of our specialised health and safety team, through our training provision and by promoting a safety culture across the organisation. We scrutinise and assure our health and safety controls through third party auditors and our internal Health and Safety Committee.









# Our finances

Everything we do enables us to support our mission to protect and help vulnerable children. This goes for our financial performance, too. Making sure our finances are sound means we can do more for children, young people, and families across the UK.

The last 12 months have been another difficult period for charities. The coronavirus pandemic has also had a significant impact on what we do and the people we support.

We've managed our finances effectively to remain in a stable financial position despite these difficult conditions and a reduction in income from our services. The pressure on local authorities to fund children's services with ever tighter budgets, even before the onset of coronavirus, was impacting our income and margins. This means we've had to find new ways of raising funds to support what we do, as well as constantly reviewing our costs. Our nursery services, which also provide wrap-around childcare, holiday programmes and youth services, have been affected by the restrictions imposed to control the pandemic.

During the year, we also acquired Out of School Scotland Limited, a well-established and leading Scottish provider of after-school clubs, breakfast clubs and holiday programmes, with a turnover of £1.6 million.

We continue to focus our spending on services that have the biggest impact on the lives of children, young people and families. This clearly aligns with our objectives. We have started to invest in residential services and have developed several digital service offers to support families.

**Our supporters and volunteers continued to make a huge difference last year. Their generosity saw income from donations rise by £1.7 million, up 10%. Restricted donations underpinned this growth as gifts for projects such as The Blues Programme increased by £2.6 million. We also launched our first ever emergency appeal towards the end of the financial year. This was very successful and raised over £0.7 million for our Coronavirus Emergency Fund in a short period. However, due to the timing, a major portion of this income is recognised in the following financial year, 2020/21. Unrestricted voluntary income fell by £0.5 million following a drop in the value of legacy gifts, but this was mitigated by increased digital fundraising activity, which brought in an additional £0.4 million. The second year of our Secret Santa appeal tripled income from £0.2 million in 2018/19 to £0.6 million in 2019/20.**

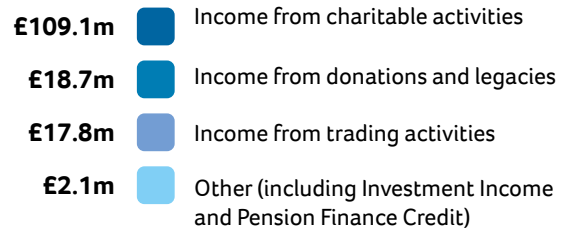
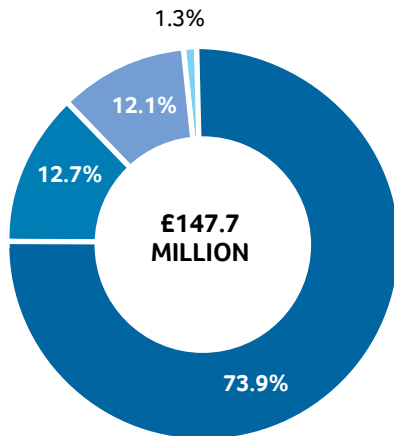
**As we do every year, we looked closely at our support costs and overheads. By spending efficiently and encouraging good working practices, we reduced costs in several areas. Our activity in 2019/20 helped us to achieve a stable total income of £147.7 million. Net loss for the year – before investment and pension valuation movements – was £0.1 million. The Pension Fund value is showing a surplus position of £78 million on the FRS 102 basis. Our results for the year to 31 March 2020 are reported in our statement of financial activities (SOFA). The figures are summarised in the table on the following page.**

## Statement of financial activities

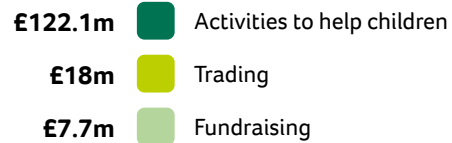
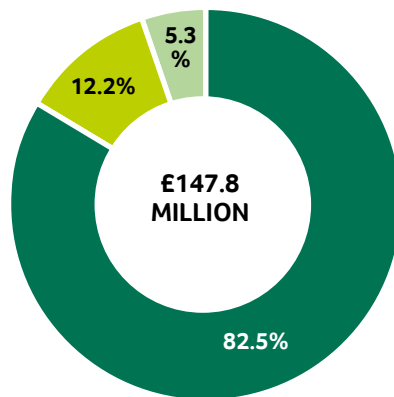
	2019/20 £m	2018/19 £m
Income from donations and legacies	18.7	17.0
Income from trading	17.8	15.8
Investment income and fixed asset disposals	1.0	2.0
Income from charitable activities	109.1	116.0
Pension finance credit	1.1	-
<b>Total income</b>	<b>147.7</b>	<b>150.8</b>
Expenditure on raising donations	(7.7)	(7.7)
Expenditure on trading	(18.0)	(16.4)
Expenditure on charitable activities	(122.1)	(125.1)
<b>Total expenditure</b>	<b>(147.8)</b>	<b>(149.3)</b>
<b>Net (loss) / gain for the year</b>	<b>(0.1)</b>	<b>1.6</b>
(Loss)/gain on investment valuation	(2.3)	5.7
Actuarial (loss)/gain on pension liability	(3.9)	(5.1)
<b>Net movements in funds</b>	<b>(6.3)</b>	<b>2.1</b>



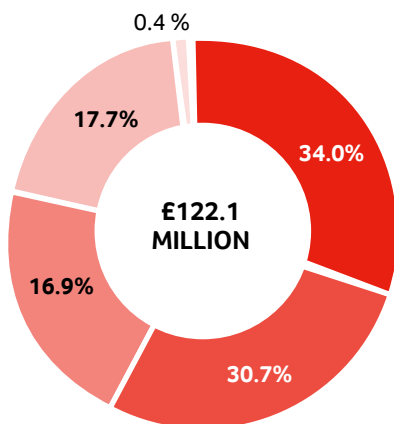
## Total income



## Total expenditure



## Expenditure on activities to help children



## Group financial statements

The Action for Children group's consolidated financial statements include two other charitable trusts. These trusts share common trustees and management.

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. In 2019/20, the Trust granted £0.3 million to Action for Children to support our work with young people.

Four wholly owned subsidiary companies, registered in England, Scotland and Wales, 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 decreased by 5% in 2019/20, to £52.3 million. The company made a profit of £6.6 million in 2019/20, and Gift Aid will be paid to Action for Children so that no corporation tax will be due.
- Action for Children Trading Limited (company number 3776025) is a subsidiary for our fundraising and trading activities. The company made a profit of £0.1 million in 2019/20, 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'. Investment in the brand and running the nurseries saw the company make a profit of £1.0 million in 2019/20 compared to a deficit of £0.2 million in the previous year.
- Out of School Scotland Limited (company number SC264619) is a subsidiary acquired during the financial year, which is a provider of after-school clubs, breakfast clubs and holiday camps. The company made post-acquisition profits of £0.1 million in 2019/20.

## Charity 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 2020, our endowment funds were £8.7 million. Specific-purpose funds were £6.5 million.

- **Unrestricted funds**. (£59.4 million) comprise the general fund (£45.6 million) and the fair value reserve (£13.8 million).

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 (£17.2 million), and a charged asset fund representing the historical cost of those investments over which the Pension Fund has a charge (£10.5m million).

The fair value reserve is the amount by which the fair value of investments exceeds their historical cost (excluding the endowment funds). This reserve totalled £13.8 million at 31 March 2020 and £10.7 million of this reserve relates to those investments which have been charged to the Pension Fund.

The total value of the assets charged to the Pension Fund is £40 million and comprises the charged asset fund of £10.5 million and attributed component of the fair value reserve (£10.7 million) together with operational properties within the capital fund with a market value of £18.8 million.

The remainder of the general fund of £17.8 million is undesignated with the part of the fair value reserve relating thereto amounting to £3.1 million.

- The pension reserve represents 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 to allow an orderly closure of the operation by transferring out the services as appropriate.

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

Our total funds at 31 March 2020 were £74.6 million but some of these funds are held for restricted purposes (£15.2 million) or are designated as funds representing our tangible fixed assets which are held for operational purposes (£17.2 million) and those assets over which the defined benefit pension fund holds a charge which can be exercised in the event of the charity defaulting on its agreed contributions (£21.2 million).



The remaining funds (£21.0 million) constitute our free reserves over which there are no restrictions or designations and are represented by assets which may be employed to enable our normal charitable activities to continue even where there are unforeseen adverse circumstances which 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. This is shown in the financial statements as the general fund and fair value reserve excluding designated funds. 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 ensure 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 general 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 and with no further adjustment to the reserves policy for pension costs being 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 in 2019/20. Investment

decisions and performance are reviewed by the investment committee. We measure the performance of the CFB fund against an agreed benchmark. In 2019/20, our investments overperformed 0.3% above the benchmark. The main general fund performance for the year was a drop of 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 are generating appropriate returns. Against independent ARC indices, the portfolio was 1.9% ahead of the 'Steady Growth' index and 0.1% ahead of the 'Balanced Asset' Index. Investment income was constant year-on-year, at £1.1 million.

## 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 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 2020, calculated on the same basis, was £56.1 million and a funding level of 92%. However, the value as per FRS 102 is a surplus of £78.2 million, which is a funding level of 114%. 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 closely monitor. 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 and updated to reflect the 2018 valuation. Despite market volatilities, we are making good progress to meet the recovery plan funding position. This has been helped by the implementation of the agreed investment strategy. Additional steps have been taken to move to a lower risk asset portfolio over the last year to limit the down-side risk to Action for Children. 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 2019/20, the payment was £3 million.

