



Save the Children

100 YEARS OF FIGHTING FOR CHILDREN

ANNUAL REPORT 2018

2018 IN NUMBERS

Our programmes and advocacy span five main areas of work: education, health, protection, child poverty and child rights governance, in both long-term and emergency settings.

40.8 MILLION CHILDREN

reached directly by the Save the Children global movement across 118 countries*

9.3 MILLION CHILDREN

reached in emergencies by the Save the Children global movement through 113 humanitarian responses in 58 countries

10,468 CHILDREN

reached directly in the United Kingdom

£303 MILLION

raised by Save the Children UK

5,608 VOLUNTEERS

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

45,000 SUPPORTERS

in the UK called for justice for Rohingya children

60,000 SUPPORTERS

in the UK called to suspend the sale of British weapons to Saudi Arabia as part of our campaigning on Yemen

5.3 MILLION PEOPLE

signed up to take part in Save the Children's Christmas Jumper Day

* Number of children reached through programmes financed by all Save the Children members; previous Annual Reports have included the number of children reached through programmes financed by Save the Children UK. For details of our relationship with the wider Save the Children movement, see page 10. Reach figures are estimated. The number of children the movement reached directly in 2017 was 49.6 million. The lower figure for 2018 reflects a reduction in children reached in emergencies following the end of the Hurricane Matthew response in Haiti, as well as reductions from the ending or scaling-down of some major long-term projects. 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, a partner, or institutions or individuals supported by Save the Children or its partners.

† Refers to active volunteers holding a formal volunteering role as of 31 December 2018. 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 28 member organisations, working in 118 countries.

To find out more about our strategy and vision, see page 12.

In memory

We dedicate this report to the memory of our colleagues who tragically lost their lives in the past year while working tirelessly to create a better world for the world's most vulnerable and disadvantaged children. Our deepest condolences go to their families, friends and colleagues.

On the cover: Farah, age 12, is from Syria and lives in a refugee camp in Lebanon. She works long hours on a farm to support her family and often has to miss school.

(Photo: Louis Leeson/Save the Children)

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

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“ALL CHILDREN HAVE RIGHTS...



SAVETHE CHILDREN

...but many children living in places like my country, Yemen, don't know they have rights. They don't know it's something they can demand. They don't know it's something they can ask world leaders to protect.

This is why I tell my friends and other children that they have rights – the right to play, the right to go to school, and the right to feel safe and be protected. I learned about my rights in a child-friendly space provided by Save the Children that I go to every day after school. Here we learn about our rights, and play and express our feelings.

It's difficult to be a child in Yemen and girls can't play freely like boys. They struggle to go to school because it's unsafe and instead stay home to help their families with household chores. I'm not allowed to go to the park because my parents are worried about airstrikes.

I'm asking world leaders to listen to the stories of children living in Yemen. The war has affected our lives and things are not getting better. An airstrike hit the building next to my school. I remember all the windows breaking and children crying, shouting and running. I was very scared.

I also remember the time when there was an airstrike near my grandfather's house. My father was injured by the shrapnel. He has recovered from his injury, but many aren't so lucky.

My dream is to travel. To learn more about the world. But for now, I wish that children in Yemen can sleep well at night without worrying. I wish that we can all be free and happy.

So today I ask of you: do not forget us. Do not ignore us. We want to be happy children. That is all I ask.”

Salma, age 14, Save the Children Girl Champion, Yemen

A CENTURY OF CHANGE



MATT CROSSICK/SAVE THE CHILDREN

A century ago, our founders Eglantyne Jebb and her sister Dorothy Buxton responded to the suffering of children left starving at the end of the First World War, and Save the Children was born. As we mark our centenary, it is a fitting moment to reflect on the difference we have made.

Throughout the course of our hundred-year history, Save the Children has responded to events of world-changing significance – from the Russian famine of 1922 to the Vietnam War to today’s global refugee crisis. Throughout these tumultuous times, one thing has remained constant: the dedication of the people at the heart of our movement.

