

A young woman with dark skin and short hair stands confidently in a rural village. She is wearing a bright yellow sleeveless top and a matching yellow and white patterned wrap. Her hands are on her hips, and she is looking directly at the camera. The background shows several traditional huts with thatched roofs, lush green trees, and a clear blue sky with some clouds.

# I AM THE FUTURE

## ANNUAL REPORT 2019



**Save the  
Children**

# 2019 HIGHLIGHTS

In the UK and around the world we make sure children are safe and healthy. We support them to learn, grow and become whoever they want to be.

## 38.7 MILLION CHILDREN

and 29.1 million adults directly supported by the Save the Children movement, working across 117 countries\*

## 9.5 MILLION CHILDREN

and 8 million adults supported by the Save the Children movement in 130 humanitarian emergency responses across 55 countries

## £307 MILLION

raised by Save the Children UK

## 5,460 VOLUNTEERS

in the UK gave their time, energy and skills to support our cause†

## CHILDREN FROM 120 SCHOOLS

created poems, letters and artwork and called on the UK government to push for peace in Yemen as part of The Power of Your Pen campaign

## 5 MILLION CHILDREN AND ADULTS

pledged to take part in Save the Children's Christmas Jumper Day, raising over £4 million to help children in the UK and around the world

\* In 2019 we worked across 117 countries. This estimated total reach figure includes data from 75 countries, out of a total of 117 countries where we worked. While the proportion of offices that report continues to increase, this process does not yet reflect all programming across Save the Children movement. Thanks to an improved total reach methodology and more offices taking part than ever before, 2019 marks the most comprehensive estimate yet. For details of our relationship with the wider Save the Children movement, see page 8. A person is reached directly when she or he has received one or more project/programme inputs from Save the Children or a partner; or has participated in activities or accessed services provided by Save the Children or a partner, or by institutions or individuals supported by Save the Children or our partners.

† Refers to active volunteers holding a formal volunteering role as of 31 December 2019. Many more volunteers will have supported us throughout the year.

**WHO WE ARE**

We believe that children's potential is our brightest hope for a better future. We are committed to ensuring children survive, have the chance to learn and get protection when they're in danger.

Save the Children UK is a member of the Save the Children movement, which is made up of 30 member organisations, working in 117 countries.

To find out more about our strategy and vision, see page 8.

# CONTENTS

Message from our Girl Champion in Nigeria 2

Letter from HRH The Princess Royal 3

**TRUSTEES' REPORT**

Message from the Interim Chair and Chief Executive 4

The world today: Sustainable Development Goals 6

Our vision and strategy 8

Breakthrough: survive 12

Breakthrough: learn 20

Breakthrough: be protected 26

Progress against strategic priorities 32

Our people and culture 34

Our supporters 36

Financial performance 38

Annual trustee risk statement 42

Structure, governance and management 45

**FINANCIAL STATEMENTS**

Independent auditor's report 58

Financial statements 60

On the cover: "Someone can call me a refugee," says Harriet, age 14, who fled conflict in South Sudan. "But I myself, I say that I'm a human being again." Harriet takes part in our accelerated education programme in Bidi Bidi camp in Uganda.

(Photo: Louis Leeson/Save the Children)

Some names in this report have been changed to protect identities.





**I hold onto my rights tightly, and through activism I have been able to use my voice to build and develop young minds and inspire people to stand up and strive for a bright future.**

Children – especially girls like myself – in Africa, conflict zones or less developed countries, face a lot of challenges in their everyday life. Only a few who get enabling opportunities to overcome these challenges succeed in life. I am glad to be associated with Save the Children, which is working around the world with children like me to ensure we have a brighter future.

I long for a world where my hopes and dreams to see every child in school and remain in school is realised – a world where children are protected from all forms of abuse.

This is why I campaign on education for every child, regardless of their circumstances. Campaigning for girls' education is also an opening to address and help end child marriage. We dream of going to school, learning, becoming better people, and living a happy and fulfilled life. All these inspire me, as I understand that a proper foundation safeguards my future, our future.

Children like me have a voice.

We can speak up for ourselves and we want the government to involve us and our views when they make decisions that concern us. This applies to my home country, Nigeria, and to all countries around the world.

World leaders should understand that children are the future, and that future starts today.

Our leaders should provide access to good-quality and free education, job opportunities, and adequate health services, as well as protect us from violence, abuse and gender-based discrimination. It is vital to give children every support they need to be leaders of tomorrow. With good-quality and accessible education, and proper physical, mental and emotional development, we will achieve the future of our dreams.

It is a smart thing to work with and for children.

**Purity, age 14, Save the Children Girl Champion, Nigeria**

# STANDING WITH CHILDREN



CHARLIE FORGHAM-BAILEY / SAVE THE CHILDREN

**As we marked our Centenary in 2019, it was an opportunity to reflect on the difference we have made to children, both at home in the United Kingdom and around the world. Since our founders Eglantyne Jebb and her sister Dorothy Buxton first responded to the suffering of starving children at the end of the First World War, Save the Children has held the rights of the child, which their founders formulated, at its heart, and worked tirelessly alongside children to help them reach their potential and flourish.**

Despite the progress made over the past century, there is still more work to be done as we continue to help to change the future for the most vulnerable children. Whether helping children to cope with the trauma of war, leading the fight against pneumonia or working in communities, homes and schools in the United Kingdom so that all children can access the support and training they need, Save the Children continues to have a vital role to play in ensuring that the original rights of the child are never forgotten.

I have been associated with Save the Children for 50 years and in that time I have seen what an inspiring range of people this organisation is – even in testing times – and I'm constantly inspired by the significant impact we have made, and continue to make.

Today, Save the Children is responding to the coronavirus pandemic. It has led to devastating consequences for children, with the rise of poverty and hunger, and disruption to their education. At this time of great concern and uncertainty, I am proud of Save the Children's response to this unprecedented humanitarian emergency and I am thankful for those responding to the outbreak in the United Kingdom and around the world.

During my visits to Save the Children shops and branches across the United Kingdom this year, I took great pleasure in meeting the volunteers who raise vital funds with local communities. At our Centenary Gala and the dedicated centenary events held throughout the year, I met many more supporters and volunteers whose committed efforts have contributed greatly to improving lives of children around the world. I would like to express my gratitude to everyone who has contributed to the achievements of Save the Children in our centenary year and beyond.

**HRH The Princess Royal  
Patron, Save the Children**



# MESSAGE FROM THE INTERIM CHAIR AND CHIEF

**This report tells the story of our work for, and with, children in 2019.**

The world's children face daunting challenges. Today, one child in six lives in a conflict zone – and in wars across the globe, children are on the frontline. Worldwide, a quarter of a billion children are out of school, with many more in school but not learning from a good-quality, basic education. Around 150 million children suffer from malnutrition.

We refuse to accept this. Our mission today remains as vital as ever.

Last year, we marked our centenary by launching the Stop the War on Children campaign to combat the culture of impunity surrounding those failing to protect children

affected by war. We stood up for the rights of children trapped in the war zone of northern Syria.

As the world's leading independent humanitarian agency for children, our emergency responses saved lives and supported recovery following Cyclone Idai in Mozambique, and in the face of Ebola virus disease in the Democratic Republic of Congo.

Our global movement delivered education to girls in Afghanistan, mental health and psychosocial support to children in the occupied Palestinian territory, and life-saving health and nutrition services for children in South Sudan and Nigeria. We also launched new initiatives on pneumonia and malnutrition to tackle the biggest killers of children. And here in the UK, we mobilised parents and community partners to help some of the poorest children get the best start in their earliest years.

After Mariam (pictured centre) was injured in a missile strike, she became withdrawn and anxious. Since attending supportive group sessions we help run, she feels more positive.

**“Now, I’m stronger  
and nothing scares me”**

**Mariam, 14, occupied Palestinian territory**



# EXECUTIVE

All of this is made possible by the dedication and professionalism of our staff and by the commitment of our partners, supporters and volunteers.

We are a rights-based organisation – and we passionately believe that children have a right to make their voices heard. Greta and Malala have demonstrated the power of children campaigning for change on a global stage. They are not alone. Around the world children are calling on governments to extend opportunities for education, end the scourge of child marriage and respect children's rights. It's our responsibility to provide children with a platform.

## Living our values

To do our best work for children means living out our values – not just in what we achieve but also in how we work.

In March 2020, the Charity Commission published its statutory inquiry report into Save the Children UK's handling of misconduct cases in 2012 and 2015 and subsequent media coverage in 2018. We accept in full the report's findings – and we are committed to using the report to continue to strengthen our organisation to build a culture fully aligned to the values underpinning our mission.

We are working hard to learn from where we have gone wrong. No organisation can say it's immune from bad behaviour, but we can create an environment where staff know this behaviour won't be tolerated and where they feel safe to raise concerns. Thanks to an independent review of culture and subsequent assessment of the progress we've made, we are confident we're heading in the right direction – but we still have work to do.

## Coronavirus pandemic: an unprecedented crisis

As this report is published, in the space of a few short months the coronavirus pandemic has spread to almost every country in the world, bringing grief, suffering and economic chaos in its wake.

In the UK, our National Health Service, and everyone working in it, has come under enormous pressure. The massive economic disruption and the lockdown have hurt many of our country's poorest families, left children out of school and disrupted lives. The pandemic also threatens to bring devastation to the world's poorest countries. Already weak health systems could be rapidly overwhelmed. As economic pressures mount, there is now a real and present danger that millions of children could be thrown into poverty, robbed of their education and subjected to devastating new health threats.

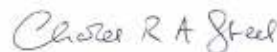
Save the Children has a long and proud history of responding to humanitarian emergencies. But the coronavirus pandemic confronts us, as it confronts the world, with the greatest humanitarian challenge of our generation. All over the world, Save the Children is responding to the crisis. Our immediate concern is to strengthen the frontline defences against the pandemic. That means training and supporting the community health workers needed to provide families with information, as well as detecting and referring coronavirus cases. Here in the UK we are providing support to vulnerable families struggling to cope with economic hardship and school closures.

The pandemic has had a significant impact on our organisation, and our priority has been the health and safety of our volunteers and staff. We are adjusting our financial plans and will be updating our 2019–21 strategy to reflect the impact of the pandemic.

## Thank you

The words and achievements of our extraordinary founders, Eglantyne Jebb and her sister Dorothy Buxton, are our inspiration. The Declaration on the Rights of the Child they drew up was adopted by the League of Nations in 1924. Its preamble states: "*Mankind owes to the child the best it has to give*".

In these difficult times it can feel tough to hold onto the hope that underpins so much of what we do. We thank you more than ever before for your compassion, kindness and determination to fight for children to be healthy, keep learning and stay protected. They need us now more than ever – and they deserve the best we have to give.



**Charles Steel**  
Interim Chair of the Board of Trustees



**Kevin Watkins**  
Chief Executive

# THE WORLD TODAY: SUSTAINABLE DEVELOPMENT

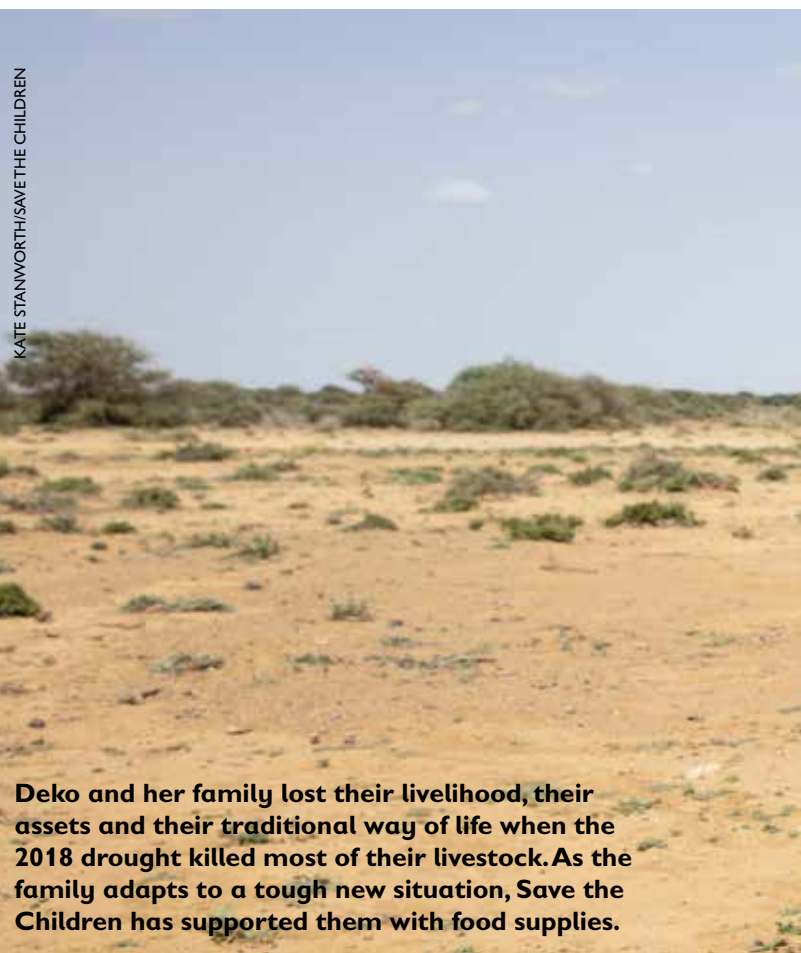
**In 2015 world leaders signed up to a suite of remarkable commitments. The Sustainable Development Goals (SDGs) set out a series of ambitious but achievable targets for 2030 – including eradicating extreme poverty, ending preventable child deaths, expanding educational opportunity and averting climate disaster. Will these goals join the long list of enthusiastically endorsed global pledges that go unfulfilled? Or will the world find the courage, commitment and compassion to achieve them – and give children wherever they live the chance to become whoever they want to be?**

In recent decades, there have been extraordinary improvements in human-development indicators. Poverty has been decreasing at historically unprecedented rates: in 1990, an estimated 36% of the world's population lived in severe poverty (less than US\$1.90 a day); by 2015 it had come down to 10%. Globally, between 1990 and 2018, the risk of children dying before their fifth birthday more than halved, saving millions of young lives. Over the same period, the number of children out of school fell dramatically and today many more girls are in school than ever before. Since 2000, 1.6 billion people have gained access to clean drinking water. Such achievements refute the pessimism that often pervades public debates about aid and international development.

But despite these advances, if progress over the next ten years mirrors that of the last decade, the world will fall catastrophically short of the 2030 targets.

Consider child survival. While progress continues each year, current trends predict that close to 52 million children under the age of five will die between 2019 and 2030. Many of these fatalities could be prevented through basic healthcare and improved nutrition – with malnutrition an underlying cause of nearly half of all young deaths. Yet malnutrition rates continue to be alarming, and progress towards eradicating malnutrition is far too slow.

Pneumonia – the single largest infectious killer of young children – claimed the lives of more than 800,000 children under the age of five in 2018, or one child every 39 seconds. This deadly disease is entirely preventable: vaccines exist that protect against bacterial pneumonia, and nutrition and hygiene reduce children's vulnerability to both bacterial and viral pneumonia. Moreover, most cases of childhood pneumonia can be treated easily and cheaply with antibiotics. Yet, the fatality count is falling far too slowly.



**Deko and her family lost their livelihood, their assets and their traditional way of life when the 2018 drought killed most of their livestock. As the family adapts to a tough new situation, Save the Children has supported them with food supplies.**

There is a similar yawning gap between current trends and the 2030 targets for education. Although governments have committed to ensuring universal secondary schooling and improved learning, progress towards universal primary education has stalled. Our partner UNICEF has estimated that, by 2030, at the current rate of progress, of the 1.4 billion school-age children in low- and middle-income countries, 420 million will not learn the most basic skills and 825 million will not acquire basic secondary-level skills they need to flourish – and that their countries need to drive dynamic and inclusive growth.

For all the success in recent decades in combating poverty, past performance is no guide to future outcomes. The pace of progress has slowed as the world struggles to respond to entrenched deprivation, violent conflicts and vulnerabilities to natural disasters. On current trends, 305 million African children will be living in extreme poverty by 2030 – accounting for over half of all global poverty.



# GOALS



The climate and ecological crisis is a danger to the future of today's children and of generations to come. It also threatens the SDGs. The emissions gap between current policies and those needed to keep global warming below 1.5°C is widening, and the world's poorest and most vulnerable people are bearing the brunt of the consequences, as the recent droughts in Zambia and the Horn of Africa illustrate.

This is the decade of no return for the climate emergency. Failure to price carbon out of the world's economies, safeguard carbon sinks, and – critically – protect the world's poor against the effects of global warming that are now irreversible will first slow, and then stall and reverse, gains in poverty reduction, nutrition and health.

We cannot allow the daunting scale of these challenges to foster passive acceptance that the SDGs are bound to fail. There is an alternative.

Nothing would do more to bring the SDG targets within reach than a concerted drive to narrow the social disparities currently acting as a brake on progress. Around 10 million children's lives could be saved if the 2030 targets for child health are universally achieved, though to reach this goal significant improvements must be made, particularly in countries like Nigeria, with one of the highest child mortality rates in the world. To get anywhere near 2030 targets globally will require further investment in universal health coverage, more equitable public spending and service provision, and greater emphasis on the diseases that kill the poorest children.

Galvanising action on the SDGs would narrow the chasm between the human condition we can achieve and the world we tolerate. We need new partnerships, smart politics and bold campaigning. Success is not guaranteed – but failure to act is not an option.



# OUR VISION AND STRATEGY



Peer educator Jasmin (pictured centre) with the group she set up in her village in Sylhet, Bangladesh.

**Save the Children was founded on the belief that every child deserves the chance of a future. This belief remains at the heart of the organisation today and underpins everything we do.**

Our founder Eglantyne Jebb's Declaration of the Rights of the Child, which she drafted in 1923, became the bedrock of the UN Convention on the Rights of the Child. Today, those rights are embedded in the Sustainable Development Goals, which impact every aspect of a child's wellbeing. These goals include achieving universal secondary schooling and ending preventable child deaths, malnutrition and extreme poverty, all by 2030.

Yet around the world, many children today are still denied the chance of a future simply because of who they are and where they are from. Save the Children has a bold ambition: we believe in a world in which all children survive, have the chance to learn and are protected from abuse, neglect and exploitation.

## A GLOBAL MOVEMENT

Save the Children is a global membership organisation, made up of Save the Children International and 30 national members, including Save the Children UK. We share one name and one vision for children.

Through our work, and our work with partners, the Save the Children movement directly reached 38.7 million children in 2019, working across 117 countries. Save the Children International manages the movement's international development and humanitarian programmes and works through a network of 51 country offices across the world.

In all our work, we aim to:

- innovate – develop and demonstrate evidence-based, replicable solutions to the problems children face
- achieve results at scale – by expanding effective and sustainable approaches

- be the voice – campaign for better practices and policies to fulfil children's rights and ensure that their voices are heard
- build partnerships – with children, communities, governments, civil society and private sector organisations (see page 36), to influence others and increase our impact.

In 2019, the Members' Assembly approved significant reforms in how the movement works together. The reforms aim to create a clearer decision-making structure, greater efficiency and strong shared accountability among members and between members and Save the Children International. Key elements of the reform include strengthening information flows to the Assembly, a stronger mutual accountability framework and the creation of a Management Committee composed of Chief Executive Officers of Members.

### OUR 2030 AMBITION FOR CHILDREN

All members and country offices of Save the Children are working to deliver a shared vision for 2030, focused on three breakthrough goals:

- **SURVIVE:** By 2030, no child will die from preventable causes before their fifth birthday
- **LEARN:** By 2030, all children learn from a good-quality basic education
- **BE PROTECTED:** By 2030, violence against children will no longer be tolerated.

Our bold ambition builds on 100 years' experience of bringing children, communities, civil society, governments, businesses and donors together to achieve lasting change for children. We put children's rights at the core of everything we do and we prioritise the most deprived and marginalised children wherever we work.

We must accelerate the trajectory of change towards our 2020 ambition. To help us do this, in 2019 we launched a strategy for 2019–21 that emphasised three breakthrough objectives:

- **tackling childhood pneumonia**
- **expanding access to good-quality early learning**
- **protecting children in conflict.**

Our fundamental belief in the rights of children means delivering food, medicine and protection, and – critically – holding governments to account for providing these basic needs themselves. We involve children in what we do, listening to them and amplifying their voices for the world to hear.

### SAVE THE CHILDREN UK

We've aligned our plans with the whole Save the Children movement – from other members to local offices – to make sure that our collective resources and capabilities are pointed towards making the world a safer, better place for children.

At Save the Children UK, we work in places where our expertise and partnerships make us best placed to change children's lives. This means leading the way on fighting pneumonia and malnutrition, protecting children in conflict, and keeping education going during emergencies. Here in the UK, we strive to narrow the attainment gap between deprived children and their wealthier peers by working with children, parents, schools, communities and the government to make sure every child can get a good-quality early education.

We are a major contributor to the movement's humanitarian capacity, including hosting a dedicated Emergency Health Unit, which rapidly deploys to crisis hotspots around the world to provide expert frontline healthcare (see page 14). Save the Children UK also has an integrated advocacy, policy, research, media and campaigns team. We work closely with other parts of the movement and external partners to maximise our influence with key political and economic decision-makers – in order to change the world with children, for children.

Working together with major donors, corporate partners and the public enabled Save the Children UK to raise £307 million towards our work for children in the UK and around the world in 2019.



## HOW WE WILL DELIVER OUR BREAKTHROUGHS

So that we can deliver our breakthroughs for children, our 2019–21 strategy commits us to three transformational shifts.

We are **building the Save the Children movement's presence on the frontline**. Being part of a global movement enables us to achieve more change for children. That's why we are working with colleagues across the world to strengthen our movement, extending its reach and increasing its impact. In 2019 we invested in country offices, so that power, resources and accountability move to where they're needed most – closer to children in need.

We are **deepening our connection with supporters**. Lasting change for children requires not just effective programmes, but advocacy and campaigning for children's rights. We are creating a platform for our supporters in the UK to make their voices heard – and to make a difference – for children around the world.

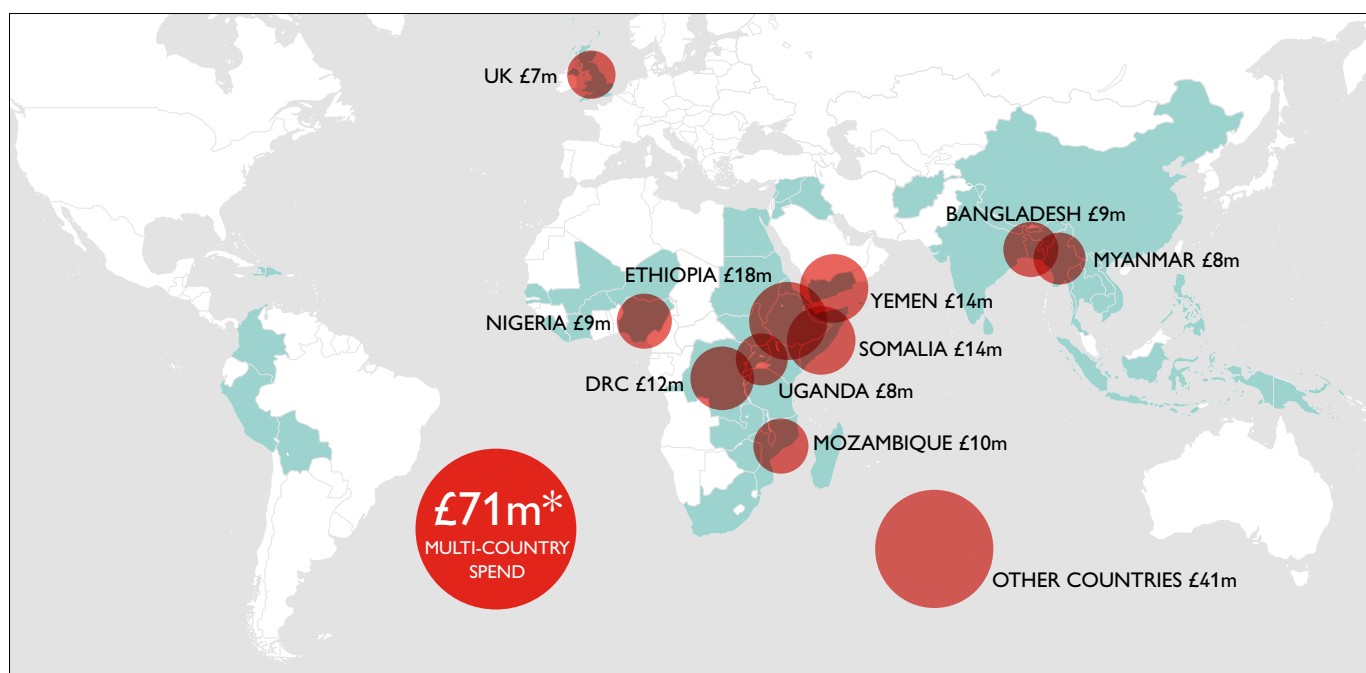
We are **strengthening our organisation**. Save the Children's mission is rooted in a commitment to dignity, respect and basic human decency. In 2019 we increased and accelerated efforts to further improve the inclusive workplace culture our mission demands and our staff deserve, build strong capacity and capability among our staff, and changed our structure and developed new ways of working to become a more efficient and agile organisation.

The world – and the charity sector – is changing, and we must be at the forefront of this change. Our strategy sets out exactly how we plan to do this. We believe that these transformational shifts will result in an organisation that is stronger, more effective and supportive, and ultimately one that allows us to have an even greater impact for children.

Because children are the future, and the future is worth fighting for.

## Where we worked in 2019

The below map illustrates Save the Children UK's global programming spend of £221 million in 2019, with all countries of spend shaded and the top ten countries shown by amount.



\* Around £71 million of global programming spend is multi-country. This includes spend on Start Network grants for which we contract with donors as the grant custodian (£37m), our subsidiary entities Elrha (£7m; see page 46) and HLA (£3m; see page 14), as well as humanitarian spend (£14m) through our Emergency Health Unit and humanitarian department. Also included within multi-country spend are programmatic contributions to Save the Children country offices (£6m) and spend on our Centenary Commitments to protect children in conflict, tackle pneumonia, fight malnutrition and promote early learning (£3m).

This report explores our impact in 2019 as a movement – focusing on our contribution as Save the Children UK – across our three breakthroughs: survive, learn and be protected.

Our 2019–21 strategy is summarised in this diagram. To find out more, visit our website. We will be revising our strategy in 2020 to take account of the impact of the coronavirus pandemic.

## SAVE THE CHILDREN UK 2019–21 STRATEGY

### WHAT WE BELIEVE, WHAT WE'LL DO

We hold children's rights at the heart of everything we do, amplifying young voices and challenging ourselves and others to listen

We prioritise the most deprived and marginalised children

We fight for large-scale and lasting change for children

We are committed to moving power, resource and accountability to where change happens: closer to children

### GLOBAL BREAKTHROUGHS



#### SURVIVE

By 2030, no child will die from preventable causes before their fifth birthday



#### LEARN

By 2030, all children will learn from a good-quality basic education



#### BE PROTECTED

By 2030, violence against children will no longer be tolerated

### OUR HIGHEST PRIORITIES

Malnutrition

Pneumonia

Education in emergencies

Impact for UK children

Protect children in conflict

Humanitarian public health

Hold governments to account for equitable financing and tracking SDG progress

### HOW WE'LL CHANGE AS AN ORGANISATION

Build our movement  
Deepen our connection to supporters  
Strengthen our organisation and workplace culture

# BREAKTHROUGH: SURVIVE

**Goal: by 2030, no child will die from preventable causes before their fifth birthday.**

The world has come a long way: in 1990, 12.6 million children under-five died every year; by 2018 that number had dropped to 5.3 million.

But the death of one child is one too many. While the world has committed to the Sustainable Development Goal of ending preventable child deaths by 2030, we are well off track: on current trends, 4 million children under the age of five will die in 2030.

Our 2019–21 strategy aims to help get us back on course. It demands a relentless focus on the health and nutrition of the poorest and most marginalised children, the ones left furthest behind. We know that is the only way of ending all preventable child deaths.

Through our advocacy and campaigning work, we're making the case for universal health coverage, so that even the most deprived children can get the healthcare they need. And we prioritise the areas where we can save the most lives:

- delivering life-saving healthcare in humanitarian emergencies
- tackling pneumonia – the single largest infectious killer of children worldwide

- fighting undernutrition – linked to nearly half of all deaths in children under the age of five.

Our Emergency Health Unit delivered critical healthcare by boat and helicopter to children cut off by Cyclone Idai in Mozambique and responded to the deadly Ebola outbreak in the Democratic Republic of Congo (DRC).

We launched a mass global campaign to push pneumonia up the global health agenda, while on the ground we launched a major new programme to fight the disease in the remotest corners of Nigeria.

We kicked off our Global Malnutrition Initiative to pilot innovative approaches to tackling malnutrition in fragile and conflict-affected states. And we stepped up our own programmes to tackle malnutrition – from cash payments for pregnant women in Myanmar to life-saving treatment for malnourished children in Somalia.

Our project activities to help children survive are designed to form part of coherent country programmes, guided by country office-led strategic plans and financed by a range of Save the Children members and donors.

**26.8 MILLION CHILDREN**

reached through our movement's health and nutrition programmes in 2019

**Children in Ethiopia gather for a community vaccination session.**





# ON THE FRONTLINE OF DISASTER



In 2019 the Save the Children movement responded to 130 categorised emergencies across 55 countries, reaching 17.5 million people, including 9.5 million children. Save the Children UK deployed humanitarian experts and contributed significant funding to our movement's emergency responses – from Yemen to Mozambique to the DRC.

## YEMEN: THE WAR ON CHILDREN

"We used to go out feeling safe, but after the airstrikes started, we were terrified and couldn't leave home." This is the impact of Yemen's vicious conflict on ten-year-old Sumaia. Her older sister, Alia, was hit by shrapnel and lost the use of her left arm, forcing her to drop out of school. But Sumaia refuses to give up hope.

"I want to be like children outside Yemen... to feel safe going to school," she says. "I hope to be a teacher in the future to teach children."

Since meeting the family in 2019, we've helped them access medical costs and surgery for Alia and are supporting her return to school.

But across Yemen, children still faced the triple threat of bombs, starvation and disease.

In 2019 we helped 1.7 million children in Yemen. We supported 88 health facilities and 23 hospitals to ensure children and their families could access life-saving care. Since the beginning of our response in 2015, we have:

- treated 232,000 children under five for acute malnutrition
- provided reproductive health services to 282,000 women

- enabled 1.1 million children to access food through food distributions and cash grants
- delivered workshops on hygiene awareness to 1.6 million people to help prevent the spread of disease
- provided child-friendly spaces for more than 223,000 children so they can play safely and start to process the terrifying things they've been through.

We campaigned hard for peace in Yemen, too. Thanks to the extraordinary efforts of British school children and volunteers, we collected 55,000 signatures for a petition we delivered directly to MPs in March. It called on the UK government to use its influence at the UN to help bring an end to Yemen's terrible war.

## SURVIVING IN A CRISIS: CYCLONES IN MOZAMBIQUE

For the first time in recorded history, two strong tropical cyclones made landfall in Mozambique in the same season. Cyclone Idai and Cyclone Kenneth tore through the country at the beginning of March and April, claiming hundreds of lives and leaving a trail of destruction. Over a million children were affected.

Among the first organisations to respond, Save the Children provided families with essentials like tents, blankets, mosquito nets and hygiene kits. Our Emergency Health Unit delivered life-saving medical care (see page 14). We set up temporary learning spaces and repaired damaged schools. And we distributed seeds and tools so farming families could start growing food again.

We've reached more than 400,000 people, including 249,000 children, with critical support.

## STEPPING UP THE FIGHT AGAINST EBOLA

Within days of the declaration of the Ebola outbreak in Eastern DRC in August 2018, Save the Children was on the ground, working with the government, the World Health Organization and other partners to stop the spread of the disease.

In 2019, we stepped up the fight. Here's the difference we made during the year:

- 71 health centres supported
- 137,195 people screened
- More than 3 million people – including more than 1.5 million children – reached with information on how to combat Ebola.

## EMERGENCY HEALTH UNIT: SPEED, EXPERTISE, REACH

When disaster strikes, Save the Children's Emergency Health Unit (EHU) of doctors, nurses, midwives, engineers and logisticians, can respond within a matter of hours – working alongside and empowering local health workers to deliver life-saving care.

In 2019, the EHU rapidly deployed nine times to seven countries to save children caught up in natural disasters, conflict or fast-spreading outbreaks of disease.

During the year we reached more than 860,000 children and their family members with life-saving services. We also trained more than 700 government and community health workers.

Anticipating the devastating impact of Cyclone Idai in March, we deployed our EHU team to Mozambique two days before it hit so we could respond immediately. In areas cut off from health services, the EHU reached people by helicopter or boat, then set up health clinics. We provided treatment, vaccinations, antenatal care, mental health support, and water and sanitation.

In the wake of Cyclone Kenneth a month later, we deployed another team who set up treatment units and supported a mass vaccination campaign to deal with a deadly cholera outbreak – eventually reaching 89,539 children across both emergencies.

In October we tackled another serious cholera outbreak, this time in Sudan. The EHU set up treatment centres, trained national health staff and conducted a mass vaccination campaign reaching more than 165,000 children and adults.

## DIGITAL HUMANITARIAN LEARNING

In 2019, we used digital technology to enhance the skills of our staff, and those of our partners and sector peers, so we can make a bigger impact for children.

**COMPASS:** In partnership with JP Morgan's Technology for Social Good programme, we created a low-investment, open access digital platform called COMPASS, for humanitarians to rapidly access guidelines on how to implement health, nutrition, water and sanitation programmes.

We launched COMPASS just in time to support the Emergency Health Unit response in Mozambique. It has since been accessed in 64 countries by hundreds of Save the Children, partner and sector peer staff. COMPASS is available at [compass.savethechildren.net](https://compass.savethechildren.net) and can be downloaded for mobile devices.