## Going concern

The trustees reviewed the Charitable group's financial plans in February 2020 and signed off the annual budget and revised five-year forecast. This was before the coronavirus pandemic and the Board was comfortable that the group and charity had sufficient resources to continue operating for the next 12 months. They also recognised the need for strategic change in service delivery as well as cost savings and other efficiencies to allow it to continue to perform well in a competitive market.

As a result of the unexpected impact of coronavirus, the environment changed very quickly from March 2020 onwards, and a lot of uncertainty crept into the business environment and the 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. They used a two-dimensional model that considered working capital as well as the income and expenditure impact, to predict potential scenarios using various assumptions.

Since the year end, certain areas of the business have been adversely affected by the pandemic. Fundraising income in the year to 31 March 2021 is expected to reduce by about approximately 14% from £18.7 million for the year to 31 March 2020, as a result of the cancellation of mass participation and corporate fundraising events. Commercial is projecting a reduction of 30% for the year ended 31 March 2021 from £17.4 million in the year to 31 March 2020. During the lockdown nurseries were only open for vulnerable children or children of key workers. Occupancy dropped to 7% during this time and income from parent fees were lost. The nurseries only reopened to everyone in early June. The Charitable group mitigated these risks by taking advantage of the furlough scheme and other government support where available. We received support in the form of a DfE grant for £1 million. As well as this we were able to defer our 2019/20 quarter 4 VAT payment, due in April 2020 of £1.9 million as well as Q1 PAYE & NI payments of £4.5 million, these deferrals did not impact trading results but supported our cash flow during quarter 1 FY2020/21. It also launched a short-term nationwide emergency appeal, which raised restricted funding of £730,000 in the period from April to July 2020 to support children while helping to reduce the income gap from fundraising activities.

However, it is encouraging to see our core children's services work predict comparable income in the year to 31 March 2021 to that achieved in the year ended 31 March 2020.

The Charitable Group produced a revised two-year forecast in July 2020 to deliver a small surplus of £0.8 million in 2021/22 following a higher deficit of £5.4 million due to the impact of the crisis in 2020/21. This includes a cost reduction plan over 18 months to 31 March 2022, which is the first stage of a

wider transformation plan to reshape the operating model of the organisation and ensure medium to long-term financial sustainability. Actual performance has remained ahead of this revised forecast throughout the current financial year despite the pandemic, as the Charity acted swiftly to mitigate known risks, and the latest results indicate that the operating deficit will be substantially smaller than the forecast deficit of £5.4 million for 2020/21. The forecast was approved by the Board of Trustees and was stress tested to ensure robustness, considering what events would need to happen to cause cash and reserves to drop to a level that would not be sustainable. The trustees have evaluated the probability of realising these risks and are satisfied that the current financial strength of the reserves will allow us to take timely remedial action as necessary to minimise the impact.

The group and parent charitable company has a strong balance sheet with unrestricted reserves in excess of £59 million with anticipated substantial cash balances in the period to 31 March 2022. As such, the trustees remain satisfied that the group and parent charitable company can continue to operate for the next 12 months from the date these accounts are signed and that the accounts have been prepared in the knowledge that the group and parent charitable company is a financially viable organisation.

After making appropriate enquiries, the trustees therefore consider that the group and parent charitable company 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.

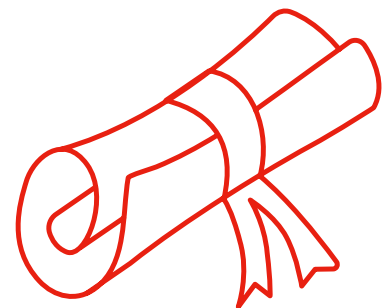
The trustees confirm that:

- So far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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 28 January 2021.

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



# 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 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise the Consolidated and Parent Charity Statements of Financial Activities, the Group and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2020 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## Basis for opinion

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 regulations made under those Acts. 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 group and parent charitable company 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.

## The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain

an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group and company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group and company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group or for a company associated with these particular events.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the trustees' conclusions, we considered the risks associated with the group and company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group and the company will continue in operation.



## Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report, prepared for the purposes of company law, included in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Strategic Report and the Directors' Report included in the Trustees' Report have been prepared in accordance with applicable legal requirements.

## Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Report.

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

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

- Proper and adequate accounting records have

not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or

- The parent charitable company's 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 for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 59, 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 group and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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.

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.

## Use of our report

This report is made solely to the charitable company's members

and trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Carol Rudge BSc FCA**

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
28 January 2021

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



A young girl with dark skin and curly hair, some of which is dyed red, is holding a pink piggy bank. She has a surprised or excited expression on her face, with her mouth open. The piggy bank is a simple, rounded design with a coin slot on its side. The background is a plain, light gray.

# **Financial statements**



# Consolidated statement of financial activities

(incorporating the income and expenditure account)

	Notes	Restricted funds			Total funds 2020
		Unrestricted funds	Specific purpose	Endowment	
		£'000	£'000	£'000	£'000
<b>Income and endowments</b>	3				
Income from donations and legacies		11,749	6,947	16	18,712
Income from trading activities		17,750	-	-	17,750
Investment income		1,018	-	-	1,018
<b>Income from charitable activities</b>					
Best start in life		19,843	-	-	19,843
Disabled children's services		33,474	-	-	33,474
Mental health and chance to thrive		19,258	-	-	19,258
Safe and stable home		36,562	-	-	36,562
		109,137	-	-	109,137
<b>Other income</b>					
Net gain on disposal of fixed assets		3	-	-	3
Pension finance credit	6	1,047	-	-	1,047
<b>Total income and endowments</b>		<b>140,704</b>	<b>6,947</b>	<b>16</b>	<b>147,667</b>
<b>Expenditure</b>	4, 5				
<b>Expenditure on raising funds</b>					
Donations and legacies		7,660	-	16	7,676
Trading		18,006	-	-	18,006
Investment management costs		35	-	-	35
		25,701	-	16	25,717
<b>Expenditure on charitable activities</b>	4				
Best start in life		19,981	738	-	20,719
Disabled children's services		37,099	376	-	37,475
Mental health and chance to thrive		19,503	2,223	-	21,726
Safe and stable home		40,337	1,228	-	41,565
Campaigning and public policy		649	-	-	649
(expenditure)/		117,569	4,565	-	122,134
<b>Total expenditure</b>		<b>143,270</b>	<b>4,565</b>	<b>16</b>	<b>147,851</b>
Net (loss)/gain on investments	9	(580)	-	(1,681)	(2,261)
<b>Net (expenditure)/income for the year before transfers</b>		<b>(3,146)</b>	<b>2,382</b>	<b>(1,681)</b>	<b>(2,445)</b>
Transfers between funds	14	18	(163)	145	-
<b>Net (loss)/income for the year before other recognised gains and losses</b>		<b>(3,128)</b>	<b>2,219</b>	<b>(1,536)</b>	<b>(2,445)</b>
<b>Other recognised gains/(losses)</b>					
Actuarial (loss)/gain on pension liability	6	(3,865)	-	-	(3,865)
<b>Net movement in funds</b>		<b>(6,993)</b>	<b>2,219</b>	<b>(1,536)</b>	<b>(6,310)</b>
<b>Funds brought forward</b>	14	<b>66,364</b>	<b>4,316</b>	<b>10,234</b>	<b>80,914</b>
<b>Funds carried forward</b>	14	<b>59,371</b>	<b>6,535</b>	<b>8,698</b>	<b>74,604</b>

All activities derive from continuing operations. The loss for the year, including realised and unrealised losses of £2,261,000, was £6,310,000 (2019 surplus of £7,243,000, including realised and unrealised gains of £5,696,000).

# Consolidated statement of financial activities (continued)

(incorporating the income and expenditure account)

	Unrestricted funds	Restricted funds		Total funds 2019
		Specific purpose	Endowment	
	£'000	£'000	£'000	£'000
<b>Income and endowments</b>				
Income from donations and legacies	12,556	4,408	-	16,964
Income from trading activities	15,779	-	-	15,779
Investment income	1,025	92	-	1,117
<b>Income from charitable activities</b>				
Best start in life	26,538	507	-	27,045
Disabled children's services	33,352	-	-	33,352
Mental health and chance to thrive	19,034	-	-	19,034
Safe and stable home	35,812	756	-	36,568
	114,736	1,263	-	115,999
<b>Other income</b>				
Net gain on disposal of fixed assets	926	-	-	926
Pension finance credit	51	-	-	51
<b>Total income and endowments</b>	<b>145,073</b>	<b>5,763</b>	<b>-</b>	<b>150,836</b>
<b>Expenditure</b>				
<b>Expenditure on raising funds</b>				
Donations and legacies	7,694	-	-	7,694
Trading	16,448	-	-	16,448
Investment management costs	34	-	-	34
	24,176	-	-	24,176
<b>Expenditure on charitable activities</b>				
Best start in life	26,523	888	-	27,411
Disabled children's services	34,518	452	-	34,970
Mental health and chance to thrive	21,246	2,687	-	23,933
Safe and stable home	36,658	1,477	-	38,135
Campaigning and public policy	664	-	-	664
	119,609	5,504	-	125,113
<b>Total expenditure</b>	<b>143,785</b>	<b>5,504</b>	<b>-</b>	<b>149,289</b>
Net gain/(loss) on investments	5,229	-	467	5,696
<b>Net income for the year before transfers</b>	<b>6,517</b>	<b>259</b>	<b>467</b>	<b>7,243</b>
Transfers between funds	(81)	81	-	-
<b>Net (loss)/income for the year before other recognised gains and losses</b>	<b>6,436</b>	<b>340</b>	<b>467</b>	<b>7,243</b>
<b>Other recognised gains/(losses)</b>				
Actuarial (loss)/gain on pension liability	(5,104)	-	-	(5,104)
<b>Net movement in funds</b>	<b>1,332</b>	<b>340</b>	<b>467</b>	<b>2,139</b>
<b>Funds brought forward</b>	<b>65,032</b>	<b>3,976</b>	<b>9,767</b>	<b>78,775</b>
<b>Funds carried forward</b>	<b>66,364</b>	<b>4,316</b>	<b>10,234</b>	<b>80,914</b>