Over the last year I met many of our supporters, volunteers and staff at engagements across the United Kingdom. It’s a privilege to meet such an inspiring range of people who work tirelessly to support our cause and without whom the life-changing work of Save the Children would simply not be possible. I would like to pay tribute to all those who have supported Save the Children’s mission over the century. Their dedication and commitment have helped alleviate immeasurable hardship and transformed the futures for millions of children they will never meet.

Eglantyne Jebb famously said that “Save the Children is often told that its aims are impossible – that there has always been child suffering and there always will be. It’s impossible only if we refuse to attempt it.” I hope she would accept there is less suffering, but there is more for us to do, for children.

A century later, our supporters respond to her rallying cry every time they donate their money, volunteer their time or campaign for change. Their commitment instils a sense of hope that while there will always be a need for organisations like ours to protect the rights of children, in 100 years from now we may do so in a far more just and equitable world, where children don’t just survive, but thrive, so that they can realise their full potential and go on to change the world.

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

MESSAGE FROM THE INTERIM CHAIR AND CHIEF EXECUTIVE

This report tells the story of our work for, and with, children in 2018.

Last year we helped more children **survive** by tackling childhood pneumonia – the biggest infectious killer of children. We fought malnutrition, the underlying cause of one-third of child deaths, leading innovative solutions in Nigeria, Bangladesh and Somalia. We fed thousands of children at risk of starvation in Yemen and protected children from disease and hunger in humanitarian emergencies. Our Emergency Health Unit helped tackle an Ebola outbreak in the Democratic Republic of Congo and provided life-saving care for children in Bangladesh, Colombia, Zimbabwe, Somalia, Somaliland and Syria.

We empowered more children to **learn** by providing early learning support and putting the cost and challenges of childcare high on the UK's political agenda. We helped parents in Cambodia, Thailand and the Philippines to better support their children's learning and continued a reading revolution in Rwanda. We set up temporary learning spaces in conflict zones and delivered education to Syrian, Rohingya and South Sudanese refugees.

The drive to **protect** children in conflict is at the heart of our mission. Children are more at risk from war and conflict than any time in the last 20 years, but two crises stood out in 2018 – the brutal war in Yemen and the appalling atrocities committed on the Rohingya people. We stepped up our responses to both, keeping thousands of children safe and campaigning for peace and justice.

Meng Seang, age five, reads with his mum, Sopheap, at home in Cambodia. He and his family are participants in our First Read programme.



HANNA ADCOCK/SAVE THE CHILDREN

Reflections on our culture

In 2018 we also had to face up to some tough internal issues. We responded to allegations against senior staff members of misconduct and harassment at our headquarters in 2012 and 2015, which came under public scrutiny in 2018.

In April 2018, the Charity Commission opened a statutory inquiry into Save the Children UK, investigating our handling of these misconduct complaints. Before this inquiry was announced, we had invited Dr Suzanne Shale, an expert in organisational ethics, to lead a fully independent review of our workplace culture and the action taken since 2015 to improve it. The results and recommendations of this review were made available on our website in October 2018.

We are unequivocally committed to building a workplace culture based on mutual respect, where every member of staff feels safe, supported and respected. Our staff survey results on this last year showed marked improvements compared to previous years, but highlight that we need to go further and faster.

The recommendations from Dr Shale's review and the results from our staff survey have been used to create an organisation-wide change programme, Stronger, which aims to transform Save the Children UK into the best organisation we can be. Our people have a right to feel respected and supported and we are wholeheartedly committed to continuing to improve our workplace culture over the next few months and years.

Our funding

Our restricted funding – income raised for specific development projects and humanitarian responses, mainly from governments and other large donors – decreased significantly last year. We raised £211 million in restricted funding in 2018, compared to £314 million the year before. This was in part due to our response to several large-scale humanitarian crises in 2017, including severe food insecurity in the Horn of Africa, for which we raised over £53 million. In 2018 our work in the region continued but at a significantly reduced level as we dealt with the aftermath of the crisis.

