

# Barnardo's Risk Appetite Statement 2021

## Introduction

Our risk appetite statement sets out how we balance risk and opportunity in pursuit of achieving our objectives.

It forms a key element of our governance and risk management framework and is set by the Board of Trustees.

The statement is reviewed annually (we missed a year in 2020 due to our Covid-19 response), and the Corporate Leadership Team monitors implementation to ensure that outcomes are consistent with the overall risk appetite and where appropriate sets risk metrics which are tracked and reported to the Board of Trustees on a regular basis.

## Overarching Statement

Barnardo's accepts degrees of risk in delivering our ambitious strategy to ensure we achieve better outcomes for more children. We recognise that our risk appetite will vary, and all our decisions will be based on the opportunity, completion of appropriate due diligence and a review of the identified risks.

To be successful Barnardo's must remain a robust and financially sustainable organisation with sufficient capacity to support all stakeholders and therefore our core risks must be managed.

We will address situations and take actions where our reputation is at risk from unacceptable behaviours or values by our staff or volunteers.

## Definitions used

| Risk appetite/risk level  | Description  |
|---------------------------|--|
| <b>Averse/none</b>        | Avoidance of risk and uncertainty is a key organisational objective.   |
| <b>Minimal/low</b>        | We have a strong preference for safe/compliant option and accept this may limit potential.                                     |
| <b>Cautious/limited</b>   | Preference for safe options that have a low degree of risk.  |
| <b>Open/high</b>          | Willing to consider all potential options and choose one most likely to result in successful delivery.                         |
| <b>Hungry/significant</b> | Eager to be innovative and choose activities that focus on maximising opportunities and offering potentially very high reward. |

## Individual statements for significant risks

| Risk category/Risk owner  | Statement  | Risk appetite/ Risk Level   |
|---|--|---|
| <p><b>Governance, Legal and Compliance</b></p> <p>Primary CEO supported by Company Secretary.</p>                     | <p>We are committed to maintaining the highest standards of integrity and good governance. We acknowledge we operate in a complex and evolving regulatory environment and will make every effort to meet the expectations and comply with relevant rules and regulations of UK Charity Commission.</p> <p>We have minimal appetite for non-conformity.</p>   | <p><b>Minimal/Low</b></p>   |
| <p><b>People</b></p> <p>Corporate Director Business Services and Director People</p>                                  | <p><b>Recruitment, retention and development</b></p> <p>Our staff and volunteers are critical to the delivery of our services and achieving our strategic objectives. It is therefore essential we attract and retain suitable people with the right skills and behaviours. Our aim is to provide a working environment where everyone feels safe, valued, supported and professional development is promoted.</p> <p>We will be ambitious in recruiting, developing, and fulfilling the potential of our staff and volunteers and are willing to accept limited risks in order to do so within the financial parameters of the charity.</p> <p><b>Behaviour</b></p> <p>We place importance on a culture of equality, diversity and inclusion, dignity and respect, collegiality and the health, safety and wellbeing of our staff and volunteers. We will address situations and take actions for any deviation from our standards in these areas.</p>  | <p><b>Cautious/Limited</b> – recruitment and development</p> <p><b>Averse/None</b> - Misconduct</p> |
| <p><b>Safeguarding</b></p> <p>Corporate Director Children Services and Safeguarding champions and Director People</p> | <p>At Barnardo's we believe in children – no matter who they are, what they have done or what they have been through. We are committed to providing a safe and healthy environment for all our service users, their families, and our staff. We acknowledge we work in high-risk projects however we will not knowingly tolerate any behaviours or practices that could lead to anyone being abused and exploited by our staff or associated personnel.</p>  | <p><b>Minimal/low</b></p>   |
| <p><b>Financial sustainability</b></p> <p>Corporate Director Business Services</p>                                    | <p>We assess financial risks from both a strategic and operational perspective and aim to work within financial parameters. We have a low appetite for any activity or outcome that might risk the financial sustainability of our organisation.</p> <p>At all times we require a balance between the continuing needs of service users and the long-term financial stability of the charity and understand that it is not always possible to eliminate all risks. We are executing cost savings of £20m and remain committed to protecting the work of our frontline services.</p> <p>The scale of our pension deficit presents a significant risk to the charity and we need to balance the need to meet our commitments to our former and existing employees and their pensions with the other significant demands on our limited resources. This is largely addressed by implementing a robust, long term, recovery plan to reduce the pension deficit over time.</p> <p>We have minimal appetite for any practices which might cause financial loss through the failure to apply proper financial controls.</p> | <p><b>Minimal/Low</b></p>   |
| <p><b>Information technology</b></p> <p>Corporate Director Business Services</p>                                      | <p>We require our digital infrastructure to be secure and relevant for its intended purpose. A balanced approach is required between investment and outages.</p> <p>We have minimal appetite for misuse of information or poor data quality and integrity.</p> <p>We have ambitions to become a more digital organisation both in the way we interact with our service users but also in the way we manage our activities. We are willing to consider different potential options in pursuit of this goal.</p>   | <p><b>Minimal/Low</b></p> <p><b>Open/High</b></p>   |
| <p><b>Fundraising /Income Generation</b></p> <p>Corporate Director Business Services and Managing</p>                 | <p>We have ambitious place to grow and diversify our income streams. We will ensure that all fundraising and trading activities are efficient and adhere to the regulatory environment. We have a high-risk tolerance for unlocking fundraising opportunities within the charity and income opportunities in our subsidiaries.</p> <p>When working with external partners we will only collaborate if our values and principles are aligned.</p>   | <p><b>Open/High</b></p>   |