# Charity statement of financial activities

(incorporating the income and expenditure account)

	Notes	Restricted funds			Total funds 2020
		Unrestricted funds	Specific purpose	Endowment	
		£'000	£'000	£'000	£'000
<b>Income and endowments</b>	3				
Income from donations and legacies		16,407	6,947	-	23,354
Investment income		744	-	-	744
<b>Income from charitable activities</b>					
Best start in life		17,807	-	-	17,807
Disabled children's services		33,013	-	-	33,013
Mental health and chance to thrive		17,124	-	-	17,124
Safe and stable home		35,173	-	-	35,173
Campaigning and public policy		-	-	-	-
		103,117	-	-	103,117
<b>Other income</b>					
Net gain on disposal of fixed assets		3	-	-	3
Pension finance credit	6	1,047	-	-	1,047
<b>Total income and endowments</b>		<b>121,318</b>	<b>6,947</b>	-	<b>128,265</b>
<b>Expenditure</b>	4, 5				
<b>Expenditure on raising funds</b>					
Donations and legacies		7,655	-	-	7,655
Investment management costs		35	-	-	35
		7,690	-	-	7,690
<b>Expenditure on charitable activities</b>					
Best start in life		20,626	738	-	21,364
Disabled children's services		36,346	376	-	36,722
Mental health and chance to thrive		21,327	2,223	-	23,550
Safe and stable home		39,361	1,228	-	40,589
Campaigning and public policy		649	-	-	649
		118,309	4,565	-	122,874
<b>Total expenditure</b>		<b>125,999</b>	<b>4,565</b>	-	<b>130,564</b>
Net gain/(loss) on investments	9	(580)	-	-	(580)
<b>Net (expenditure) / income for year before transfers</b>		<b>(5,261)</b>	<b>2,382</b>	-	<b>(2,879)</b>
Transfers between funds	15	163	(163)	-	-
<b>Net (loss)/income for the year before other recognised gains and losses</b>		<b>(5,098)</b>	<b>2,219</b>	-	<b>(2,879)</b>
<b>Other recognised gains/(losses)</b>					
Actuarial (loss)/gain on pension liability	6	(3,865)	-	-	(3,865)
<b>Net movement in funds</b>		<b>(8,963)</b>	<b>2,219</b>	-	<b>(6,744)</b>
<b>Funds brought forward</b>	15	<b>61,766</b>	<b>4,316</b>	-	<b>66,082</b>
<b>Funds carried forward</b>	15	<b>52,803</b>	<b>6,535</b>	-	<b>59,338</b>

All activities derive from continuing operations. The loss for the year, including realised and unrealised losses of £580,000, was £6,744,000 (2019 surplus of £4,947,000, including realised and unrealised gains of £5,219,000).

# Charity statement of financial activities (continued)

(incorporating the income and expenditure account)

	Unrestricted funds	Restricted funds		Total funds 2019
		Specific purpose	Endowment	
	£'000	£'000	£'000	£'000
<b>Income and endowments</b>				
Income from donations and legacies	17,598	4,408	-	22,006
Investment income	782	-	-	782
<b>Income from charitable activities</b>				
Best start in life	21,569	507	-	22,076
Disabled children's services	31,661	-	-	31,661
Mental health and chance to thrive	14,534	-	-	14,534
Safe and stable home	40,085	756	-	40,841
Campaigning and public policy	150	-	-	150
	107,999	1,263	-	109,262
<b>Other income</b>				
Net gain on disposal of fixed assets	926	-	-	926
Pension finance credit	51	-	-	51
<b>Total income and endowments</b>	<b>127,356</b>	<b>5,671</b>	<b>-</b>	<b>133,027</b>
<b>Expenditure</b>				
<b>Expenditure on raising funds</b>				
Donations and legacies	7,839	-	-	7,839
Investment management costs	34	-	-	34
	7,873	-	-	7,873
<b>Expenditure on charitable activities</b>				
Best start in life	26,235	859	-	27,094
Disabled children's services	34,916	434	-	35,350
Mental health and chance to thrive	21,309	2,660	-	23,969
Safe and stable home	36,886	1,459	-	38,345
Campaigning and public policy	668	-	-	668
	120,014	5,412	-	125,426
<b>Total expenditure</b>	<b>127,887</b>	<b>5,412</b>	<b>-</b>	<b>133,299</b>
Net gain/(loss) on investments	5,219	-	-	5,219
<b>Net income for the year before transfers</b>	<b>4,688</b>	<b>259</b>	<b>-</b>	<b>4,947</b>
Transfers between funds	(81)	81	-	-
<b>Net (loss)/income for the year before other recognised gains and losses</b>	<b>4,607</b>	<b>340</b>	<b>-</b>	<b>4,947</b>
<b>Other recognised gains/(losses)</b>				
Actuarial (loss)/gain on pension liability	(5,104)	-	-	(5,104)
<b>Net movement in funds</b>	<b>(497)</b>	<b>340</b>	<b>-</b>	<b>(157)</b>
<b>Funds brought forward</b>	<b>62,263</b>	<b>3,976</b>	<b>-</b>	<b>66,239</b>
<b>Funds carried forward</b>	<b>61,766</b>	<b>4,316</b>	<b>-</b>	<b>66,082</b>



# Balance sheet

As at 31 March 2020

	Notes	Group		Charity	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	7	17,204	16,990	17,190	16,990
Intangible fixed assets	8	1,462	649	1,462	649
Investments	9	36,517	52,089	27,718	41,609
		<b>55,183</b>	<b>69,728</b>	<b>46,370</b>	<b>59,248</b>
<b>Current assets</b>					
Debtors	10	23,445	25,818	14,109	17,241
Notice deposits		3,852	7,809	3,700	7,725
Cash		11,596	841	11,096	316
		<b>38,893</b>	<b>34,468</b>	<b>28,905</b>	<b>25,282</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(17,752)</b>	<b>(20,992)</b>	<b>(14,217)</b>	<b>(16,158)</b>
<b>Net current assets</b>		<b>21,141</b>	<b>13,476</b>	<b>14,688</b>	<b>9,124</b>
<b>Total assets less current liabilities</b>		<b>76,324</b>	<b>83,204</b>	<b>61,058</b>	<b>68,372</b>
<b>Provisions for liabilities</b>	12	<b>(1,720)</b>	<b>(2,290)</b>	<b>(1,720)</b>	<b>(2,290)</b>
<b>Net assets</b>		<b>74,604</b>	<b>80,914</b>	<b>59,338</b>	<b>66,082</b>
<b>Funds</b>					
<b>Restricted funds:</b>					
Endowments		8,698	10,234	-	-
Specific purpose		6,535	4,316	6,535	4,316
<b>Total restricted funds</b>		<b>15,233</b>	<b>14,550</b>	<b>6,535</b>	<b>4,316</b>
<b>Unrestricted funds:</b>					
General		45,555	46,478	38,987	41,880
Fair value reserve		13,816	19,886	13,816	19,886
<b>Total unrestricted funds</b>		<b>59,371</b>	<b>66,364</b>	<b>52,803</b>	<b>61,766</b>
<b>Total funds</b>	14,15	<b>74,604</b>	<b>80,914</b>	<b>59,338</b>	<b>66,082</b>

The notes on pages 70-95 form part of these financial statements.

These accounts were approved by the Board of Trustees on 28 January 2021 and signed on its behalf.

Sarika Patel  
Chair  
Company number 4764232

Richard Cryer  
Trustee

# Consolidated cash flow statements

For the year ended 31 March 2020

		Group	
		2020	2019
	Notes	£'000	£'000
<b>Net cash outflow from operating activities (below)</b>		<b>(5,712)</b>	<b>(2,990)</b>
<b>Cash flows from investing activities</b>			
Interest received	3	170	117
Dividends received	3	435	634
Rental income from investment properties	3	413	366
Purchase of subsidiary (net of cash acquired)	8	(726)	
Proceeds of sale of tangible fixed assets		3	1,022
Purchase of tangible fixed assets	7	(1,096)	(2,524)
Purchase of intangible fixed assets	8	-	(680)
Proceeds of sale of investments	9	16,728	5,180
Purchase of investments	9	(3,417)	(5,180)
<b>Net cash provided by investing activities</b>		<b>12,510</b>	<b>(1,065)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>6,798</b>	<b>(4,055)</b>
Cash and cash equivalents		8,650	12,705
Cash and cash equivalents		15,448	8,650

## Reconciliation of net expenditure to net cash outflow from operating activities

Net income for the year (as per the statement of financial activities)		(2,445)	7,243
<b>Adjustments for:</b>			
Depreciation charges	7,8	1,110	1,070
Net (gains)/losses on investment assets		2,261	(5,696)
Investment income	3	(1,018)	(1,117)
Net (gains) on disposal of tangible fixed assets		(3)	(926)
Pension current service and administration cost	6	1,525	3,664
Pension finance charge	6	(1,047)	(51)
Pension employer contributions	6	(4,343)	(8,850)
(Increase)/decrease in debtors		3,481	(1,036)
Increase/(decrease) in creditors		(4,663)	2,460
(Decrease) in provision for liabilities	12	(570)	249
<b>Net cash outflow from operating activities</b>		<b>(5,712)</b>	<b>(2,990)</b>

## Analysis of cash and cash equivalents

Cash in hand		11,596	841
Notice deposits (less than 3 months)		3,852	7,809
<b>Total cash and cash equivalents</b>		<b>15,448</b>	<b>8,650</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 Standard applicable in the UK and Republic of Ireland (FRS 102)" (Charities SORP (FRS102)) issued on 2 October 2019 and the "Financial Reporting Standard applicable in the United Kingdom 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.