The Department for International Development (DFID) remained our largest donor, although our income from DFID fell by £53 million, from £139 million in 2017 to £86 million in 2018. As well as the reduction in funding for emergency responses, this reflects the conclusion of several longer-term development projects. In addition, in April 2018, we withdrew from bids for new funding from DFID while we await the outcome of the Charity Commission inquiry. We estimate that the temporary withdrawal reduced our income by around £16 million in 2018 and will affect our income for several years to come.

We continued to sustain strong levels of voluntary donations in 2018 thanks to the incredible generosity of our supporters. Our income from donations, gifts and legacies totalled £92 million, and we are hugely grateful to everyone who supported us, whether through direct debits every month, responding to our appeals, taking part in community and challenge events, or leaving us a gift in their will.

Thank you

Everything we do depends on the expertise and dedication of our volunteers, supporters and partners. It is your efforts that meant that as a movement we reached 40.8 million children in 2018. As we look back on this year, we extend a heartfelt thank you to all of you, as well as to our staff and voluntary trustees. We would also like to express our gratitude to those trustees who stood down from the Board in 2018 and early 2019, and acknowledge their enthusiasm, hard work and passionate commitment to our cause.

Save the Children was founded to stand up for children in conflict and to fight for every child's right to a future. Today, these values remain at the heart of our organisation, and every step we take will help to create a world where children don't just survive, but thrive – and go on to shape the future we all share.



Charles R A Steel

Charles Steel
Interim Chair of the
Board of Trustees



Kevin Watkins

Kevin Watkins
Chief Executive

On 21 December 2018, Save the Children UK announced that Peter Bennett-Jones would step down as Chair of the Board in January 2019. On 8 January 2019, the Trustees appointed Charles Steel to serve as Interim Chair during the recruitment process for a new Chair.

THE WORLD TODAY: THE POWER OF THE CHILD

“It’s our right to learn. It’s our right to build a bright future.”

Noran, age 13, who was seriously injured in an airstrike in Yemen

In 2015, global leaders, civil society and the private sector came together to agree a new vision for the world. It’s a vision that balances the needs of people, prosperity and the planet, and that recognises the vital importance of peace and working in partnership to achieve real change. The Sustainable Development Goals (SDGs) set out in the Agenda for 2030 underpin our work – especially the fundamental commitment to ‘leave no one behind’ by reaching those furthest behind, first.

Despite the huge challenges facing the world today, immense progress is being made, even in the poorest countries and on the toughest issues. Since 1990, the under-five mortality rate has declined by 58%. Yet on current trends, 56 million children under five years of age are projected to die between 2018 and 2030.

In the past decade in South Asia, a girl’s risk of marrying in childhood has dropped by more than a third, from nearly 50% to 30%. Still, the total number of girls married in childhood stands at 12 million per year and progress must be significantly accelerated in order to end the practice by 2030.

Many of the SDGs are unlikely to be met by the 2030 deadline – unless we urgently act, the most vulnerable children will be left behind.

Today’s young leaders

The drive for change is not only coming from organisations like Save the Children and governments around the world. With the rapid rise of digital journalism and social media, children and young adults now have a platform to raise their voices louder than ever before. And leaders are starting to listen. Worldwide, remarkable young people aren’t waiting for change – they’re stepping forward to demand it.

Save the Children is inspired by today’s young leaders. Children and young adults like Greta Thunberg, who castigated world leaders on the global stage for prevaricating on climate change; young Bana Alabed, who



gave the world a child’s-eye view into the appalling reality of life under siege in Aleppo, fuelling global outrage about the war in Syria; activist Emma González, who fiercely and courageously led the March For Our Lives student demonstration in support of stronger gun control in the USA. And for every child that makes global headlines, there are millions more fighting for change every day.

Save the Children holds children’s rights at the heart of what we do – amplifying young voices and challenging ourselves and others to listen. Our award-winning Remember Rohingya campaign gave a voice to Rohingya children fighting for justice. We projected their artwork depicting their terrible experiences outside the UK Parliament for the world to see.

In 2018 we worked with the Scaling Up Nutrition Civil Society Network to launch the Youth Leaders for Nutrition programme to enable young people to advocate for an end to malnutrition, equipping them with the skills to create

“Each generation of children offers mankind the possibility of rebuilding his ruin of a world.”