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|---|---|--|
| Director Barnardo's Trading Companies   |   |  |
| <b>Service delivery</b><br>Corporate Director Children Services and Corporate Director Development & Innovation | <p>Barnardo's delivers programs supporting the most vulnerable children. The risks of failing to act often outweigh the risks of engagement and therefore service decisions are based on thorough analysis and the application of risk management strategies.</p> <p>We will bid for services which meet our strategic objectives, are financially viable and have acceptable risk profiles. In parallel, we seek strategic alliances and opportunities to influence change. We innovate in response to sticky problems, unmet need and gaps in the market.</p> <p>Innovation and testing of new services may occasionally lead to the outcomes/impact not being as envisaged and the risk of occasional failure is accepted. However, there is a low appetite for failure to deliver project objectives as a result of factors within our control.</p> <p>We will provide high quality services and not accept risks that could limit our ability to fulfil this. We will not accept risk that could result in poor quality care or unacceptable clinic risk, non-compliance with standard or professional practice.</p> | <p><b>Open/High</b> - Innovation/tenders</p> <p>- <b>Minimal/Low</b> - Project objectives/delivery failure in our control</p> <p><b>Minimal/Low</b> - Safeguarding</p> |
| <b>Influencing system change</b><br>CEO   | We will engage with the government and other policy influencers and makers with a view to ensure better outcomes for children and acknowledge such activities may carry high risk. However, we will always ensure the benefits and risks are understood and that reasonable and sensible risk mitigation measures are in place.   | <b>Open/High</b>   |
| <b>Strategic developments</b><br>CEO  | <p>We have a high risk for innovation and the value it will bring to Barnardo's as well as the children we serve.</p> <p>All charities must undergo change and at times such change may be major and high risk. Our current priorities include implementing the towards resurgence plan, completing the technology transformation project and becoming a diverse and learning organisation. We will always ensure that that the benefits and risks are understood, and we have right skills and knowledge before activities or projects are authorised. Robust governance is in place to monitor priorities, emerging risks and our ability to complete all projects effectively.</p>   | <b>Open/High</b>   |
| <b>Reputation</b><br>CEO  | <p>As a charity public scrutiny is high and Barnardo's aims to be transparent and we have a low appetite for activities that may compromise our brand. However, we recognise as we try to influence and create system change some of our work may generate negative public perception and media coverage which may affect our reputation.</p> <p>We are prepared to take decisions that have the potential to bring scrutiny from regulatory bodies and commissioners, provided that the potential benefits outweigh the risks and by prospectively managing any reputational consequences.</p>   | <b>Minimal/Low</b> - protecting our brand, but we acknowledge the indirect consequences of external responses when influencing may lead to a higher level of risk      |

## Version control

| Version | Date        | Author                          | Status  | Comment |
|---------|-------------|---------------------------------|---|---------|
| 001     | 26 May 2021 | Director of Audit and Assurance | Approved by the Board of Trustees in May 2021 |         |