### Virtual reality simulations for humanitarian

**learning:** Last year, Save the Children's Humanitarian Leadership Academy (HLA) launched the 'Safeguarding VR' simulation, using the context of providing support to a survivor of a safeguarding incident. The individual is provided the opportunity to put their safeguarding training skills into practice and receive feedback on how they use their voice and their body language.

The success of this simulation has led to the development of five more immersive training simulations and two 360/VR videos, available on HLA's online learning platform.

After pilots with UNHCR and the Norwegian Refugee Council, the training will be rolled out more widely to organisations working across the sector in 2020.

More than 4 million Venezuelans have fled their country since the end of 2015, amid an economic and humanitarian crisis. Colombia hosts around 1.3 million Venezuelan refugees and migrants. With the Colombian health service overwhelmed, the EHU established a sexual and reproductive health clinic providing high-quality maternal care, and support for women and girls affected by sexual violence and mental health issues.

Throughout the year, we used the EHU to vaccinate more than 320,000 children against measles, after outbreaks in South Sudan, Kenya and Madagascar killed almost a thousand children.

# PNEUMONIA: FIGHTING FOR BREATH

Jamillah, six months old and normally full of life, began showing worrying signs. She was sleepy, crying and running a high temperature.

When her condition didn't improve, her mum, Rally, knew she had to act. She took Jamillah to a Save the Children-supported hospital in Turkana, Kenya, where she was diagnosed with severe pneumonia. She was given intravenous antibiotics and quickly began to show signs of improvement, going on to make a full recovery.

"If [the hospital] was not here, my baby probably would have died," says Rally.

For many, that nightmare scenario is a reality. Pneumonia is the world's leading infectious killer of children, claiming the lives of more than 800,000 children every year – one child every 39 seconds. Disproportionately affecting the most deprived and marginalised children in low- and middle-income countries, it's a shocking demonstration of pervasive health inequalities.

Almost all child pneumonia deaths are preventable. However, progress on reducing these deaths is slower than for most other major killers of children – and too slow to achieve the Sustainable Development Goal of ending preventable child deaths by 2030.

Save the Children is fighting for change. We're doing that on multiple fronts: through our programmes and campaigning, using research and innovation, and by promoting early-years nutrition, wider immunisation coverage and stronger health services.

## A SPOTLIGHT ON PNEUMONIA

To beat pneumonia, we must make the world wake up to the disease's terrible impact on children.

On World Pneumonia Day, 12 November 2019, we launched a mass global campaign. It called on leaders to tackle pneumonia in all the worst-hit countries.

Our message resonated with the world's media, which ran more than 2,000 separate pieces on pneumonia across at least 50 countries, reaching a huge global audience. And Save the Children offices in every high-risk country held large-scale events to spread the word to their communities and governments.

It all built momentum towards the world's first conference on childhood pneumonia, hosted by Save the Children and our key partners in January 2020, bringing together policy-makers, researchers, academics and aid agencies to galvanise national action and mobilise the donor



Baby Jamillah and Rally.

community to increase awareness of the scale of the pneumonia challenge.

## INSPIRING CHANGE IN NIGERIA

Nigeria is one of five countries that account for over half of all global pneumonia deaths, and the rural state of Jigawa has a significantly higher malnutrition rate than the national average. Almost 15,000 children contract pneumonia there each year.

Jigawa was one of the focus areas of a major new anti-pneumonia programme that we launched last year with our corporate partner GSK.

It kicked off with a detailed study of the reality of pneumonia in Jigawa and in Nigeria's commercial capital, Lagos.

The study found:

- Effective vaccines are available for some types of pneumonia, but coverage is low in Jigawa (below 40%).
- Only 30–40% of caregivers can recognise at least one symptom of pneumonia.
- Caregivers must pay for their children to be treated, but often cannot afford it.
- Healthcare providers themselves often have poor knowledge of pneumonia.
- Hospitals in Jigawa are ill-equipped to fight pneumonia – they lack oxygen, pulse oximeters and essential antibiotics.

We know what it takes to overcome all these problems. Our programme will build on lessons from tackling other diseases, producing compelling evidence to reduce pneumonia-related deaths and building capacity throughout the health system.



# RESISTING A RISING TIDE OF HUNGER



## LAUNCHING THE GLOBAL MALNUTRITION INITIATIVE

Save the Children UK launched the Global Malnutrition Initiative (GMI) at the end of 2018 to pilot innovative approaches to tackling malnutrition in fragile and conflict-affected states. Last year, the GMI worked with our country offices to deliver care to some of the world's most at-risk children and conducted joint research with key partners to improve malnutrition treatment methods.

## Rigorous research

The GMI gathered evidence on the best ways to detect, diagnose and treat acute malnutrition at the community level. We worked with No Wasted Lives – an inter-agency coalition that promotes a coordinated approach to child health and nutrition – to identify the gaps in this evidence, helping to determine the focus of our research. And in 2019, University College London became the GMI's global research partner, to help ensure rigorous and credible research forms the evidence base.

In Turkana county in northern Kenya, we worked with the government and international non-governmental organisations to develop simplified approaches and tools – including modified weighing scales and a dosage calculator for weekly quantities of therapeutic food – so community health workers who struggle with reading, writing and numeracy could recognise, treat and record malnutrition in their villages. In Somalia, our teams took a similar approach, collaborating closely with the Ministry of Health to develop and introduce adapted nutrition tools for low-literacy health workers.

We'll build on our research and the programmes it informs by seeking to influence governments and international organisations and achieve change at scale.

## Delivering life-saving treatment

Through the GMI we have focused on reaching some of the most marginalised children in countries where poverty, conflict and poor governance contribute to widespread malnutrition. In 2019, we reached more than 17,000 girls and boys suffering from acute malnutrition in Somalia, and provided life-saving treatment to more than 5,000 lactating mothers. In Yemen, we delivered vital care to 4,441 girls and 3,849 boys, as well as to more than 3,000 pregnant and lactating mothers.

Last year, Sir Mo Farah became the GMI's Global Patron, raising its profile and ultimately, its impact for children.

Leolida throws his little brother Lawrence up in the air to make him laugh and take his mind off being hungry. "He's not hungry when you play with him," says Leolida, 12. "He's just happy."

The brothers live in Turkana county, Kenya. Their family doesn't have much to eat, so Leolida shares what little he has with Lawrence. "I love Lawrence very much and would do anything to help him," says Leolida.

But Leolida's generosity wasn't enough to stop baby Lawrence becoming ill with severe acute malnutrition last year. Lawrence had diarrhoea and a fever and was about half the weight of a healthy child his age. Thankfully, one of our community health workers, Mark, was able to diagnose Lawrence and give him the antibiotics and high-nutrient food he needed to survive.

Lawrence was just one of millions of children across the world who suffered from malnutrition in 2019. For the first time in decades, the number of people across the world facing hunger is on the rise. And undernutrition is contributing to the death of 2.5 million children every year.

A combination of factors, such as poverty, climate change and conflict, mean that today around 50 million children globally suffer from acute malnutrition.

At the same time, 149 million children under-five are growing up with chronic malnutrition – a shocking 22% of all under-fives in the world. Chronic malnutrition, though less immediately life-threatening, damages children's long-term physical and cognitive development.

In 2019, Save the Children pushed for intensified global efforts to tackle hunger, and delivered programmes to fight malnutrition for thousands of children like Lawrence.

## REDUCING CHRONIC MALNUTRITION

Chronic malnutrition has been shown to hold back children's cognitive development and future earnings. For many countries, it represents a major social and economic cost.

### Nigeria and Myanmar: cash transfers

In Nigeria and Myanmar, we have run two innovative programmes aimed at preventing chronic malnutrition in babies and young children. They provide regular cash transfers of around US\$10 a month to pregnant women until their children reach two.

In 2019, over 26,000 women in Nigeria received the payments and attended a range of information sessions, such as health talks, cooking demonstrations and workshops on infant feeding. In Myanmar, more than 11,000 women received this support since the launch of the programme in 2016.

Final evaluations were published in July, revealing impressive results: the programmes reduced the proportion of stunted children compared with children in the control group by 8% in Nigeria and 18% in Myanmar. They also markedly improved children's health, dietary diversity, use of health services and vaccination coverage.

These findings make an important contribution to our knowledge about how governments can effectively prevent chronic child malnutrition at scale. In Myanmar, the government has started to roll out the approach nationwide. While in Nigeria, one federal state is starting its own cash transfer programme for pregnant women and children, and lessons from our cash programmes are being integrated into other government schemes.

### Indonesia: the power of nutrition

In Indonesia, Save the Children and Nutrition International, with funding from the Power of Nutrition, have designed the \$10 million Better Investment for Stunting Alleviation (BISA) scheme to help the government improve its nutrition services and achieve its anti-stunting plan – from training health staff to promoting breastfeeding and nutrition behavioural changes in the community. Over a five-year period, BISA will enable an estimated 3.3 million people – including approximately 734,000 women, 489,000 children under two and almost 1.5 million adolescent girls – to access high-impact nutrition services. It will contribute to saving approximately 4,800 lives and avert around 6,300 cases of stunting and 161,700 cases of anaemia. Save the Children UK is providing business development and technical assistance support.

### Pressing for global action on malnutrition

The Scaling Up Nutrition global gathering in Nepal in November 2019 brought together key representatives from governments, donors, private sector and civil society to discuss how to reawaken the push for preventing malnutrition. We co-led a session, attended by more than 160 attendees from more than 40 countries, to build civil society engagement ahead of the crucial global Nutrition for Growth summit in 2020. We are working closely with the Japanese government, who will host the summit, to secure desperately needed funding for nutrition from donor and high-burden countries and to drive policy improvements – on breastfeeding, acute malnutrition in fragile states, and adolescent nutrition.



GMIBAKASHI / SAVE THE CHILDREN

Baby Jamila is assessed by one of our health workers at the Rohingya refugee settlement in Cox's Bazar in Bangladesh.

# STOP DIARRHOEA



KATE STANWORTH/SAVE THE CHILDREN

Suffering from diarrhoea and vomiting, Juwayria's one-year-old grandson Ali was successfully treated at our stabilisation centre in Gardo, Somalia.

Tackling any disease that kills children requires a two-pronged approach: disease-specific interventions and support to strengthen the whole health system.

Diarrhoea kills more than 477,000 children under five every year and, after pneumonia, is the second-largest cause of under-five mortality. In 2019, we completed our £11 million, four-year Stop Diarrhoea Initiative in Nigeria and India with our corporate partner RB. Rigorous independent evaluations measured our impact and revealed lessons that can also be applied to our work on pneumonia.

We joined forces with local, state and national governments in Nigeria and India to comprehensively address the full range of drivers of diarrhoea, with some outstanding results. We:

- provided the life-saving vaccine for rotavirus – a major cause of diarrhoea – free for the first time in the areas we were targeting in Nigeria, increasing coverage from 5% to 44% and inspiring its subsequent nationwide roll-out
- used public health messaging to improve household practices to prevent diarrhoea – for example, in target areas of India, raising exclusive breastfeeding rates from 72% to 86% and increasing handwashing after using the toilet from 73% to 97%.
- upskilled health workers to better identify and treat diarrhoea, increasing the proportion of frontline health workers in target areas of India correctly managing diarrhoea from 58% to 86%.

As a result of our work, the proportion of the population affected by diarrhoea in our target areas of Nigeria fell

by 61%, meaning we prevented 9,600 children from getting diarrhoea. We estimate that we contributed to a 58% reduction in under-five deaths due to diarrhoea here, saving the lives of around 620 children.

In our target areas in India, we estimate that we contributed to preventing more than 11,000 children from getting diarrhoea, and to a 37% reduction in under-five deaths due to the illness.

## IMPACT UPDATE: SAVING THE LIVES OF BABIES AND THEIR MOTHERS IN DRC

In 2018, our signature five-year programme to save the lives of babies and their mothers in two states in the DRC came to an end.

The programme, in partnership with GSK, trained health workers, provided expert supervision, strengthened routine immunisations, and delivered essential drugs and basic medical equipment.

In 2019, we conducted a detailed evaluation and found the programme had boosted:

- skilled birth attendance from 10% to 44%
- essential newborn care – including immunisation, early initiation of breastfeeding, resuscitation, management of prematurity – from 7% to 31%
- full immunisation coverage from 31% to 50%
- diagnosis and treatment of pneumonia from 4% to 40%, a remarkable jump.



# FREE HEALTHCARE FOR ALL



HANNA DOCK/SAVE THE CHILDREN

**Baby Alaziz from Ethiopia receives a pneumonia vaccine from a Save the Children-trained health worker.**

In many parts of the world, having to pay cash for healthcare can mean a choice between dealing with a life-threatening illness for a child or avoiding financial hardship for the family. Save the Children believes everyone, no matter where they live, should have access to the health services, vaccinations and medicines they need without facing such a choice.

In 2019 we pushed hard for governments around the world to commit to universal health coverage (UHC). We helped organise the first-ever UN High-Level Meeting on UHC, held in New York at the UN General Assembly in September. It brought together hundreds of heads of state, health ministers and ministers of foreign affairs to make concrete commitments on how they will deliver UHC in their countries.

Leading up to the meeting, alongside civil society organisations and partners from the wider health sector, including GSK, our *Health for All Within Reach* report shared data on both how much needs to be spent and how best to spend it to deliver UHC.

Our advocacy helped secure important commitments. UN member states endorsed the Political Declaration on Universal Health Coverage, the most ambitious and comprehensive document of its kind on health in history – effectively signing up to a commitment to make sure everyone, everywhere has access to quality healthcare.

Our role is now to hold governments to account for delivering this. To help in this, our Child Inequality Tracker is designed to identify and monitor disparities between rich and poor families, girls and boys, and different geographical

locations in their progress in health and towards other Sustainable Development Goals.

## FIGHTING FOR THE RIGHT TO REPRODUCTIVE HEALTH SERVICES

Girls who become pregnant are at greater risk than adult women of suffering potentially fatal complications during childbirth. Their babies are more likely to be born premature and are less likely to survive.

By allowing women and girls to delay and space out their pregnancies, reproductive health services can play an essential part in saving children's lives. But reproductive rights are under threat around the world, with restrictions on access to services, including safe abortion. Globally, 8–11% of all maternal deaths are related to abortion – around 22,800–31,000 girls and women die unnecessarily each year, while an estimated 7 million were treated in the developing world for complications of unsafe terminations in 2012.

Save the Children campaigns for women's and girls' rights to comprehensive reproductive health services, including safe abortion services. In 2019, we were part of the UK Sexual and Reproductive Health and Rights Network and its bilateral relationship with the UK Department for International Development (DFID).

We were proud to see DFID defend reproductive health rights at the UHC High-Level Meeting. Its new £600 million investment will give 20 million more women in the poorest countries access to sexual and reproductive health services.

# BREAKTHROUGH: LEARN

**Goal: by 2030, all children will learn from a good-quality basic education.**

Education empowers children to rise above poverty, realise their potential and build a better future. The effects ripple outwards – supporting families, communities and nations.

Global leaders have committed to ensure every child has a good-quality education. And today, more children are in school than ever before.

But the challenges are huge. More than a quarter of a billion children are out of school, and recent projections predict that by 2030, 420 million children will not learn the most basic skills in childhood, whether they attend school or not. Many of the world's most disadvantaged children – those living in poverty or caught up in humanitarian crises – are being denied the chance to learn at all.

To tackle this education crisis, we are:

- making sure children living in conflicts and emergencies – including refugee children – can get the education they tell us is their number one priority

**7.7 MILLION CHILDREN**

reached through our movement's education programmes in 2019

- fighting for girls' right to an education and dislodging the obstacles that stand in their way, such as child marriage
- improving learning for children during their crucial early years – around the world and among the UK's poorest communities – when it can make the biggest difference.

In 2019, we gave parents in Tanzania and China the tools to better support their children's early learning and development, and we prepared thousands of young children in Mozambique for primary education at our new pre-schools.

We pushed for the massive extra funding needed to get refugee children back into school and set up learning spaces for those caught up in crisis in Uganda, Myanmar and the occupied Palestinian territory.

And in the UK, we push for every child to get the best start in life through support for early years learning and our campaign for affordable childcare.

Our project activities to help children learn are designed to form part of coherent country programmes, guided by country office-led strategic plans and financed by a range of Save the Children members and donors.

When she was 14, Shumi's father planned for her to marry against her will. He was persuaded against it by the leader of Shumi's peer education group, which we support (pictured on page 8).

**"I dream about my future. I want to complete my studies and get a job."**

**Shumi, 15, Bangladesh**

# IMPROVING EARLY YEARS LEARNING



“I have seen big changes in Emelia,” says Maria, about her four-year-old daughter’s transformation since attending one of our Early Childhood Development Centres in Mozambique.

“She is starting to read and is learning Portuguese. She even teaches us things when she gets home!”

We’re determined to make sure children like Emelia get the support they need when it matters most – during their earliest years, from conception to primary school. That’s when their most significant development takes place, shaping the path they will take through education and into the world of work.

But most children in low- and middle-income countries don’t receive any form of early-learning support before they start school. And it’s the most deprived and marginalised children who are likeliest to be left even further behind – around 250 million of the poorest children under-five are at risk of not reaching their development potential.

In 2019, in partnership with governments, education experts, schools, parents and communities, Save the Children worked to help children across the world get the best start in life.

## **TANZANIA: PROMOTING GOOD PARENTING**

Our Comic Relief-funded project in Tanzania has helped 4,400 mothers and caregivers better understand how to support their children’s early development. Three-quarters of them have adopted most of the positive parenting

practices we promoted – playing, reading, singing with their child – benefitting 4,035 children. The programme also aims to help fathers contribute to a safe, stimulating and positive home environment.

## **CHINA: THE BEST START IN LIFE**

Our Best Start in Life project in China – delivered in close partnership with the government, and with funding from the Kwok Foundation – adopts a similar approach. State-employed village doctors and family-planning officers conduct twice-monthly home visits and monthly group sessions to train and support caregivers to better nurture their children’s early learning and development. The project benefits 1,100 children aged six months to three years.

Quarterly monitoring results show clear improvements in how caregivers are interacting with their children, including a reduction in gender bias, with positive results for children’s early development.

## **MOZAMBIQUE: EARLY LEARNING OPPORTUNITIES**

In partnership with the government and with funding from the World Bank, we’ve established more than 200 community pre-schools in Mozambique. They give more than 14,000 children aged three to five the chance to learn in a way that will prepare them for primary school.

Initial results show that children who have attended one of these Save the Children-supported pre-schools have better literacy skills in grade 1 than children who haven’t. For example, those attending the pre-school were more likely to be able to identify sounds of certain letters and know where to start reading on a page (49% and 82%, compared with 15% and 53% of non-attendees, respectively).

## **RWANDA: PARENT POWER**

Research we conducted in Rwanda in partnership with the Institute of Development Studies found that building parents’ self-confidence in their parenting abilities leads to improvements in their parenting practices and their children’s development outcomes – gains that continued even over 12 months after the end of the programme.

Results also showed that Save the Children’s low-cost model of group parenting sessions, supported by radio, had a significant impact on parental behaviour and boosted children’s development. We found these changes were sustained several years after the end of the programme.



# EDUCATION IN EMERGENCIES



As Harriet heard gunshots ring out near her home in South Sudan, she ran for her life. But not before grabbing something very precious to her: her school uniform.

“The most important right is the [right] to an education,” says the 15-year-old (who is pictured on the front cover of this report). “Without it you will not enjoy life.” At first her hopes of getting back into school in Uganda were dashed, and she spent a year out of the classroom.

But now, with help from our accelerated learning programme, she’s more than made up for lost time. She’s back at school, was chosen as head girl and is determined to become a lawyer. “I’m going to change the world!” she says.

Like Harriet, what children caught up in an emergency often want more than anything else is the chance to learn. Our 2019 report, *Education Against the Odds*, revealed that children affected by crises are more than twice as likely to rank going to school as their top priority over any other need.

They crave the return to normality education offers, and they know it is their best chance of a brighter future. But more than 75 million children in 35 crisis-affected countries are not getting the education they need to build a better life.

That’s why we aim to make sure that, despite everything that’s happening around them, children in conflicts and areas hit by disaster can get an uninterrupted, high-quality education.

Last year, in the places where children are most cut off from mainstream education, we helped them get the chance to learn.

Education was a key part of our movement’s humanitarian responses in 2019. When disaster struck, we got children back in the classroom as quickly as possible. We repaired schools, set up temporary learning centres, trained teachers to help children cope with traumatic experiences and delivered accelerated learning programmes to those who had missed out on years of schooling.

We represented the views of civil society on the high-level steering group of Education Cannot Wait (ECW), a global fund we helped set up to increase the provision of education in emergencies. Alongside this, Save the Children UK supplied the vital funds our country offices needed to deliver 24 Education in Emergencies programmes in 14 countries, and provided critical expertise, deploying technical advisers to Bangladesh, Iraq, Mozambique, Zimbabwe, Yemen, Uganda, Nigeria, DRC and Ethiopia.

Our contribution helped make possible:

- a new ECW-funded programme in the occupied Palestinian territory to get education to some of the world’s most marginalised children – even those who are under house arrest or have been in detention and are unable to access education and other critical support.
- a Save the Children-led consortium of 17 NGO partners funded by ECW, which made sure more than 140,000 children in 95 schools across 14 refugee camps in Uganda could get an education
- a European Commission-supported programme that distributed teaching materials, repaired schools, trained teachers, and helped 1,160 children from Myanmar living in nine refugee camps along the Thai border return to school
- a new ECW-funded plan to get more than 60,000 children displaced by conflict and drought in Ethiopia back in the classroom
- the delivery of Healing and Education through the Arts (HEART) – an arts-based approach to providing psychosocial support for children affected by severe stress – in Yemen, Uganda, Iraq and Bosnia.

We also provided technical expertise to the Global Education Cluster. With UNICEF, Save the Children is lead agency of the Cluster, which brings together NGOs, UN agencies, academics and other partners to help deliver predictable, well-coordinated and equitable education for children affected by humanitarian crises.



### ADVOCATING FOR CHANGE

In 2019, we continued to advocate for governments, donors and civil society organisations to increase investment towards ensuring every child has the chance to learn.

We helped persuade governments to make commitments totalling US\$253 million to ECW. As part of this, the UK government allocated £90 million in new funding to provide education opportunities for vulnerable children and young people caught in armed conflicts, disasters, forced displacement and protracted crises around the world. This generous contribution inspired other donors to make their own funding announcements.

At the first-ever Global Refugee Forum, following our advocacy, the World Bank and the Global Partnership for Education announced funding plans to support education for the 3.7 million refugees who are out of school.

### PIONEERING NEW APPROACHES

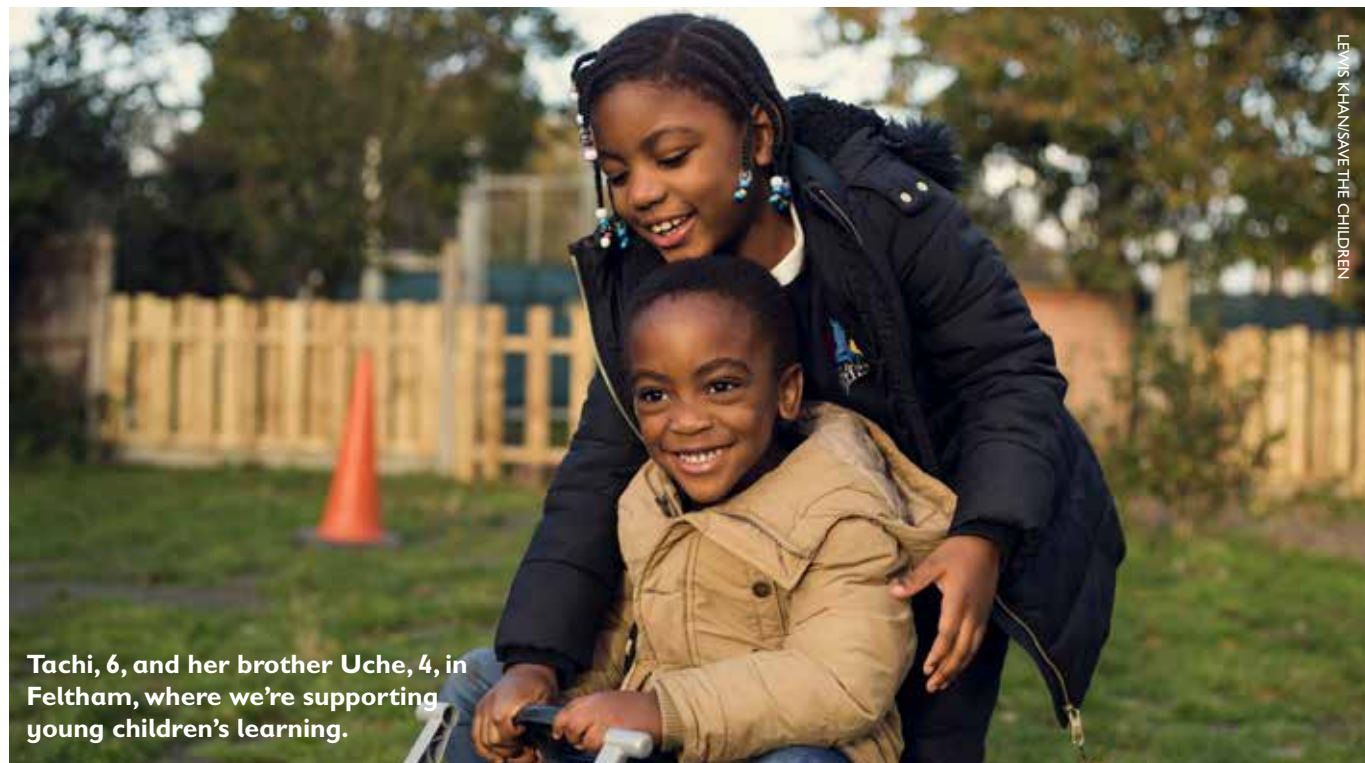
Working with colleagues from across the Save the Children movement, last year Save the Children UK pioneered new methods of delivering education in emergencies, which we are promoting to the wider sector.

Drawing on the latest evidence of best practice, and with an emphasis on professional development and wellbeing, our Enabling Teachers approach aims to develop teachers with the skills and motivation to help boys and girls in emergency situations, especially those from marginalised communities, succeed.

We’ve also developed an advanced University of Geneva-accredited course: the Education in Emergencies Professional Development Programme – a serious investment in the Education in Emergencies workforce.

The course has been delivered in East Africa, the Middle East, South-East Asia, China and South Asia, with an advanced course currently running in the Middle East, Eastern Europe, and East and Southern Africa. To date, more than 150 people have been trained.

# A BRIGHT START IN THE UK



There are 4.1 million children growing up in poverty in the UK today. On current trends that shocking statistic is expected to rise to over 5 million.

This has serious implications for children's learning and development. By the age of just three, children living in poverty are on average more than a year behind their wealthiest peers in their early language development – curtailing their chances of doing well at school, and in later life.

A root cause is that families in the most disadvantaged areas often can't access vital services. Either the services don't exist, or they don't work together as closely as they could, and as a result the poorest families fall through the cracks.

It means their children can go without the learning opportunities and social interactions they desperately need in their early years.

## EARLY LEARNING COMMUNITIES

Launched in 2018, our Early Learning Community (ELC) project is developing and testing new ways of improving early learning outcomes for children growing up in poverty in the UK – a challenge that, to date, many organisations and approaches have failed to resolve.

The programme intervenes as early as possible in children's lives, giving them the support they need when they need it most. In 2019 it aimed to reach children under-four living in

Margate, Feltham in West London, Sheffield, and Bettws in Wales to get the best start in life. In 2020, we are expanding this work into East Belfast.

Last year, we brought together more than 200 partners across our ELC areas – from health workers to schools to children's centres to local government – to identify the key issues faced by families living in poverty. The results ranged from parents being unable to afford books, to being unaware of the support available, to feeling stressed about trying to make ends meet.

This insight allows us to strengthen and better coordinate services and deliver suitable programmes addressing the root causes of why children struggle to learn – programmes such as Building Blocks (page 25).

ELC is at an early stage, but – through our partners, local families, and funding from the likes of Bulgari and Nuffield Foundation – we saw great progress in 2019. Together, we helped more than 7,000 families improve their children's home learning environment and boost parents' engagement with their children's early learning.

"I want them to have the best life," JJ, a mum involved in the Feltham Early Learning Community, says about her children. "I want them to explore every opportunity they have. I want them to go to uni and be the best they can be, with us as parents supporting them with everything."



## CAMPAIGNING FOR AFFORDABLE CHILDCARE

In 2019 we continued to demand the government make childcare more affordable and accessible for UK families on low incomes.

We met with the then Secretary of State for Work and Pensions, Amber Rudd, and ministers at the Department for Education to discuss the need to update the way parents receive childcare through Universal Credit.

Over 100,000 people signed our petition calling for affordable childcare. We handed it in to No 10 on a day of action in Westminster in July, which saw affected parents campaign alongside us. At a select committee meeting we made the case to MPs that childcare costs in the school holidays push families into debt.

This intense campaigning saw us win headlines in The Independent, The Sun and on ITV, to name a few, and prompted questions in Parliament for Amber Rudd. She again acknowledged the problem and committed her department to look at ways to improve the system.

Thanks in part to our campaigning, the government has improved the level of information they give to parents about the support they can get for childcare. But more must be done to ensure parents facing high childcare costs get the support they're entitled to. We'll keep campaigning until they do.

## BUILDING BLOCKS

We deliver our Building Blocks programme in six areas across the UK, including three of our ELC areas. It provides families living in poverty with guidance on how they can stimulate age-appropriate play, language development and parent-child interaction.

The programme also provides educational toys, books and essentials, such as a table or bed for families who can't afford them. We reached 1,686 families with Building Blocks last year.

In Scotland we supported a family with three boys under the age of six, living in a two-bedroom flat. Bedtimes were often difficult as the boys share a bedroom and used to stop each other settling. Through Building Blocks the family received a table and a stairgate, which has helped the mum to stagger her sons' bedtimes. Now, as she gets her youngest son off to sleep, the older boys can draw or play at the table or relax in the living room.

**Alena, with her daughter Ziona, 2, at home in Sheffield on a bed they received as part of our Building Blocks programme.**

# BREAKTHROUGH: BE PROTECTED

**Goal: by 2030, violence against children will no longer be tolerated.**

One hundred years on from Eglantyne Jebb's challenge to stop "wars on children", the war against children is now intensifying.

The numbers affected by conflict have hit record levels: one child in six is living in a conflict zone. And the international rules-based system that exists to protect children in war is itself under attack.

In 2019 the Save the Children movement launched a three-year campaign to Stop the War on Children, which aims to:

- improve the monitoring of, and response, to child-rights violations in war zones
- make it easier to bring perpetrators of violence against children to account
- provide children with psychosocial support to help them recover from the effects of war.
- by 2021, significantly strengthen and expand our movement's programme work to protect children in conflict.

Millions of children suffer from other forms of violence too: sexual exploitation, harsh discipline at school, severe punishments in the home.

Many are exposed to violence and abuse by being shut away in institutions, caught up in the chaos of a natural disaster or confined to detention centres as they flee across

national borders, or because of a disability or their sexual orientation, gender identity or expression.

Our 2019–21 strategy calls on us to accelerate the momentum for change in the norms, attitudes and behaviours that lead to violence against children – in homes, schools and especially in conflict. And we'll push for protection services to be available to all teenage girls we work with in conflict settings and the most serious emergencies.

Last year, we helped protect children around the world – from Yemen to Mozambique, from India to Madagascar.

Our trained case workers kept children safe from abuse or helped abused children get expert care. When children and their families were separated during a disaster, we worked to reunite them. In the midst of war, we provided children with safe spaces where they could play and learn, and – for the worst-affected – get specialist psychological support. We worked to combat harmful practices against women and girls – like female genital mutilation and forced marriage. We helped children speak out about their experiences and highlighted the need for urgent action.

Our project activities to help children be protected are designed to form part of coherent country programmes, guided by country office-led strategic plans and financed by a range of Save the Children members and donors.

## 3.4 MILLION CHILDREN

reached through our movement's child protection programmes in 2019

Malak and Ruba.



**"All children should love,  
not hate themselves"**

**Ruba, 11, occupied Palestinian territory**

# STOP THE WAR ON CHILDREN

“Everything changed when our village was attacked,” says Yazan, “They dropped a bomb on my school.” Yazan fled from the frontline of Syria’s war, but he longs to return to his homeland – and “help build it all over again.”

But as the conflict grinds on, the lives – and futures – of millions of children like Yazan remain on hold. “They keep fighting and shooting each other,” he says. “So just stop. So just stop that.”

It was the voices of children like Yazan, for so long silenced, that sounded the way for Save the Children’s global Stop the War on Children campaign.

After launching in May 2019, it rapidly gathered momentum. Over the summer, more than 100,000 of our supporters in the UK joined up – signing a petition calling on the government to update its Protection of Civilians Strategy (see box), and to make children off limits in war.

## BRINGING BRITISH CHILDREN HOME

Then, in November, our campaign was instrumental in the start of the repatriation of orphaned British children of ISIS parents trapped in north-east Syria. Up to 60 children were known to be stranded in appalling conditions and at extreme risk during the Turkish army’s incursion across the border.

Drawing on insight from our programmes on the ground, Save the Children played a critical role in making the case to the UK government, parliamentarians and the British public that every child, no matter who their parents or circumstances, has the right to a childhood and the chance of a full life.

Within just five days, more than 10,000 of our supporters emailed Home Secretary Priti Patel telling her they wanted the UK government to bring every stranded child home. The government agreed to repatriate three of them in late November.

“Innocent, orphaned, children should never have been subjected to the horrors of war,” said Foreign Secretary Dominic Raab. “We have facilitated their return home, because it was the right thing to do.”

We continue to press for the repatriation of the remaining children.

## STRATEGY TO PROTECT CHILDREN

The Protection of Civilians strategy is the UK government’s cross-departmental approach to its work on protecting civilians in conflicts. The current strategy, which hasn’t changed since 2010, is out of date, so we’re calling on the government to publish a new one that sets out ambitious and specific measures to protect children in conflict; commits to upholding international laws to protect all civilians; tackles the new challenges children face in warfare; acts on evidence and creates new ways to track and record harm done to children and other civilians in conflict.