### Going concern

The trustees reviewed the Charitable group's financial plans in February 2020 and signed off the annual budget and revised five-year forecast. This was before the coronavirus pandemic and the Board was comfortable that the group and charity had sufficient resources to continue operating for the next 12 months. They also recognised the need for strategic change in service delivery as well as cost savings and other efficiencies to allow it to continue to perform well in a competitive market.

As a result of the unexpected impact of coronavirus, the environment changed very quickly from March 2020 onwards, and a lot of uncertainty crept into the business environment and the 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. They used a two-dimensional model that considered working capital as well as the income and expenditure impact, to predict potential scenarios using various assumptions.

Since the year end, certain areas of the business have been adversely affected by the pandemic. Fundraising income in the year to 31 March 2021 is expected to reduce by about approximately 14% from £18.7 million for the year to 31 March 2020, as a result of the cancellation of mass participation and corporate fundraising events. Commercial is projecting a reduction of 30% for the year ended 31 March 2021 from £17.4 million in the year to 31 March 2020. During the lockdown nurseries were only open for vulnerable children or children of key workers. Occupancy dropped to 7% during this time and income from parent fees were lost. The nurseries only reopened to everyone in early June. The Charitable group mitigated these risks by taking advantage of the furlough

scheme and other government support where available. We received support in the form of a DfE grant for £1 million. As well as this we were able to defer our 2019/20 quarter 4 VAT payment, due in April 2020 of £1.9 million as well as Q1 PAYE & NI payments of £4.5 million, these deferrals did not impact trading results but supported our cash flow during quarter 1 FY2020/21. It also launched a short-term nationwide emergency appeal, which raised restricted funding of £730,000 in the period from April to July 2020 to support children while helping to reduce the income gap from fundraising activities.

However, it is encouraging to see our core children's services work predict comparable income in the year to 31 March 2021 to that achieved in the year ended 31 March 2020.

The Charitable Group produced a revised two-year forecast in July 2020 to deliver a small surplus of £0.8 million in 2021/22 following a higher deficit of £5.4 million due to the impact of the crisis in 2020/21. This includes a cost reduction plan over 18 months to 31 March 2022, which is the first stage of a wider transformation plan to reshape the operating model of the organisation and ensure medium to long-term financial sustainability. Actual performance has remained ahead of this revised forecast throughout the current financial year despite the pandemic, as the Charity acted swiftly to mitigate known risks, and the latest results indicate that the operating deficit will be substantially smaller than the forecast deficit of £5.4 million for 2020/21. The forecast was approved by the Board of Trustees and was stress tested to ensure robustness, considering what events would need to happen to cause cash and reserves to drop to a level that would not be sustainable. The trustees have evaluated the probability of realising these risks and are satisfied that the current financial strength of the reserves will allow us to take timely remedial action as necessary to minimise the impact.

The group and parent charitable company has a strong balance sheet with unrestricted reserves in excess of £59 million with anticipated substantial cash balances in the period to 31 March 2022. As such, the trustees remain satisfied that the group and parent charitable company can continue to operate for the next 12 months from the date these accounts are signed and that the accounts have been prepared in the knowledge that the group and parent charitable company is a financially viable organisation.

After making appropriate enquiries, the trustees therefore consider that the group and parent charitable company 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.

## Income

All incoming resources are included in the SOFA when the charity is legally entitled to the income; there is a high degree of probability of receipt of the income; 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.

## 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. The estimates and underlying assumptions are reviewed on an ongoing basis. 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:

- Pension actuarial assumptions (see note 6).
- Investment property valuations (see note 9).

## 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 operating expenses of social work 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. 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.

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 comprising both the general fund and the fair value reserve 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.

The fair value reserve is the amount by which the fair value of investments exceeds their historical cost (excluding the endowment funds).

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).

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

Assets in the course of construction	No depreciation
Freehold buildings	50 years
Leasehold land and buildings	10 years or lease period if shorter
Equipment	4 years
Computer software	4 years
Computer software (major)	5 years
Furniture and fittings	5 years
Motor vehicles	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 would typically be determined by reference to an external valuation report, and any loss would be recognised in the SOFA 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 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 revalued at the end of each year on the basis of open market value. The valuations have been prepared by external firms of chartered surveyors.

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 in 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.

## 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		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Donations and legacies</b>				
Donations	15,080	12,908	19,722	17,950
Legacies	3,632	4,056	3,632	4,056
	18,712	16,964	23,354	22,006

Specific purpose receipts included above are £6,947,000 for donations (2019: £4,408,000).

### Charity income

Total incoming resources for the charity were £128,265,000 (2019: £133,027,000) as per the charity statement of financial activities.

Incoming resources of the charity for the year includes a management fee of £45,200,000 (2019: £50,511,000) from its subsidiary Action for Children Services Limited. In 2018/19 a contract for the provision of children's services was incorrectly accounted for in the subsidiary company, Action for Children's Services Limited rather than in the charity. The income arising from this contract was £8.6m and the associated expenditure was £7.9 million. In the charity's SOFA,

no adjustment has been made for this misallocation on the grounds of materiality. However, in the individual financial statements of the subsidiary a prior adjustment has been made.

Incoming resources from its subsidiaries also include Gift Aid payments and donations as follows:

- Action for Children Services Limited:  
£4,743,970 (2019: £2,788,013)
- Action for Children Trading Limited: £196,430  
(2019: £113,895)
- National Children's Home £45,542 (2019: £212,586)

- Nicholas Galperin Trust £300,000 (2019: £150,000)

Gift aid payments received are included under Donations. Management fees received are included under income from charitable activities in the charity statement of financial activities. .

### Subsidiaries and associated charities

Action for Children Services Limited, Action for Children Trading Limited and Action for Children Developments Limited are

wholly owned trading subsidiaries of Action for Children, the charity. They are engaged in delivering welfare and educational services on behalf of the charity, fundraising, and commercial activities respectively. All profits are Gift Aid-ed to the charity. The associated and unincorporated charities National Children's Home (NCH), the unincorporated charity, and Nicholas Galperin Trust are associated charities that share common trustees and management. Out of School Scotland Limited ('OSCARs') was acquired during the year and provides services relating to after-school clubs, breakfast clubs and holiday clubs.

## 3. Income and endowments (continued)

A summary of the results for the year ended 31 March 2020 is given below:

	Trading subsidiaries				Associated charities		Total 2020	Total 2019 *
	Services	Trading	OSCARs	Developments	NCH	Nicholas Galperin		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	52,331	117	1,438	15,997	-	-	69,883	70,562
Cost of sales	(45,678)	(25)	(1,333)	(13,986)	-	-	(61,022)	(65,504)
Gross profit	6,653	92	105	2,011	-	-	8,861	5,058
Charitable activities	-	-	-	-	(45)	(303)	(348)	(367)
Administration costs	(17)	(5)	-	(1,000)	-	-	(1,022)	(996)
Surplus/(deficit) on ordinary activities before investment	6,636	87	105	1,011	(45)	(303)	7,491	3,695
Investment income	-	-	-	-	184	106	290	336
Net (losses)/gains on investment assets	-	-	-	-	(1,069)	(612)	(1,681)	478
Surplus/(deficit) on ordinary activities before tax	6,636	87	105	1,011	(930)	(809)	6,100	4,509
Tax on ordinary activities		(2)					(2)	
Retained earning brought forward	4,054	225		(703)	6,662	3,931	14,169	12,549
Donations under gift aid	(4,744)	(196)					(4,940)	(2,889)
Retained earnings carried forward	5,946	114	105	308	5,732	3,122	15,327	14,169

\*Total subsidiary turnover and cost of sales for 2018/19 has been reduced by £8,624,000 and £7,934,000 from the figures stated in the financial statements for 2018/19 due to the prior year adjustment as detailed in the above section under 'charity income'.

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

	Trading subsidiaries				Associated charities		Total 2020	Total 2019
	Services	Trading	OSCARs	Developments	NCH	Nicholas Galperin		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets	-	-	13	-	5,594	3,205	8,812	10,479
Current assets	11,307	598	466	1,489	138	170	14,168	18,742
Creditors	(5,361)	(484)	(374)	(1,181)	-	(253)	(7,653)	(14,390)
Net assets	5,946	114	105	308	5,732	3,122	15,327	14,831

As noted above, the amounts for Action for Children Services Limited have been restated

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Investment and other income</b>				
CFB funds - UK	384	566	113	232
CFB funds - Overseas	51	68	51	68
Interest income	170	117	169	116
Income from securities	605	751	333	416
Rental income from investment properties	413	366	411	366
	1,018	1,117	744	782

## 4. Expenditure

Group	Direct costs	Support costs	Total 2020	Direct costs	Support costs	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure on raising funds</b>						
Donations	6,796	656	7,452	7,187	256	7,443
Legacies	204	20	224	247	4	251
	7,000	676	7,676	7,434	260	7,694
Trading	16,419	1,587	18,006	14,701	1,747	16,448
Investment management costs	35	-	35	34	-	34
	23,454	2,263	25,717	22,169	2,007	24,176
<b>Expenditure on charitable activities</b>						
Best start in life	18,899	1,820	20,719	25,627	1,784	27,411
Disabled children's services	34,181	3,294	37,475	32,366	2,604	34,970
Mental health and chance to thrive	19,818	1,908	21,726	22,682	1,251	23,933
Safe and stable home	37,915	3,650	41,565	36,545	1,590	38,135
Campaigning and public policy	592	57	649	645	19	664
	111,405	10,729	122,134	117,865	7,248	125,113
<b>Total expenditure</b>	<b>134,859</b>	<b>12,992</b>	<b>147,851</b>	<b>140,034</b>	<b>9,255</b>	<b>149,289</b>

Charity	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure on raising funds</b>						
Donations	6,761	656	7,417	7,274	314	7,588
Legacies	224	14	238	247	4	251
	6,985	670	7,655	7,521	318	7,839
Investment management costs	35	-	35	34	-	34
	7,020	670	7,690	7,555	318	7,873
<b>Expenditure on charitable activities</b>						
Best start in life	19,224	2,140	21,364	24,910	2,184	27,094
Disabled children's services	33,044	3,678	36,722	32,161	3,189	35,350
Mental health and chance to thrive	21,191	2,359	23,550	22,437	1,532	23,969
Safe and stable home	36,524	4,065	40,589	36,398	1,947	38,345
Campaigning and public policy	584	65	649	644	24	668
	110,567	12,307	122,874	116,550	8,876	125,426
<b>Total expenditure</b>	<b>117,587</b>	<b>12,977</b>	<b>130,564</b>	<b>124,105</b>	<b>9,194</b>	<b>133,299</b>

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 £5.0 million; property £2.0 million; finance £1.7 million; strategy £1.4 million; HR £1.1 million; other £1.8 million. Details of governance costs are outlined later in this note.