## PROTECTING CHILDREN IN CONFLICT ZONES

Alongside our Stop the War on Children campaign, we launched a new initiative to increase the work we do to protect children in 15 conflict-affected countries, providing our country offices with technical and financial support.

- In the Philippines we extended our work into the conflict-hit region of Mindanao to tackle the recruitment of children into armed groups and promote access to education and social protection.
- In November, Ukraine became the 100th state to sign the Safe Schools Declaration – a key milestone in a global five-year Save the Children campaign to protect children and teachers in conflict zones all around the world.
- In Sudan, we held the first-ever children’s conference in central Darfur – 100 boys and girls affected by conflict spoke out about the problems they face and called for better child protection. In response to their concerns, we are now working with unaccompanied or separated children, young people who have been recruited into armed groups, and children with disabilities, helping provide them with an education, psychosocial support and ways of making a living.
- Throughout 2019, we were one of only a few agencies still operating on the ground in north-east Syria. Save the Children helped 17,418 children in Syria in 2019, who continue to face complex and overlapping protection needs.

And in our 15 focus conflict-affected countries, our technical advisers helped provide face-to-face workshops and online training to humanitarian staff on implementing the new Save the Children Centrality of Protection Policy. The policy aims





to make sure children's protection is prioritised throughout our humanitarian responses, and grave violations of children's rights are identified and addressed.

### Steps to protect

Children living in conflict zones struggle to stay safe in the face of a range of threats to their physical and mental wellbeing.

They're at heightened risk of being trafficked, sexually exploited or recruited into armed groups. They can be physically maimed or mentally scarred after experiencing the horrors of war and deaths of loved ones. Girls are at heightened risk of sexual violence or forced marriage. Adolescents frequently resort to coping strategies such as drug use or self-harm.

Dealing with this kind of complexity calls for proper case management – a structured approach to social work, addressing individual children's needs through the coordination of services, referral and direct support. In 2019, in conflict zones around the world, Save the Children provided approximately 50,000 of the most vulnerable children and their families with individual case management.

And our evidence-based case management process, Steps to Protect, which includes guidance and training for staff, has been rolled out in Somalia, Myanmar, the DRC, Ukraine and Sudan.

### From guns to pigeons

Peter releases his pet pigeon, Am, who he's been looking after it since it hatched. "I am used to handling pigeons... I can handle with care," explains Peter with pride.

The contrast with the life Peter was living just a year ago as a soldier in South Sudan could scarcely be greater. "They gave us weapons for shooting," he says of the armed group that recruited him. "They were teaching us skills – how to hide ourselves or run."

Now Peter's learning very different skills at school in Uganda. He has big ambitions for himself and his home country: "When I finish my studies and graduate, I want to become the President of the Republic of South Sudan."

In South Sudan, Save the Children focuses on strengthening case management, rolling out a standard inter-agency child protection information management system to facilitate effective case management for vulnerable children; reunification of unaccompanied and separated children, and assisting the UN's work to support the reintegration of children associated with armed forces and groups. Through our child protection interventions and services, in 2019 Save the Children reached 80,884 children, including 4,345 who were unaccompanied and separated like Peter.

In 2019 alone, 353 of these children were reunified with their families by the Save the Children country office and our local partner organisations, bringing the total number of children reunified in South Sudan since 2013 to 6,230.

# HEALING THE PSYCHOLOGICAL SCARS OF WAR

The night-time missile strike in Gaza, which lodged shrapnel in her ear, left 14-year-old Mariam with more than just physical scars.

Psychologically traumatised, she became increasingly withdrawn, finding it hard to talk even to her closest family. Her school grades fell away and, she says, her friends started “looking at me differently”.

She felt isolated, anxious and depressed. But something inside her refused to be defeated.

At sessions run by Save the Children and our partner Ma'an, she built friendships and began to open up about her experience to her case worker Nebal. Mariam's schoolwork picked up and now she's looking forward to the future with optimism.

“I worked on myself and got better,” she says. “Now, I am stronger, and nothing scares me.”

Around 357 million children like Mariam – one in six children – are living in conflict zones around the world, often with profound long-term mental health consequences.

Severe and prolonged stress can alter the architecture of a child's brain, impeding their development and increasing the risk of mental health problems in adulthood. In 2019, we worked to make sure children caught up in conflict could get the expert psychological support they need.

## A HOLISTIC APPROACH TO MENTAL HEALTH

In 2019 we developed our first global mental health and psychosocial (MHPSS) strategic framework – a variety of interventions and approaches that respond sensitively to the needs of individual children. For example:

- the Healing and Education through the Arts (HEART) programme, which brings the proven power of artistic expression – painting, music, drama – to vulnerable children
- training primary healthcare workers in mental health
- establishing safe spaces for children
- providing targeted, specialist support for those children who need it.

Wherever possible, we work to strengthen and scale-up existing local and national child-protection systems, services and structures to ensure a larger, longer-lasting impact.

In 2019, we:

- trained country office staff to deliver our HEART programme in Iraq, Yemen and South Sudan
- initiated the use of Problem Management Plus in Iraq, Syria, Yemen and the occupied Palestinian territory, which supports parents and other caregivers who are experiencing emotional distress
- trained social workers in Iraq on providing counselling for children affected by conflict, including a focus on alleviating self-harm and suicidal thoughts.

## Advocating for children's healing and recovery

In May, in partnership with Education Cannot Wait, we published *Healing and Recovering through Education in Emergencies*, a briefing calling for donors to fund the integration of MHPSS into Education Cannot Wait's multi-year programmes, ahead of the launch of our global Stop the War on Children campaign at the Hague. And in October, we launched the report *Road to Recovery* at the United Nations General Assembly, highlighting the scale and impact of the distress suffered by children in conflict, and generating global media attention and political interest.

## BLAST INJURIES

Blast injuries are the most complex of all forms of physical damage inflicted on children during conflict, and they present medical staff with extreme challenges.

Save the Children and Imperial College London have teamed up to form the Paediatric Blast Injury Partnership. Together, we're stepping up research on how blast injuries affect children and producing practical resources to help medics treat and rehabilitate them.

In 2019, we released a comprehensive new blast injury field manual, originally requested by Syrian medics. It provides technical guidance for those with medical training but who often have little or no previous experience of operating on or treating children with blast injuries.

Since the Paediatric Blast Injury Field Manual's launch in May 2019, it has been translated into Arabic, Dari and Pashto, and distributed in conflict settings in Africa, Asia and the Middle East.

# PROTECTING CHILDREN AROUND THE WORLD

After their homes were devastated by Cyclone Kenneth, best friends Elina and Faria took part in a child-friendly space we helped set up.

OSKAR KOLLBERG/SAVE THE CHILDREN

**“We’re safe now.”**

**Faria, 12, Mozambique**

## MOZAMBIQUE: PROTECTING CHILDREN IN A DISASTER

Elina and Faria are best friends, living in the Cabo Delgado region in north Mozambique. In March and April 2019, Mozambique was hit by two consecutive tropical cyclones, impacting several coastal areas, bringing a path of destruction to the country. Cyclone Kenneth destroyed Elina and Faria’s homes.

“The day when Cyclone Kenneth came I was scared,” Elina explained. “There was no sun and the clouds were dark. The water in the ocean became really high.”

Elina was at home when the roof sheet was demolished, and a tree fell into the bathroom. “The houses in the village were totally destroyed. And we were sad.”

Elina and Faria both attended a child-friendly space set up by Save the Children, in partnership with Ibo Foundation. These safe spaces for children provide a sense of routine and return for normalcy for children, with a safe place for girls and boys to engage with their peers. Children at the spaces have access to recreational and psychosocial activities.

The girls have since returned to school. “We are safe now. I like to go to school here. I would like to be a teacher. I want to live here forever,” Faria says.

Many children in Mozambique became separated from their families during the cyclones. Save the Children provided family tracing for children who were separated during the disasters.

In the turmoil of Cyclone Idai and, six weeks later, Cyclone Kenneth, Save the Children worked with the government to reunite 109 separated children with their families.

### Stronger case management

We also worked to strengthen Mozambique’s child protection systems, which were struggling to cope even before Idai and Kenneth.

As reports of violence, exploitation, abuse and neglect became more widespread in the chaotic aftermath of the cyclones, we saw the need for a strong case management system. We worked alongside UNICEF and the government to add a layer of case workers to the social welfare system.

Prior to the emergency, community-based child protection committees served as the ground-level eyes and ears to identify and report child protection concerns. Government social workers, based at the district level, were then responsible for following up on cases. With limited resources and not enough social workers, difficult decisions had to be made about which to prioritise.

Save the Children has worked to urgently address this problem. To date, we’ve trained more than 100 case workers from 14 organisations and cross-sector, frontline staff to identify and refer child protection cases.

In 2019, since the start of the emergency response, the case workers we’ve trained and supported have responded to



1,912 cases of child labour, child marriage, neglect, violence and abuse across Mozambique's cyclone-hit provinces.

The government has since agreed to absorb the case workers into its national system. It has also increased its family tracing capacity, so it will be better able to reunify boys and girls who have been separated from their family in future emergencies.

### MADAGASCAR: CHILD PROTECTION PARTNERSHIP

In 2019, in Madagascar's Sava region, as part of our Fandriaka project – a partnership between Save the Children, Unilever, GIZ and Symrise – we responded to findings from a study on the impact on children's rights of producing and marketing vanilla and other crops by stepping up our child protection work. We:

- trained 36 local youth committees on child protection issues, such as sexual exploitation and abuse, and on how to report and refer cases, ensuring children and young people are more aware of their right to protection and what to do if it is violated
- worked with local authorities to identify gaps in the local child protection system and how to address them so that vulnerable children and young people are protected
- helped raise awareness among adults and key members of the community about the risks facing children, such as sexual exploitation, so they are better able to protect children and know how to seek assistance and make a referral.

In 2020, alongside continuing to raise awareness about children's rights and protection in local communities, we will focus on strengthening the local child protection systems.

### THE BEGINNING OF THE END FOR INSTITUTIONS

Millions of children around the world find themselves orphaned or separated from their families. To recover the security and stability they've lost, they need to be reunited with their parents, live with other relatives in a loving family home or find as close an alternative as possible.

Too many children, however, are needlessly shut away in large institutions and orphanages, even though most of these children have at least one living parent. This often puts children at greater risk of abuse or neglect. Last year, at the

### THE RIGHT TO A TRUE IDENTITY

In 2019, Save the Children adopted its first policy on sexual orientation, gender identity and expression. It affirms the importance of respecting and supporting

children's right to be different in their gender and sexual orientation and to challenge restrictive gender rules.

In Vietnam and the Philippines, in particular, we are supporting young people discriminated against because of their sexual orientation to articulate their rights.



highest levels of power, we fought for change – and won a stunning victory for children.

In December 2019, the UN General Assembly adopted a resolution, signed by all 193 member states, committing to:

- strengthen children's care in their families
- prevent unnecessary separation by addressing its root causes
- end the practice of putting children in institutions by progressively replacing institutional with family and community-based care.

Save the Children played a key role in securing this breakthrough. We helped build a mass coalition of more than 250 organisations who endorsed a set of key recommendations to the member states drafting the text of the resolution. We provided technical advice to those negotiating the resolution to try to ensure that its wording was based on the best evidence we have on what we know will help children most.

The result: for the first time ever, UN member states have formally committed to ending the care of children in large institutions, where millions still live.

Like most of our advocacy successes it will take time to filter down to change in children's lives, but we know that there is already a growing deinstitutionalisation momentum in many countries around the world. The resolution will help us make the case for and deliver programmes that reunify children with their families and that provide family-based alternative care.

# PROGRESS AGAINST STRATEGIC PRIORITIES

To deliver our breakthroughs for children by 2030, last year we launched our new 2019–21 strategy (see page 8). This identified three transformational shifts that we need to make:

- strengthening the impact of our global Save the Children movement
- deepening our connection to supporters
- becoming a stronger organisation.

This table highlights the progress we made against these strategic priorities as well as some of the challenges and learning, and our priorities for 2020. At the time of publication in July 2020, we are reviewing and adjusting our priorities for the year ahead considering the coronavirus pandemic and the impact it is having on children, our people and our organisation. We remain committed to reviewing and adjusting our priorities for the year ahead, considering the coronavirus pandemic.

DELIVERY PILLAR	KEY ACHIEVEMENTS IN 2019	CHALLENGES AND LEARNING
<b>STRENGTHENING THE IMPACT OF OUR GLOBAL SAVE THE CHILDREN MOVEMENT</b> <p>The best measure of success in our strategy is impact on children's lives. Through our international and domestic programmes, our humanitarian responses and our advocacy and campaigns, we work relentlessly to save lives and transform futures.</p>	<p>To see how we've helped children survive, learn and be protected in 2019, see pages 12–31.</p> <p>We also measured our performance last year against strategic enablers:</p> <p><b>Country offices as agents of change</b></p> <ul style="list-style-type: none"> <li>• changed the focus and location of more than 90 roles – shifting power, resource and accountability to teams closer to children we support – and contributed over £1 million to a new \$10 million annual fund for country offices to recruit the expertise they need.</li> </ul> <p><b>Financing and accountability</b></p> <ul style="list-style-type: none"> <li>• successfully coordinated sector efforts during the UK General Election campaign to uphold political commitment to the aid budget and to maintain an independent DFID</li> <li>• supported country offices to scrutinise budgets and influence national SDG delivery – and planned for this work to be overseen by a new dedicated team in 2020, intended as a step-change in our ability to deliver this vital area of work.</li> </ul> <p><b>Partnerships</b></p> <ul style="list-style-type: none"> <li>• built on our long-standing partnerships to ensure greater impact for children</li> <li>• launched a partner diversification agenda and commenced an exciting range of new initiatives with partners from around the world, including new partnerships with: <ul style="list-style-type: none"> <li>– The Power of Nutrition (a charitable foundation) in Indonesia to tackle child malnutrition, which includes support from Unilever Lifebuoy.</li> <li>– the European Bank for Reconstruction and Development to explore how to support girls and women in the workplace</li> <li>– Education Cannot Wait to ensure children continue to learn in fragile states</li> <li>– H.E. Sheikh Thani Bin Abdullah Al-Thani via the Thani Bin Abdullah Bin Thani Al-Thani Humanitarian Fund for our Somalia drought response.</li> </ul> </li> </ul>	<p>Alongside our achievements, 2019 was a challenging and volatile year. Key challenges included:</p> <ul style="list-style-type: none"> <li>• Moving more resources to country offices necessitated restructuring to our Global Programmes and Policy, Advocacy and Campaigns divisions, affecting our people and plans. Maintaining staff morale and continuing to deliver our commitments to children while undertaking these changes was at times challenging.</li> <li>• Systematically assessing whether our programmes were effectively targeting the most disadvantaged and marginalised children has sometimes been a struggle. Last year we modified our programme design and evaluations to achieve greater impact for these children and to capture this better. We will assess our progress in 2020.</li> </ul>
		<b>PRIORITIES FOR 2020</b> <p>In the second year of our 2019–21 strategy, we will continue to focus on progress towards our breakthrough goals and on taking our strategic enablers to the next level. We will:</p> <ul style="list-style-type: none"> <li>• support the global movement's plan to 'Protect A Generation' from coronavirus, training an additional 100,000 community health workers, setting up an isolation unit in Cox's Bazaar, Bangladesh, and advocating for global debt relief and other globally coordinated action for children</li> <li>• continue our focus on pneumonia, malnutrition, protecting children in conflict and education in emergencies, while expanding our work on the humanitarian implications of the climate crisis and the impact of coronavirus on girls</li> <li>• support children in the UK through our emergency grants programme, calls to government for a 'family rescue package' and our ongoing partnership work in Early Learning Communities</li> </ul>

DELIVERY PILLAR	KEY ACHIEVEMENTS IN 2019	CHALLENGES AND LEARNING
<p><b>DEEPENING OUR CONNECTION TO SUPPORTERS</b></p> <p>We're creating a platform for our supporters in the UK to make their voices heard – and to make a difference – for children around the world. We're nurturing and growing active, long-term relationships with our supporters and expanding our campaigning work with children to create substantial and sustainable change.</p>	<p>In 2019, we took significant steps to enable us to achieve our strategic objectives. For example, we:</p> <ul style="list-style-type: none"> <li>• achieved our fundraising goals, with an increase in income from our corporate partners; and our unrestricted income from shops increased thanks to high performance and reduced overheads</li> <li>• significantly increased our children's campaigning programme with a new partnership with the Scouts and an expanded offer to schools</li> <li>• launched our new brand, centred on the belief that children's potential is our brightest hope for a better future, and our new brand platform, which better connects supporters with the children they are supporting</li> <li>• developed new insights into supporter mindsets and 'types', allowing us to develop a deeper understanding of our donors and identify better opportunities to engage in ways that are more relevant to them</li> <li>• developed a lifetime value framework to help us understand the value of different financial and non-financial actions taken by our supporters, allowing us to improve our marketing</li> <li>• successfully rolled out our new operating model, which involved changes to ways of working, processes and structures, to help us to improve delivery of our strategy and impact for children (page 35).</li> </ul>	<p>In 2019 we faced several internal and external challenges for our strategic goals. Notably, individual giving declined for three years in a row from 2016 to 2018.</p> <p>It is critical that we adapt to meet the needs of our supporters and the ever-changing environment we operate in. Our new operating model is designed to help us do so.</p> <p><b>PRIORITIES FOR 2020</b></p> <p>In 2020, with the implementation of our redesigned operating model, we will focus on deepening our connection with supporters. Our priorities include:</p> <ul style="list-style-type: none"> <li>• elevating children's voices to connect more deeply with our supporters, build brand love and differentiate us in a busy marketplace</li> <li>• testing innovative ways to engage supporters at scale across the UK and build strong, long-term relationships</li> <li>• continuing to build high-value relationships with our corporate partners and philanthropists, recognising both the financial and non-financial value of these opportunities.</li> </ul>
<p><b>BECOMING A STRONGER ORGANISATION</b></p> <p>In order to deliver real change for children, we are committed to building a stronger organisation through bold changes in our operating model, organisational culture and our systems and processes.</p>	<p>In 2019 we focused on five key priority areas for our organisation, agreeing milestones and performance indicators for each, which we tracked through the year:</p> <p><b>New operating models</b></p> <ul style="list-style-type: none"> <li>• developed and implemented new operating models for our programming, fundraising, advocacy and technology teams. Through this process, we reduced the number of staff working at our headquarters by 10%, as well as streamlining layers of management.</li> <li>• piloted a multidisciplinary team on Protecting Children in Conflict, before setting up several new teams for other key strategic objectives to begin work in 2020.</li> <li>• created a new post of Executive Director of Transformation to strengthen our capability to develop and implement change.</li> </ul> <p><b>Supporting our people</b></p> <ul style="list-style-type: none"> <li>• made progress in strengthening our workplace culture (page 35).</li> <li>• implemented a new pay and grading structure, designed to be more simple, transparent, fair and consistent, and to better enable progression (page 54).</li> </ul> <p><b>Driving value for money through better procurement</b></p> <ul style="list-style-type: none"> <li>• implemented a new procurement system across our programming and support services teams (roll-out to other divisions will be completed in 2020).</li> <li>• delivered substantial procurement savings, including through consolidation and retendering of media spend.</li> </ul> <p><b>Strengthening our use of technology in Save the Children UK and across the Save the Children movement</b></p> <ul style="list-style-type: none"> <li>• agreed a new operating model for our technology team and developed a new strategy for better use of technology (across programmes, supporter engagement and workplace systems).</li> <li>• worked closely with Save the Children International on the High Performing Organisation Programme – a major cross-movement investment in harmonised systems. As part of this we launched a new, global HR system.</li> <li>• continued to strengthen our systems and controls on data protection and cybersecurity.</li> </ul> <p><b>Continued strengthening of our safeguarding approaches</b></p> <ul style="list-style-type: none"> <li>• worked closely with Save the Children International to strengthen safeguarding in country programmes, including through improved reporting and case management, and through strengthening investigation capability (page 49).</li> </ul>	<p>We made broad changes to our operating model in 2019. One challenge of note was establishing multidisciplinary mission teams to lead key aspects of our strategy using agile methodology, requiring significant strengthening in our expertise and capability in agile working. Our pilot team distilled important lessons for future multidisciplinary teams.</p> <p><b>PRIORITIES FOR 2020</b></p> <p>In 2020, the top priority for strengthening our organisation is to ensure that all teams can work effectively through the coronavirus pandemic. Our key objectives are to:</p> <ul style="list-style-type: none"> <li>• strengthen communications and ensure effective collaboration between teams during an extended absence from our headquarters</li> <li>• support staff health and wellbeing</li> <li>• provide technology support to staff working from home</li> <li>• make rapid and effective adjustments to our operational and financial plans.</li> </ul> <p>We will continue to press ahead with key elements of our longer-term organisational transformation agenda, giving priority to our work on people and culture and to developing our:</p> <ul style="list-style-type: none"> <li>• new people and culture strategy</li> <li>• approach to diversity and inclusion</li> <li>• new employee relations policies and guidelines.</li> </ul> <p>We have deferred a number of organisational and technology change projects due to financial and operational constraints arising from the pandemic but aim to complete the roll-out of the new procurement system.</p>



# OUR PEOPLE AND CULTURE

**Save the Children UK is committed to creating a safe and respectful working environment where our staff and volunteers recognise one another's contribution.**

Our organisation is built on compassion, trust and respect. These values are at the heart of what our charity stands for and they underpin our relationships with the public, partners and governments.

The same values must be reflected in the experience of our staff in the workplace. We have not always lived up to this aspiration, but we're working hard to learn from where we've gone wrong. We must create an environment where staff know poor behaviour won't be tolerated and where they feel safe to raise concerns.

Following an independent review of our workplace culture and a subsequent assessment of the progress we've made (see page 35), we're confident that we're heading in the right direction. But we still have work to do.

## OUR PEOPLE

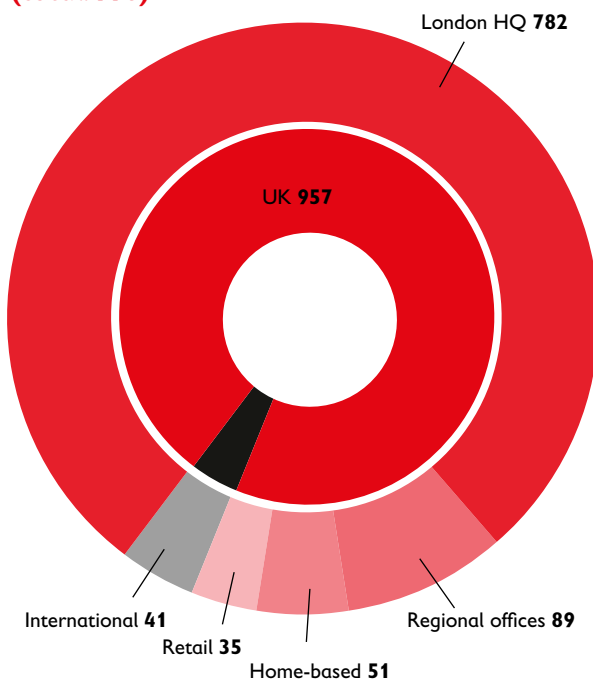
The Save the Children movement has around 25,000 staff worldwide, of which approximately 17,000 are employed by Save the Children International and the remainder by the 30 Save the Children members.

As of 31 December 2019, 998 staff worked at Save the Children UK. Around 96% worked primarily from the UK while 4% worked overseas to support Save the Children International with humanitarian surge capacity and technical expertise.

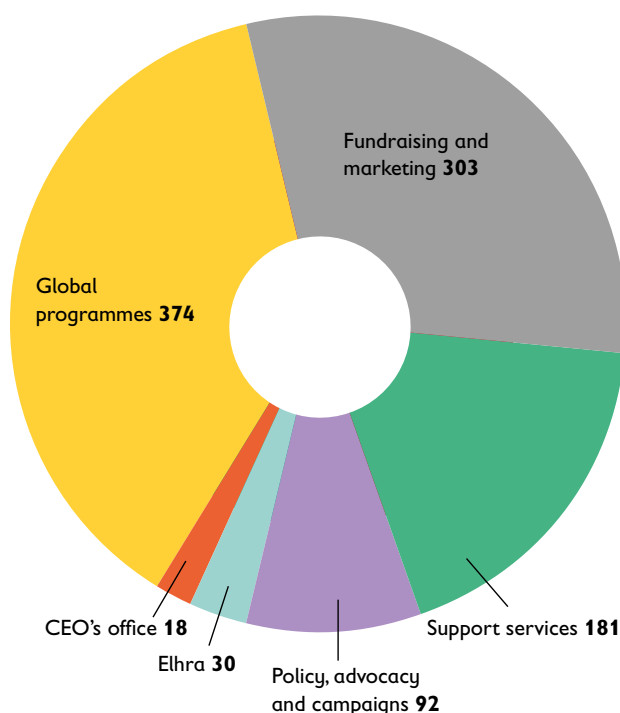
In the UK, 5,460 people were working in a formal volunteering role for Save the Children.

To find out about our approach to pay and overheads and for details on our gender pay gap, see page 54.

**Save the Children UK staff by location (total: 998)**



**Save the Children UK staff by division**



## TRANSFORMING OUR OPERATING MODEL

At the start of the year, with the launch of our 2019–21 strategy, we began a period of transformation at Save the Children UK as we seek to become the best organisation we can be and maximise our impact for children.

We laid the foundations in 2019 for the following changes – informed by staff feedback – which we aim to fully implement by 2021:

- Build a high-performing leadership team with a smaller pool of more highly capable managers/leaders.
- Evolve our organisational culture, structure, governance and ways of working to dissolve divisional silos.
- Adopt ‘agile’ ways of working and multidisciplinary teams to empower colleagues to respond more quickly to the external environment.
- Understand and tackle some of the root causes of diversity and inclusion issues at Save the Children UK.
- Make our pay and grading structure more transparent, fair and consistent, and create clearer paths for career progression.
- Reduce the number of line managers across Save the Children UK to create a flatter, less hierarchical structure, and improve overall quality of line management.
- Increase HR capacity.
- Review and update our employee relations policies through extensive consultation and testing with staff. New supporting guidance has also been produced to ensure clarity for all staff on how to raise concerns.
- Increase the Board’s accountability and transparency (see page 48) and the diversity of its members.

## IMPROVING OUR WORKPLACE CULTURE

At the end of 2018, Save the Children UK published a fully independent review of our workplace culture, led by Dr Suzanne Shale, an expert in organisational ethics. The review’s recommendations became the basis for ‘Stronger’ – a workplace culture change programme.

With the close involvement of staff, Stronger focused on kick-starting and accelerating the improvement of our HR services, line management capability, workplace conduct, and staff diversity and inclusion.

The key goal of Stronger was to establish the foundations for sustainable change, focusing specifically on the root causes of insufficient inclusion and support for staff. Careful consideration was taken to ensure we developed solutions that were co-created with staff, including our staff equality networks, while ensuring strong accountability from our Board and executive leadership.

We’ve committed to being transparent around progress made and Dr Shale conducted a progress check at the end of the initial change programme, which showed we had made advances and which fed back on how to ensure we sustain that momentum beyond 2019. In her progress report, Dr Shale says Save the Children has embraced an approach in which ‘how we achieve is as important as what we achieve’ and summarises several positive developments, including:

- increasing Board diversity
- embedding the values of accountability, openness and collaboration in the Stronger programme, which has involved staff across the organisation in efforts to strengthen workplace culture
- building organisational capacity by recruiting a transformation director, a diversity and inclusion specialist, and a wellbeing manager
- fully engaging our Board in supporting, challenging, and monitoring progress.

The report, along with outputs from the programme, has been used to help develop a long-term people and culture strategy, which establishes the accountability, success measures and resourcing needed to continue to strengthen our workplace culture.

The Charity Commission inquiry report published in March 2020 welcomed this progress and called for us to maintain momentum.

To find out more about how we engage with employees and other key stakeholders, see page 51.

# OUR SUPPORTERS IN 2019

**We cannot thank enough everyone who supported Save the Children in 2019 and worked alongside us to help millions of children around the world survive, learn and be protected. We are only able to recognise some of our supporters here, but without everyone who stands alongside us, our work would simply not be possible.**

## INSTITUTIONAL DONORS

Our partnerships with national and multilateral government institutions are fundamental to our work, responsible for £180 million of income in 2019.

The UK Department for International Development (DFID) continues to be a key strategic partner. In 2019, DFID supported our work in some of the world's most challenging places, including northern Nigeria, Somalia and Yemen, to tackle girls' education, malnutrition and other pressing issues for children, and to deliver humanitarian responses. We continued to collaborate on the sector's response to safeguarding. Following the launch of a Charity Commission inquiry into Save the Children UK (see page 35) we temporarily withdrew from bids for new DFID funding in April 2018. Our funding from DFID has fallen significantly since.

We thank the United Nations for its continued financial support and advocacy on the key issues that affect children in the most challenging places. Save the Children was again the largest NGO recipient of funds from the UN Office for the Coordination of Humanitarian Affairs in 2019. Our collaboration with UNICEF to end preventable child deaths from pneumonia continues to grow, particularly in nine countries facing the highest numbers of cases.

Save the Children UK continues to receive European Union (EU) funding to build the resilience of vulnerable children and families. In 2019, this funding supported a household cash transfer and livelihood programme in north-east Nigeria, training for community health and nutrition volunteers, and psychosocial support. In Africa's Sahel region, the EU is supporting our innovative approach to analysing household food security, to be rolled out across West Africa over the next three years.

## CORPORATE PARTNERS AND FOUNDATIONS

We would like to thank all our corporate partners, foundations and their employees who worked with us in 2019. Working in partnership with business and foundations, we achieved far greater impact than by acting alone. For example:

- Our award-winning partnership with GSK delivered life-changing programmes, including helping hard-to-reach communities in Ethiopia access life-saving vaccines, and in Nigeria tackling pneumonia and other infectious diseases. Through fundraising efforts, GSK employees have raised an additional £4 million for our partnership since 2013.
- The Bill & Melinda Gates Foundation continues to be a key partner, supporting our advocacy work on child survival and in strategy and planning. We work together to try to put nutrition, access to health care and the fight against preventable child deaths at the top of the political agendas.
- With Pearson, we piloted innovative educational solutions in schools in Jordan and our co-created Every Child Learning programme provided opportunities for 10,387 children to improve their learning and build resilience.
- The Coaching for Life programme, developed with The Arsenal Foundation, harnessing the power of football to improve the mental and emotional well being of children in Jordan and Indonesia.
- Joining forces with Unilever, Symrise and Deutsche Gesellschaft für Internationale Zusammenarbeit, we supported vanilla farmers and their families in Madagascar.
- In partnership with the Prudence Foundation, we implemented a ground-breaking approach to school safety in the Philippines and worked with the government to create a national model for risk reduction and disaster management that has the potential to be adapted across Asia.
- Through our partnership with Wilko, in the UK we help young families in crisis create a home learning environment, providing everyday essentials like books, cots and toys, so that when children start school, they are ready to learn.
- We would like to thank Castle Water for raising vital funds to support children in emergencies around the world in 2019.
- We would like to pay special thanks to all the companies who ran activities for Save the Children's Christmas Jumper Day, including Visa, The Book People, Entertainment One and Peppa Pig, Ladybird, WHSmith, notjust, and Magic Light.

## PHILANTHROPISTS

Philanthropists played a vital role in our work in 2019. We give special mention to: H.E. Sheikh Thani Bin Abdullah Al-Thani for supporting, via the Thani Bin Abdullah Bin Thani Al-Thani Humanitarian Fund, our work in Somalia; the Cuppy Foundation and Mr Femi Otedola for their commitment to the children of Nigeria; the Global



### Our campaign for UK aid

From community grassroots to the corridors of power, in 2019 we worked with partners across the sector to champion overseas aid. At a time when many voices are calling for a reduced commitment to the world's poorest communities, our concerted political and public engagement helped make sure the UK remained a global leader on aid and development.

During the Conservative leadership election, we worked with allies across the sector to persuade candidates to commit to maintaining the aid budget at 0.7% of national income. And

at the Conservative Party Conference, we hosted a reception where senior party members made the case for UK aid.

During the General Election campaign, we called on all party leaders to commit to maintain the current level of aid spending; to retain an independent DFID; and to ensure aid is focused on tackling poverty.

We developed a series of school workshops that supported children and young people across the country to put forward their ideas on UK aid to their local MP and to government.

Malnutrition Board, the Amex Foundation and the Africa Advisory Board for their support on malnutrition; Her Highness Sheikh Jawaher bint Mohammed Al Qasimi and the Big Heart Foundation; Community Jameel for its work with refugee children; Alwaleed Philanthropies for its commitment to our humanitarian work; Olayan Foundation for its generous support for Syrian Refugees in Lebanon; Graham and Susan Tobbell for supporting our work in Sierra Leone; and the People's Postcode Lottery.

We are very grateful to our Vice Presidents for their continued support and fundraising: Sophie McCormick, Charlotte Ransom, Andrew Sibbald, Michael Edwards OBE, Gordon Campbell-Gray, Keith Mullin, Michael Ridley, Graham and Susan Tobbell, Erland and Rose Marie Karlsson, Ann and Bart Becht, Amanda Richards, Dora Loewenstein, Asa and Martin Hintze, John Reynolds and Peter Mallinson.

### Our centenary year

In our centenary year, 2019, we launched our Stop the War on Children campaign (see page 27).

As part of our centenary celebrations we held a Centenary Gala at London's Roundhouse, a Summer in the City Centenary Gala Dinner, a centenary celebration in Scotland and many other events across the UK. Special thanks to our Gala Event committees, and particularly Committee Chairs Arabella Duffield, Dora Loewenstein and Amanda Richards.

As our Patron, Her Royal Highness The Princess Royal, played a special role, including hosting two events to thank and engage supporters at Frogmore House and Buckingham Palace. In celebration of our centenary and of The Princess Royal achieving 50 years as our President and Patron in 2020, we launched The Patron's Fund, which has already raised over £1 million and secured a commitment from a donor to match.

### VOLUNTEERS

We are enormously grateful to our thousands of dedicated volunteers. Their support in 2019 – as fundraisers in their communities, shop volunteers, campaign champions or speakers – was outstanding. Our dedicated branches alone raised around £1 million in unrestricted funds.

### OUTSTANDING PUBLIC SUPPORT

Our work is only possible thanks the support we receive from the public, who raise vital funds for children. From organising local events to running marathons, our supporters go to extraordinary lengths in support of children. In December, Save the Children's Christmas Jumper Day enjoyed mass public support, with 5 million people pledging to take part and raising over £4 million.

Public support is also the bedrock of our campaigns. In 2019, our Stop the War on Children campaign was backed by 100,000 supporters. Our campaign champions up and down the country advocated to MPs and generated support in their communities for our campaigns. Speaking in the media and directly to MPs, our Mums on a Mission highlighted the need for changes to upfront childcare costs under Universal Credit.

More than 150 schools took part in our campaigns in 2019. From UK aid (see box) to peace in Yemen, children and young people took their personal messages directly to decision-makers.

### LEGACIES

We're extremely grateful to have been remembered last year with gifts in the wills of 831 generous supporters. Our income from legacies in 2019 was over £24 million. We received more high-value gifts than ever before, including £2.3 million from a retired Royal Marine and £1.7 million from one of a select group of women to gain a place at Oxford University in 1938.

### OUR SHOPS

Our 125 charity shops across the UK, including 25 set up with the help of retail expert Mary Portas, are run by more than 3,600 committed volunteers with the support of our staff. We are extremely grateful to them and to our customers and donors.

### AMBASSADORS AND HIGH-PROFILE SUPPORTERS

From fronting fundraising events to supporting emergency responses to donning Christmas jumpers, we received incredible support in 2019 from our dedicated ambassadors, high-profile supporters and digital influencers. Highlights included Poppy Delevingne and Alexa Chung teaming up with Teemill to create a bespoke T-shirt for our Stop the War on Children campaign. And at our Centenary Gala, David Walliams and Luke Evans raised an amazing £600,000 for children in the world's toughest places.

# FINANCIAL PERFORMANCE

**We are extremely grateful to all our supporters for their continued generosity and we are committed to ensuring our income is used efficiently, effectively and responsibly by making every pound count.**

## INCOME

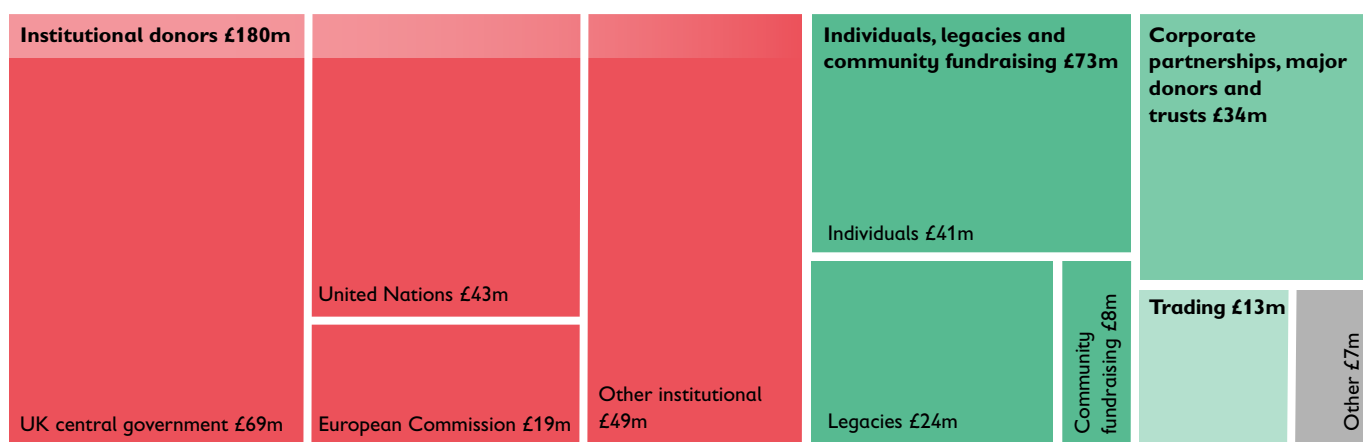
Our total income in 2019 was £307 million, an increase of £4 million on the previous year.

### Institutional donors: £180 million

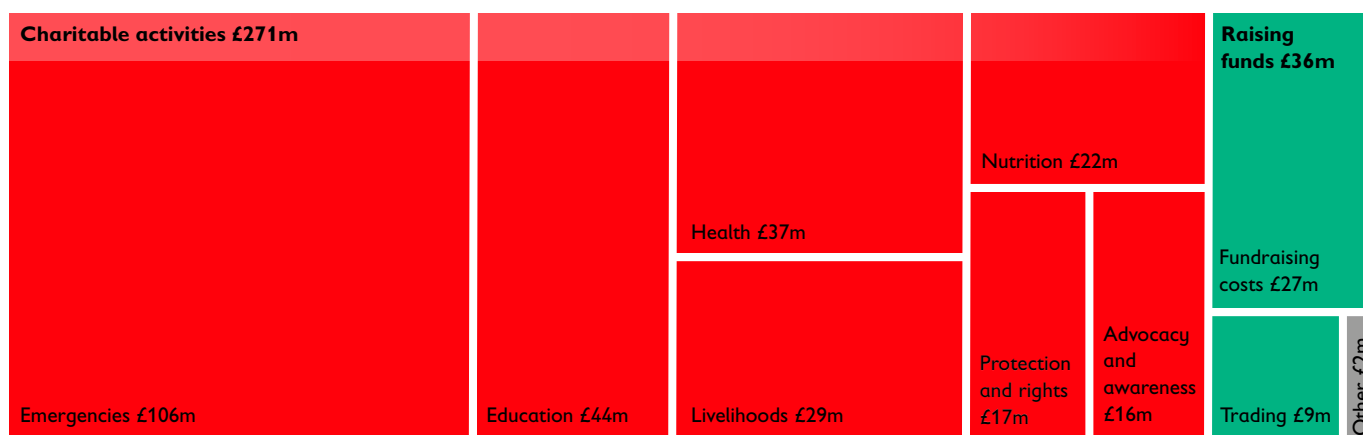
UK government income in 2019 was £69 million, a reduction of £17 million on 2018. Although our withdrawal from bidding for new DFID funding lasted through 2019, during 2019 we continued to deliver on existing programmes. The most substantial of these were the Start Fund for rapid emergency response, a long-term nutrition programme in Bangladesh and the Girls' Education Challenge in the Democratic Republic of Congo. Income from the European Commission (£19 million) also declined, by £11 million.

## 2019 income and expenditure

Income £307 million



Expenditure £309 million



Expenditure in the above diagram is shown after the allocation of support costs to the activities that they support. See expenditure pie chart on page 39 for more details.

### Individuals, legacies and communities: £73 million

Fundraising from donations and legacies generated £73 million in the year (2018: £74 million). Legacy income had a strong year, up £2 million on 2018, due to a number of high-value gifts. Income from individual giving is down £3 million on 2018, continuing the downward trend in unrestricted regular giving and following low levels of restricted appeals in 2019. We also saw lower income from communities through cash appeals, events and local fundraising groups during the year.

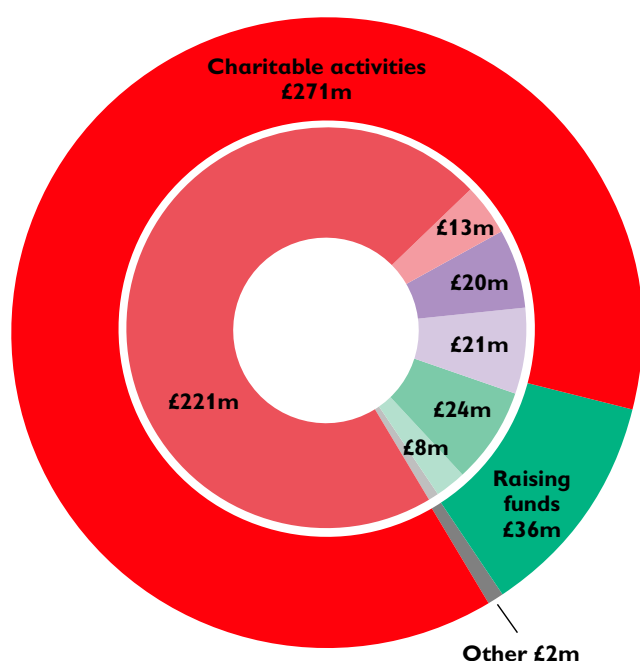
### Corporates, major donors and trusts: £34 million

Strong relationships with our corporate partners generated £20 million in 2019, up £5 million on 2018. GSK remain our largest corporate partner (£9 million in 2019), funding a number of our key health programmes around the world, in particular, a flagship £7.5 million award in Nigeria focusing on ending preventable child deaths from infectious diseases such as pneumonia and diarrhoea. Other significant partnerships in 2019 included IKEA funding for the Start Fund, and programmes with Arsenal and Pearson in Jordan. Although down on 2018, we continued to receive generous support from major donors and trusts (£14 million in 2019), providing vital funding for our Emergency Health Unit and other health programmes.

### Trading: £13 million

Trading income of £10 million was generated through our network of 125 shops in 2019. A combination of strong sales, reduced overheads and a focus on our boutique Mary's Living and Giving shops resulted in an increased unrestricted contribution in the year (£1.5 million in 2019). The remaining £3 million in trading income was generated from the People Postcode Lottery, which helped fund some of our UK programmatic work, the Emergency Health Unit and our Global Malnutrition Initiative.

### Total expenditure £309 million



### EXPENDITURE

Our total expenditure in 2019 was £309 million, a reduction of £6 million on the previous year.

### Charitable activities: £271 million

Our charitable expenditure includes £221 million spent on programmes in the UK and internationally, and £13 million on advocacy and campaigns. £37 million of our support costs (see below) assists our programming, advocacy and awareness work. The diagram on page 38 shows our charitable expenditure according to our thematic areas and on page 10 of this report we present a geographical summary of our global programming spend. Global programming spend in 2019 was £221 million (£222 million in 2018). Our emergencies spend of £106 million was up on 2018. This included expenditure by the Start Network (£37 million), our Emergency Health Unit and our response to Cyclone Idai. In 2019 our expenditure on nutrition and livelihoods reduced as a result of our child nutrition cash programming project in Nigeria ending, along with a number of livelihoods programmes responding to the Horn of Africa drought. We increased our expenditure on education through new partnerships with Education Cannot Wait and through our Girls' Education Challenge programmes.

Direct spend on advocacy and awareness in 2019 was £13 million. We invest in advocacy and campaigning because, for more children to survive and thrive, better practices and policies are required to fulfil children's rights. And children's voices must be heard. Our advocacy efforts include tackling child malnutrition and childhood pneumonia, supporting children in conflict and ensuring every child has access to good-quality learning opportunities. We unite with others to drive long-term and sustainable change, including through an advocacy grant (£3 million) with the Gates Foundation on child survival.

### Charitable activities – £271m includes

£221m of global programming  
 £13m of advocacy and awareness  
 £20m of programme support costs  
 £17m allocation of management and administration support costs

### Raising funds – £36m includes

£24m of fundraising costs  
 £8m of trading costs  
 £4m allocation of management and administration support costs

### Other – £2m

Costs relating to the sub-let of certain floors of the HQ building. Rental income is received to offset this.

- Global programming
- Advocacy and awareness
- Programme support costs
- Management and administration support costs
- Fundraising costs
- Trading
- Other



### Raising funds: £36 million

Expenditure on raising funds included the direct costs of running our diverse fundraising channels and activities (£24 million) and the cost of our retail shops (£8 million). Despite the challenging fundraising environment, we reduced our costs in 2019, while continuing to grow our fundraising income year on year. We invest in fundraising to encourage more people to support our work. Recognising that growth depends on sound investment, we closely monitor our spend in this area to measure impact and returns.

### Support costs

In accordance with the statement of recommended practice for charities' accounting and reporting, our support costs are allocated over the functional areas they relate to, as shown in the pie chart on page 39.

Management and administration support costs were £21 million in 2019, in line with 2018. This includes spending on finance, human resources, technology, legal and governance activities (such as child safeguarding), protection against fraud, and audit costs. While they are a necessary cost in running the organisation, we look for efficiencies that will result in more resources to deliver our frontline strategy. Our new procurement system and process, which came on stream in 2019, has already realised savings and driven better value for money across our purchases.

Programme support costs were £20 million in 2019, a reduction of £3 million on the previous year. They comprise £16 million of core programme support and £4 million in additional contributions. Core programme support costs consist of the costs incurred directly in designing and monitoring our programmes and those incurred by Save the Children International in delivering our high-quality international programmes. In 2019 these costs were lower as we had a reduced share of the overall membership contributions to Save the Children International. Additional contributions in 2019 were focused on supporting large-scale projects to improve procurement, financial and programme management in Save the Children International.

### TOTAL FUNDS

As at the end of 2019, the closing funds are made up of the following balances.

	2019 £m	2018 £m
General reserve	32.2	33.2
Revaluation reserve	4.8	2.6
Designated funds	7.9	7.0
Pension reserve	(0.6)	(10.0)
<b>Total unrestricted funds</b>	<b>44.3</b>	<b>32.8</b>
Restricted funds	9.2	14.3
Endowment funds	4.4	3.8
<b>Total restricted funds</b>	<b>13.6</b>	<b>18.1</b>

### Unrestricted funds

General reserves of £32 million are the part of the charity's funds that are not restricted or designated to any particular purpose. The balance on the revaluation reserve is the unrealised gain on our investment portfolio. Designated funds are funds that have been invested in fixed assets, associates or programme-related investments or have been allocated for a specific purpose by the Trustees (further details in Note 21 of the financial statements). Along with the revaluation reserve and pension reserve these funds are not readily available so are not included in the calculation of general reserves.

### Restricted funds

Restricted funds of £14 million represent funds that have been given for a particular purpose and the Trustees have no discretion to reallocate for other use. See restricted funds note 22 of the financial statements for further details of how this balance is split by region, specific appeal or thematic area; these balances will be spent on programmes in these areas in future years. The endowment fund represents the value of a donated asset, the fund is permanent and only the income generated by the fund can be expended.

### RESERVES POLICY

Our reserves policy enables management of general reserves to ensure we hold an appropriate level of accessible funds to mitigate against identified financial risks while ensuring we are making timely and strategic use of our funds. The policy focuses purely on the general reserves, as outlined above, as these are the funds at the discretion of the trustees.

We hold general reserves to provide cover for unexpected changes in income and expenditure, allowing us to continue activities in the event of:

- a temporary loss of income
- a permanent fall in income; allowing time to adjust our cost base or business model
- incurring one-off costs that are not covered from donor funds.

General reserves also allow us to implement new strategic priorities or invest in new opportunities to achieve our goals. Our general reserves are matched by highly liquid investments so that we can draw on them quickly if necessary; see further details in investments section.

Our current target range for general reserves is £30–£40 million, representing 4–5 months of unrestricted expenditure. The reserves policy and target range are reviewed annually to take into account changes in external risk factors as well as internal strategic plans. Current general reserves of £32 million are therefore within the target range.

## INVESTMENTS

The trustees have the authority conferred by the memorandum and articles of association to invest as they think fit any of Save the Children's money that is not immediately required.

Newton Investment Management Limited manages our portfolio of equity and fixed-interest investments in accordance with our ethical investment policy. We match part of our reserves with investments that are not subject to market volatility in case we need to draw on our long-term reserves at short notice when markets are weak. We maintain the majority of our investments in equities and bonds to have the opportunity of long-term growth. Following a loss of £1 million in 2018, the portfolio reported a gain of £3.7 million in 2019.

## PENSION SCHEME

The valuation of Save the Children's Pensions Trust Defined Benefit scheme, for the purposes of FRS102, showed a funding surplus of £7.2 million at the end of 2019 (2018: deficit of £9 million). This surplus has not been recognised on the balance sheet as the charity is unable to recover the surplus through either reduced contributions or refunds from the scheme. The FRS102 valuation is different to the triennial actuarial valuation which was last performed in 2017. This showed a deficit of £27 million, for which we are making annual deficit contributions of £5 million until December 2022. We also have a defined benefit Growth Plan scheme which at the end of 2019 had a deficit of £0.6 million (2018: deficit of £1 million). See note 25 of the financial statements for further details on both schemes.

## GRANT-MAKING POLICY

Save the Children works in partnership with many organisations and during the year we provided grants to the value of £191 million, with the largest amount of grant money given to Save the Children International. Grant-funded partnerships may involve our staff working in joint operations, supporting and monitoring work, or funding local partners to deliver services, including immediate emergency relief. Such grants help local organisations provide sustainable benefits for communities and so further our own objectives. We carefully consider the experience, reach and governance of potential partners, as well as the value they will add to our work with vulnerable children. Grants are managed through specific agreements with partners, which set out the conditions of the grant, including disbursement arrangements and reporting requirements to monitor spend.

## FINANCIAL RISK MANAGEMENT

We closely monitor our financial performance throughout the year. The executive directors review monthly reporting on income, spend, reserves, debt and cashflow positions to manage delivery of Board approved targets. On a quarterly basis we provide financial analysis for review by the Finance Committee and Board. We also undertake quarterly

reforecasts to enable us to review and respond to changing financial circumstances as and when they arise.

Amounts due from donors mainly relate to major institutional and corporate donors, and the associated credit risk is therefore considered to be low. The risk of disallowances arising from donor audits is also considered to be low. There are no external borrowings, and processes are in place to monitor cash flows in order to minimise liquidity risk. Goods and services purchased are subject to contracts with suppliers based on market prices. Appropriate action is taken to mitigate foreign exchange risk. Our arrangements with donors allow for some flexibility in grant budgets if there are changes in foreign exchange rates. In addition, we review assets and liabilities by currency on a monthly basis and if required reduce net exposures to agreed targets. Save the Children UK does not enter into foreign exchange contracts for speculative purposes.

## GOING CONCERN

We have set out above a review of Save the Children's financial performance and the general reserves position for 2019. In March 2020 the coronavirus disease was declared a pandemic by the World Health Organization. While the situation is rapidly evolving, our planning process, including financial and cashflow projections, has taken into consideration the current and forecasted economic climate and its potential impact on our various sources of income and planned expenditure. This includes the impact from the cancellation of events in the UK following Public Health England advice to avoid large gatherings, starting from 17 March, and the temporary closure of all our shops from 19 March. We have also considered the impact on our international programmes delivered both directly, and through Save the Children International. Save the Children International is projecting that it may request additional unrestricted funding from its members in the next 12 to 18 months. While at the date of approval of these financial statements, the projected funding request to the members is yet to be finalised, the Trustees of the Charity have reviewed the likely range of any such request and do not believe that this would have an adverse impact on the Charity's going concern status. See note 20d of the financial statements for further information on our commitments to SCI.

As detailed in our general reserves policy, we hold general reserves to provide cover for unexpected changes in income and expenditure to allow us to adjust our cost base and continue activities. We will continue to monitor the situation as it unfolds and manage our finances accordingly. Although there are important uncertainties resulting from the coronavirus pandemic, taking into account all factors, we do not believe there are material uncertainties that call into doubt Save the Children's ability to continue in operation for the foreseeable future. Accordingly, the accounts have been prepared on the basis that Save the Children is a going concern.

# ANNUAL TRUSTEE RISK STATEMENT

## HOW WE MANAGE RISK

Save the Children UK believes effective risk management is key if we are to achieve our ambitions for children and deliver our strategic priorities.

This risk statement focuses on management of the main risks facing the charity in 2019. During 2020, the coronavirus pandemic has increased risk levels, particularly in achieving impact for children in ensuring the health, safety and wellbeing of staff and volunteers; and in maintaining financial stability. Our progress in mitigating these risks during 2019 has put us in a better position to manage the increased challenges in 2020.

## Principal risks and uncertainties in 2019

We focused heavily on the management of financial risks during 2019. Like other UK charities, we faced a challenging year for public fundraising. We also faced specific challenges to our restricted income – arising from uncertainty about the length of our voluntary withdrawal from bidding for DFID work and about our eligibility to bid for EU programmes. We made good progress in managing our costs and diversifying our income stream, which over the course of the year reduced concern about financial risks. Following the Independent Review of Workplace Culture in 2018, we concluded that in 2019 workplace culture should be treated as one of our principal risks. We made good progress during the year in implementing the recommendations of the review,

which reduced this risk. Other risks in the UK remained stable in 2019.

Outside the UK, Save the Children's strategy and international operating environment expose us to a range of risks. Our commitment to reach the most marginalised and disadvantaged children has implications for our risk profile as it requires us to operate in conflict-affected and fragile states with poor governance environments and in humanitarian emergencies.

## How we managed our principal risks in 2019

In 2019, we realigned our principal risks with our new strategic priorities, with an increased focus on safeguarding adult beneficiaries alongside our longstanding commitment to child safeguarding. The majority of our principal risks remained stable, with mitigation part of our day-to-day responsibilities.

We updated the organisational risk profile on a quarterly basis to ensure we reflected new or emerging threats and challenges. We measured our principal risks against our agreed risk appetite for review and challenge by the Audit & Risk Committee and Board of Trustees.

The Board of Trustees received regular risk updates throughout the year and considered the potential impact on the organisation and on its ability to achieve its ambitions for children.

**KEY** Risk movement in 2019 ◀ Stable ▲ Increased ▼ Decreased

## Impact for children

Failure to work effectively with Save the Children International and other partners to develop strong country strategies, design evidence-based programmes, and implement them effectively will limit the impact of our programmes and advocacy.

### RISK MITIGATION STRATEGY

We work closely with Save the Children International to design and deliver our international programmes. In 2019, we continued to support improvements to controls and capability of international country offices – for example, through the Impact Fund, which will drive quality and impact in our programmes through investment in technical expertise and innovation.

In 2019, we aligned advocacy priorities with our new strategy goals and refreshed our brand to amplify the voices of children and maximise the impact of our messaging both in the UK and overseas.

Our Board of Trustees received updates about our UK and international programmes throughout the year.

## Safeguarding children and adult beneficiaries

If we do not have adequate systems to prevent and respond to safeguarding incidents, beneficiaries may be harmed and confidence in Save the Children's ability to deliver its mission may be compromised.

### RISK MITIGATION STRATEGY

We invest in our safeguarding arrangements, ensuring that they are robust and reflect the environments in which we work. We hold ourselves to the highest standards.

We have clear policies and procedures to help ensure a safe environment, including pre-engagement checks for staff and volunteers, mandatory reporting requirements and a robust code of conduct. Our arrangements are routinely subject to independent audit and review.

All our staff are subject to appropriate background checks. Safeguarding training is mandatory for all staff.

During 2019 we strengthened our approach to all aspects of safeguarding. We worked closely with Save the Children International to address safeguarding risks to children, beneficiaries and staff in our international programmes, including adhering to the policy and standards set out in our Global Child Safeguarding protocol.

Teams across the charity worked proactively to prevent safeguarding incidents at events, activities and programmes held in the UK. We encouraged staff to report incidents and concerns through a variety of channels, as set out in our policies and procedures. Our Board of Trustees and nominated Safeguarding Trustee received regular updates on the effectiveness of our safeguarding measures.



**Programming in complex environments**

We work in complex environments. This brings with it a range of risks, including health, safety and security incidents to our staff. It also brings risks of inadvertently working with (or assisting) prohibited parties, fraud, bribery and corruption.

**RISK MITIGATION STRATEGY**

Save the Children International delivers most of our overseas programmes and is responsible for managing operational risks in the challenging environments where we work. We work closely with them to mitigate those risks as far as possible.

At Save the Children UK, we train our staff to manage the risks we face in delivering programmes, including risks related to health, security, fraud, corruption and diversion of aid. We provide staff deployed to humanitarian crises and conflicts with support for their mental wellbeing.

Our Audit and Risk Committee and Board received updates throughout the year, as well as the annual health and safety, safety and security reports, and quarterly fraud reports.

**Meeting regulator, donor and supporter expectations**

Failure to meet compliance expectations set by our regulators and donors would affect our ability to fundraise and operate in the UK. We must stand up to scrutiny from stakeholders, including the media and supporters.

**RISK MITIGATION STRATEGY**

Our governance arrangements are underpinned by a comprehensive set of policies and procedures designed to manage risks around meeting our legal and regulatory obligations.

We deliver fundraising and marketing activities in line with our Supporter Promise, being open about the standards we hold ourselves to when communicating with our supporters.

Our Board and trustee committees received regular updates from operational teams on regulatory and donor compliance.

**Workplace culture****NEW**

Failure to provide a safe and respectful workplace would be detrimental to the wellbeing of our staff and volunteers and could lead to reduced trust in Save the Children.

**RISK MITIGATION STRATEGY**

All staff sign a code of conduct to promote compliance with policies related to employee relations. We are implementing a comprehensive programme to build a more positive workplace culture and strengthen people management capabilities. This includes implementing the recommendations from the 2018 Independent Review of Workplace Culture and putting in place fit-for-purpose employee relations policies in consultation with staff. We are co-designing with staff the respectful and inclusive behaviours we expect to see in the workplace. This will be the foundation of new training and performance management for all staff and line managers.

**Attract, engage, retain talented people**

Our people are our greatest asset. If we fail to attract, engage and retain the best staff, we're less able to make a difference for children.

**RISK MITIGATION STRATEGY**

We ensure all staff have clear personal objectives and can see their contribution to our vision and mission. In 2019, we introduced a new pay and grading structure that will support opportunities for career progression within the organisation. We continued to implement our People Deal to improve the ways in which we manage staff at Save the Children. Our People and Culture strategy is regularly reviewed by the Board of Trustees.

**Safeguarding confidential and sensitive information**

If we, or one of our suppliers or partners, lose or allow unauthorised access to the data we hold on children, beneficiaries, supporters, staff, volunteers or partners, it could cause harm to those individuals and lead to regulatory action against Save the Children.

**RISK MITIGATION STRATEGY**

We have mandatory training in place on data protection and information security to support safe handling of data and compliance with the General Data Protection Regulation 2018.

In 2019, we continued a programme of activities to strengthen cyber security capabilities and upgrades to our IT infrastructure.

**Financial stability**

External shocks or trends impacting our income, cash flow or reserves could put our future financial stability at risk.

**RISK MITIGATION STRATEGY**

In 2019, we continued to rebuild our restricted income following a significant fall in 2018. Uncertainty continued throughout the year over whether the voluntary withdrawal from bidding for DFID work announced in April 2018 would be lifted. However, we were able to successfully diversify our restricted income in 2019, improving the robustness of our future income flows.

During 2019, we decided that other members of the Save the Children movement should take over our role in bidding for EU humanitarian grants.

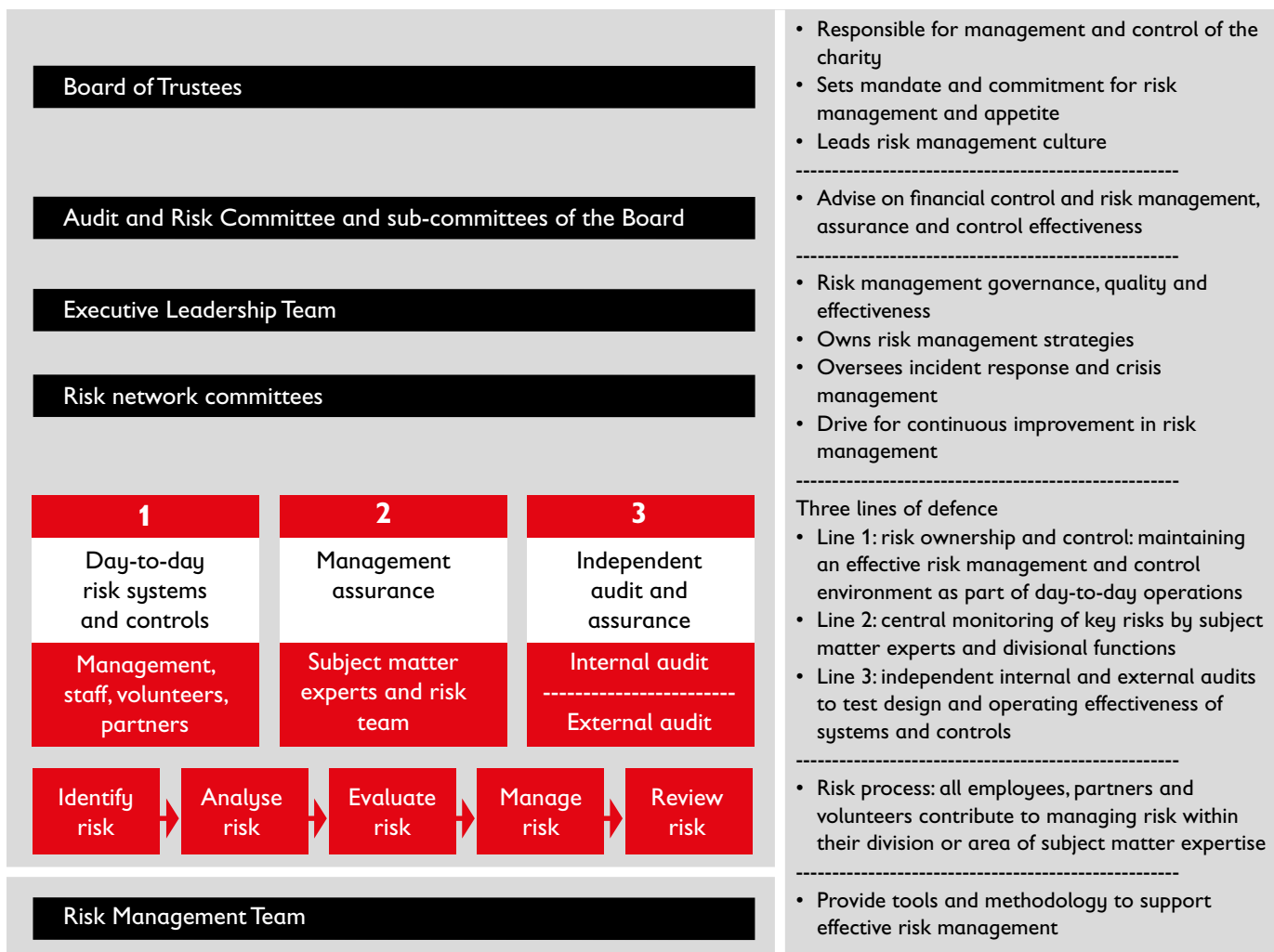
We have been reviewing our fixed cost-base so that we are better able to respond if income fluctuates in the future. In 2019, we monitored our reserves, debt and cashflow positions against agreed thresholds throughout the year, with close oversight from our Finance Committee. See also page 41 for financial risk management.

### Continuous improvement in how we manage risk

In 2019, we strengthened our risk management processes by further refining our risk appetite framework to more closely align with our strategic goals. Management conducted a series of 'deep dives' into specific risk areas to review the effectiveness of how risks were managed to provide assurance to the Audit and Risk Committee.

We strengthened our business continuity and crisis management plans to ensure we are prepared to manage incidents to the best of our ability. We introduced a new approach to testing our plans to ensure they are fit for purpose and lessons learned were incorporated into future planning.

### ROLES AND RESPONSIBILITIES FOR MANAGING RISK



### Working together to manage shared risks

Save the Children operates as a movement with a networked structure, and we share exposure to financial, operational and reputational risks. We therefore work closely with Save the Children International and other Save the Children members to ensure that, in our challenging operating environments, we identify and manage shared risks. In 2019, we engaged with the movement-wide governance reform programme, which will create a more consistent approach to risk management across Save the Children members. During 2020, we will work closely with Save the Children International and other Save the Children members to manage risks arising from the coronavirus pandemic.

### Internal audit

Our internal audit function was provided by Grant Thornton in 2019. Throughout the year, risk-based audits were conducted across key areas of the organisation on topics including finance, compliance with General Data Protection Regulation (or GDPR), procurement, debt management and HR. Internal audit reports were shared with the relevant executive director, as well as the Chief Financial Officer and Audit and Risk Committee. Agreed actions from each audit were systematically followed up throughout the year and progress reviewed by the Audit and Risk Committee.

# STRUCTURE, GOVERNANCE AND MANAGEMENT

## STRUCTURAL AND ADMINISTRATIVE DETAILS A GLOBAL MOVEMENT

Save the Children UK is a member of the Save the Children Association (SCA), a global movement made up of 30 independent national entities and Save the Children International. Save the Children International was established in 2011 with responsibility for implementing international programmes outside SCA's member countries. Save the Children International is registered as a charity in England and Wales, and SCA is its sole member.

Save the Children members are responsible for programming and fundraising in their own countries, as well as maintaining oversight of the international work. Some members, including Save the Children UK, also design international programmes in conjunction with national donors, which are implemented by Save the Children International, as well as providing surge capacity to support the delivery of frontline programmes in emergency situations.

## SAVE THE CHILDREN UK

Save the Children UK is a charitable company limited by guarantee, incorporated under the name of The Save the Children Fund. The charity's articles of association provide that its trustees (who are also the directors of Save the Children for the purposes of company law) are the only members of the charity. The business of the charity is governed by the Board of Trustees (whose members during the year are listed below). The trustees are responsible for overseeing the management of all the affairs of Save the Children UK and delegate day-to-day management of the organisation to the Chief Executive and executive directors.

The Save the Children Fund (1 St John's Lane, London, EC1M 4AR) is a limited company registered in England and Wales (178159) and a registered charity in England and Wales (213890) and in Scotland (SC039570).