## 4. Expenditure (continued)

### Trustee costs

11 trustees were reimbursed travel expenses totalling £6,000 (2019: 9 recipients of £10,000).

The charity purchased insurance for its 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 (2019: £3,000).

Trustees are not entitled to and did not receive any remuneration in 2019/20.

	2020	2019
	£'000	£'000
<b>Fees payable to the auditors of Action for Children</b>		
In respect of the charity audit	238	92
In respect of subsidiary and associated trust audits	24	21
	262	113
In respect of certificates for project partners	4	47
In respect of tax and other advice	26	42
	292	202
<b>Value Added Tax (VAT)</b>		
As stated in the accounting policy, Action for Children is unable to reclaim all the VAT which it suffers on its purchases of goods and services. During the year the cost of irrecoverable VAT amounted to:	2,412	2,638
<b>Rentals under operating leases</b>		
Plant and machinery	13	(7)
Land and buildings	2,105	2,103
	2,118	2,096
<b>Depreciation</b>	895	997
<b>Governance costs</b>		
Wages, salaries and related costs	460	452
Internal and external audit fees	250	183
Legal fees	25	20
Other costs	130	156
	865	811

Governance costs are included within support costs.



## 5. Employees' emoluments

	2020	2019
	£'000	£'000
Staff costs comprise:		
Wages and salaries	82,125	80,109
Redundancy costs	312	1,494
Termination payments	88	102
Temporary staff costs	5,588	7,115
Social security costs	6,334	6,313
Apprenticeship levy	381	378
Action for Children Pension Fund - defined benefit current service cost	107	108
Action for Children Pension Fund - defined contribution cost	3,523	3,472
Teachers' Pension Scheme, Local Government Pension Scheme and NHS Pension Fund contributions	562	592
	99,020	99,683

Included in the redundancy costs is £133,000 (2019: £700,000) 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.

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.

## 5. Employees' emoluments (continued)

	2020	2019
	£'000	£'000
<b>The average number of employees during the year was:</b>		
Fundraising	163	130
Trading	861	820
Charitable activities	3,777	3,496
Support services	189	162
	4,990	4,608
<b>Number of full-time equivalents at year end</b>	<b>3,116</b>	<b>3,007</b>
<b>The number of staff whose emoluments fell within each of the following bands was:</b>		
£60,001 to £70,000	29	18
£70,001 to £80,000	10	15
£80,001 to £90,000	8	7
£90,001 to £100,000	2	2
£100,001 to £110,000	-	1
£110,001 to £120,000	2	-
£120,001 to £130,000	1	2
£130,000 to £140,000	1	-

Of the staff listed above, 43 were accruing benefits under the Action for Children Pension Fund defined contribution section (2019: 43). The amount of contribution paid in respect of these staff to the scheme was £195,000 (2019: £200,000).

The total emoluments paid in 2019/20 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.

As shown in note 4, trustees are not entitled to and do not receive any remuneration.

	Total emoluments 2019/20	Current annual salary	Contribution to pension scheme
	£	£	%
Chief Executive Officer - Julie Bentley (from 1 August 2018 to 28 February 2020)	135,000	-	7%
Interim Chief Executive Officer - Melanie Armstrong (from 3 March 2020)	10,760	129,125	0%
Deputy CEO and Managing Director of Children's Services - Carol Iddon	132,500	132,500	7%
Managing Director Fundraising, Communications and Policy - Nicholas Jones	123,333	123,333	7%
Chief Finance Officer - Hari Punchihewa (from 1 December)	41,111	123,333	0%
Chief People Officer - Michael Knight	87,150	87,150	7%
Commercial Director - Emma Horne	92,189	95,000	7%
	622,043	690,440	

The total cost of key management personnel for 2019/2020 was £622,043 (2018/2019: £478,570) excluding any costs in relation to termination of employment. Inclusive of such costs the aggregate amounts were: £ 690,098 (2018/2019: £572,795).

## 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 trade 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 a 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 £38.4 million, 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 £3 million 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 receipts from some property sales, less any investment in property, may at the discretion of the pension trustees 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 £4,343,000 (2019: £8,850,000).

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 2020 was:

	2020	2019
Active members - defined benefit section	4	17
Active members - defined contribution section	2,841	2,880
	2,845	2,897
Deferred members	8,401	7,846
Pensioner members	2,734	2,655
	13,980	13,398



## 6. Pensions (continued)

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 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 2020, on the ongoing valuation basis used for the triennial valuation, the deficit was £56.1 million, a funding level of 92%. The FRS 102 position shown below is a surplus of £78.2 million, a funding level of 113%.

It is the ongoing valuation basis that 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 is 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 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 FRS 102 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 £78,160,000 has not been recognised.

### 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

	2020	2019
Inflation - RPI	2.60% pa	3.25% pa
Inflation - CPI	1.80% pa	2.25% pa
Rate of increase in salaries	2.00% pa	3.75% pa
Rate of increase in pensions in payment	3.10% pa	3.10% pa
Rate of increase in deferred pensions	2.20% pa	2.25% pa
Discount rate	2.30% pa	2.40% pa

### Demographic assumptions

	2020		2019	
	Males	Females	Males	Females
<b>Average life expectancy in years:</b>				
Member currently aged 60	87.1	89.2	86.8	89.0
Member currently aged 40, aged 60 in 2038	88.1	90.4	87.9	90.2

## 6. Pensions (continued)

The Action for Children Pension Fund subscribes to ClubVita (a subsidiary of Hymans Robertson), which provides demographic and longevity analysis based on pooled experience from occupational pension schemes. The mortality assumption derived for the Fund is calculated with reference to key characteristics of each individual member

within the Fund that is known to affect life expectancy. It considers and takes into account each member's affluence, lifestyle, age, gender and retirement type. The future improvements in longevity are assumed to be in line with the core assumptions of the 2018 CMI model with a long-term improvement rate of 1.5% per year for males and females.

### Balance sheet position

	2020		2019	
	Value	Asset allocation	Value	Asset allocation
	£'000	%	£'000	%
Liability driven investment fixed interest	7,911	1	271,800	42
Government fixed interest	113,408	18	-	-
Equities	92,215	14	208,500	32
Corporate debt	268,074	42	18,700	3
Property	133,756	21	121,900	19
Diversified growth funds	-	-	19,200	3
Net current assets	21,796	3	3,032	0
Total fair value of assets	637,160	100	643,132	100
Actuarial value of liabilities	(559,000)		(600,369)	
Surplus for FRS 102 purposes	78,160		42,763	
Derecognition of surplus	(78,160)		(42,763)	
	-		-	

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

	2020	2019
	£'000	£'000
Current service cost	(107)	(108)
Administration costs	(1,418)	(1,896)
Past service cost	-	(1,660)
<b>Charged to total expenditure</b>	<b>(1,525)</b>	<b>(3,664)</b>
Interest income on the Pension Fund assets	15,229	15,489
Interest cost on the Pension Fund liabilities	(14,182)	(15,438)
<b>Pension finance charge</b>	<b>1,047</b>	<b>51</b>
	£'000	£'000
Actual return on assets excluding amounts included in net interest	(5,356)	26,100
Actuarial gain/(loss) on liabilities	36,888	11,559
Adjustment for derecognition of Pension Fund surplus	(35,397)	(42,763)
<b>Total recognised actuarial (loss)</b>	<b>(3,865)</b>	<b>(5,104)</b>

## 6. Pensions (continued)

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

	Assets 2020	Liabilities 2020	Fund 2020	Assets 2019	Liabilities 2019	Fund 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Assets/(liabilities) at the start of the year	643,132	(600,369)	42,763	614,441	(614,574)	(133)
Interest income/(cost)	15,229	(14,182)	1,047	15,489	(15,438)	51
Current service cost	-	(107)	(107)	-	(108)	(108)
Administration costs	-	(1,418)	(1,418)	-	(1,896)	(1,896)
Past service cost	-	-	-	-	(1,660)	(1,660)
Contributions by members	15	(15)	-	18	(18)	-
Contributions by the employer	4,343	-	4,343	8,850	-	8,850
Actuarial gain/(loss)	(5,356)	36,888	31,532	26,100	11,559	37,659
Benefits and expenses paid	(20,203)	20,203	-	(21,766)	21,766	-
Assets/(liabilities) at the end of the year	637,160	(559,000)	78,160	643,132	(600,369)	42,763