## TRUSTEES\*

Trustees	Committees**
Charles Steel (Interim Chair) (appointed as Interim Chair 08/01/2019)	SI, IR, N, D, O
Peter Bennett-Jones (Chair) (resigned 07/01/2019)	N, P
Jamie Cooper (resigned 26/02/2019)	A
Gareth Davies (Hon. Treasurer) (resigned 31/05/2019)	A, F, I
Arabella Duffield	A, D
Naomi Eisenstadt	S, O
Anne Fahy	O
Jessica Gladstone (appointed 11/05/2020)	
Sebastian James (resigned 09/07/2019)	P, D
Razia Khan (appointed 16/07/2019)	D
Fiona McBain (Vice Chair) (resigned 07/01/2019)	N
Sophie McCormick (retired 26/03/2020)	P, SI, O
Dianna Melrose	N, W
Kajal Odedra (appointed 16/07/2019)	N
Tanuja Randery (appointed 08/07/2019)	P, O
David Ripert	P
Lisa Rosen (resigned 08/10/2019)	D, SI
Babatunde Soyoye	F
Mark Swallow	A, F, I, SI
Richard Winter CBE (Hon. Treasurer) (appointed 13/01/2020)	

## INDEPENDENT MEMBERS AND EXTERNAL ADVISERS

Independent Members and External Advisers	Committees**
David Poulter (resigned 04/03/2020)	I
Richard Bernays	I
Peter Moon	I

\* Trustee biographies are available on our website

\*\* Committee membership as at 31 December 2019 or as of resignation/retirement date

Committees	Members
(N) Nominations Committee	Chair Kajal Odedra
(P) Remuneration and People Committee	Tanuja Randery
(O) Oversight Sub-Committee	n/a
(A) Audit and Risk Committee	Mark Swallow
(F) Finance Committee	Mark Swallow
(I) Investment and Pensions Sub-Committee	David Poulter
(D) Donation Acceptance Committee	Razia Khan and Arabella Duffield (co-chairs)
(S) Safeguarding Trustee	Naomi Eisenstadt
(W) Whistleblowing Trustee	Dianna Melrose
(SI) Statutory Inquiry Committee	n/a
(IR) Independent Review of Workplace Culture Committee (disbanded 23/01/2019)	Lisa Rosen

## EXECUTIVE DIRECTORS as at 31 December 2019

Kevin Watkins	Chief Executive Officer
Fiona Clark	Executive Director of Transformation
Gwen Hines	Executive Director of Global Programmes
Lynne Holmes	Executive Director of Human Resources
Kirsty McNeill	Executive Director of Policy, Advocacy and Campaigns
Sam Sharpe	Chief Financial Officer
Gemma Sherrington	Executive Director of Fundraising and Marketing

## COMPANY SECRETARY

Habibunnisha Patel

## PRINCIPAL PROFESSIONAL ADVISERS

Save the Children's principal professional advisers include the following:

### INDEPENDENT AUDITOR

KPMG LLP  
15 Canada Square, London E14 5GL

### PRINCIPAL BANKERS

National Westminster Bank  
PO Box 83, Tavistock House, Tavistock Square  
London WC1H 9NA

### PRINCIPAL INVESTMENT MANAGERS

Newton Investment Management Ltd  
Bny Mellon Centre, 160 Queen Victoria Street  
London EC4V 4LA

### PRINCIPAL LEGAL ADVISERS

Farrer & Co  
66 Lincoln's Inn Fields, London WC2A 3LH



## SAVE THE CHILDREN UK GROUP MEMBERS

Save the Children has four operating subsidiaries:

- Save the Children (Sales) Limited aims to generate income for the charity through commercial promotions run in conjunction with our corporate partners and through trading of new goods through our shops, branches and website.
- Medical Emergency Relief International (Merlin) aims to end the needless loss of life in the poorest countries caused by a lack of effective healthcare. Merlin's activities have now been fully transferred to Save the Children, following Save the Children becoming the sole member of Merlin in 2013. And hence, the entity no longer has any operational activity.
- Humanitarian Leadership Academy Enterprise aims to enable people around the world to prepare for and respond to crises in their own countries and generate income for Save the Children. Its former parent organisation, the Humanitarian Leadership Academy, was designed and developed within Save the Children and was established as an independent subsidiary charity in November 2015. All of the Humanitarian Leadership Academy's activities (including its subsidiary, Humanitarian Leadership Academy Enterprise) were transferred to Save the Children in 2019 and it no longer has any operating activity.
- Elrha aims to find solutions to complex humanitarian problems through research and innovation. Elrha was designed and developed within Save the Children and was established as an independent subsidiary charity in May 2018.

The results of each subsidiary are consolidated into the group accounts. For further details see Accounting Policies on page 63 and Group Members note 14 of the financial statements on page 76.

## GRANT CUSTODIAN FOR START NETWORK

Save the Children was the host agency of the Start Network, a network of more than 50 non-governmental organisations working to strengthen the humanitarian aid sector. As the principal charity within the consortium, Save the Children was legally responsible to donors for the charitable application of funds. Funding for the consortium was recognised by Save the Children as a separate restricted fund under the agreement with donors.

On 1 May 2019, the Start Network became an independent charity, with Save the Children as sole Grant Custodian for some of its work. Following transition, only income and expenditure on awards where Save the Children is acting as the grant custodian, and in that capacity is legally responsible to donors for the charitable application of funds, are recognised. The Start Network continues to work with Save the Children to bring on additional grant custodians.

## HOW WE MANAGE OUR AFFAIRS

### THE BOARD OF TRUSTEES AND COMMITTEES OF THE BOARD

The Board is responsible for ensuring that all agreed charitable objectives and activities are within UK law. Its work includes setting our strategic direction and agreeing our financial plan. Matters reserved for the Board are set out clearly in the Standing Orders of Save the Children UK.

The Board acts on advice and information from regular meetings with the Chief Executive and executive directors. Trustees are able, where appropriate, to take independent professional advice if it helps them to fulfil their role. We also agree and implement an individual induction programme for each new trustee, covering all aspects of the role and the organisation.

In 2019 the Board held four all-day meetings to review our overall progress, on the basis of reports from the Chief Executive and Executive Leadership Team, and to assess the organisation's financial position and risks. It reviewed the charity's performance in delivering against our objectives in 2019, monitored the organisation's principal risks and progress on people and culture change, and agreed our budget for 2020.

As of 31 December 2019, the gender ratio of the Board of Trustees was 67% female and 33% male.

The Board has delegated specific responsibilities to five regular committees, one advisory committee and three temporary committees (one of which ended in January 2019), as detailed below, whose membership is appointed by the Board. The chair of each Committee reports back to the Board at each formal meeting.

- The **Audit and Risk Committee** oversaw preparation of the 2018 annual report. It reviewed the assurances provided to trustees about the control environment in operation during 2019 and considered reports from our external auditor. It agreed a programme of internal audits to be conducted in 2019, received reports of completed reviews, and checked delivery of agreed actions. The Committee received updates on management of key risks across a number of topics, including programming, safeguarding, fundraising and marketing, health & safety, finance, tax, people management, fraud, business continuity planning, information systems (including cyber security), and data protection, as well as our plans in preparation for the UK's exit from the European Union. For more information please see the annual trustee risk statement on pages 42–44. The Committee met five times in 2019.

- The **Finance Committee** reviewed the financial out-turn from 2018, in-year forecasts for 2019 and supervised preparation of the 2020 budget. The Committee also oversaw activities of the subsidiary entities, approved all decisions for Save the Children UK to accept awards worth more than £10 million, and approved significant business case proposals, including the move to a new single media agency. The Committee met four times in 2019.
- The **Investment and Pensions Sub-Committee** is an advisory sub-committee of the Finance Committee. It met four times in 2019 to review the performance of Save the Children UK's Investment Manager and pension funds.
- The **Donations Acceptance Committee** considers potential high-risk donations to Save the Children UK and makes decisions about whether it is in the best interests of the charity – and ultimately, in the best interests of children – to accept a donation or not. Information was shared with the Committee by email throughout the year, and the Committee met once. In 2019, the Committee assessed 40 different high-risk opportunities from a range of donors (individuals, companies and trusts) and sectors, ranging from retail to pharmaceuticals. Of these, Save the Children UK agreed to proceed with 38 opportunities and rejected two.
- The **Nominations Committee** finds and recommends potential candidates for election to the Board. It identifies the skills, experience and knowledge required from new trustees by considering the collective skills profile of the current Board, and manages a formal, rigorous and transparent recruitment procedure based on merit and objective criteria, including advertising roles nationally in line with good governance practice under the Charity Governance Code. It also considers appointments to the charity's Board committees. The Committee is also responsible for promoting diversity and inclusion at Board level, including setting diversity process objectives, managing Board diversity audits, maintaining oversight of the Board's ongoing diversity and inclusion training agenda, and ensuring new trustees are recruited in a way that encourages diversity and inclusivity. In December 2019, the Committee took on a new responsibility for an annual review of the Chair's performance. During 2019, the Board recruited three new trustees on the recommendation of the Nominations Committee.
- The **Remuneration and People Committee** has oversight of people and culture, performance, and pay for the organisation. It is accountable for reviewing the performance of the Chief Executive, executive directors and key senior staff and makes recommendations to the Board on their remuneration, benefits and terms of employment. In 2019 the Committee oversaw changes to the organisation's pay and grading structure through the pay and grading project. In addition, the Committee provides oversight and governance in relation to all people and culture matters for Save the Children UK staff, including holding the Executive Leadership Team to account for employee-related decisions, having oversight of the Stronger workplace culture programme and monitoring the implementation of all recommendations from the 2018 Independent Review of Workplace Culture (assuming responsibility for this final point when the temporary **Independent Review of Workplace Culture Committee** ended on 23 January 2019). The Committee met six times in 2019.
- The **Oversight Sub-Committee** is a temporary sub-committee of the Remuneration and People Committee which is responsible for overseeing the improvement in adult safeguarding practices by the organisation.
- The **Statutory Inquiry Committee** is a temporary committee appointed by the Board in 2018 to oversee Save the Children UK's response to the Charity Commission's statutory inquiry into the charity's response to misconduct complaints against senior staff in 2012 and 2015. This committee continued to operate throughout 2019.

## TRUSTEES' RESPONSIBILITIES

Statement of responsibilities of the Trustees of Save the Children Fund in respect of the Trustees' annual report and the financial statements:

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company and charity law require the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 group and charitable company, and of the group's excess of income over expenditure for that period. In preparing each of the

group and charitable company financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting, unless they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### EXTERNAL AUDITOR

KPMG LLP has expressed its willingness to continue to act as auditor. A resolution to reappoint it, under section 485 of the Companies Act 2006, was approved at the Board of Trustees Meeting on 7 July 2020.

### PUBLIC BENEFIT

Charity trustees have a duty to develop strategic plans to ensure that we provide public benefit and achieve our objectives as set out in our governing document. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set. These objectives include: the relief of distress and hardship, promoting the welfare of children, researching these matters, and public education about them. These objectives fall under the purposes defined by the Charities Act 2011. We have referred to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives, and in planning our future activities.

### CHARITY GOVERNANCE CODE

In 2017, the Board of Trustees resolved to adopt the Charity Governance Code for larger charities. The code encourages charities to publish a brief narrative in their annual reports explaining how they apply it. The Board has assessed Save the Children's governance arrangements in areas covered by the code and believes that the charity's governance aligns well with the code. In 2019, the Board has continued to develop our governance to aspire to best practice in the four areas it had decided upon:

- **Recruitment.** In 2019, the charity recruited three new trustees to the Board, using recruitment adverts on national and regional jobs sites, along with an enhanced recruitment process to encourage diverse applications. The selection process, led by the Nominations Committee, followed a series of interviews with trustees, management and staff. This process has become an embedded part of trustee recruitment practice.
- **Diversity.** In 2019 we increased the diversity of the Board. The Board continues its efforts to encourage diversity on Board composition more widely, both in composition and in practice. The Board received further training on diversity and inclusion awareness in 2019.
- **Board performance.** The Board conducts regular surveys of its effectiveness and carried out individual 360-feedback trustee performance reviews for the first time in 2019.
- **Annual reviews.** In its second full year applying the code, the Board continues to monitor and review its progress on governance changes throughout the year and carried out its annual governance review cycle for the Board and its Committees.

One area where we diverge from the code is the size of our Board; given the complexity of the charity's operations, the Board believes it requires more than the recommended maximum 12 trustees and aims to maintain a balanced Board of around 15 trustees.

### BOARD ACCOUNTABILITY

As part of its commitment to greater transparency, the Board committed to publish summaries of quarterly Board meetings on Save the Children UK's website in December 2019. Summaries now made public date back to October 2018. Since October 2018, the Chair has also written and shared with all Save the Children UK staff an informal update on the Board's quarterly meetings and outcomes.

As part of the Board's accountability to Save the Children UK's staff, it established a Staff Liaison Trustee position in October 2019. This Trustee meets with staff on a quarterly basis, or whenever an ad hoc meeting is requested, and reports back on staff interests and concerns to the Board at its quarterly meetings.



## GLOBAL STANDARDS, REGULATIONS AND CONVENTIONS

As we work for children all over the world, we must ensure that we live up to the standards and regulations that we demand of all actors influencing children's lives. Globally, Save the Children adheres to national and international standards and regulations. We are also committed to supporting the implementation of internationally recognised conventions, including the United Nations Convention on the Rights of the Child and the UN Convention of the Rights of Persons with Disabilities, with a focus on promoting and protecting the rights of children with disabilities. We also endorse the Principles for Digital Development, a set of community owned standards stewarded by DIAL, the Digital Impact Alliance at the UN Foundation.

## OUR COMMITMENT TO ACCOUNTABILITY AND TRANSPARENCY

Save the Children UK takes full responsibility for using resources efficiently, achieving measurable results and being accountable to our supporters, partners, staff and, most of all, children.

Accountability and transparency to our stakeholders is crucial to delivering our strategy (see page 8). Through this strategy, we are increasing our efforts to be accountable to all our stakeholders and hold ourselves to high standards. See page 51 for how we engage with our stakeholders.

Since 2012 we voluntarily publish details of our programme spend through the International Aid Transparency Initiative (IATI). The IATI standard provides a common and open format for sharing aid information, making it easier to find, use and compare. In accordance with the IATI standard we publish timely, detailed and comparable information on our spending that is accessible to all our donors and supporters. Publishing this information to the IATI standard makes us more effective and accountable as an organisation.

Visit the accountability page on our website for further details of how we ensure accountability to our stakeholders.

## SAFEGUARDING

We have continued our commitment to upholding the highest standards of safeguarding, ensuring that our safeguarding measures are robust and reflect the environments in which we work. We have continued to broaden our approach, increasing our capacity to safeguard staff, adult beneficiaries and volunteers, while remaining steadfastly committed to safeguarding children. Building on our 2018 commitments, in 2019 we:

- enhanced our support to survivors of sexual exploitation and abuse, adding specialist staff to our safeguarding team
- continued to support sector-wide initiatives such as the Aid Worker ID Scheme and our work with DFID and INTERPOL on the global sharing of criminal records information
- continued our contribution to the sector working groups established by Bond
- worked with subject matter experts, including the National Police Chief's Council and UK survivor organisations, to identify good practice and improve our response to survivors of abuse
- convened and hosted safeguarding colleagues from both the UK youth sector and international NGOs to improve practice and provide specialist training to help keep children, communities and staff safe
- introduced training for line managers on trauma-informed support for staff
- developed policies and procedures to reflect our commitment to vulnerable people in the UK who support us through giving or volunteering.

## SAFEGUARDING INCIDENT REPORT 2019

We acknowledge the courage of survivors in coming forward to report abuse and we thank all those who have helped us protect children and vulnerable people in the UK and abroad by reporting their concerns.

In 2018 we broadened our safeguarding remit to include – as well as children – our adult beneficiaries, staff, volunteers and anyone else who encounters our work. In 2019 we worked to integrate these changes into our safeguarding and HR systems.

In 2019, 246 safeguarding concerns – which we categorise under the headings of emotional abuse, physical abuse, sexual abuse, neglect, exploitation and sexual harassment – were reported to Save the Children UK. Of these concerns one related to the conduct of our staff, six to the conduct of our volunteers and the remaining 239 were not related to our staff or volunteer conduct.

## SAFEGUARDING CONCERNS RELATED TO STAFF AND VOLUNTEER CONDUCT

### Staff conduct (1)

A member of staff was alleged to have failed to ensure the implementation of our safeguarding arrangements and, while there is no indication a child was harmed as a result, an investigation was commissioned and is ongoing.

### Volunteer conduct (6)

One concern was raised regarding the behaviour of a volunteer towards a child, whom they were accused of grabbing by the arm. An investigation is underway, and the incident was reported to police.

One concern was raised regarding inappropriate comments about children by an individual applying to become a volunteer. The application was declined, and the concern was reported to police.

Four concerns were raised regarding harassment by volunteers towards staff. One allegation raised by a third party was not upheld. The second was upheld, the volunteer dismissed, and the concern about stalking behaviour reported to police and adult social care. The third relating to sexual harassment is under investigation. The fourth concerned a former volunteer who was alleged to have harassed a former member of staff. No information was provided to suggest the harassment had occurred during employment, and we were informed that the allegation had been reported to the police.

## SAFEGUARDING CONCERNS NOT RELATED TO STAFF AND VOLUNTEER CONDUCT

### Welfare of children in the UK involved in Save the Children UK programmes (16)

Most of these concerns were identified and reported by our staff, partners or other professionals and do not relate to the conduct of our staff or volunteers and were not caused by our operations. All were acted on in accordance with our safeguarding policies and statutory guidance. Where required this included a referral to statutory agencies.

### Welfare of vulnerable people (adults) in the UK involved in Save the Children UK operations, including fundraising (4)

Most of these concerns were identified and reported by our staff, partners or other professionals and do not relate to the conduct of our staff or volunteers and were not caused by our operations. All four concerns were acted on in accordance with our safeguarding policies and statutory guidance. Where required this included a referral to statutory agencies.

### Welfare of children or vulnerable people not involved in Save the Children programmes or activities (218)

These related to a range of concerns, including social media content or requests for assistance from outside of the UK. Where possible these were directed to the appropriate agency or organisation.

### Welfare of our staff (1)

A member of staff in our retail operations was the victim of indecent exposure perpetrated by an unknown member of the public while working. The matter was reported to police.

The previous year, in 2018, we recorded an allegation in relation to a member of staff who was subject to an investigation. This matter is still under investigation; we will report the outcome in our 2020 report.

In addition to the incidents reported through our safeguarding incident mechanism, there were two safeguarding cases involving our staff investigated in 2019. The first, a disciplinary, was investigated by our Safeguarding Team owing to potential breaches of our Prevention of Sexual Exploitation and Abuse Policy. The case remains open and has progressed to a hearing stage. The second relates to a member of staff who was dismissed during their probationary period.

In 2018, 164 child safeguarding concerns were reported to Save the Children UK. We believe that by strengthening our safeguarding practices – including enhancing understanding of safeguarding practices and our mechanism – an increased number of cases will be reported to us. Furthermore, wider society is becoming more aware of the risks of abuse and the mechanisms for reporting.

## INTERNATIONAL PROGRAMMING

Our international programmes are delivered through Save the Children International. We work together to ensure the most rigorous safeguarding practices are in place. Save the Children International reports total safeguarding figures associated with international programmes in its Trustees' Report.

## STAKEHOLDER ENGAGEMENT: DELIVERING VALUE

We believe that to have the greatest impact for children, today and in the future, we must take account of what is important to our stakeholders. This is best achieved through proactive and efficient engagement.

In accordance with the charities SORP (FRS 102) we have outlined examples how we engage with employees and taken care of their interests, as well as how we have engaged with other stakeholders. Each stakeholder

group requires a tailored approach to engagement. By understanding our stakeholders, we can factor into Boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns, in accordance with s172 of the Companies Act 2006. This list is not exhaustive – other key stakeholders include Save the Children International, Save the Children Association, other members and country offices, sector peers, and the Charity Commission, for example. Our engagement with these stakeholders is referenced within this report.

### Children overseas

We engage both directly with children and through their families and communities. Save the Children International manages the movement's international development and humanitarian programmes to help children around the world. With our support, Save the Children International engages with children and communities on needs analysis and project design. For example, in emergency responses Save the Children International consults with affected people to understand how the crisis has affected their lives and what their priorities for recovery are.

#### HOW WE ENGAGE

With our financial and technical support, Save the Children International follows its *Accountability to Children and Communities Procedure*, which states that children and communities must:

- have access to timely and relevant information about the organisation, its activities and the behaviour they can expect from staff
- have opportunities to participate and inform decision-making
- be able to provide feedback and report any concerns they have.

#### EXAMPLE OUTCOMES OF ENGAGEMENT

Our engagement with children and families in the UK and overseas has far-reaching impact. Below are two examples

- During the Indonesia earthquake and tsunami response, our consultation with children informed the response of not only Save the Children but other NGOs and the local government.
- 84% of projects supported by Save the Children UK last year were reported to ensure that, in line with the Core Humanitarian Standard, children and communities have access to information, are systematically consulted, and can participate in decision-making.

### Children in the UK

We engage both directly with children and through their families and communities. A key principle of our work in the UK is that the voices of children and their families help shape what we do.

#### HOW WE ENGAGE

In our Families Connect programme, for example, children, families and practitioners participate in developing approaches and programmes that meet the needs of the child. Facilitators listen and respond to children's interests, and their experiences of and views on the programme's workshops.

#### EXAMPLE OUTCOMES OF ENGAGEMENT

Our engagement with children in the UK shapes our strategy and programmes. For example, in 2019:

- We conducted research with children aged 4–7 from low-income families to explore their experiences of money, housing and childcare, and their priorities for change. This research helped inform the development of our joint UK strategy on child poverty and early learning.
- Our UK Impact team contributed a case study on how young children's voices informed our Families Connect programme to an international book: *Theory and Practice of Voice in Early Childhood* (to be published by Routledge in 2020).



### Youth campaigners

We work alongside children to campaign for change. Throughout the year we engaged with youth campaigners to support their action and understand what matters most to them.

#### HOW WE ENGAGE

Through our partnership with the Scouts, for example, we engage with young people in their Community Impact Group. This youth leadership group of children and young people aged 14–19 visits Scout groups to deliver workshops and activities on community impact. Our close engagement with the Community Impact Group means that we can shape the programme following their guidance and leadership.

#### EXAMPLE OUTCOMES OF ENGAGEMENT

We frequently engage with the children and youth participating in the activities that we deliver, seeking their feedback to improve future activities.

Our work with the Scouts is largely shaped by children and young people in its Community Impact Group. This group:

- makes decisions about the partners we work with in the programme
- provides feedback on the activities we deliver with Scout groups
- has final sign-off on the work we deliver.

For example, last year, we decided not to go ahead with a proposed activity to support our Protecting Children in Conflict mission after doubts expressed by young people in the Community Impact Group.

### Institutional donors, corporate partners and philanthropists

Our partnerships with our donors, corporate partners and philanthropists are fundamental to our work (see page 36).

#### HOW WE ENGAGE

We collaborate regularly with donors, corporate partners and philanthropists through face-to-face meetings and roundtable discussions. We connect through annual global events – for example, the UN General Assembly. We work together to share and compare strategic priorities and rules on compliance.

We also organise workshops for our corporate partners to explore opportunities and co-design programmes. Partners are invited to visit country programmes to increase insight into the partnership and its impact. We offer bespoke employee engagement activities, and communications, PR and media initiatives.

We frequently request feedback on the above to improve our engagement approach and ensure all decisions are informed by the views of our partners.

We engage with philanthropists and explore opportunities for collaboration through one-to-one meetings and group workshops. We regularly seek input through our Vice-Presidents Programme and Appeal Boards. Philanthropists are invited to visit work they have supported to better understand their impact. We seek feedback on reporting mechanisms.

To ensure transparency on our activities, each quarter we publish information in the IATI registry on the awards we receive from institutional donors.

#### EXAMPLE OUTCOMES OF ENGAGEMENT

Our engagement with institutional donors and our corporate partners helps us jointly develop memorandums of understanding on how we work together and what we will deliver. It also helps us to agree on the best approach to shaping the agenda for children – for example, influencing policy, advocating for commitments from government and ensuring high-quality programming.

Engagement with our partners and philanthropists helps inform our fundraising strategy and communications, including how we report on the impact of the work they have supported.

## Our people

Our success as an organisation is underpinned by the wellbeing and performance of our 998 employees (see page 34). Positive engagement is essential.

### HOW WE ENGAGE

Throughout 2019 Save the Children UK engaged systematically with employees to ensure their views were considered in decisions that affect their interests. We engaged through workshops, our employee-led people and culture change programme (Stronger), our quarterly Pulse survey, weekly bulletins, monthly all-staff meetings, and drop-in sessions with directors and trustees.

We encouraged the involvement of employees in the organisation's performance through improving alignment of individuals' objectives with our strategic goals.

We ensured a common awareness among employees of internal and external factors affecting the performance of Save the Children UK, by sharing regular updates from the Board and leadership, by publishing Board meeting summaries, and by directors hosting frequent all-staff presentations and Q&A sessions.

Throughout 2019 our directors increased engagement with employees to ensure their interests were considered when making principal decisions. The delivery of change programmes within 2019, including restructuring, a review of pay and grading, and Stronger, relied heavily on close consultation with our people.

### EXAMPLE OUTCOMES OF ENGAGEMENT

In 2019, some of the ways we engaged with staff included:

- co-creating our Stronger workplace culture programme and people and culture strategy
- conducting 2019–21 strategy engagement sessions and quarterly Pulse surveys
- establishing and empowering a staff Representative Advisory Group for our Stronger programme (see page 35)
- annual employee recognition awards
- regular consultation by the CEO and directors with staff networks, leading to, for example, paid paternity and adoption leave extended from two to 12 weeks; a co-created approach to responding to the Mexico City Policy; and an increase in organisational environmental sustainability
- consultation with staff networks on people-related policy reviews
- regular consultation with trades union representatives on changes to employee conditions
- establishing a Staff Liaison Trustee (see page 48) who offers confidential means of sharing employee concerns and views with the Board.

## Volunteers and public supporters

Delivering our mission depends on the time, passion and fundraising support of our dedicated volunteers and public supporters (see page 36).

### HOW WE ENGAGE

We want our volunteers and supporters to gain an understanding of how their support helps children and an understanding of governance and key organisational changes.

We have a close relationship with our volunteers and engage with them frequently to:

- update them on our work
- ensure they have the support they need for a positive volunteering experience
- understand their opinions to help shape our decisions.

We have a volunteer website, share quarterly newsletters and host face-to-face forums and meetings.

We engage with our wider public supporters to share information and understand their opinions through quarterly surveys, market research, social listening and monitoring of supporter calls.

### EXAMPLE OUTCOMES OF ENGAGEMENT

Our volunteers are some of our core supporters. Their feedback helps inform the regional approach to supporter engagement and provides a strong feedback loop for our work and strategies from a supporter perspective.

Wider public supporter feedback is reflected in our supporter engagement strategy (see page 33) and communications.

Our supporter survey indicated that 85% of respondents agree 'I feel I am making a meaningful difference', with an 8.7/10 satisfaction score (end of 2019).

## INTERNAL POLICIES AND REGULATORY COMPLIANCE

In 2019, as part of our policies governance mechanism, we reviewed and updated nine of our internal policies, including our expenses policy, whistleblowing policy and pay policy. We worked closely with our staff equalities networks and the Union to improve our paternity and adoption leave policy to increase leave from two weeks to 12. We also approved new policies on safeguarding vulnerable adults and flexible working.

As part of our commitment to improving our workplace culture, in 2019 we reviewed five existing employee relations policies. In early 2020, we launched significant revisions of two: managing grievance and managing conduct. The remaining three will launch later in 2020.

Many of our policies and statements are published on our website, including the following: child safeguarding policy, code of conduct, donations acceptance and refusal policy, environmental statement, and open information policy. You can find out more information about our organisation's policies on the accountability page of our website.

## MODERN SLAVERY STATEMENT

Over the course of 2019 we have continued to respond to the requirements of the Modern Slavery Act, including rolling out, maintaining and publishing key policies; continuing the inclusion of a modern slavery clause for the charity's contract templates; and testing and identifying areas in the charity's direct supply chain where there may be significant risks of forced labour, human trafficking or other forms of modern slavery. The charity is using funds and skills to work closely with Save the Children International primarily to identify and resolve any modern slavery in the supply chain for the international work undertaken by Save the Children International.

The charity has no cases of modern slavery to report in its supply chain during 2019. The charity also continues to publish its modern slavery statement on its website. For more information, see the Modern Slavery Statement.

## GENDER PAY GAP STATEMENT

Save the Children is committed to achieving gender equity in pay. Our values as an organisation demand women and men are equally rewarded for equivalence in contribution, considering skills, grade and performance. Through our programme, policy and campaigning work, we strive to support gender equity in developing countries – and we are working towards ensuring that our organisation reflects the commitment to equity we demand of others.

### Our gender pay gap 2019

There has been a further positive shift in our mean gender pay gap since 2018, building on our improvement year on year.

- Our median gender pay gap as at 5 April 2019 was 4.82% (8.73% in 2018). This shows an improvement of 3.91 percentage points.

- The national median gender pay gap in 2019 was 17.30% (17.90% in 2018).
- Our mean gender pay gap as at 5 April 2019 was 9.10% (10.94% in 2018). This shows an improvement of 1.80 percentage points.

The above data is taken from a staff population that was 72% female and 28% male. We will always show a zero percentage for bonus payments as we do not operate a bonus pay scheme. For more information on our gender pay gap, including what steps and measures we have taken to address it and issues of unconscious and conscious gender bias, please see the full 2019 Gender Pay Gap Report, available on our website.

## OUR APPROACH TO PAY AND OVERHEADS

We are serious about being the best we can be for the world's children. That means we place a premium on attracting the best people to work for us and to lead our organisation.

Save the Children UK is a modern, complex organisation with an annual income of £307 million. We have a high level of ambition, supporting the Save the Children movement to directly reach 38.7 million children around the world in 2019, often working in high-risk environments. Fighting for large-scale and lasting change for children, our global breakthroughs aim to ensure that by 2030 no child dies from preventable causes before their fifth birthday, all children learn from a good-quality basic education and violence against children is no longer tolerated.

Securing the right people to deliver our ambitious plans is key to our strategy. One of the many ways we do that is through our competitive reward structure. We commit to paying our staff a fair salary that is competitive within the charity sector, proportionate to the complexity and responsibilities of each role, and in line with our charitable objectives.

We pay all staff a living wage of at least £10.75 per hour in London and £9.30 per hour in the rest of the United Kingdom, as of 31 March 2020. We are accredited by the Living Wage Foundation.

In 2019 we launched an updated pay and grading structure for employees, to ensure that we meet three agreed key principles for paying people at Save the Children UK:

- equality/fairness
- responsible financial management
- market competitiveness in line with the wider charity sector.

The pay and grading project achieved a structure of pay that organises jobs into different pay levels based on their relative level of responsibility and overall contribution to the organisation's goals.

The grades of the new salary structure are wide enough to provide appropriate pay for employees with a variety of skills, knowledge and experience. This gives staff the



opportunity to progress their careers through the pay scale, either vertically, by taking on a more senior role, or horizontally, by developing within their role.

We acknowledge that debates over pay – and executive salaries, in particular – are important and reflect genuine public concerns. We are committed to achieving the right balance between recognising these concerns while at the same time ensuring our salary levels help attract the talent we need to run an effective and efficient multinational organisation. The Remuneration and People Committee oversees our pay policy and decides on the salaries of our Chief Executive and executive directors (see page 47).

In line with recommendations from the National Council for Voluntary Organisations 2014 inquiry into executive pay, we publish our approach to pay, including details on our gender

pay gap, in detail on our website. We explain how our pay levels are defined, publishing the ratio of pay levels across the organisation and listing the roles and salaries of our executive team.

For further details on staff salary and pensions costs, please see notes 8 and 25 in the financial statements (pages 71 and 88).

## EXECUTIVE DIRECTOR REMUNERATION IN 2019

The trustees delegate the day-to-day running of the organisation to the executive directors who are considered the key management personnel. Emoluments for all permanent executive directors employed at Save the Children UK for the year ending 31 December 2019 are detailed below.

Position		Actual gross salary* 2019	Full-time equivalent annual salary 2019	Full-time equivalent annual salary 2018
Chief Executive Officer – Kevin Watkins	Provides overall leadership to the organisation, working with the Board and Executive Leadership Team to shape our goals and ensure that we achieve them. Member of the Management Committee of the global Save the Children Association.	£143,000	£143,000	£143,000
Executive Director of Transformation – Fiona Clark (from 21/10/2019)	Joined Save the Children in October 2019 to lead the delivery of our organisational strategy and our change programme.	£23,147	£127,778	—
Executive Director of Global Programmes – Gwen Hines	Responsible for the design and delivery of our programmes to help children survive, learn and be protected. Leads our relationships with major government and institutional donors. Leads our collaboration with Save the Children International on international programming.	£120,000	£120,000	£120,000
Executive Director of Human Resources – Lynne Holmes (from 27/08/2019)	Responsible for the recruitment, support and development of our team of around 1,000 staff, and for initiatives to improve our people management capabilities and employee experience.	£36,041	£112,000	—
Executive Director of Human Resources – Clare Conaghan (to 13/09/2019)		£74,038	£105,000	£105,000
Executive Director of Policy, Advocacy and Campaigns – Kirsty McNeill	Responsible for our policy, advocacy and campaigning work, encouraging decision-makers in the UK and around the world to deliver for the world's most deprived and marginalised children.	£112,000	£112,000	£112,000
Chief Financial Officer – Sam Sharpe	Responsible for ensuring strong management of our income and spending to deliver maximum impact for children; also supervises our technology, risk and legal teams.	£123,235	£123,235	£123,235
Executive Director of Fundraising and Marketing – Gemma Sherrington (from 04/03/2019)	Responsible for engaging the UK public in supporting Save the Children through their time, money and actions. Leads our network of shops and relationships with commercial partners.	£87,511	£115,000	—
Executive Director of Fundraising and Marketing – Claire Rowney (to 22/02/2019)		£21,692	£137,000	£137,000

\*Differences between full-time annual salaries and actual gross salary and emoluments arise due to annual pay rises that take effect in April each year and as a result of individuals joining or leaving Save the Children during the reporting period and redundancy payments. In addition to the gross salary, £131,303 was paid for employer's national insurance, pension contributions and life insurance in respect of the above individuals.

## FUNDRAISING COMPLIANCE

We comply with all relevant statutory regulations, including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2018, the Privacy and Electronic Communications Regulations 2003 and the Telephone Preference Service. We strive for best practice in fundraising by complying with a range of codes of practice and standards, including being a member of the Institute of Fundraising and being registered with the Fundraising Regulator and adhering to its Code of Fundraising Practice, Fundraising Promise and Fundraising Preference Service. Our Whistleblowing Policy includes how staff, volunteers or those representing Save the Children can report a fundraising concern about any of our fundraising activities.

We continue to use a wide range of fundraising approaches to raise money – from working with philanthropists and corporate supporters, to our chain of charity shops; from volunteer groups to individuals completing sporting challenges like the London Marathon; and from advertising on TV, social media and in public spaces, to talking to our existing supporters. Much of this activity is done by our own internal team, but we also engage professional fundraising agencies to speak to existing supporters on the phone.

## DONATION ACCEPTANCE AND REFUSAL

We are committed to making decisions that are in the best interests of the charity and ultimately, of children. Our Donation Acceptance and Refusal policy ensures that we do not compromise on our mission and values when it comes to raising income. It is reviewed every two years and is due to be reviewed in 2020.

The Donations Acceptance Committee considers potential high-risk donations to Save the Children (see page 47).

## TREATING SUPPORTERS FAIRLY

We have continued to ensure that supporters and members of the public are afforded the highest levels of support, respect and protection. Guidance for fundraisers about ensuring we are treating our supporters fairly, including protecting supporters in vulnerable circumstances, is followed across all our fundraising activities and our fundraising agencies are also trained on this. This is also a key consideration throughout the monitoring we do of our fundraising.

## THIRD PARTIES FUNDRAISING ON OUR BEHALF

Save the Children engages 'professional fundraisers' (agencies) to undertake fundraising on our behalf through telephone fundraising. We continue to use robust oversight and monitoring procedures, in line with Fundraising Regulator standards, to ensure fundraising undertaken on our behalf is of the highest standard, compliant with all regulation and embodies Save the Children's supporter-centric approach. Monitoring of our agencies is undertaken through a combination of call monitoring, contract monitoring, regular meetings and training of fundraisers on our expectations, and this is reported to our Audit Committee on a regular basis.

We also work with corporate partners (commercial participators) who sell goods and donate a proportion of the proceeds to us. For instance, in 2019 this included The Entertainer, who sponsored the Muddy Puddle Walk

and hosted in-store activity; Revolut creating a Giving tab in their app that allows users to donate money to Save the Children; Penguin, who developed a new book called Peppa's Christmas Jumper day, with 10p from each sale going to Save the Children; and Sainsbury's, who sold Gruffalo-themed jumpers licensed by Magic Light, with 25% of each sale being donated to Save the Children.

## RAISING A CONCERN OR MAKING A COMPLAINT

We know there are times when we do not meet the high standard we set ourselves as an organisation. When this happens, we ensure the problem is investigated and steps are taken to prevent it happening again.

In 2019 our supporter-facing teams received 478 public complaints. This is a 67% decrease from 2018 (1,441). This decrease is for three main reasons. First, in 2018 we received a significant number of complaints related to trust and confidence concerns raised by the public because of workplace misconduct at Save the Children UK and in the wider international aid sector. Second, we are continuously improving our fundraising and marketing practice, ensuring our supporters are at the heart of decisions about our fundraising, which has led to a reduction in complaints about the frequency of our appeals and fundraising methods. Third, continuous improvement activities have reduced gift processing and administration errors.

Save the Children will continue to take a principled stand on important issues affecting children, which may generate complaints. An example from 2019 is the expatriation of British children in Syrian refugee camps. Complaint rates about our work will therefore inevitably vary from year to year and it will be more important than ever to engage and to build understanding with people who disagree with us.

The below graphic provides a breakdown of complaints by thematic area. The largest complaint category (fundraising – gift administration: 196) relates to errors processing supporters' donations. In almost every instance, these errors were quickly remedied. Nevertheless, sustained efforts are being made to improve the procedures and systems used to process donations.

Save the Children UK reports annually on fundraising complaints to the Fundraising Regulator. As well as adhering to the Regulator's complaints-reporting guidelines, Save the Children is committed to fair, honest and open fundraising practice. For further details on our complaints procedure, please see our website.

### Breakdown of public complaints received in 2019

Fundraising (gift administration)	196
Fundraising (methodology and solicitation)	107
Advocacy and campaigns	74
Trading	71
Governance, strategy and policy	19
Our work	11
<b>Total</b>	<b>478</b>

*Note: in 2018 we included the category 'Save the Children and wider sector misconduct' for which we received 280 complaints. In 2019 we received no complaints on this topic so have removed it from the table.*

## SAVE THE CHILDREN IN SCOTLAND

The Office of the Scottish Charities Regulator requires us to report separately on our activities in Scotland. Save the Children's activities in Scotland during 2019 addressed issues faced by children in Scotland as well as contributing to the global aims of Save the Children.

Our priority in Scotland is a significant improvement in early learning for young children growing up in poverty. In 2019, to help them get the support they need to develop, grow and learn, we:

**Supported the parents of 940 children to engage in their child's learning at home.** Our Families Connect programme – which helps parents stimulate their children's learning through play – was delivered in 112 primary schools across 16 local authority areas. An impressive 95% of parents say it influenced what they did with their child at home. It's also helping to bridge links between schools and families.

**Piloted our Building Blocks programme in Edinburgh.** We provided families living in poverty with household essentials and ways to stimulate learning at home – benefiting more than 300 young children.

**Published a new briefing to push for greater uptake of funded childcare for young children living in poverty.** The report was raised with Nicola Sturgeon during First Minister's Questions and we have subsequently met with the Scottish government to discuss the issue.

**Celebrated our centenary.** After our logo was the focus of iconic floral clock in Edinburgh's Princes Street Gardens for three months over the summer, we held a special centenary event at The Scottish Poetry Library.

At a children's rights event, Ben Macpherson, the Minister for Europe, Migration and International Development, set out the government's welcome commitment to incorporate the UN Convention on the Rights of the Child in law by May 2021.

We held a celebratory reception at the Royal College of Physicians in Edinburgh, attended by our Patron, HRH The Princess Royal, who thanked the 150 invited volunteers for their tireless work.

**Created better community spaces.** In Renfrewshire our Children's Places programme raised over £50,000 to redevelop a playpark. And we helped a community group in South Lanarkshire create a sensory garden, specially designed for children with disabilities.

## SCOTLAND'S GLOBAL ROLE

Save the Children in Scotland plays a global role, supporting humanitarian responses for children affected by disasters and conflict. In 2019, we were part of the work of the Disasters and Emergency Committee Scotland, providing media and fundraising support for the Cyclone Idai appeal, for example. And we worked closely with the Scottish media to raise awareness of global emergencies, such as the crises in Yemen and Syria, and to launch a campaign on tackling childhood pneumonia.

## FUNDRAISING IN SCOTLAND

Our fundraising activities included events, collections and other initiatives throughout Scotland organised by volunteers, corporate partners and community groups.

We are supported by more than 500 regular volunteers at our network of 17 charity shops in Scotland. They are the lifeblood of our fundraising work.

We focused on developing relationships with small and medium-sized businesses, building a strong pipeline of local firms willing to fundraise and raise awareness for Save the Children.

We are grateful to our partners who helped us deliver our work in Scotland this year. We secured over £600,000 of funding from our partnerships with the Scottish government, the STV Children's Appeal, the Big Lottery Community Fund and Hearts Football Club. We also secured an additional £18,500 from corporate donors, including Margiotta, Nero Legal and the Ogilvie Group.

Our annual Ayr Art Auction at the Maclaurin Gallery sold £33,500 worth of original artwork.

## Approval of the Trustees' Report

The Trustees' Report on pages 4–57 was approved by the Board of Trustees on 7 July 2020.

DocuSigned by:

*Charles Steel*

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**Charles Steel**

**Interim Chair of Trustees, Save the Children**  
9 July 2020

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SAVE THE CHILDREN FUND

### OPINION

We have audited the financial statements of Save the Children Fund ("the charitable company") for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, consolidated and charity balance sheets, consolidated cash flow statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### GOING CONCERN

The Trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the charitable company or to cease their operations, and as they have concluded that the group and charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the group's business model, and analysed how those risks might affect the group and charitable company's financial resources or ability to continue operations over the going concern period. 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 or the charitable company will continue in operation.

### OTHER INFORMATION

The trustees are responsible for the other information, which comprises Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.



## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if in our opinion:

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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.

We have nothing to report in these respects.

## TRUSTEES' RESPONSIBILITIES

As explained more fully in their statement set out on page 47, 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

The purpose of our audit work and to whom we owe our responsibilities.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's 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 charity, its members as a body and its trustees as a body, for our audit work, for this report or for the opinions we have formed.



**Lynton Richmond (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

15 Canada Square, London E14 5GL

14 July 2020

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds £000	All restricted and endowment funds £000	Total funds year to 31/12/2019 £000	Total funds year to 31/12/2018 £000
<b>Income and endowments from:</b>					
Donations and legacies	2	75,293	13,913	<b>89,206</b>	91,814
Charitable activities	3	–	200,343	<b>200,343</b>	194,217
Other trading activities	4	13,451	–	<b>13,451</b>	13,230
Investments	5	1,060	8	<b>1,068</b>	879
Other	6	2,659	638	<b>3,297</b>	3,062
<b>Total income</b>		<b>92,463</b>	<b>214,902</b>	<b>307,365</b>	303,202
<b>Expenditure on:</b>					
<b>Raising funds</b>					
Raising donations and legacies	7	26,336	522	<b>26,858</b>	27,991
Other trading activities	7	8,980	12	<b>8,992</b>	9,263
Investment management costs	7	120	–	<b>120</b>	102
<b>Total raising funds</b>		<b>35,436</b>	<b>534</b>	<b>35,970</b>	37,356
<b>Charitable activities</b>					
Nutrition	7	3,024	19,120	<b>22,144</b>	32,497
Livelihoods	7	3,981	25,092	<b>29,073</b>	51,586
Health	7	5,386	31,834	<b>37,220</b>	42,623
Protection	7	2,166	13,815	<b>15,981</b>	11,827
Rights	7	292	214	<b>506</b>	924
Education	7	7,227	36,453	<b>43,680</b>	29,775
Rapid onset emergencies	7	19,950	85,635	<b>105,585</b>	89,847
Advocacy and awareness	7	12,424	4,019	<b>16,443</b>	16,990
<b>Total charitable activities</b>		<b>54,450</b>	<b>216,182</b>	<b>270,632</b>	276,069
Other	7	2,294	3	<b>2,297</b>	1,182
<b>Total expenditure</b>		<b>92,180</b>	<b>216,719</b>	<b>308,899</b>	314,607
Net gains/(losses) on investments	13	3,067	625	<b>3,692</b>	(1,047)
Movement on share of associate's surplus/(deficit)	14	67	–	<b>67</b>	(8)
<b>Net income/(expenditure)</b>		<b>3,417</b>	<b>(1,192)</b>	<b>2,225</b>	(12,460)
Transfers between funds	21	3,292	(3,292)	<b>–</b>	–
Actuarial gains on defined benefit pension scheme	25	4,795	–	<b>4,795</b>	1,592
<b>Net movement in funds</b>		<b>11,504</b>	<b>(4,484)</b>	<b>7,020</b>	(10,868)
Fund balances brought forward		32,762	18,072	<b>50,834</b>	61,702
<b>Fund balances carried forward</b>	21	<b>44,266</b>	<b>13,588</b>	<b>57,854</b>	50,834

All gains and losses recognised in the year are included above. All activities relate to continuing operations.

The restricted fund balances carried forward include £4,395,000 (2018: £3,775,000), which relates to endowment funds.

There were no new endowments in the year and there were gains in the funds in the current year of £625,000 (2018: loss £202,000).

The accompanying notes are an integral part of this consolidated statement of financial activities.

## CONSOLIDATED AND CHARITY BALANCE SHEETS

### AS AT 31 DECEMBER 2019

	Notes	Group 31/12/2019 £000	Group 31/12/2018 £000	Charity 31/12/2019 £000	Charity 31/12/2018 £000
<b>Fixed assets</b>					
Intangible assets	11	1,653	3,116	1,653	3,116
Tangible assets	12	2,433	2,664	2,433	2,664
Investments	13	36,243	37,608	36,518	37,808
Associates	14b	567	500	–	–
		<b>40,896</b>	<b>43,888</b>	<b>40,604</b>	<b>43,588</b>
<b>Current assets</b>					
Stocks	15	1,268	886	1,162	712
Grant debtors	16a	21,568	29,781	21,251	29,781
Other debtors	16b	32,804	38,876	32,505	38,533
Short-term deposits		19,402	19,483	19,402	19,483
Cash at bank and in hand		30,248	18,717	29,375	16,368
		<b>105,290</b>	<b>107,743</b>	<b>103,695</b>	<b>104,877</b>
<b>Creditors: amounts falling due within one year</b>	17a	<b>(75,854)</b>	<b>(79,570)</b>	<b>(77,584)</b>	<b>(80,762)</b>
<b>Net current assets</b>		<b>29,436</b>	<b>28,173</b>	<b>26,111</b>	<b>24,115</b>
<b>Total assets less current liabilities</b>		<b>70,332</b>	<b>72,061</b>	<b>66,715</b>	<b>67,703</b>
<b>Creditors: amounts falling due after more than one year</b>	17b	<b>(3,155)</b>	<b>(3,335)</b>	<b>(3,155)</b>	<b>(3,335)</b>
<b>Provisions for liabilities</b>	18	<b>(8,698)</b>	<b>(7,895)</b>	<b>(8,359)</b>	<b>(7,550)</b>
<b>Net assets excluding pension liability</b>		<b>58,479</b>	<b>60,831</b>	<b>55,201</b>	<b>56,818</b>
<b>Defined benefit pension scheme liability</b>	25	<b>(625)</b>	<b>(9,997)</b>	<b>(625)</b>	<b>(9,997)</b>
<b>Total net assets</b>		<b>57,854</b>	<b>50,834</b>	<b>54,576</b>	<b>46,821</b>
<b>Unrestricted funds</b>					
General reserve	21	32,248	33,178	32,255	31,087
Revaluation reserve	21	4,788	2,566	4,788	2,566
Designated funds	21	7,855	7,015	4,873	6,515
Total unrestricted funds excluding pension reserve		44,891	42,759	41,916	40,168
Pension reserve	25	(625)	(9,997)	(625)	(9,997)
Total unrestricted funds		44,266	32,762	41,291	30,171
<b>All restricted and endowed funds</b>					
Restricted income funds	22	9,193	14,297	8,890	12,875
Endowment funds	23	4,395	3,775	4,395	3,775
Total restricted funds		13,588	18,072	13,285	16,650
Total funds		57,854	50,834	54,576	46,821

The accompanying notes are an integral part of these consolidated and charity balance sheets.

The financial statements on pages 60 to 96 were approved by the Board of Trustees on 7 July 2020 and signed on their behalf by the Interim Chair and Honorary Treasurer on 9 July 2020.

DocuSigned by:

*Charles Steel*

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**Charles Steel** – Interim Chair

DocuSigned by:

*Richard Winter*

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**Richard Winter CBE** – Honorary Treasurer

Company Number: 178159

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year to 31/12/2019 £000	Year to 31/12/2018 £000
<b>Net cash flows from operating activities</b>	(a)	<b>6,079</b>	<b>(9,830)</b>
<b>Cash flows from investing activities</b>			
Bank interest received	5	335	135
Dividends received	5	733	744
Purchase of intangible fixed assets	11	(279)	(172)
Purchase of tangible fixed assets	12	(408)	(262)
Proceeds from sale of fixed assets		–	190
Purchase of investments	13	(6,061)	(12,030)
Proceeds from sale of investments	13	11,029	11,855
Net cash movement in investments	13	89	166
Investment in associate	14b	(67)	8
Net cash used in investing activities		5,371	634
Net cash flows from financing activities		–	–
Change in cash and cash equivalents in the year	(b)	11,450	(9,196)
Cash and cash equivalents at the beginning of the year		38,200	47,396
Cash and cash equivalents at the end of the year		49,650	38,200

The accompanying notes are an integral part of this consolidated cash flow statement.

### NOTES TO THE CASH FLOW STATEMENT

#### (a) Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Net income/(expenditure)	2,225	(12,460)
Investment income	(1,068)	(879)
(Gains)/losses on investments	(3,692)	1,047
Adjustment for pension funding	470	773
Payments to defined benefit pension scheme	(5,047)	(5,063)
Net loss/(gain) on disposal of fixed assets	4	(171)
Depreciation charge	635	666
Amortisation charge	1,464	1,535
Impairment charge	278	–
(Increase)/decrease in stocks	(382)	422
Decrease/(increase) in debtors	14,285	(5,267)
(Decrease)/increase in creditors falling due within one year	(3,716)	7,878
(Decrease)/increase in creditors falling due in more than one year	(180)	1,820
Increase/(decrease) in provisions	803	(131)
Net cash flows from operating activities	6,079	(9,830)

#### (b) Analysis of cash and cash equivalents

	At 01/01/2019 £000	Cash flow £000	At 31/12/2019 £000
Cash at bank and in hand	18,717	11,531	30,248
Short-term deposits	19,483	(81)	19,402
	38,200	11,450	49,650



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. ACCOUNTING POLICIES

#### (A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the 'Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102)' published in July 2014, and applicable United Kingdom law and accounting standards.

The charity meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemption in relation to a presentation of a cash flow statement in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

The group meets the definition of a public benefit entity under FRS 102. See page 48 for further details. The financial statements have been prepared under the historical cost convention, unless otherwise stated in the relevant accounting policy note.

The financial statements have been prepared on the going concern basis as discussed in the trustees' report on page 41.

The group statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its wholly-owned subsidiary undertakings, Save the Children (Sales) Limited, Medical Emergency Relief International (Merlin), the Humanitarian Leadership Academy (HLA), Humanitarian Leadership Academy (Enterprises) Limited (from 1 June 2019) and Elrha. The results of these subsidiaries are consolidated on a line-by-line basis.

Save the Children International (SCI) carries out international programming on behalf of Save the Children UK (SCUK) and other movement members. The investment in SCI is classified as a programme related investment as this investment is made directly in pursuit of SCUK's charitable purposes. Grants provided by SCUK to SCI are considered to be a part of the costs of activities in furtherance of the objects of the charity and are accounted for in accordance with the grants made to external parties. This is because of the significance of the charity's programme activity carried out through SCI and the nature of the programme operating model. The amounts recognised in relation to SCI are disclosed in the relevant notes to the financial statements.

Save the Children UK has treated the William Belmer Rush Foundation as an associate owing to the significant influence exerted over its financial and operating policies, and has accounted for the Foundation in the group financial statements on a net equity basis. The consolidated SOFA includes the group's share of the associate's surplus or deficit.

The charity has availed itself of Paragraph 4 (1) of Schedule 1 to the Accounting Regulations and has adapted the Companies Act formats to reflect the special nature of the charity's activities.

Save the Children was the lead agency of the Start Network, a network of more than 50 non-governmental organisations working to strengthen the humanitarian aid sector. As the principal charity within the consortium Save the Children was legally responsible to donors for the charitable application of funds. Funding for the consortium was recognised by Save the Children as a separate restricted fund under the agreement with donors. On the 1st May 2019, the Start Network became an independent charity, with Save the Children as sole Grant Custodian for some of its work. Following transition only income and expenditure on awards where Save the Children is acting as the grant custodian, and in that capacity is legally responsible to donors for the charitable application of funds, are recognised. The Start Network continues to work with Save the Children to bring on additional grant custodians.

#### (B) COMPANY STATUS

The charity is a company limited by guarantee. The members of the company are the trustees named on page 45. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

#### (C) FUND ACCOUNTING

**General funds** are unrestricted funds that are available for use at the discretion of the trustees in furtherance of the general objectives of the charity, and that have not been designated for other purposes.

**Designated funds** comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in note 21.

Unrestricted funds include a **pension reserve** adjustment to match the pension deficit, in line with FRS 102 section 28: Employee Benefits.

**Restricted funds** are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the charity for particular purposes. Costs are charged against the specific fund in line with donor wishes. An analysis of each restricted fund is set out in the notes to the financial statements.

**Endowment funds** represent assets received that may not be exhausted. Only the income may be expended. Net investment gains and losses are recognised against the relevant endowment fund.

Investment income and gains are allocated to the appropriate fund.

#### (D) INCOME

All incoming resources are included in the SOFA when Save the Children UK is entitled to the income, when receipt of funds is probable, and when the amount can be measured with sufficient reliability.

## 1.ACCOUNTING POLICIES (CONTINUED)

### Donations and legacies

#### Donations

Donations include all income received by the charity that is made on a voluntary basis and is not conditional on delivering certain levels or volumes of service or supply of charitable goods. This will include grants from institutions, corporates and major donors that provide core funding, or are of a general nature.

#### Legacies

Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received.

Residuary legacies are recognised as receivable once probate has been granted, provided that sufficient information has been received to enable valuation of the charity's entitlement.

Reversionary interests involving a life tenant are not recognised until we are notified that the prior interest has ended.

#### Gifts in kind

##### Gifts for onward distribution

Gifts in kind donated for distribution are included at fair value and are recognised as income and stock when they are received from donors and in expenditure when they are distributed to beneficiaries. Gifts in kind include food, clothing and medical supplies.

##### Gifts for resale

Gifts in kind donated for resale are recognised within retail income when they are sold.

#### Donated facilities and support

Gifts in kind also include campaigning and fundraising goods and services, all recognised when received or performed. These have been valued by officers of Save the Children UK either at market value or, where a market value is not available, based on appropriate estimates.

#### Volunteers

Our volunteers play a vital role in the activities of the charity, including in our network of shops and as community fundraisers and ambassadors. However in accordance with the SORP, no monetary value has been attributed to their contribution and been included in these accounts.

#### Income from charitable activities

Grants from governments, agencies and foundations, corporates and trusts have been included as 'Income from charitable activities' where these grants specifically outline the goods and services to be provided to beneficiaries. For these performance-related grants, in the absence of specific milestones to determine entitlement, income is recognised to the extent that resources have been committed to the specific programme, as this is deemed to be a reliable estimate of

the right to receive payment for the work performed. In this case, cash received in excess of expenditure is included as a creditor (as deferred income) and expenditure in excess of cash included as a debtor (as accrued income).

For payment by results contracts, where it has been agreed with the donor that we can retain the surplus, with no restrictions on how these are utilised, these have been reflected as a transfer between restricted and unrestricted funds.

Unless otherwise specified by donors, restricted funds are not held in separate bank accounts, and any interest income arising on restricted funds held is treated as unrestricted to offset the costs where Save the Children UK is required to pre-finance projects.

#### Other trading activities

Other trading activities includes retail income from the sale of new and donated goods through shops, branches and online. Where applicable, income is recognised net of value added tax.

Lottery income is proceeds from lotteries held by the People's Postcode Lottery (PPL). SCUK has no ability to alter the price of the tickets, determine the prizes or reduce the management fee. As such, PPL is treated as acting as principal. Net proceeds due to SCUK are recognised under other trading activities in the statement of financial activities and analysed in note 4b.

### (E) EXPENDITURE

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Expenditure on raising funds is that incurred in seeking voluntary income, running our retail operations and managing our investments and does not include the costs of disseminating information in support of the charitable activities.

Expenditure on charitable activities includes grants payable and costs incurred directly by Save the Children UK in the furtherance of its charitable objectives, along with associated support costs. Grants payable to partner organisations such as Save the Children International are considered to be part of the costs of activities in furtherance of the objects of the charity. This is because much of the charity's programme activity is carried out through grants to local organisations that support long-term sustainable benefits for children, which are monitored by the charity. Grants are also made to fund immediate emergency relief provision in times of crisis, catastrophe or natural disaster.

Support costs, such as general management, governance, human resources, financial management, programme support, information systems and premises costs are allocated across the categories of charitable activities and costs of raising funds. The basis of the cost allocation has been explained in the notes to the accounts.

## 1.ACCOUNTING POLICIES (CONTINUED)

### (F) TANGIBLE FIXED ASSETS AND DEPRECIATION

All expenditure of a capital nature on relief and development work overseas is expensed as incurred, as are items of expenditure in the UK under £5,000. However, for leasehold property improvements where individual costs are below the stated capitalisation threshold but collective costs are above £5,000 these are capitalised at the time of purchase.

Fixed assets are capitalised at cost, which, for gifts of property, is taken as the value accepted for stamp duty purposes on transfer.

Depreciation is provided from the time assets are available for use at rates calculated to write off the costs on a straight-line basis over their expected useful economic lives, as follows:

Freehold properties	50 years
Leasehold property improvements – headquarters	Lease period
Other leasehold property improvements	Shorter of 10 years and lease period
Computer equipment	5 years

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

### (G) INTANGIBLE FIXED ASSETS AND AMORTISATION

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

Computer software, including development costs, is capitalised as an intangible asset and amortised on a straight-line basis over the expected useful life of five years

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

### (H) INVESTMENTS

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains or losses arising on revaluation and disposals throughout the year.

Investments in subsidiaries and programme related investments are included in the balance sheet at their historical cost (ie, the fair value of the consideration given by the company) less, where appropriate, impairment provisions for any permanent decrease in value.

### (I) STOCKS

Stocks are valued at cost less an allowance for obsolescence. Undistributed gifts in kind are recognised on the balance sheet as stocks at the fair value of those gifts at the time of receipt.

### (J) PENSION COSTS

For defined benefit schemes, the amounts charged in expenditure are the costs arising from employees' services rendered during the year and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the statement of financial activities and included within finance costs or credits similar to interest. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in actuarial gains/losses on defined benefit pension schemes in the SOFA.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities (iBoxx Corporate AA 15+ years index), but a reduction in the rate has been made to take into account the duration of the scheme's liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. A pension liability, if applicable, is presented separately after net assets on the face of the balance sheet. A pension asset, if applicable, is only recognised if recoverable by Save the Children.

The charity contributes to a defined benefit scheme, which was closed to new entrants on 14 June 2002.

For defined contribution schemes, the amount charged to the statement of financial activities in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Save the Children UK participates in The Pensions Trust's Growth Plan. This is a multi-employer pension plan, which in most respects a money purchase arrangement, but has some guarantees. This scheme has been treated as a multi-employer scheme as it is not possible to separately identify the assets and liabilities of participating employees. The growth plan is accounted for as a defined contribution scheme and a liability is recognised on the balance sheet in respect of the committed contributions.

The charity contributes to a defined contribution pension plan operated by Legal and General. The assets of the scheme are held separately from those of the charity. The contribution payments are charged to the SOFA.

### (K) FINANCE AND OPERATING LEASES

Instalments on operating lease contracts are charged to the

## 1.ACCOUNTING POLICIES (CONTINUED)

SOFA on a straight-line basis over the life of the lease. The group does not have assets under finance leases.

### (L) FOREIGN CURRENCIES

Foreign currency balances have been translated at the rate of exchange ruling at the balance sheet date into the accounts presentational and functional currency, which is GBP. Income and expenditure transactions incurred in foreign currencies have been translated during the course of the year at the rate of exchange ruling at the time of the transaction. Appropriate action is taken to mitigate foreign exchange risk. Save the Children UK does not enter into foreign exchange contracts for speculative purposes.

### (M) PROVISIONS

Provisions for liabilities are recognised when there is a legal or constructive obligation for which a measurable future outflow of funds is probable.

Where the time value of money is material, provisions are discounted using a discount rate reflecting the current market assessment of the time value of money as represented by the interest rates available to the group when placing cash on deposit.

### (N) TAXATION

The charities in the Group are exempt from UK taxation on their income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that the income and gains are applied to their charitable purposes. No corporation tax charges arose for the group charities during the year (2018: Nil).

The non-charitable subsidiaries are subject to corporation tax but, because their policies are to donate taxable profits to Save the Children UK by way of Gift Aid, no liabilities arose (2018: Nil).

Irrecoverable VAT is not separately analysed and is charged to the SOFA when the expenditure to which it relates is incurred, and is allocated as part of the expenditure to which it relates.

### (O) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. With the exception of fixed asset investments, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three

months or less from the date of acquisition or opening of the deposits or similar account. Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the group 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 amount after allowing for any trade discounts due.

### (P) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

The following areas are considered to involve the critical judgements and sources of estimation uncertainty when applying the group's accounting policies.

#### Revenue recognition

Due to the range and complexity of the group's funding streams, revenue recognition is deemed to be an area that requires judgement to appropriately apply the income accounting policies explained in accounting policy 1d. The recognition and valuation of legacy income also requires significant judgement – see note 1d for further details.

#### Pension liability

Estimates of the net pension liability depend on a number of complex judgements relating to the discount rate used, changes in retirement ages and mortality rates. The group engages a firm of actuaries to provide expert advice about the assumptions made and the effect on the pension liability of changes in these assumptions.

#### Provisions

Provisions such as the dilapidations, bad debt and terminal grants involve assumptions and estimation techniques. These are based on the experience and knowledge of management and evidence from past experience.

#### Cost allocation

The cost allocation methodology requires a judgement as to what are the most appropriate bases to use to apportion support costs; these are reviewed annually for reasonableness. The bases used are outlined in note 7e.



## 2. DONATIONS AND LEGACIES

	Unrestricted funds £000	Restricted funds £000	Year to 31/12/2019 £000	Year to 31/12/2018 £000
<b>(a) Donations and gifts</b>				
Individual giving	38,165	2,777	<b>40,942</b>	43,803
Trusts and major donors	4,898	4,035	<b>8,933</b>	10,615
Community fundraising	7,250	534	<b>7,784</b>	8,365
Corporate fundraising	1,017	2,849	<b>3,866</b>	2,994
Institutional donors	–	400	<b>400</b>	905
	<b>51,330</b>	<b>10,595</b>	<b>61,925</b>	<b>66,682</b>
<b>(b) Gifts in kind by type</b>				
Gifts in kind for distribution	–	2,326	<b>2,326</b>	1,930
Headquarters professional services	–	406	<b>406</b>	492
Fundraising	–	387	<b>387</b>	480
	–	<b>3,119</b>	<b>3,119</b>	<b>2,902</b>
<b>(c) Legacies</b>				
Legacies <sup>1</sup>	23,963	199	<b>24,162</b>	22,230
<b>Total donations and legacies</b>	<b>75,293</b>	<b>13,913</b>	<b>89,206</b>	<b>91,814</b>

<sup>1</sup> The estimated amount of legacies for which the charity has received notice of entitlement, but which has not been accrued, whether because probate has not yet been obtained, or on grounds of insufficient probability, was £3.1 million (2018: £3.6 million).

## 3. INCOME FROM CHARITABLE ACTIVITIES

	Year to 31/12/2019 restricted £000	Year to 31/12/2018 restricted £000
<b>Performance-related grants</b>		
UK central government	<b>68,849</b>	85,133
Irish government	<b>2,608</b>	2,224
Other national governments	<b>11,891</b>	3,698
UK local and regional government	<b>1,018</b>	296
European Commission including European Commission Humanitarian Organisation of £5,514,000 (2018: £15,574,000)	<b>18,915</b>	29,800
Disasters Emergency Committee	<b>6,790</b>	4,648
Education Cannot Wait	<b>8,238</b>	420
United Nations	<b>42,670</b>	35,009
World Bank	<b>2,939</b>	3,808
Global Fund to fight AIDS, tuberculosis and malaria	–	3
<b>Total government and multilateral organisations</b>	<b>163,918</b>	<b>165,039</b>
Comic Relief	<b>431</b>	592
Bill & Melinda Gates Foundation	<b>2,633</b>	2,929
Big Lottery Fund	<b>357</b>	847
Corporate partners	<b>16,525</b>	12,822
Trusts	<b>4,493</b>	9,541
Other	<b>11,986</b>	2,447
<b>Total income from charitable activities</b>	<b>200,343</b>	<b>194,217</b>

Trusts includes £16,000 from Lankelly Chase and corporate partners includes £435,000 from the IKEA Foundation for the Start Network spin off. Income from charitable activities relates to income from performance-related grants that are used to further our charitable objectives across our thematic areas.

## 4. OTHER TRADING ACTIVITIES

	Year to 31/12/2019 unrestricted £000	Year to 31/12/2018 unrestricted £000
Retail income (see note 4a)	10,540	10,470
Lottery income (see note 4b)	2,911	2,760
<b>Total trading income</b>	<b>13,451</b>	<b>13,230</b>

(a) Retail income and costs	Charity £000	Save the Children (Sales) Ltd £000	Total year to 31/12/2019 £000	Total year to 31/12/2018 £000
Retail income	9,871	669	10,540	10,470
Cost of sales	—	(366)	(366)	(350)
Direct expenses	(8,396)	(230)	(8,626)	(8,913)
Total expenses	(8,396)	(596)	(8,992)	(9,263)
<b>Surplus</b>	<b>1,475</b>	<b>73</b>	<b>1,548</b>	<b>1,207</b>

Additional net income was raised in relation to shops which is disclosed elsewhere and includes £373,000 (2018: £368,000) of donations raised in shops, and £29,000 (2018: £214,000) of property income, totalling £402,000 (2018: £582,000).