### Sensitivity of the Pension Fund liabilities

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

	Change in assumption	Impact on Pension Fund	Impact on Pension Fund
		Liabilities %	Liabilities £m
<b>Assumption</b>			
Discount rate	+/- 0.1%	-/+ 1.61%	-/+ £9.8m
Rate of inflation	+/- 0.1%	+/- 1.23%	+/- £7.3m
Rate of salary growth	+/- 0.1%	+/- 0.01%	+/- £0m
Life expectancy	+/- 1 year	+/- 3.85%	+/- £22.4m

## 7. Tangible fixed assets

	Assets in the course of construction	Freehold land and buildings	Leasehold land and buildings	Computers and equipment	Furniture and fittings	Motor vehicles	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 April 2019	62	24,639	4,256	17,067	3,450	1,780	51,254
Additions	237	816	-	42	-	-	1,095
Acquisitions	-	-	-	14	-	-	14
Disposals	-	-	(656)	(3,158)	-	(27)	(3,841)
At 31 March 2020	299	25,455	3,600	13,965	3,450	1,753	48,522
<b>Depreciation</b>							
At 1 April 2019	-	9,127	3,551	16,500	3,416	1,670	34,264
Charges for year	-	349	113	348	20	65	895
Disposals	-	-	(656)	(3,158)	-	(27)	(3,841)
At 31 March 2020	-	9,476	3,008	13,690	3,436	1,708	31,318
<b>Net book value:</b>							
At 31 March 2020	299	15,979	592	276	14	45	17,204
At 31 March 2019	62	15,512	705	567	34	110	16,990

	Assets in the course of construction	Freehold land and buildings	Leasehold land and buildings	Computers and equipment	Furniture and fittings	Motor vehicles	Total
Charity	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 April 2019	62	24,639	4,256	17,067	3,450	1,780	51,254
Additions	237	816	-	42	-	-	1,095
Disposals	-	-	(656)	(3,158)	-	(27)	(3,841)
At 31 March 2020	299	25,455	3,600	13,951	3,450	1,753	48,508
<b>Depreciation</b>							
At 1 April 2019	-	9,127	3,551	16,500	3,416	1,670	34,264
Charges for year	-	349	113	348	20	65	895
Disposals	-	-	(656)	(3,158)	-	(27)	(3,841)
At 31 March 2020	-	9,476	3,008	13,690	3,436	1,708	31,318
<b>Net book value:</b>							
At 31 March 2020	299	15,979	592	261	14	45	17,190
At 31 March 2019	62	15,512	705	567	34	110	16,990



## 7. Tangible fixed assets (continued)

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 £5,539,000 (2019: £5,539,000).

Of the total cost or valuation of leasehold land and buildings £2,253,000 (2019: £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 2020 amounted to £nil (2019: £nil).

Commitments to operating lease payments were:

	Land and buildings	Plant and equipment	2020	2019
	£'000	£'000	£'000	£'000
Within one year	34	-	34	142
Between one and five years	2,279	-	2,279	1,552
After five years	5,250	-	5,250	7,104
	7,563	-	7,563	8,798

## 8. Intangible fixed assets

	2020	2019
Group and Charity	£'000	£'000
At 1 April 2019	649	42
Goodwill purchased during the year	1,028	680
Depreciation charged for the year	(215)	(73)
Net book value at 31 March 2020	1,462	649

### Acquisitions during year

On 14 June 2019, Action for Children acquired 100% of the share capital for Out of School Scotland Limited (OSCARs) for consideration of £1,042,000 including goodwill of £1,028,000.

Out of School Scotland is a provider of after-school clubs, breakfast clubs and holiday camps. The goodwill of £1,028,000 arising from the acquisition is attributable to the expertise and experience of staff and customer. Management has estimated the useful life of this goodwill to be seven years.

The following amounts of assets and liabilities were recognised at the acquisition date:

	£'000
Fixed assets	14
Current assets	1,423
Current liabilities	(1,385)
Long-term creditors	(38)
Net assets	14
Goodwill	1,028
Total consideration	1,042

For cashflow disclosure purposes the consideration of £1,042,000 is disclosed as follows:

	£'000
Cash consideration	1,042
Less cash and cash equivalents acquired	(316)
Net cash outflow	726

## 9. Investments

		Group		Charity	
		2020	2019	2020	2019
Value at 31 March		£'000	£'000	£'000	£'000
<b>Securities</b>	<b>Action for Children share of funds</b>				
<b>Units in funds managed by the Central Finance Board (CFB) of the Methodist Church:</b>					
CFB UK equity fund	18.5%	3,597	4,739	3,597	4,739
CFB overseas fund	16.3%	3,171	4,267	3,171	4,267
CFB gilt fund	1.1%	209	430	209	430
CFB corporate bond fund	3.2%	626	826	626	826
CFB short fixed interest fund	6.2%	1,211	1,488	1,211	1,488
CFB managed fund	45.4%	8,799	10,480	-	-
CFB inflation linked	0.5%	106	361	106	361
CFB deposit fund	8.8%	1,703	7,187	1,703	7,187
		19,422	29,778	10,623	19,298
<b>Unlisted equities</b>		5	5	5	5
		19,427	29,783	10,628	19,303
<b>Investments in subsidiaries</b>		-	-	-	-
		19,427	29,783	10,628	19,303
<b>Investment properties</b>		17,090	22,306	17,090	22,306
<b>Total investments</b>		36,517	52,089	27,718	41,609

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.

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

The historical cost or earliest known valuations of investments held at 31 March 2020 were:

- Securities £12,157,000 (2019: £14,495,000).
- Investment properties £6,349,000 (2019: £6,349,000).

## 9. Investments (continued)

### Investment gains and losses

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Securities</b>				
Market value at 1 April	29,783	28,450	19,303	18,447
Acquisitions during the year	3,417	5,180	3,417	5,180
Sale proceeds of disposals during the year	(11,312)	(5,180)	(11,312)	(5,180)
Net investment gains/losses in SOFA - realised	(194)	270	(194)	270
Net investment (losses)/gains in SOFA - unrealised	(2,267)	1,063	(586)	586
Market value at 31 March	19,427	29,783	10,628	19,303
<b>Investment properties</b>				
Market value at 1 April	22,306	17,943	22,306	17,943
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	341	4,363	341	4,363
Market value at 31 March	17,090	22,306	17,090	22,306

The investment property revaluations as at 31 March 2020 are on the basis of independent chartered surveyor valuations carried out by CBRE Group, Sanderson Weatherall, and Savills UK. The valuations were generally conducted on the basis of fair value in use. An exception to the fair value basis was the valuation of the Kings School, which was valued on an existing use basis due to a competition clause in the contract. Due to the coronavirus pandemic, it is a RICS regulatory requirement for the valuation reports to disclose uncertainty in relation to valuations at 31 March 2020. However, this uncertainty is not considered to be material in the context of the Financial Statements

### Investments in subsidiaries

- i. Action for Children Services Limited is a wholly owned company registered in England and Wales handling certain primary purpose trading activities of Action for Children. The investment comprises shares at a cost of £100 (2019: £100).
- 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 (2019: £100).
- 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.
- iv. Out of School Scotland Limited is a wholly owned company registered in Scotland and provides holiday camps and after-school clubs and was purchased during the year. The investment comprises one hundred shares at a nominal value of £100 purchased for £1,042,000 as detailed in note 8.
- v. Action for Children (Scotland) Limited is a wholly owned company registered in Scotland. The investment comprises one share at a cost of £1 (2019: £1) and it has not traded.
- 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 (2019: £1) and it has not traded.
- 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 (2019: £1) and it has not traded.
- viii. St Barts Day Nurseries Limited is a wholly owned company registered in England and Wales. The investment comprises two hundred shares at a cost of £200 (2019: £200) and it has not traded.



## 10. Debtors

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year</b>				
Trade receivables	17,720	20,625	8,559	8,316
Prepayments	879	988	875	988
Accrued income	4,657	3,779	3,239	3,309
Amounts owed by subsidiary undertakings	-	-	1,254	2,816
Other	189	426	182	1,812
	23,445	25,818	14,109	17,241

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

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade payables	730	2,813	322	2,758
Tax and social security	3,626	4,894	3,476	1,533
Other creditors	2,318	4,416	1,963	2,541
Accruals	5,293	4,615	5,065	4,489
Deferred income	5,785	4,254	1,601	1,647
Amounts owed to subsidiary undertakings	-	-	1,790	3,190
	17,752	20,992	14,217	16,158

## 12. Provisions for liabilities

Group and charity	Onerous leases	Lease dilapidations	Redundancies	Total
	£'000	£'000	£'000	£'000
At 1 April 2019	779	1,101	410	2,290
Provision utilised	(92)	(68)	(410)	(570)
At 31 March 2020	687	1,033	0	1,720

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

	Restricted		Unrestricted (incl fair value reserve)		Group balance sheet total
	Endowment funds	Specific purpose funds	Designated funds	General fund	
	£'000	£'000	£'000	£'000	£'000
<b>Fund balances at 31 March 2020 are represented by:</b>					
Tangible fixed assets	-	-	17,204	-	17,204
Intangible fixed assets	-	-	-	1,462	1,462
Investments	8,442	-	21,218	6,857	36,517
Debtors	259	-	-	23,186	23,445
Cash and short-term deposits	-	6,535	-	8,913	15,448
Other liabilities and provisions	(3)	-	-	(19,469)	(19,472)
<b>Total funds</b>	<b>8,698</b>	<b>6,535</b>	<b>38,422</b>	<b>20,949</b>	<b>74,604</b>

Further analysis of the funds and movements during the year are given in note 14. The purposes 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 and the charged asset 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