### (b) Lottery income

During the year Save the Children UK received net proceeds of lotteries held by the People's Postcode Lottery. As noted in the accounting policy in note 1d, the net proceeds are recognised as income, which are determined as follows:

	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Ticket value	9,097	8,628
Prize fund	(3,639)	(3,451)
Management fee	(2,547)	(2,417)
<b>Net proceeds</b>	<b>2,911</b>	<b>2,760</b>

## 5. INVESTMENT INCOME

	Unrestricted funds £000	Restricted funds £000	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Dividends on investments listed on a recognised stock exchange	733	—	733	744
Interest on bank deposits and other investments	327	8	335	135
	1,060	8	1,068	879

## 6. OTHER INCOME

	Unrestricted funds £000	Restricted funds £000	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Rental income	1,827	—	1,827	1,853
Gain on disposal of fixed assets	—	—	—	178
Other income	832	638	1,470	1,031
	2,659	638	3,297	3,062

## 7. EXPENDITURE

### (a)

Expenditure on raising funds	Activities undertaken directly				Allocation of management and admin costs (note 7e) £000	Allocation of programme support costs (note 7e) £000	Year to 31/12/2019 £000	Year to 31/12/2018 £000
	Grant funding of activities (note 7b) £000	Staff costs (note 8) £000	Other direct costs £000	Gifts in kind £000				
Expenditure on raising donations and legacies (note 7d)	34	11,122	12,411	177	3,114	–	26,858	27,991
Expenditure on other trading activities	–	2,717	5,561	–	714	–	8,992	9,263
Investment management costs	–	–	113	–	7	–	120	102
	34	13,839	18,085	177	3,835	–	35,970	37,356
<b>Charitable activities</b>								
Nutrition	17,458	348	429	1,006	1,287	1,616	22,144	32,497
Livelihoods	23,733	469	894	172	1,684	2,121	29,073	51,586
Health	29,919	589	917	916	2,164	2,715	37,220	42,623
Protection	13,054	233	517	87	924	1,166	15,981	11,827
Rights	175	234	16	–	45	36	506	924
Education	33,478	2,441	1,760	174	2,648	3,179	43,680	29,775
Rapid onset emergencies	71,271	10,412	9,596	259	6,491	7,556	105,585	89,847
	189,088	14,726	14,129	2,614	15,243	18,389	254,189	259,079
Advocacy and awareness (note 7c)	1,864	7,468	3,931	–	2,071	1,109	16,443	16,990
Total charitable activities	190,952	22,194	18,060	2,614	17,314	19,498	270,632	276,069
Support costs	427	17,636	22,343	364	(21,272)	(19,498)	–	–
Other expenditure <sup>1</sup>	–	–	2,174	–	123	–	2,297	1,182
<b>Total expenditure</b>	191,413	53,669	60,662	3,155	–	–	308,899	314,607
Prior year	191,970	54,109	65,148	3,380	–	–	314,607	

<sup>1</sup> Costs relating to the sub-let of certain floors of the headquarters building at St John's Lane have been identified as a separate activity of the group.

### (b) Grant funding of activities

During the year ended 31 December 2019, Save the Children UK made grants to partner organisations carrying out work to help children. A list of grants is made available at [www.savethechildren.org.uk/about-us/accountability-and-transparency/our-finances](http://www.savethechildren.org.uk/about-us/accountability-and-transparency/our-finances).

### (c) Save the Children's advocacy and awareness activities

These have several objectives, including:

- informing our supporters and the wider public about the reality of children's lives throughout the world, based on our experience in many countries
- influencing key decision-makers on social and economic policies affecting children, drawing evidence for our advocacy and campaigning work directly from our global programmes
- educating children and young people in the UK by bringing global perspectives to the curriculum and promoting the UN Convention on the Rights of the Child.

The trustees see these initiatives as activities that further our charitable purposes and enable us to deliver change by mobilising millions of people around the world to show they care and demand others fulfil their responsibilities.

## 7. EXPENDITURE (CONTINUED)

### (d) Costs of raising donations and legacies

	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Individual giving	14,492	15,536
Trusts and major donors	2,550	2,543
Community fundraising	5,864	6,477
Corporate fundraising	2,169	1,841
Legacies	1,783	1,594
	<b>26,858</b>	<b>27,991</b>

### (e) The support costs and the basis of their allocation were as follows:

Support costs include the cost of providing key organisational support in the areas of general and financial management, human resources and information technology. In addition, this includes costs incurred directly to design and monitor our programmes, and the costs incurred by SCI to deliver our international portfolio.

Management and administration costs	Basis of apportionment	Year to 31/12/2019 £000	Year to 31/12/2018 £000
General management	Pro-rata by expenditure	2,576	2,677
Governance	Pro-rata by expenditure	1,131	863
Human resources	Pro-rata by salary costs	2,466	1,977
Financial management	Pro-rata by expenditure	3,189	3,492
Premises and facilities	Pro-rata by building usage	3,726	3,910
Information systems	Pro-rata by expenditure	7,306	7,827
Gifts in kind (pro-bono professional services)	Pro-rata by expenditure	364	252
Losses/(Gains) on foreign exchange	Pro-rata by expenditure	314	(522)
Net interest cost <sup>1</sup>	Pro-rata by expenditure	200	540
		<b>21,272</b>	<b>21,016</b>
<b>Programme support costs</b>			
Core programme support costs			
Core contributions to SCI/SCA	Pro-rata by charitable expenditure	3,466	2,608
Programme support	Pro-rata by charitable expenditure	7,474	8,428
Central and regional operating costs to SCI	Pro-rata by charitable expenditure	4,801	5,706
		<b>15,741</b>	<b>16,742</b>
<b>Additional contributions</b>			
Contribution to growth of other Save the Children members	Pro-rata by charitable expenditure	97	1,007
SCI strategic investment funding	Pro-rata by charitable expenditure	3,660	5,428
		<b>3,757</b>	<b>6,435</b>
<b>Total programme support</b>		<b>19,498</b>	<b>23,177</b>
<b>Total support costs</b>		<b>40,770</b>	<b>44,193</b>
Financed by unrestricted funds		28,519	31,975
Charged to restricted awards		1,774	504
Indirect cost recovery <sup>2</sup>		10,477	11,714
		<b>40,770</b>	<b>44,193</b>

<sup>1</sup> This is the net interest cost on the pension schemes, see note 25 for further details.

<sup>2</sup> Indirect cost recoveries are the contributions received from donors for the overhead costs of running our programming activities.



## 7. EXPENDITURE (CONTINUED)

(f) Total resources expended include the following amounts:

	Year to 31/12/2019 £000	Year to 31/12/2018 £000
<b>Group auditor's remuneration</b>		
Audit of charity	110	98
Audit of subsidiaries	43	40
<b>Total audit</b>	<b>153</b>	<b>138</b>
Audit-related assurance services	4	4
<b>Total assurance services</b>	<b>4</b>	<b>4</b>
Other non-audit services	—	—
<b>Total non-audit services</b>	<b>—</b>	<b>—</b>
<b>Total fees</b>	<b>157</b>	<b>142</b>

	Year to 31/12/2019 £000	Year to 31/12/2018 £000
<b>Lease rentals: land and buildings</b>		
Retail	2,527	2,715
Programme offices	347	240
Headquarters	4,105	3,973
	<b>6,979</b>	<b>6,928</b>

### Ex-gratia payments

In 2019, there was one ex-gratia payment made to the relatives of testators who had willed part of their estate to Save the Children UK (2018: nil). Save the Children UK waived their right to a share in a property asset valued at £8k. The Board of Trustees considered this a moral obligation as there was indication of clear intentions by the testator that the property should pass to the relative of the testator.

## 8. STAFF COSTS

(a)	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Wages and salaries	42,297	43,297
National Insurance	4,669	4,672
Pension costs defined contribution scheme	2,524	2,200
Pension costs defined benefit scheme	270	233
Other staff costs	3,909	3,707
	<b>53,669</b>	<b>54,109</b>

Staff costs are shown inclusive of all amounts directly funded by donors through programme awards.

Included within staff costs is £846,852 (2018: £453,730) of termination costs, incurred primarily as a result of implementing new operating models for our programming, fundraising, advocacy and technology teams to improve delivery of our strategy.

(b) The average number of employees calculated on a full-time equivalent basis, analysed by function, was:

	Average headcount		Average FTE headcount	
	Year to 31/12/2019 number	Year to 31/12/2018 number	Year to 31/12/2019 number	Year to 31/12/2018 number
Charitable activities	729	808	706	786
Raising funds	338	331	330	324
	<b>1,067</b>	<b>1,139</b>	<b>1,036</b>	<b>1,110</b>

## 8. STAFF COSTS (CONTINUED)

### (c) At 31 December 2019 the number of staff was as follows:

	Headcount <sup>1</sup> number	Headcount equivalent <sup>2</sup> number
UK HQ	782	762
UK non-HQ	175	166
International	41	40
	998	968

<sup>1</sup> Headcount is defined as the number of roles filled by employees.

<sup>2</sup> Headcount equivalent is defined as headcount adjusted to take into account hours worked, where employees do not work on a full-time basis.

### (d) The following number of employees (including those on short-term contracts) earned emoluments within the bands shown below.

Emoluments include salaries, fees, amounts in lieu of notice, compensation or redundancy payments, sums paid by way of expenses allowance (so far as they are chargeable to UK income tax) and the estimated money value of any other benefits received otherwise than in cash, and exclude employer pension costs.

	Year to 31/12/2019 number	Year to 31/12/2018 number
£60,001–£70,000	40	33
£70,001–£80,000	16	13
£80,001–£90,000	7	8
£90,001–£100,000	3	2
£100,001–£110,000	–	2
£110,001–£120,000	3	1
£120,001–£130,000	1	1
£130,001–£140,000	–	1
£140,001–£150,000	1	1
	71	62

### (e) 2019 Executive Director remuneration

The trustees delegate the day-to-day running of the organisation to the executive directors who are considered to be the key management personnel. The total amount of employee benefits received by the executive directors for the year ending 31 December 2019 was £871,967 (2018: £843,470) of which £740,664 (2018: £714,919) was actual gross salary and £131,303 (2018: £128,551) was paid for employer's national insurance, pension contributions and life insurance. A detailed breakdown by executive director is included on page 55 of this report.

## 9. TRUSTEES' REMUNERATION

Members of the Board of Trustees (who are all directors within the meaning of the Companies Act 2006) receive no remuneration for their services.

Out-of-pocket expenses were reimbursed to trustees or paid directly on their behalf as follows:

	Year to 31/12/2019 number of trustees	Year to 31/12/2018 number of trustees	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Expenses including travel and subsistence	1	2	0	0

Trustees received no remuneration or direct expenses for volunteering their time.

Save the Children has purchased indemnity insurance at a cost of £22,400 (2018: £14,560) that provides cover:

- (i) to protect the charity from loss arising from the neglect or defaults of its trustees, employees or agents
- (ii) to indemnify the trustees or other officers against the consequences of any neglect or default on their part.

## 10. RELATED PARTY TRANSACTIONS

In accordance with the provisions of Financial Reporting Standard 102, the related party transactions entered into by the charity are detailed below. All transactions that arose were in the normal course of business.

As well as donating their time and expertise during 2019, the trustees made unconditional donations of £228,365 (2018: £141,958) to the charity.

Two members of the Save the Children UK board are also on the board of Save the Children International: Anne Fahy was on both for all of 2019 and Charles Steel was appointed to the Save the Children International board on the 30 July 2019. Transactions with Save the Children International are detailed below.

Fiona McBain was a Trustee on the board of both Save the Children UK and the Humanitarian Leadership Academy until she resigned from both on the 7 January 2019. Jamie Cooper was a Trustee on the board of both Save the Children UK and Elrha until 26 February 2019 when she resigned from Save the Children UK and she resigned from Elrha on 13 March 2019. The results of both Elrha and HLA are consolidated within these group accounts; see note 14 for further details.

Save the Children UK contributes to a defined benefit funded pension scheme administered by The Pensions Trust (TPT). For details of transactions with TPT in the year, please see note 25.

Transactions with Save the Children International in the year are detailed below:

Income and expenditure items	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Funds transferred for programme delivery	145,173	157,884
Country operating costs	3,436	4,642
Central and regional operating costs	4,801	5,706
Core contributions	3,466	2,608
Member growth	97	1,007
Strategic investment funding	3,660	5,428
Quality Impact Fund	1,694	—
Reimbursements	(177)	(589)
	162,150	176,686
Balance sheet items	As at 31/12/2019 £000	As at 31/12/2018 £000
Prepayment for programme activity	11,536	15,579
Cost of services incurred by Save the Children UK/(SCI) to be settled in the future	831	189
Programme related investment	955	955

## 11. INTANGIBLE FIXED ASSETS

Group and Charity	Computer software £000	Assets under construction £000	Total £000
Cost at 1 January 2019	12,406	257	<b>12,663</b>
Additions	162	117	<b>279</b>
Transfers of assets available for use	89	(89)	<b>–</b>
Disposals	(65)	–	<b>(65)</b>
<b>Cost at 31 December 2019</b>	<b>12,592</b>	<b>285</b>	<b>12,877</b>
Accumulated amortisation at 1 January 2019	9,547	–	<b>9,547</b>
Charge for the year	1,464	–	<b>1,464</b>
Disposals	(65)	–	<b>(65)</b>
Impairment	278	–	<b>278</b>
<b>Accumulated amortisation at 31 December 2019</b>	<b>11,224</b>	<b>–</b>	<b>11,224</b>
<b>Net book value at 31 December 2019</b>	<b>1,368</b>	<b>285</b>	<b>1,653</b>
<b>Net book value at 31 December 2018</b>	<b>2,859</b>	<b>257</b>	<b>3,116</b>

Assets under construction relate to software systems that are not yet complete. Expenditure on these assets is capitalised as incurred but no amortisation is charged until the asset is brought into use. Once in use, a rate appropriate to the useful economic life of the asset will be applied.

## 12. TANGIBLE FIXED ASSETS

(a) Group and Charity	Freehold property £000	Leasehold property improvements £000	Computer equipment £000	Total £000
Cost at 1 January 2019	1,210	6,827	64	<b>8,101</b>
Additions	–	408	–	<b>408</b>
Disposals	–	(93)	–	<b>(93)</b>
<b>Cost at 31 December 2019</b>	<b>1,210</b>	<b>7,142</b>	<b>64</b>	<b>8,416</b>
Accumulated depreciation at 1 January 2019	519	4,877	41	<b>5,437</b>
Charge for the year	38	590	7	<b>635</b>
Disposals	–	(89)	–	<b>(89)</b>
<b>Accumulated depreciation at 31 December 2019</b>	<b>557</b>	<b>5,378</b>	<b>48</b>	<b>5,983</b>
<b>Net book value at 31 December 2019</b>	<b>653</b>	<b>1,764</b>	<b>16</b>	<b>2,433</b>
<b>Net book value at 31 December 2018</b>	<b>691</b>	<b>1,950</b>	<b>23</b>	<b>2,664</b>

(b) Capital expenditure contracted for but not provided in the financial statements was £nil (2018: £nil).



### 13. INVESTMENTS

	Notes	Group 31/12/2019 £000	Group 31/12/2018 £000	Charity 31/12/2019 £000	Charity 31/12/2018 £000
Fixed asset investments	13a	35,288	36,653	35,288	36,603
Investment in SCI		955	955	955	955
Investment in subsidiary	13b	–	–	275	250
<b>Total Investments</b>		<b>36,243</b>	<b>37,608</b>	<b>36,518</b>	<b>37,808</b>

	Group 31/12/2019 £000	Group 31/12/2018 £000	Charity 31/12/2019 £000	Charity 31/12/2018 £000
<b>(a) Fixed asset investments</b>				
Market value at start of year	36,653	37,691	36,603	37,641
Acquisitions	6,061	12,030	6,061	12,030
Sales proceeds	(11,029)	(11,855)	(10,979)	(11,855)
Net movement in cash balances	(89)	(166)	(89)	(166)
Net realised investment gains	996	2,430	996	2,430
Net unrealised investment gain/(loss)	2,696	(3,477)	2,696	(3,477)
Market value at end of year	35,288	36,653	35,288	36,603

<b>The market value is represented by:</b>	Group 31/12/2019 £000	Group 31/12/2018 £000	Charity 31/12/2019 £000	Charity 31/12/2018 £000
Equities and commodities	20,984	17,836	20,984	17,836
Bonds	3,831	3,334	3,831	3,334
Cash and cash equivalents	10,473	15,483	10,473	15,433
	<b>35,288</b>	<b>36,653</b>	<b>35,288</b>	<b>36,603</b>

Save the Children UK's investment managers have discretion to manage the investment portfolio within an agreed risk profile and in accordance with our ethical policy. The mix of investments and the balance of risk and liquidity is reviewed in the light of Save the Children UK's long-term financial plans.

**(b)** Investments held by the charity include a £250,000 investment in Save the Children (Sales) Limited and a £25,000 investment in Humanitarian Leadership Academy (Enterprises) Limited at cost – see note 14.

## 14. GROUP MEMBERS

Subsidiary undertakings	Registration number	Country	Principal activity	Accounting year end
Save the Children (Sales) Limited	00875945	UK	Retail activities and commercial promotions	31 Dec
Medical Emergency Relief International (Merlin)	02823935 1135111	UK	International development and humanitarian response charity	30 Jun
Humanitarian Leadership Academy (HLA)	09395495 1161600	UK	Global learning initiative to enable preparedness and response to crises	30 Jun
Humanitarian Leadership Academy (Enterprises) Limited (HLA Enterprises Ltd)	10339330	UK	Global learning initiative to enable preparedness and response to crises	31 Dec
Elrha	11142219 1177110	UK	Enhancing learning and research for humanitarian action	31 Dec

### Associate undertakings

William Belmer Rush Foundation	00307079	UK	Grant-making charity	31 Mar
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### Lead Consortium member

Start Network	9286835	UK	Humanitarian response charity	N/A
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For entities with non co-terminous year ends, results for the 12-month period to 31 December 2019 have been consolidated.

On the 1 June 2019, the Humanitarian Leadership Academy transferred all assets and liabilities to the Save the Children Fund, by way of a charitable donation. The shares held in Humanitarian Leadership Academy (Enterprises) Limited were also transferred to the Save the Children Fund. Prior to this date HLA Enterprises Ltd was a subsidiary of HLA, hence its 2018 results are consolidated into HLA in the table in note 14a.

Elrha became a separate registered charity and a subsidiary company of Save the Children UK from 1 May 2018. During 2019 Elrha terminated its hosting arrangement of GAHI and therefore in its results for 2019 £7,001,768 of income is from continuing operations and £244,873 from discontinuing operations. For further information see Elrha's own statutory accounts.

The registered address of each group member is 1 St John's Lane, London, EC1M 4AR.

### (a) Subsidiary financial results

	Save the Children (Sales) Ltd		Merlin		HLA		HLA Enterprises Ltd		Elrha	
	Year to 31/12/2019 £000	Year to 31/12/2018 £000	Year to 31/12/2019 £000	Year to 31/12/2018 £000	Year to 31/12/2019 £000	Year to 31/12/2018 £000	Year to 31/12/2019 £000	Year to 31/12/2018 £000	Year to 31/12/2019 £000	Period to 31/12/2018 £000
Income	1,070	959	171	1,069	1,650	5,909	–	–	7,297	5,631
Expenditure	(715)	(939)	(27)	(81)	(1,897)	(5,461)	(4)	–	(7,408)	(5,375)
	355	20	143	988	(247)	448	(4)	–	(111)	256
Donation to parent charity	(355)	(20)	–	–	(583)	–	–	–	–	–
	–	–	143	988	(830)	448	(4)	–	(111)	256
	As at 31/12/2019 £000	As at 31/12/2018 £000	As at 31/12/2019 £000	As at 31/12/2018 £000	As at 31/12/2019 £000	As at 31/12/2018 £000	As at 31/12/2019 £000	As at 31/12/2018 £000	As at 31/12/2019 £000	As at 31/12/2018 £000
Assets	292	382	3,028	2,891	85	1,333	59	–	1,105	1,130
Liabilities	(42)	(132)	(457)	(464)	(85)	(503)	(39)	–	(961)	(874)
Net assets	250	250	2,571	2,427	–	830	21	–	145	256

### (b) Associate undertakings

During the year, Save the Children UK received £25,000 (2018: £24,000) as grant funding and £1,000 (2018: £1,000) as an administration fee from the William Belmer Rush Foundation.

Investment in associates	Group Year to 31/12/2019 £000	Group Year to 31/12/2018 £000
At 1 January	500	508
Share of retained profit/(loss) for the year	67	(8)
<b>At 31 December</b>	<b>567</b>	<b>500</b>

## 15. STOCKS

	Group 31/12/2019 £000	Group 31/12/2018 £000	Charity 31/12/2019 £000	Charity 31/12/2018 £000
Gift in kind stock for distribution	144	180	144	180
Emergency	990	509	990	509
Goods for resale	106	174	–	–
Head office	28	23	28	23
	<b>1,268</b>	<b>886</b>	<b>1,162</b>	<b>712</b>

## 16. DEBTORS

(a) Grant debtors	Group 31/12/2019 £000	Group 31/12/2018 £000	Charity 31/12/2019 £000	Charity 31/12/2018 £000
UK central government	4,463	8,925	4,146	8,925
Other national governments	1,125	274	1,125	274
UK local and regional government	197	60	197	60
European Commission including European Commission Humanitarian Organisation	8,876	8,770	8,876	8,770
Disasters Emergency Committee	–	174	–	174
Education Cannot Wait	96	–	96	–
United Nations	3,633	5,049	3,633	5,049
World Bank	1,007	2,854	1,007	2,854
<b>Total government and multilateral organisations</b>	<b>19,397</b>	<b>26,106</b>	<b>19,080</b>	<b>26,106</b>
Comic Relief	–	131	–	131
Corporate partners	1,202	225	1,202	225
Trusts	681	2,441	681	2,441
Other	288	878	288	878
<b>Total other</b>	<b>2,171</b>	<b>3,675</b>	<b>2,171</b>	<b>3,675</b>
<b>Total grant debtors</b>	<b>21,568</b>	<b>29,781</b>	<b>21,251</b>	<b>29,781</b>

Grant debtors above include amounts both billed and unbilled.

### (b) Other debtors

Trade debtors	235	231	165	221
Legacy debtors	14,136	13,766	13,964	13,414
Amount owed by subsidiary undertakings	–	–	120	37
Taxes recoverable	1,322	3,743	1,320	3,743
Prepayments and accrued income	4,361	4,936	4,216	4,923
Save the Children International	12,367	15,768	12,367	15,768
Other debtors	383	432	353	427
	<b>32,804</b>	<b>38,876</b>	<b>32,505</b>	<b>38,533</b>

All debtors are falling due within one year.

Debtor balance with Save the Children International represents prepaid funding for future programmatic activity.

## 17. CREDITORS

<b>(a) Amounts falling due within one year</b>	<b>Group</b> 31/12/2019 £000	Group 31/12/2018 £000	<b>Charity</b> 31/12/2019 £000	Charity 31/12/2018 £000
Trade creditors	4,236	5,295	4,000	4,649
Taxes and social security	1,136	1,202	1,101	1,139
Amount owed to subsidiary undertakings	–	–	3,020	2,658
Accruals	2,605	4,325	2,501	3,655
Deferred income <sup>1</sup>	66,692	66,311	65,837	66,311
Operating lease incentives <sup>2</sup>	179	179	179	179
Grant obligations	814	1,376	772	1,329
Other creditors	192	882	174	842
	<b>75,854</b>	<b>79,570</b>	<b>77,584</b>	<b>80,762</b>

<b>(b) Amounts falling due in more than one year</b>				
Operating lease incentives <sup>2</sup>	1,155	1,335	1,155	1,335
Long term loan	2,000	2,000	2,000	2,000
	<b>3,155</b>	<b>3,335</b>	<b>3,155</b>	<b>3,335</b>

<sup>1</sup> The deferred income represents cash received from donors prior to entitlement under our income recognition policy. Deferred income of £55,757,000 arose in the year and £55,376,000 brought forward from 2018 was released.

<sup>2</sup> The operating lease incentives represent the value of payments, and discounts in the form of rent-free periods, received by Save the Children UK when entering into the 25-year lease on the headquarters building. It is being released over the term of the lease.

## 18. PROVISIONS FOR LIABILITIES AND CHARGES

<b>Group</b>	At 01/01/2019 £000	Provision created/ (released) £000	Provision utilised £000	Total 31/12/2019 £000
Terminal grants and severance	122	205	(100)	227
Dilapidations	1,417	(5)	–	1,412
Grants	3,807	1,500	(1,389)	3,918
Tax	2,405	228	(3)	2,630
Other	144	373	(6)	511
	<b>7,895</b>	<b>2,301</b>	<b>(1,498)</b>	<b>8,698</b>

<b>Charity</b>	At 01/01/2019 £000	Provision created/ (released) £000	Provision utilised £000	Total 31/12/2019 £000
Terminal grants and severance	122	205	(100)	227
Dilapidations	1,417	(5)	–	1,412
Grants	3,546	1,501	(1,389)	3,658
Tax	2,405	228	(3)	2,630
Other	60	372	–	432
	<b>7,550</b>	<b>2,301</b>	<b>(1,492)</b>	<b>8,359</b>



## 18. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

**Terminal grants and severance** provisions relate to employees in the UK and in country programmes either transitioning to Save the Children International or leaving employment with Save the Children UK. The amounts payable are determined by the salary and length of service of the employees. The provision represents the accumulated entitlements of all such employees. The provision is released when payments are made to employees on departure.

**Dilapidations** represent the estimated costs of payments required to make good leased property upon the termination of the lease. The provision amount relating to individual property is released on termination of the lease.

**Grant** provisions represent estimated funds returnable to donors where Save the Children UK has not been able to spend funds received in accordance with donor wishes and grants that require an element of co-financing, where Save the Children UK may be required to fund the additional financing required.

**Tax** provisions represent the accumulated estimated tax liability in overseas jurisdictions where the amount payable is disputed or the tax legislation is unclear.

## 19. FINANCIAL COMMITMENTS: OBLIGATIONS UNDER OPERATING LEASES

### Group and Charity

The total future minimum lease payments under non-cancellable operating leases

Total payments due:	Total 31/12/2019 £000	Total 31/12/2018 £000
Within one year	6,312	6,429
In years two to five	19,981	20,725
After five years	15,187	18,767
	41,480	45,921

The lease commitment for the head office building is included above.

## 20. FINANCIAL COMMITMENTS: GRANT COMMITMENTS

(a) The table below shows the charity's and group's commitment in delivering projects on behalf of donors, which will be completed over a number of years as detailed below.

A proportion of the funds needed for these programmes has already been received and is included within deferred income in note 17. For those not yet received, there are legal agreements with donors to ensure that Save the Children UK will be reimbursed for completion of those projects.

	Group 31/12/2019 £000	Group 31/12/2018 £000	Charity 31/12/2019 £000	Charity 31/12/2018 £000
Within one year	<b>169,324</b>	183,933	<b>164,122</b>	183,933
Between two and five years	<b>90,658</b>	111,067	<b>77,623</b>	111,067
After five years	<b>6,048</b>	–	<b>6,048</b>	–
	<b>266,030</b>	295,000	<b>247,793</b>	295,000

(b) Save the Children UK has entered into a number of grants where we are required to find additional funding for the remainder of the project. Donors have already been found for many of these grants but at year end there were still several grants in progress for which no donor had been found. These amounted to £6.6m (2018: £2.9m). A provision of £1m (2018: £0.5m) has been recognised as at 31 December 2019 in respect of grants where Save the Children does not expect to be able to find donors for these over the remaining life of the projects.

(c) Save the Children UK has entered into a number of long-term contracts for the supply of services, all of which are cancellable.

(d) The delivery of the Charity's international programmes is executed by Save the Children International ("SCI"). SCI currently fulfils this role for the majority of programmes implemented by members of the Save the Children Association. SCI does not raise funds for its own account; instead relying entirely on resources provided by and channelled through the member organisations.

Save the Children UK has future commitments in respect of Save the Children International:

- i) The International Programming (IP) contracts provide for those members of Save the Children Association (SCA) for whom SCI delivers international programmes to provide a share of an indemnity capped at USD \$20m in the event that members choose to cease SCI's programming activity. At 31 December 2019, Save the Children UK's share of this was approximately USD \$3.8m (2018: \$4.3m). Save the Children UK is confident that SCI will continue to provide programming services into the future and that the possibility of it ceasing to operate is so remote that it is not disclosed as a contingent liability.

Under the IP contracts, Save the Children UK has given a number of other indemnities to SCI. These include indemnities in respect of operations in countries prior to the date of their programming transition to SCI. These indemnities principally concern retention by Save the Children UK of responsibility for liabilities prior to the date of such transition. At the date of signing the accounts, no material pre-transition issues relating to the normal course of business had been identified. Accordingly no provision has been made in relation to these indemnities.

- ii) The Save the Children Members have also provided SCI with a standby letter of credit to the value of USD \$6.2m, of which Save the Children UK's share is USD \$3.1m. This facility is provided in the event of SCI requiring reserves. SCI hold reserves to meet the following purposes:

- the operating expenses of the charity in the event of a downturn in income and/or unforeseen increases in costs
- the costs of unforeseen liabilities for employment or other legal claims not covered by insurance
- the costs of closure or wind-down of the core operations of the charity.

The standby letter of credit is provided by Standard Chartered. As at 31 December 2019 no amounts had been drawn down on this facility.

With the advent of Covid-19 and its potential impact on SCI's ability to deliver its programmes, SCI is projecting that in some scenarios it may request additional unrestricted funding from its members in the next 12 to 18 months. While SCI has not provided a final projected figure for its funding request to the members as at the date of approval of these financial statements, the Trustees are aware of the likely range of any such request. There is an established agreement which apportions any additional funding requests between the members.

## 20. FINANCIAL COMMITMENTS: GRANT COMMITMENTS (CONTINUED)

(e) Save the Children UK also has guarantees with Standard Chartered Bank totalling €1.9m (2018: €1.9m) at the year end in relation to grant prefinancing. It is not anticipated that any claims will arise from these guarantees and as a result no liability has been recognised in the balance sheet.

## 21. STATEMENT OF FUNDS

(a) Group	At 01/01/2019 £000	Income £000	Expenditure £000	Other gains/losses £000	Transfers £000	At 31/12/2019 £000
<b>Unrestricted funds</b>						
General reserve	33,178	92,463	(89,381)	831	(4,843)	32,248
Revaluation reserve	2,566	–	–	2,236	(14)	4,788
Designated funds:						
Fixed asset reserve	5,269	–	(2,329)	–	687	3,627
Programme related investment	955	–	–	–	–	955
Associates (note 14)	500	–	–	67	–	567
Merlin	–	–	–	–	2,415	2,415
St John's Lane reserve fund	291	–	–	–	–	291
Total unrestricted funds excluding pension reserve	42,759	92,463	(91,710)	3,134	(1,755)	44,891
Pension reserve (note 25)	(9,997)	–	(470)	4,795	5,047	(625)
Total unrestricted funds	32,762	92,463	(92,180)	7,929	3,292	44,266
<b>All restricted and endowed funds</b>						
Restricted income funds (note 22)	14,297	214,902	(216,719)	–	(3,287)	9,193
Endowment funds	3,775	–	–	625	(5)	4,395
Total restricted funds	18,072	214,902	(216,719)	625	(3,292)	13,588
Total funds	50,834	307,365	(308,899)	8,554	–	57,854

(b) Charity	At 01/01/2019 £000	Income £000	Expenditure £000	Other gains/losses £000	Transfers £000	At 31/12/2019 £000
<b>Unrestricted funds</b>						
General reserve	31,087	91,584	(88,819)	831	(2,428)	32,255
Revaluation reserve	2,566	–	–	2,236	(14)	4,788
Designated funds:						
Fixed asset reserve	5,269	–	(2,329)	–	687	3,627
Programme related investment	955	–	–	–	–	955
Associates (note 14)	–	–	–	–	–	–
Merlin	–	–	–	–	–	–
St John's Lane reserve fund	291	–	–	–	–	291
Total unrestricted funds excluding pension reserve	40,168	91,584	(91,148)	3,067	(1,755)	41,916
Pension reserve (note 25)	(9,997)	–	(470)	4,795	5,047	(625)
Total unrestricted funds	30,171	91,584	(91,618)	7,862	3,292	41,291
<b>All restricted and endowed funds</b>						
Restricted income funds (note 22)	12,875	214,229	(214,927)	–	(3,287)	8,890
Endowment funds	3,775	–	–	625	(5)	4,395
Total restricted funds	16,650	214,229	(214,927)	625	(3,292)	13,285
Total funds	46,821	305,813	(306,545)	8,487	–	54,576

## 21. STATEMENT OF FUNDS (CONTINUED)

The **general reserve** represents the free funds of the charity that are not designated for particular purposes.

The **revaluation reserve** represents the difference between the historic cost of fixed asset investments and their revalued amount.

The **fixed asset reserve** represents the net book value of tangible and intangible assets originally funded from general reserves. The transfer into the fund represents capital additions less disposal proceeds and depreciation. An adjustment is made for operating lease incentives in relation to fixed assets purchased by the landlord for our headquarters.

The **programme related investment** represents the value of Save the Children UK's investment in SCI.

The **associates reserve** represents the value of Save the Children UK's investment in the William Belmer Rush Foundation (see note 14 for details).

The **Merlin** reserve represents funds that have been designated to spend in line with the objects of Merlin.

The **St John's Lane reserve fund** represents funds set aside for potential future refurbishment of the headquarters building and the eventual replacement of large capital items. Save the Children UK is responsible for this expenditure on headquarters under its lease with Standard Life, which runs until 2028. In addition, Save the Children UK has responsibilities towards its sub-tenants who occupy part of the headquarters building.

The **pension reserve** represents the reported liability on the defined benefit pension scheme under FRS 102 (see note 25 for details). Transfers to the pension reserve represent payments into the scheme during the year for both the defined benefit plan and the growth plan.

The **restricted income funds** represents unexpended balances on donations and grants given for specific purposes (see note 22 for details). Transfers from restricted funds arise when we have made a surplus on a payment by results contract and it has been agreed with the donor that this can be retained as unrestricted funds.

The **endowment funds** represent assets received that may not be exhausted (see note 23 for details).

### Prior Year Comparatives:

(c) Group	At 01/01/2018 £000	Income £000	Expenditure £000	Other gains/losses £000	Transfers £000	At 31/12/2018 £000
<b>Unrestricted funds</b>						
General reserve	41,785	92,019	(99,076)	2,202	(3,752)	<b>33,178</b>
Revaluation reserve	5,613	–	–	(3,047)	–	<b>2,566</b>
Designated funds:						
Fixed asset reserve	7,003	–	–	–	(1,734)	<b>5,269</b>
Programme related investment	955	–	–	–	–	<b>955</b>
Associates (note 14)	508	–	–	(8)	–	<b>500</b>
St John's Lane reserve fund	291	–	–	–	–	<b>291</b>
Total unrestricted funds excluding pension reserve	56,155	92,019	(99,076)	(853)	(5,486)	<b>42,759</b>
Pension reserve (note 25)	(15,879)	–	(773)	1,592	5,063	<b>(9,997)</b>
Total unrestricted funds	40,276	92,019	(99,849)	739	(423)	<b>32,762</b>
<b>All restricted and endowed funds</b>						
Restricted income funds (note 22)	17,449	211,183	(214,758)	–	423	<b>14,297</b>
Endowment funds	3,977	–	–	(202)	–	<b>3,775</b>
Total restricted funds	21,426	211,183	(214,758)	(202)	423	<b>18,072</b>
Total funds	61,702	303,202	(314,607)	537	–	<b>50,834</b>



**21. STATEMENT OF FUNDS (CONTINUED)**

<b>(d) Charity</b>	At 01/01/2018 £000	Income £000	Expenditure £000	Other gains/losses £000	Transfers £000	At 31/12/2018 £000
<b>Unrestricted funds</b>						
General reserve	40,499	90,016	(98,678)	2,202	(2,952)	<b>31,087</b>
Revaluation reserve	5,613	–	–	(3,047)	–	<b>2,566</b>
Designated funds:						
Fixed asset reserve	7,003	–	–	–	(1,734)	<b>5,269</b>
Programme related investment	–	–	955	–	–	<b>955</b>
Associates (note 14)	–	–	–	–	–	<b>–</b>
St John's Lane reserve fund	291	–	–	–	–	<b>291</b>
Total unrestricted funds excluding pension reserve	53,406	90,016	(97,723)	(845)	(4,686)	<b>40,168</b>
Pension reserve (note 25)	(15,879)	–	(773)	1,592	5,063	<b>(9,997)</b>
Total unrestricted funds	37,527	90,016	(98,496)	747	377	<b>30,171</b>
<b>All restricted and endowed funds</b>						
Restricted income funds (note 22)	16,913	210,777	(214,438)	–	(377)	<b>12,875</b>
Endowment funds	3,977	–	–	(202)	–	<b>3,775</b>
Total restricted funds	20,890	210,777	(214,438)	(202)	(377)	<b>16,650</b>
Total funds	58,417	300,793	(312,934)	545	–	<b>46,821</b>

## 22. RESTRICTED FUNDS

### (a) Group

Restricted funds comprise unexpended balances on donations and grants given for specific purposes. These are shown below.

	At 01/01/2019 recategorised <sup>1</sup> £000	Income £000	Expenditure £000	Transfers £000	At 31/12/2019 £000
<b>Regions</b>					
East Africa	1,061	52,272	(52,477)	(800)	<b>56</b>
Southern Africa	324	9,620	(8,504)	(1,195)	<b>245</b>
West and Central Africa	590	27,171	(27,546)	(767)	<b>(552)</b>
Asia	(303)	26,886	(27,815)	994	<b>(238)</b>
Latin America and Caribbean	145	671	(958)	150	<b>8</b>
Middle East and South-East Europe	1,020	18,690	(19,870)	374	<b>214</b>
United Kingdom	1,589	7,380	(6,489)	349	<b>2,829</b>
Multi-region	1,675	5,523	(7,890)	2,075	<b>1,383</b>
<b>Emergency Appeals</b>					
Child Refugee Crisis	167	8	293	63	<b>531</b>
Syria	663	2,412	(2,340)	(337)	<b>398</b>
Yemen	1,365	3,662	(3,222)	(225)	<b>1,580</b>
Rohingya	655	1,962	(2,498)	41	<b>160</b>
Cyclone Idai	–	5,636	(5,369)	(332)	<b>(65)</b>
Other	344	1,311	(1,414)	(3)	<b>238</b>
<b>Other Funds</b>					
Children's Emergency Fund <sup>2</sup>	1,714	1,981	(99)	(2,845)	<b>751</b>
Thematic/Country Funds <sup>3</sup>	279	705	(45)	(878)	<b>61</b>
Start Network	1,310	36,587	(37,918)	–	<b>(21)</b>
HLA	831	2,182	(2,749)	–	<b>264</b>
Elrha	436	7,222	(7,531)	18	<b>145</b>
Other	432	3,021	(2,278)	31	<b>1,206</b>
	<b>14,297</b>	<b>214,902</b>	<b>(216,719)</b>	<b>(3,287)</b>	<b>9,193</b>

<sup>1</sup> Individual funds brought forward have been recategorised within the analysis above to more accurately reflect the location or nature of the individual fund. There is no impact on total restricted reserves brought forward.

<sup>2</sup> Children's Emergency Funds not yet allocated to particular country programmes.

<sup>3</sup> Funds restricted to a particular thematic objective (eg, health, nutrition).

Fund balances may be negative when expenditure is made on a project that is expected to be reimbursed by a government or other agency, but where, at the end of the financial year, not all the conditions have been met that would justify this income being recognised within the accounts. This results in an excess of expenditure over income on some performance-related project funds. The trustees consider that the likelihood of reimbursement is of a sufficient level to justify the carrying of these deficit funds at the end of the year.

## 22. RESTRICTED FUNDS (CONTINUED)

### (b) Charity

Restricted funds comprise unexpended balances on donations and grants given for specific purposes. These are shown below.

	At 01/01/2019 recategorised <sup>1</sup> £000	Income £000	Expenditure £000	Transfers £000	At 31/12/2019 £000
<b>Regions</b>					
East Africa	1,061	52,272	(52,477)	(800)	<b>56</b>
Southern Africa	324	9,620	(8,504)	(1,195)	<b>245</b>
West and Central Africa	583	27,171	(27,546)	(767)	<b>(559)</b>
Asia	(379)	26,886	(27,815)	994	<b>(314)</b>
Latin America and Caribbean	145	671	(958)	150	<b>8</b>
Middle East and South-East Europe	1,004	18,690	(19,870)	374	<b>198</b>
United Kingdom	1,589	7,380	(6,489)	349	<b>2,829</b>
Multi-region	1,621	5,523	(7,890)	2,075	<b>1,329</b>
<b>Emergency Appeals</b>					
Child Refugee Crisis	167	8	293	63	<b>531</b>
Syria	663	2,412	(2,340)	(337)	<b>398</b>
Yemen	1,365	3,662	(3,222)	(225)	<b>1,580</b>
Rohingya	655	1,962	(2,498)	41	<b>160</b>
Cyclone Idai	–	5,636	(5,369)	(332)	<b>(65)</b>
Other	344	1,311	(1,414)	(3)	<b>238</b>
<b>Other Funds</b>					
Children's Emergency Fund <sup>2</sup>	1,714	1,981	(99)	(2,845)	<b>751</b>
Thematic/Country Funds <sup>3</sup>	279	704	(45)	(878)	<b>60</b>
Start Network	1,310	36,587	(37,918)	–	<b>(21)</b>
HLA	–	2,673	(2,411)	–	<b>262</b>
Elrha	–	6,059	(6,077)	18	<b>–</b>
Other	430	3,021	(2,278)	31	<b>1,204</b>
	<b>12,875</b>	<b>214,229</b>	<b>(214,927)</b>	<b>(3,287)</b>	<b>8,890</b>

<sup>1</sup> Individual funds brought forward have been recategorised within the analysis above to more accurately reflect the location or nature of the individual fund. There is no impact on total restricted reserves brought forward.

<sup>2</sup> Children's Emergency Funds not yet allocated to particular country programmes.

<sup>3</sup> Funds restricted to a particular thematic objective (eg, health, nutrition).

Fund balances may be negative when expenditure is made on a project that is expected to be reimbursed by a government or other agency, but where, at the end of the financial year, not all the conditions have been met that would justify this income being recognised within the accounts. This results in an excess of expenditure over income on some performance-related project funds. The trustees consider that the likelihood of reimbursement is of a sufficient level to justify the carrying of these deficit funds at the end of the year.

## 22. RESTRICTED FUNDS (CONTINUED)

(c) Included in the restricted fund balances are the following:

	At 01/01/2019 £000	Income £000	Expenditure £000	Transfers £000	At 31/12/2019 £000
<b>Big Lottery Fund</b>					
Building Sustainable Livelihoods and Resilient Communities	–	189	(189)	–	–
Big Lottery Fund Scotland – Families Connect	–	160	(160)	–	–
Supporting 21st Century Life – FAST in Scotland	–	8	(8)	–	–
	–	357	(357)	–	–

## 23. ENDOWMENT FUNDS – GROUP AND CHARITY

Movements on endowment funds for the year

	At 01/01/2019 £000	Other gains/losses £000	Transfers £000	At 31/12/2019 £000
The Oliver Children's fund	3,775	625	(5)	4,395
	3,775	625	(5)	4,395

## 24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

(a) Group

<b>Fund balances at 31 December 2019 are represented by:</b>	General funds £000	Revaluation reserve £000	Designated funds £000	Pension reserve £000	Restricted funds £000	Endowment funds £000	<b>Total 31/12/2019 £000</b>
Tangible and intangible fixed assets	459	–	3,627	–	–	–	4,086
Fixed asset investments	26,105	4,788	1,522	–	–	4,395	36,810
Current assets	26,564	–	2,706	–	76,020	–	105,290
Current liabilities	(9,027)	–	–	–	(66,827)	–	(75,854)
Non-current liabilities	(3,155)	–	–	–	–	–	(3,155)
Provisions for liabilities and charges	(8,698)	–	–	–	–	–	(8,698)
Pension liability	–	–	–	(625)	–	–	(625)
	32,248	4,788	7,855	(625)	9,193	4,395	57,854

(b) Charity

<b>Fund balances at 31 December 2019 are represented by:</b>	General funds £000	Revaluation reserve £000	Designated funds £000	Pension reserve £000	Restricted funds £000	Endowment funds £000	<b>Total 31/12/2019 £000</b>
Tangible and intangible fixed assets	459	–	3,627	–	–	–	4,086
Fixed asset investments	26,380	4,788	955	–	–	4,395	36,518
Current assets	28,584	–	291	–	74,820	–	103,695
Current liabilities	(11,654)	–	–	–	(65,930)	–	(77,584)
Non-current liabilities	(3,155)	–	–	–	–	–	(3,155)
Provisions for liabilities	(8,359)	–	–	–	–	–	(8,359)
Pension liability	–	–	–	(625)	–	–	(625)
	32,255	4,788	4,873	(625)	8,890	4,395	54,576



## 24. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

### Prior Year Comparatives:

#### (a) Group

<b>Fund balances at 31 December 2018 are represented by:</b>	General funds £000	Revaluation reserve £000	Designated funds £000	Pension reserve £000	Restricted funds £000	Endowment funds £000	<b>Total 31/12/2018 £000</b>
Tangible and intangible fixed assets	511	—	5,269	—	—	—	<b>5,780</b>
Fixed asset investments	30,312	2,566	1,455	—	—	3,775	<b>38,108</b>
Current assets	26,817	—	291	—	80,635	—	<b>107,743</b>
Current liabilities	(13,232)	—	—	—	(66,338)	—	<b>(79,570)</b>
Non-current liabilities	(3,335)	—	—	—	—	—	<b>(3,335)</b>
Provisions for liabilities and charges	(7,895)	—	—	—	—	—	<b>(7,895)</b>
Pension liability	—	—	—	(9,997)	—	—	<b>(9,997)</b>
	<b>33,178</b>	<b>2,566</b>	<b>7,015</b>	<b>(9,997)</b>	<b>14,297</b>	<b>3,775</b>	<b>50,834</b>

#### (b) Charity

<b>Fund balances at 31 December 2018 are represented by:</b>	General funds £000	Revaluation reserve £000	Designated funds £000	Pension reserve £000	Restricted funds £000	Endowment funds £000	<b>Total 31/12/2018 £000</b>
Tangible and intangible fixed assets	511	—	5,269	—	—	—	<b>5,780</b>
Fixed asset investments	30,512	2,566	955	—	—	3,775	<b>37,808</b>
Current assets	25,419	—	291	—	79,167	—	<b>104,877</b>
Current liabilities	(14,470)	—	—	—	(66,292)	—	<b>(80,762)</b>
Non-current liabilities	(3,335)	—	—	—	—	—	<b>(3,335)</b>
Provisions for liabilities	(7,550)	—	—	—	—	—	<b>(7,550)</b>
Pension liability	—	—	—	(9,997)	—	—	<b>(9,997)</b>
	<b>31,087</b>	<b>2,566</b>	<b>6,515</b>	<b>(9,997)</b>	<b>12,875</b>	<b>3,775</b>	<b>46,821</b>

## 25. PENSION COSTS

(a) Save the Children UK has a number of different arrangements in relation to pension schemes. These are explained below.

(b) – (c) Defined Benefit Triennial valuation

(d) – (k) Accounting valuation under FRS 102 (defined benefit scheme)

(l) Save the Children UK has a Group Personal Pension (GPP), provided by Legal and General, as its workplace pension scheme and to meet its automatic enrolment obligation. From October 2013 all staff may join a retirement savings scheme, either the GPP for UK-based staff or a long-term savings plan for overseas staff. Staff of the Humanitarian Leadership Academy and Elrha also participate in the GPP. Prior to October 2013 Save the Children UK used an occupational pension scheme, which was provided by Prudential; this scheme was wound up on 10 May 2019.

(m) The Pensions Trust Growth Plan (multi-employer scheme)

Net movement in pension liability	Defined benefit scheme £000	Pension Trust growth plan £000	Year to 31/12/2019 £000	Defined benefit scheme £000	Pension Trust growth plan £000	Year to 31/12/2018 £000
Net pension liability at start of year	8,964	1,033	9,997	14,705	1,174	15,879
Current service cost	270	–	270	233	–	233
Net interest expense	183	17	200	306	15	321
Contributions by employer	(4,923)	(124)	(5,047)	(4,919)	(144)	(5,063)
Net actuarial gains in the year	(11,672)	(301)	(11,973)	(1,580)	(12)	(1,592)
Losses due to benefit changes	–	–	–	219	–	219
Effect of asset ceiling	7,178	–	7,178	–	–	–
Net pension liability at 31 December	–	625	625	8,964	1,033	9,997

### (b) Triennial valuation

Save the Children UK contributes to a defined benefit (career average revalued earnings) funded pension scheme, the Save the Children UK defined benefit pension scheme, administered by The Pensions Trust. This scheme closed to new entrants on 14 June 2002 and to future accrual on 1 January 2018.

The last formal triennial valuation of the defined benefit scheme was performed at 30 September 2017 by a professionally qualified actuary. This reported the scheme assets as £154.48m and the scheme liabilities as £181.11m. This corresponds to a scheme deficit of £26.63m and a funding level of 85.29%.

The triennial valuation also reported that there were 10 active members at 30 September 2017 and 1,840 deferred/pensioner members, a total of 1,850 members.

It was agreed with The Pensions Trust that this deficit would be met by Save the Children UK paying an increased employer percentage contribution rate plus fixed additional contributions as follows:

Employer (from 1 April 2017 to 31 March 2018)	£4,650,000 per annum in monthly instalments
Employer (from 1 April 2018 to 31 March 2020)	£4,700,000 per annum in monthly instalments
Employer (from 1 April 2020 to 31 March 2021)	£4,850,000 per annum in monthly instalments
Employer (from 1 April 2021 to 31 March 2022)	£5,000,000 per annum in monthly instalments
Employer (from 1 April 2022 to 31 December 2022)	£5,150,000 per annum in monthly instalments

### (c) Triennial valuation: assumptions

The triennial actuarial valuation carried out at 30 September 2017 used the following principal assumptions:

Average rate of return on investments pre-retirement	Gilt curve plus 2.9%
Average rate of return on investments post-retirement	Gilt curve plus 0.45%
Retail Price Index assumption	RPI Inflation curve
Consumer Price Index assumption	RPI less 0.9%

**Mortality** 93% after retirement of S2PMA (males) and S2PFA (females). CMI\_2016 with long-term improvement rates of 1.5% pa for males and 1.25% for females.

## 25. PENSION COSTS (CONTINUED)

### (d) FRS 102 valuation of the defined benefit scheme as at 31 December 2019

The pension reserve amount shown on the balance sheet and the actuarial losses shown in the SOFA are valued in accordance with the accounting policy in note 1j. The assets of the scheme are valued at their market value on the balance sheet date. This value may therefore fluctuate materially from year to year in response to market conditions. It follows that any surplus or deficit of assets over discounted liabilities reported at a particular balance sheet date under FRS 102 will not necessarily reflect whether there will be sufficient assets available to meet the actual pension obligations that will have to be satisfied over a long period of time in the future.

The present value of the liability to meet future pension obligations of members is arrived at by applying a discount rate equivalent to the return expected to be derived from a Class AA corporate bond as at the balance sheet date. In the 2017 triennial actuarial valuation referred to above, the discount rate used was that as at 30 September 2017 and applied to the scheme's actual investments, making a cautious estimate of long-term expected returns. The different timings and thus discount rates and bases on which these rates are applied then explain any difference between the amount of the deficit valued under either the triennial or FRS 102 methods. Furthermore:

- (i) the scheme assets do not include investments issued by the sponsoring employer nor any property occupied by the sponsoring employer
- (ii) the scheme holds quoted securities and these have been valued at bid-price.

	Year to 31/12/2019 £000	Year to 31/12/2018 £000
<b>(e) Net movement in pension liability</b>		
Net pension liability at start of year	8,964	14,705
Current service cost <sup>1</sup>	270	233
Net interest expense	183	306
Contributions by employer	(4,923)	(4,919)
Net actuarial gains in the year	(11,672)	(1,580)
Losses due to benefit changes	–	219
Effect of asset ceiling	7,178	–
<b>Net pension liability at 31 December</b>	<b>–</b>	<b>8,964</b>

<sup>1</sup> The current service cost includes the cost of death in service benefits and all the expenses of running the scheme (including the Pension Protection Fund levy).

### (f) Amounts recognised in the balance sheet

	Notes	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Present value of funded obligations	25h	179,759	167,919
Fair value of scheme assets	25i	(186,937)	(158,955)
Effect of asset ceiling		7,178	–
<b>Net pension liability</b>		<b>–</b>	<b>8,964</b>

### (g) Amounts recognised in the statement of financial activities

	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Interest income	4,364	3,933
Interest expense	(4,547)	(4,239)
Net interest expense	(183)	(306)
Current service cost	(270)	(233)
Losses due to benefit changes	–	(219)
<b>Total decrease in net income</b>	<b>(453)</b>	<b>(758)</b>
Net actuarial gains in the year	11,672	1,580
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost): gain/(loss)	(7,178)	–
<b>Total increase in net funds</b>	<b>4,041</b>	<b>822</b>

**25. PENSION COSTS (CONTINUED)**

<b>(h) Change in the present value of the defined benefit obligation</b>	<b>Year to 31/12/2019 £000</b>	<b>Year to 31/12/2018 £000</b>
Opening defined benefit obligation	<b>167,919</b>	175,968
Service cost	–	233
Interest cost	<b>4,547</b>	4,239
Contributions by employees	–	–
Actuarial loss/(gain)	<b>12,447</b>	(6,389)
Net benefits paid (including expenses)	<b>(5,154)</b>	(6,351)
Losses due to benefit changes	–	219
<b>Closing defined benefit obligation</b>	<b>179,759</b>	167,919

<b>(i) Change in the fair value of scheme assets</b>	<b>Year to 31/12/2019 £000</b>	<b>Year to 31/12/2018 £000</b>
Opening fair value of the scheme assets	<b>158,955</b>	161,263
Service cost	<b>(270)</b>	–
Interest income	<b>4,364</b>	3,933
Return on assets excluding interest income	<b>24,119</b>	(4,809)
Contributions by employer	<b>4,923</b>	4,919
Contributions by employees	–	–
Net benefits paid (including expenses)	<b>(5,154)</b>	(6,351)
<b>Closing fair value of the scheme assets</b>	<b>186,937</b>	158,955

<b>Actual return on scheme assets</b>	<b>28,483</b>	(876)
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<b>(j) The assets at 31 December 2019 are represented by:</b>	<b>At 31/12/2019 Fair value £000</b>	<b>At 31/12/2018 Fair value £000</b>
Equities	<b>43,244</b>	58,827
Property	<b>10,745</b>	10,988
Government bonds	<b>107,621</b>	65,906
Other	<b>25,327</b>	23,234
<b>Scheme assets</b>	<b>186,937</b>	158,955



## 25. PENSION COSTS (CONTINUED)

### (k) Actuarial assumptions

In the above, investments have been valued at fair value and liabilities have been determined by a qualified actuary using assumptions consistent with the requirements of FRS 102, namely:

Financial assumptions	Year to 31/12/2019 % p.a	Year to 31/12/2018 % p.a
Discount rate	2.00	2.75
Rate of revaluations for career averaged earnings (RPI related)	0.00	3.10
Rate of increase of pensions (CPI related):		
Limited Price Indexation 5%	2.10	2.30
Limited Price Indexation 2.5%	1.65	1.75
Rate of revaluation of deferred pensions in excess of the Guaranteed Minimum Pension (RPI related)	3.05	3.25
Inflation assumption:		
Retail Price Index	3.05	3.25
Consumer Price Index	2.05	2.25

### Demographic assumptions

#### Mortality

Year to 31/12/2019:	103% after retirement S2PxA All Pensioners; year of birth; CMI 2018 projections long-term improvement rates 1.25% p.a males and 1.00% p.a. females
Year to 31/12/2018:	103% after retirement S2PxA All Pensioners; year of birth; CMI 2017 projections long-term improvement rates 1.25% p.a males and 1.00% p.a. females

### (l) Defined contribution scheme

Save the Children UK also contributes to a defined contribution scheme. The cost of this is included within salary costs as shown in note 8 and is therefore also included in note 7 and is attributable to the different categories of expenditure according to the employees to which it relates. Employer's contributions are charged to the consolidated statement of financial activities as follows:

	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Pension contributions	2,524	2,200
	At 31/12/2019 £000	At 31/12/2018 £000
Outstanding pension contributions	1	314

These are included within creditors in note 17a.

## 25. PENSION COSTS (CONTINUED)

### (m) The Pensions Trust Growth Plan

Save the Children UK participates in The Pensions Trust's Growth Plan. This is a multi-employer pension plan that has final salary and money purchase arrangements – a proportion of which have some guarantees. This scheme has been treated as a multi-employer scheme as it is not possible to separately identify the assets and liabilities of participating employees.

There is a potential liability for the employer that could be levied by the plan's trustee in the event of the employers ceasing to participate in the plan or the plan winding up. There is also a potential liability where other participating employers are unable to pay their debt relating to the plan.

The last formal triennial valuation of the plan was performed at 30 September 2017 by a professionally-qualified actuary. The valuation revealed that the assets of the plan fell short of the accrued liabilities as at the valuation date. This resulted in a solvency funding level of 81%.

The triennial valuation at 30 September 2017 showed that Save the Children UK had an estimated debt (and thus contingent liability) on withdrawal from the plan of £1.3m.

The actuary advises that the deficit in the scheme, on an FRS102 basis is £0.6m (2018: £1m). The deficit includes Save the Children's share of any 'orphan' liabilities in respect of previously participating employers. Save the Children UK started to make deficit contributions in April 2013. In 2019 Save the Children UK paid £124k (2018: £144k). Contributions from April 2019 are £119k and increase annually by an inflation factor; it is estimated that this should reduce the potential debt to zero by September 2025. Under FRS 102 Save the Children UK is required to recognise a liability for the deficit funding arrangement that has been agreed relating to past service. However, Save the Children UK has no current intention to leave the plan and trigger the contingent liability.

	Year to 31/12/2019 £000	Year to 31/12/2018 £000
<b>Net movement in the pension liability</b>		
<b>Provision at the start of the year</b>	<b>1,033</b>	<b>1,174</b>
Unwinding of the discount factor (interest expense)	17	15
Deficit contribution paid	(124)	(144)
Remeasurements – impact of any change in assumptions	(301)	(12)
Remeasurements – amendments to the contribution schedule	–	–
<b>Provision at the end of the year</b>	<b>625</b>	<b>1,033</b>
<b>Amounts recognised in the statement of financial activities</b>		
	Year to 31/12/2019 £000	Year to 31/12/2018 £000
Interest expense	17	15
Remeasurements – impact of any change in assumptions	(301)	(12)
Remeasurements – amendments to the contribution schedule	–	–
	<b>(284)</b>	<b>3</b>
<b>Financial assumptions</b>	Year to 31/12/2019 % p.a	Year to 31/12/2018 % p.a
Rate of discount	1.13	1.75

## 26. SAVE THE CHILDREN UK CHARITY – STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2019

	Unrestricted funds £000	All restricted and endowment funds £000	Total funds year to 31/12/2019 £000	Unrestricted funds £000	All restricted and endowment funds £000	Total funds year to 31/12/2018 £000
<b>Income and endowments from:</b>						
Donations and legacies	75,089	13,871	<b>88,960</b>	74,356	15,851	90,207
Charitable activities	–	199,244	<b>199,244</b>	–	194,217	194,217
Other trading activities	12,782	–	<b>12,782</b>	12,565	–	12,565
Investments	1,060	8	<b>1,068</b>	870	9	879
Other	2,653	1,106	<b>3,759</b>	2,225	700	2,925
<b>Total income</b>	<b>91,584</b>	<b>214,229</b>	<b>305,813</b>	<b>90,016</b>	<b>210,777</b>	<b>300,793</b>
<b>Expenditure on:</b>						
Raising funds	34,721	534	<b>35,255</b>	36,151	266	36,417
<b>Charitable activities</b>						
Nutrition	3,018	19,120	<b>22,138</b>	4,453	28,024	32,477
Livelihoods	3,981	25,092	<b>29,073</b>	7,435	44,151	51,586
Health	5,375	31,834	<b>37,209</b>	6,336	36,247	42,583
Protection	2,167	13,815	<b>15,982</b>	2,071	9,756	11,827
Rights	292	214	<b>506</b>	276	648	924
Education	7,227	36,453	<b>43,680</b>	8,038	21,737	29,775
Rapid onset emergencies	20,119	83,901	<b>104,020</b>	19,274	70,175	89,449
Advocacy and awareness	12,424	3,961	<b>16,385</b>	13,278	3,436	16,714
<b>Total charitable activities</b>	<b>54,603</b>	<b>214,390</b>	<b>268,993</b>	<b>61,161</b>	<b>214,174</b>	<b>275,335</b>
Other	2,294	3	<b>2,297</b>	1,184	(2)	1,182
<b>Total expenditure</b>	<b>91,618</b>	<b>214,927</b>	<b>306,545</b>	<b>98,496</b>	<b>214,438</b>	<b>312,934</b>
Net gain/(loss) on investments	3,067	625	<b>3,692</b>	(845)	(202)	(1,047)
<b>Net income/(expenditure)</b>	<b>3,033</b>	<b>(73)</b>	<b>2,960</b>	<b>(9,325)</b>	<b>(3,863)</b>	<b>(13,188)</b>
Transfers between funds	3,292	(3,292)	<b>–</b>	377	(377)	<b>–</b>
Actuarial gains on defined benefit pension scheme	4,795	–	<b>4,795</b>	1,592	–	1,592
<b>Net movement in funds</b>	<b>11,120</b>	<b>(3,365)</b>	<b>7,755</b>	<b>(7,356)</b>	<b>(4,240)</b>	<b>(11,596)</b>
Fund balances brought forward	30,171	16,650	<b>46,821</b>	37,527	20,890	58,417
<b>Fund balances carried forward</b>	<b>41,291</b>	<b>13,285</b>	<b>54,576</b>	<b>30,171</b>	<b>16,650</b>	<b>46,821</b>

## 27. INCOME FROM UK AND IRISH GOVERNMENTS

### (a) Income from the Department for International Development in the year ended 31 December 2019

Countries Supported	Project	£000
Afghanistan	Steps Towards Afghan Girls' Educational Success (STAGES)	3,263
Afghanistan	Strengthening the Resilience of Afghanistan's Vulnerable Communities Against Disasters	279
Bangladesh	Suchana – Ending the Cycle of Undernutrition in Bangladesh	7,231
Congo, Democratic Republic of the	Girl's Education Challenge	6,401
Congo, Democratic Republic of the	UK Aid Match Round 4	1,070
Kenya	Adolescent Girls Initiative Kenya – Final Phase	4
Kenya	Delivering Increased Family Planning Across Rural Kenya Phase III (ESHE)	69
Lebanon	Multi-sector programme	688
Malawi	Breaking the cycle of humanitarian assistance through enhancing resilience and shock responses capacity	(2)
Mozambique	Humanitarian Response in Mozambique – 2017/18 Lean Season Recovery Response Phase 2	(8)
Mozambique	Linking Agribusiness and Nutrition	1,855
Mozambique	Programme for Advancement of Girls' Education	4,421
Multi-country	DFID Girls' Education Challenge	(523)
Multi-country	DFID Surgical Platform IETR Support	108
Multi-country	ELRHA HiF – Strengthening Innovations in International Humanitarian Action	(17)
Multi-country	Enhancing Nutrition Preparedness Surveillance and Resilience in Kenya	(8)
Multi-country	Establishment and Management of a Treatment Centre in Freetown, Sierra Leone	(16)
Multi-country	Nepal Earthquake Response 2015 Emergency Health Unit	(11)
Multi-country	WASH Track 3 Intervention & rehabilitation of water resources	260
Myanmar	Supporting children in the first 1,000 days and beyond, to reduce child mortality and stunting in high burden states and regions of Myanmar	20
Nigeria	Child Development Grant Programme (CDGP), Northern Nigeria	5,130
Nigeria	Women 4 Health – Extension	69
Nigeria	Northern States Maternal, Newborn and Child Health Initiative in Nigeria – MNCH	414
Nigeria	Protection Project in Northeast Nigeria	425
Nigeria	Quality education for conflict-affected children in Borno and Yobe	565
Nigeria	Women for Health Initiative	(436)
Nigeria	Working to Improve Newborn and Child Nutrition in Northern Nigeria	802
Rwanda	Improving and Scaling-Up ECD Interventions: IDS research	51
Sierra Leone	Freetown WASH Consortium (FWC) 3b	107
Somalia	Community Health and Nutrition through Local Governance and Empowerment (CHANGE) programme	989
Somalia	Emergency food assistance and WASH programme for drought-affected populations in Somalia	18
Somalia	Increasing Women's Participation in Decision-Making & Challenging Social Norms (SNaP)	2,153
Somalia	Integrated WASH and EFSL emergency drought response	(19)
Somalia	Somalia Humanitarian and Resilience Programme (SHARP) Phase II	2,334



**27. INCOME FROM UK AND IRISH GOVERNMENTS (CONTINUED)**

South Sudan	Health Pooled Fund – Torit County	93
South Sudan	Health Pooled Fund II April – Sept 2016 Kapoeta	(38)
Start Network	DEPP Innovation Programme – Start Network	3,130
Start Network	Start Fund 2018–21	13,243
Start Network	Talent 1	(38)
Start Network	Migration Emergency Response Fund Phase 2	908
Start Network	Start Fund Model Bangladesh – Phase 2	2,067
Start Network	Start Network DEPP	38
Start Network	Start ODI Early Action	20
Syrian Arab Republic (Syria)	Humanitarian relief for children and their families affected by conflict in Syria	460
Syrian Arab Republic (Syria)	Humanitarian relief for children and their families affected by conflict in Syria	10
UK	Elrha GAHI-DFID Contribution	(120)
UK	Elrha Humanitarian Innovation Funds (HIF) Phase 2 DFID 2019–23	769
UK	HIF Phase 3	1,439
UK	HLA contribution 2015–20	592
UK	Nutrition Research Programme Consortium	105
UK	R2HC Phase 2 Research for Health in Humanitarian Crisis	(179)
UK	Scaling Up Nutrition Civil Society Network (SUN CSN) support 2018–2020	283
UK	Research for Health in Humanitarian Crises (R2HC)	(61)
UK	Elrha R2HC PHASE 3 (DfID)	1,531
Uganda	Multi-sectoral emergency assistance to South Sudanese refugees in West Nile	(10)
Yemen	Yemen multisector response programme	4,771
Zambia	Addressing food insecurity in western and southern provinces, Zambia	(127)
		<b>66,572</b>

**(b) Income from the UK Department of Health in the year ended 31 December 2019**

Countries supported	Project	£000
UK	UKH Elrha R2HC Phase 3 (DoH)	2,277
		<b>2,277</b>
Total UK central government income		<b>68,849</b>

Negative figures relate to adjustments made on the closeout of awards, including where amounts are being returned to donors where Save the Children UK has not been able to spend the funds in accordance with donor wishes.

**27. INCOME FROM UK AND IRISH GOVERNMENTS (CONTINUED)****(c) Income from the Irish government in the year ended 31 December 2019**

<b>Countries Supported</b>	<b>Project</b>	<b>£000</b>
Ethiopia	Civil Society Coalition for Scaling up Nutrition (CSN SUN) follow on 2019	100
Ethiopia	CSN SUN	16
Malawi	Emergency & resilience-building response to the 2018–19 food crisis (Neno district)	313
Malawi	Pathways for Resilience (P4R) 2019–2020	10
Malawi	Malawi Vulnerability Assessment Committee Cash Consortium	(2)
Malawi	Cyclone Idai response	344
Sierra Leone	Fambul Welbodi 3	(13)
Sierra Leone	Genda Bizness	298
Start Network	Start Funding 2019–20	821
Start Network	Start Funding 2018–19	452
UK	SUN CSN support 2018–20	247
Zambia	Irish Embassy school feeding 2020	22
		<b>2,608</b>

Negative figures relate to adjustments made on the closeout of awards, including where amounts are being returned to donors where Save the Children UK has not been able to spend the funds in accordance with donor wishes.



Save the Children exists to help every child reach their full potential.

In more than 100 countries including the UK, we help children stay safe, healthy and keep learning. We lead the way on tackling big problems like pneumonia, hunger and protecting children in war, while making sure each child's unique needs are cared for. We find new ways to reach children who need us most, no matter where they're growing up.

For a century, we've stood up for children and made sure their voices are heard. We wrote the treaty that sets out the rights of every child, and we've been upholding them every day since.

We know we can't do this alone. Together with children, supporters and partners, we work to help every child become who they want to be.

[savethechildren.org.uk](http://savethechildren.org.uk)

**The Save the Children Fund**  
**1 St John's Lane, London EC1M 4AR**  
**+44 (0)20 7012 6400**

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