		Brought forward	Income	Expenditure	Transfers	Gains and losses	Carried forward
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Annual Income fund		2,905	7	(7)	-	(466)	2,439
Lincoln City & County Home		88	-	-	-	(14)	74
Nicholas Galperin Trust		3,572	-	-	244	(612)	3,204
Scholarship fund		421	1	(1)	-	(68)	353
Sheila Mildred Gage		15	-	-	-	(2)	13
Sidney Charles Salter		356	1	(1)	-	(57)	299
St Leonard's Convalescent Home		2,877	7	(7)	(99)	(462)	2,316
<b>Endowment funds</b>		<b>10,234</b>	<b>16</b>	<b>(16)</b>	<b>145</b>	<b>(1,681)</b>	<b>8,698</b>
Balfour Beatty (Play Equipment)		51	-	-	(51)	-	-
Anonymous trust foundation		-	2,000	(50)	-	-	1,950
Big Lottery Fund	16	570	1,362	(879)	(9)	-	1,044
Byte Night Board		2	-	-	(2)	-	-
CBRE		199	446	(226)	-	-	419
CMC Markets		-	53	(8)	-	-	45
Dell (Inspire IT)		136	194	(192)	-	-	138
Deloitte		102	27	(100)	-	-	29
Department for Work and Pensions		-	118	(125)	7	-	-
Dorset Nightstop		69	-	-	-	-	69
Edinburgh Local Employment		54	-	(54)	-	-	-
Education Endowment Foundation		9	99	(108)	-	-	-
Emergency Fund		-	272	-	-	-	272
FirstGroup (Wigan)		69	182	(60)	-	-	191
Football Association (The)		2	-	-	-	-	2
Foster Wood Foundation (Dorset Nightstop)		-	25	(27)	3	-	1
Fujitsu (Digital Case)		363	-	-	-	-	363
Hays		76	80	(110)	-	-	46
Herbal Life (Healthy Lifestyles)		40	35	(14)	70	-	131
Heritage Lottery Fund (BME Heritage)		23	45	(55)	-	-	13
Home Sense		2	-	-	-	-	2
House of Fraser		188	8	(65)	(16)	-	115
Legacies		197	78	(10)	46	-	311
Moondance Foundation		40	166	(166)	-	-	40
Morrisons Foundation		254	(137)	(100)	-	-	17
My Action for Children		85	-	(2)	(75)	-	8
Northern Ireland Housing Executive	16	5	(5)	-	-	-	-

#### 14. Group statement of fund movements (continued)

	Brought forward	Income	Expenditure	Transfers	Gains and losses	Carried forward
Notes	£'000	£'000	£'000	£'000	£'000	£'000
Royal Mail (The Blues Programme)	63	646	(834)	125	-	-
Sandwell Family Partners	137	2	(108)	106	-	137
Sport England	31	52	(66)	-	-	17
Stavros Niarchos Foundation (Wigan FIP)	2	-	-	-	-	2
Tampon Tax Fund (Swansea Sail)	-	95	(116)	21	-	-
-	179	115	(122)	-	-	172
Other projects under £50,000	1,368	989	(968)	(388)	-	1,001
<b>Specific purpose funds</b>	<b>4,316</b>	<b>6,947</b>	<b>(4,565)</b>	<b>(163)</b>	<b>-</b>	<b>6,535</b>
Capital fund	16,990	-	-	214	-	17,204
Charged asset fund	11,330	-	-	(826)	-	10,504
General fund	18,158	140,704	(147,135)	630	5,490	17,847
	<b>46,478</b>	<b>140,704</b>	<b>(147,135)</b>	<b>18</b>	<b>5,490</b>	<b>45,555</b>
Fair value reserve	19,886	-	-	-	(6,070)	13,816
Pension reserve	-	-	3,865	-	(3,865)	-
<b>Total - unrestricted</b>	<b>66,364</b>	<b>140,704</b>	<b>(143,270)</b>	<b>18</b>	<b>(4,445)</b>	<b>59,371</b>
<b>Total funds</b>	<b>80,914</b>	<b>147,667</b>	<b>(147,851)</b>	<b>-</b>	<b>(6,126)</b>	<b>74,604</b>

The fair value reserve relates to the charged asset and general funds. The brought forward balances for these funds have been reanalysed as the charged asset fund had not been reduced by its share of the fair value reserve (£9.86 million) which had instead been deducted from the general fund.

Please see notes 2 and 13 which provide a description as to the purpose of each fund.

## 15. Charity statement of fund movements

		Brought forward	Income	Expenditure	Transfers	Gains and losses	Carried forward
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balfour Beatty (Play Equipment)		51	-	-	(51)	-	-
Anonymous trust foundation		-	2,000	(50)	-	-	1,950
Big Lottery Fund	16	570	1,362	(879)	(9)	-	1,044
Byte Night Board		2	-	-	(2)	-	-
CBRE		199	447	(227)	-	-	419
CMC Markets		-	53	(8)	-	-	45
Dell (Inspire IT)		136	194	(192)	-	-	138
Deloitte		102	27	(100)	-	-	29
Department for Work and Pensions		-	118	(125)	7	-	-
Dorest Nightstop		69	-	-	-	-	69
Edinburgh Local Employment		54	-	(54)	-	-	-
Education Endowment Foundation		9	99	(108)	-	-	-
Emergency Fund		-	272	-	-	-	272
FirstGroup (Wigan)		69	182	(60)	-	-	191
Football Association (The)		2	-	-	-	-	2
Foster Wood Foundation (Dorset Nightstop)		-	25	(27)	3	-	1
Fujitsu (Digital Case)		363	-	-	-	-	363
Hays		76	80	(110)	-	-	46
Herbal Life (Healthy Lifestyles)		40	35	(14)	70	-	131
Heritage Lottery Fund (BME Heritage)		23	45	(55)	-	-	13
Home Sense		2	-	-	-	-	2
House of Fraser		188	8	(65)	(16)	-	115
Legacies		197	78	(10)	46	-	311
Moondance Foundation		40	165	(166)	-	-	39
Morrisons Foundation		254	(137)	(100)	-	-	17
My Action for Children		85	-	(2)	(75)	-	8
Northern Ireland Housing Executive	16	5	(5)	-	-	-	-
Royal Mail (The Blues Programme)		63	646	(834)	125	-	-
Sandwell Family Partners		137	2	(108)	106	-	137
Sport England		31	52	(66)	-	-	17
Stavros Niarchos Foundation (Wigan FIP)		2	-	-	-	-	2
Tampon Tax Fund (Swansea Sail)		-	95	(116)	21	-	-
Turner & Townsend Education		179	115	(122)	-	-	172
Other projects under £50,000		1,368	989	(967)	(388)	-	1,002
<b>Specific purpose funds</b>		<b>4,316</b>	<b>6,947</b>	<b>(4,565)</b>	<b>(163)</b>	<b>-</b>	<b>6,535</b>



## 15. Charity statement of fund movements (continued)

	Brought forward	Income	Expenditure	Transfers	Gains and losses	Carried forward
Notes	£'000	£'000	£'000	£'000	£'000	£'000
Capital fund	16,990	-	-	214	-	17,204
Charged asset fund	11,330	-	-	(826)	-	10,504
General fund	13,560	121,318	(129,864)	775	5,490	11,279
	<b>41,880</b>	<b>121,318</b>	<b>(129,864)</b>	<b>163</b>	<b>5,490</b>	<b>38,987</b>
Fair value reserve	19,886	-	-	-	(6,070)	13,816
Pension reserve	-	-	3,865	-	(3,865)	-
<b>Total - unrestricted</b>	<b>61,766</b>	<b>121,318</b>	<b>(125,999)</b>	<b>163</b>	<b>(4,445)</b>	<b>52,803</b>
<b>Total funds</b>	<b>66,082</b>	<b>128,265</b>	<b>(130,564)</b>	<b>-</b>	<b>(4,445)</b>	<b>59,338</b>

The fair value reserve relates to the charged asset and general funds. The brought forward balances for these funds have been reanalysed as the charged asset fund had not been reduced by its share of the fair value reserve (£9.86 million) which had instead been deducted from the general fund.

Please see notes 2 and 13 for a description of the purpose of each fund.

## 16. Group and charity statement of fund movements (additional detail)

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

	Brought forward	Incoming resources	Outgoing resources	Transfers	Carried forward
	£'000	£'000	£'000	£'000	£'000
<b>Big Lottery Fund</b>					
Chat & Play England	2	47	(49)	-	0
Early Action Youth Homelessness	238	218	(189)	-	267
Family Support Volunteers	5	79	(47)	-	36
Functional Family Therapy	2	-	(1)	-	1
Gael Og Digitalising Future Generations	1	-	-	(1)	-
Little Steps Big Steps	1	-	-	(1)	-
Moray Care Farming	50	-	(37)	-	13
Newcastle DV Counselling Service	2	88	(77)	-	12
Newcastle Family Support Service	5	-	(3)	-	2
Scottish Border	34	-	(34)	-	0
Side Step	163	-	(35)	14	142
Side Step National Programme	-	680	(143)	-	537
Silverton Short Breaks (Awards For All)	2	-	(2)	-	(0)
Skills for Living	12	-	-	1	13
Swansea SAIL	-	166	(190)	-	(24)
Young Adult Carers Support (Empowering Young People)	-	85	(62)	-	23
Young Fathers' Network (Clackmannanshire and Perth)	31	-	(9)	-	22
Young Fathers' Network (Devon)	22	-	-	(22)	-
	<b>570</b>	<b>1,362</b>	<b>(879)</b>	<b>(9)</b>	<b>1,044</b>
<b>Northern Ireland Housing Executive</b>					
Sperrin and Lakeland Floating Support	5	(5)	-	-	-
	<b>5</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</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 2020 these grants amounted to £551,000 (2019: £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 deficit. To support the recovery plan, a security agreement was signed on 7 March 2011. This created the first legal charge to the Action for Children Pension Fund: £32 million over freehold properties and £8 million 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. Further details can be found in notes 3 and 4.

## 20. Post balance sheet events

Since 31 March 2020 to the date of signing these financial statements, the outbreak of the coronavirus pandemic has had an economic effect across all sectors and has had a significant impact on the charitable group's activities and the people it supports. The largest part of the charitable group's operations, being the provision of services to the local authorities, has continued through the pandemic, despite the initial and subsequent lockdowns. Income from commercial offerings such as nurseries has been affected, although this has been offset in part by the receipts from the government furlough scheme.

We moved swiftly to adapt fundraising events, which have kept vital funds coming in to support services. After launching our Emergency Coronavirus Appeal, we hosted our first virtual fundraising event, Boycott your Bed. Staff have successfully adapted to work from home. External help has also been received, including government funding from all four nations and the Job Retention Scheme.

While this has been welcome, the pandemic has left the charity, like many others, facing financial challenges. In December 2020, a staff consultation on a proposed new structure was launched, which will help to make the savings required to ensure financial sustainability going forward.

# Legal and administrative details

Action for Children is a charitable company limited by guarantee. It is registered with the Charity Commission under registration number 1097940 and with the Office for the Scottish Charity Regulator under number SC038092. Our company number is 4764232.

## 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

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

## Internal auditors

BDO  
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 (Vice Chair designate since 14 September 2020)

### Trustees

Reverend Dr Sheryl Anderson (until 30 July 2019)  
Steve Bell (from 2 November 2020)  
Richard Cryer  
Gary Edwards (from 1 December 2020)  
Gill Ellis (until 27 March 2020)  
Tracy Griffin (until 27 March 2020)  
Kate Guthrie (until 15 January 2021)  
Enda Johnson (from 1 July 2020)  
Jo Larbie (until 23 July 2020)  
Revd Dr Michael Long (Methodist Church appointee, from 1 July 2020)  
Debbie Morgan (until 27 March 2020)  
Dr Daleep Mukarji OBE (Methodist Church appointee, until 30 June 2020)  
Fiona Thorne (until 6 November 2019)  
Dawn Warwick (from 1 January 2020)

## Finance Committee

Richard Cryer (Chair)  
Simon Cruickshank

## Audit and Risk Committee

Markus Ruetimann (Chair)  
Steve Bell  
David King  
Mike Pavey

**Governance, People and Remuneration Committee**

Sarika Patel (interim Chair)

Gary Edwards

**Northern Ireland Committee**

Sarika Patel (interim Chair)

Anthony Armstrong (young person co-opted member)

Michelle Connolly

Jennifer Cuthbert

Zara Duffy

Odhran McGeown (young person co-opted member)

**Scotland Committee**

Enda Johnson (Chair)

Shona Cotterill

Peter Mills

Paul Renz

Lesleyann Russell

Mary Smith

**Wales Committee**

Richard Cryer (interim Chair)

Kaye Berry

Paul Bulpin

Freda Lewis

Angharad Roberts (young person co-opted member)

Iona Wyn

**England Committee**

Mike Long (Chair)

Alistair Russell

Jane Sales

Lauren Seager-Smith





# Thank you

## Our Patron

HRH The Duchess of Cambridge

## Our ambassadors

Jenny Agutter OBE  
Baroness Armstrong of Hill Top  
Michael Buerk  
Gordon Bullock  
Lavinia Carey OBE  
Ken Deeks MBE  
Richard Farleigh  
Shirley Anne Field  
Lady Henrietta St. George  
Jessica Hynes  
Diane Keen  
Matthew Lewis  
Sian Lloyd  
Emily Maitlis  
Flora Martin MBE  
Lord McConnell of Glenscorrodale  
Sir Trevor McDonald OBE  
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Lynda Myles-Till MBE  
Martha Kearney  
Mary Nightingale  
Angela Rippon OBE  
Larry Lamb  
Alastair Stewart OBE  
David Tanner  
Kevin Whately  
Sister Eluned Williams MBE

## Action for Children's celebrity family of support

Donna Air  
Ronnie Archer-Morgan  
Ben Bailey Smith  
Ashley John-Baptiste  
Saffron Barker  
Ali Bastian  
Angellica Bell  
Eyal Booker  
Olivia Buckland Bowen  
Ed Byrne  
Alex Bowen  
Charlie Condou  
Olivia Cox  
Warwick Davis  
Charlotte De Carle  
Rebecca Ferguson  
Laura Hamilton  
Dani Harmer  
Una Healy  
Sophie Hinchcliffe (Mrs Hinch)

Sharon Horgan  
Jamelia  
Alex Jones  
Kelly Knox  
George Lamb  
Pixie Lott  
Neil Morrissey  
AJ Odudu  
Ore Oduba  
Joshua Patterson  
Zoe Salmon  
Connie Simmonds  
Sinitta  
Dr Ranj Singh  
Joe Swash  
Lisa Snowdon  
Ben Tansley  
Imogen Thomas  
Shelby Tribble  
Kara Tointon  
KT Tunstall  
Anthea Turner  
Matthew Wright  
Sabrina Washington  
Anna Whitehouse (Motherpukka)  
Anna Williamson  
Luisa Zuissman

## Our supporters

Armed Forces Covenant Fund  
Arts Council - England  
Bank of Scotland Foundation  
Barclaycard Freedom Rewards  
Barclays  
BBC Children in Need  
Berkeley Asset Development Ltd.  
CBRE  
Charities Aid Foundation  
CMC Markets plc - London HQ Office  
Dell Technologies  
Department for Work and Pensions  
Education Endowment Foundation  
Enable Fundraising Committee for  
Caerphilly Children's Centre  
FirstGroup plc  
Foster Wood Foundation  
Hays UK  
Herbalife Nutrition Foundation  
Heritage Lottery Fund  
House of Fraser Foundation  
John Lewis Foundation  
www.isawitfirst.com  
Les and Virginia Hutchison  
Marks & Spencer Distribution Centre

Moondance Foundation  
Norton Rose Charitable Foundation  
P H Media Group  
Postcode Community Trust  
Premier League  
Nicholas Preston  
Roche  
Royal Mail  
Safe Deposits Scotland Trust  
Sarnia Housing Association Ltd  
Spifox  
Sport England - Families Fund  
SSE Airtricity  
TA Associates  
Tamar (Selby) LTD  
The Charles Jacob Charitable Trust  
The National Lottery Community Fund  
The Premier League  
The Robertson Trust  
Tibra Capital Foundation  
Turner & Townsend  
Welsh Government - Tampon  
Tax grant fund  
Vodafone  
William Grant Foundation  
Worcestershire Primary Care Network

We'd like to thank all our donors and supporters, some of whom may not be mentioned here.

**Byte Night 2019/20 Board Chairs**

Sam Alsop-Hall, Alastair Brown, Rhona Carmichael, Sue Carter, Richard Fahey, Matt Goodstadt, Jo Graham, Sally Hanson, Vivienne Hoskins, Tony Hughes, Lorna McAdoo, Simon Pritchard, Steve Rake, James Robbins, Brodie Shepherd, Jonathan Summerlin.

And all of our Byte Night Board members.

**Entertainment Quiz of the Year 2019/20 Committee**

Liz Bales, Lavinia Carey OBE, Alex Carter, Eddie Cunningham, Yasmin Nevard, Denise Parkinson, Adam Rubins, Paul Sophocli.

**Spring Ladies Lunch 2019/20 Committee**

Lynda Myles-Till MBE (Chair), Louise Bailey, Barbara Gaion, Elizabeth Hammond, Vanessa Hoddle, Denise Parkinson, Elena Shchukina, Ciara Stewart, Mary Ross.

**The Ultimate News Quiz 2019/20 Committee**

Baroness Jenkin of Kennington (Chair), Chris Shaw (Chair), Martha Kearney (Chair), Alastair Bennett, Robin Elias, Vivien Fowler, Rhodri Jones, Maria Lini, David Kermode, James Max, Jonathan Munro, Lucy Newman, Laura Roberts, Sam Ross, Bill Rudgard, Dianne Stradling, Michael Salter-Church, Steve Sidebottom, Gemma Thomas, Lucy Tuck, Simon Vigar, Lizzie Watson.

**Scotland**

Big Braw Quiz Committee, Edinburgh Committee, Gleneagles Golf Day Committee, Never Mind the Business Committee: Glasgow and Aberdeen, Sports Dinner Committee, Woman of Influence Board, Yes Chef Committee.

*Thank you to everyone who took part in or organised challenges, events and activities around the UK, raising valuable funds by generally having lots of fun.*

*We were founded by the Reverend Thomas Bowman Stephenson 150 years ago and continue to extend our thanks and appreciation for the commitment and support we receive from our many supporters in the Methodist Church.*

# 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 our work, get in touch with our Supporter Care Team on: **0300 123 2112**.

Or you can find us on:

Twitter

**@actnforchildren**

Facebook

**actionforchildren**

Instagram

**@actionforchildrenuk**

YouTube

**actionforchildrenUK**

## How you can help

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/get-involved](https://actionforchildren.org.uk/get-involved)

## Make a donation

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

[actionforchildren.org.uk/donate](https://actionforchildren.org.uk/donate)

Phone

**0300 123 2112**

Post

**Action for Children**

**3 The Boulevard**

**Ascot Road**

**Watford**

**WD18 8AG**

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/legacy](https://actionforchildren.org.uk/legacy)



## References

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

Figures and data used in this report are from our e-Aspire analysis 2019/20 unless otherwise stated.









**Thank  
you**



## Action for Children

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Watford  
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