Eglantyne Jebb, Save the Children co-founder



CHARLIE FORCHAY/BAILEY/SAVE THE CHILDREN

change in their communities and influence global decision-making. Through the programme they have advocated at international forums, including the UN General Assembly, and met with key decision makers from across the world. Each of the young people involved has developed their own campaign plan to tackle the biggest malnutrition challenges in their community.

As part of our campaigning for Yemen, we worked alongside schoolchildren from across the UK, inviting them to build awareness of the conflict and share messages on empty plates with the Foreign Office. We estimated in 2018 that since the start of the crisis, approximately 85,000 children have died of starvation in Yemen. Schoolchildren from the UK read out a powerful statement written by our Children's Parliament in Yemen, calling on world leaders to do more to stop the bombing in Yemen, before handing our petition – supported by more than 60,000 people – to the Foreign and Commonwealth Office.

Shaping the future

This report highlights how we place children at the centre of our work – giving them a platform in our campaigns, an active role in our programmes and the chance to be the change-makers of the future.

Our vision is a world in which every child doesn't just survive, but thrives, and can go on to change the world. Side by side with children, our journey will be far from easy. But with their hunger for change and the relentless compassion of our supporters and partners around the world, we are proud to help them build a better world for generations to come.

WHO WE ARE AND OUR PLACE

A CENTURY OF CHANGE FOR CHILDREN

1919

After seeing the plight of children caught in the aftermath of the First World War, Eglantyne Jebb and Dorothy Buxton founded the Save the Children Fund.



1940s

Much like the child-friendly spaces we run today, we created play centres in air-raid shelters in large UK cities to help children cope during the Second World War. We launched Hopscotch – the first playgroup in the UK.



1954

The war in Korea left thousands of children destitute and alone on the streets. We set up a healthcare clinic, feeding centre and playground in a refugee camp in Busan, formerly known as Pusan. We worked alongside children in Korea for 20 years.

1920s

1930s

1940s

1950s

1960s

1921

We launched our first major appeal to help feed children caught in the Russian famine – the biggest in history. We delivered over 600 tons of food, set up 1,400 kitchens and fed more than 650,000 people.

1930s

We opened our first programme in Africa – a child welfare centre in Addis Ababa, Abyssinia (now Ethiopia).



1963

We started the first hospital playgroup in the UK at the Brook Hospital, London.

1924

The Declaration of the Rights of the Child, originally drafted by Eglantyne Jebb, was adopted by the League of Nations, the forerunner to the United Nations.

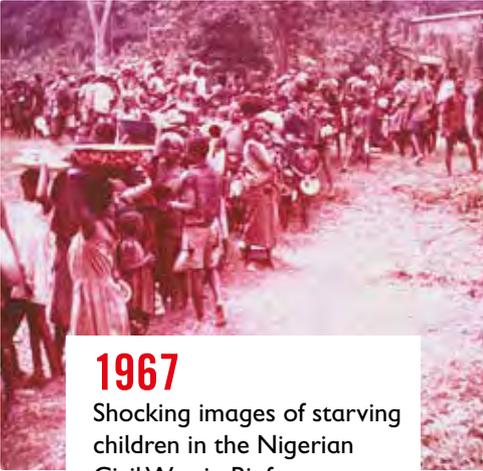
1944

Our research into the effects of unemployment on children's nutrition in the UK helped to inspire The Education Act, which made school meals and milk a requirement for local authorities.

IN THE WORLD

“For better or worse, the world can be revolutionised in one generation according to how we deal with the children. Which would it be?”

Dorothy Buxton, Save the Children co-founder



1967

Shocking images of starving children in the Nigerian Civil War in Biafra were broadcast across the world. As the conflict raged over the next two and a half years, our clinics helped around 400 patients a day.



1984

Our staff and partners were the first to raise the alarm about the famine that hit Ethiopia. We distributed life-saving food supplies, and by September were feeding 7,000 malnourished children every day.

2000s

With the support of our donors, we were able to increase our response in emergencies. Our five-year response to the 2004 Indian Ocean earthquake and tsunami reached one million people.

1970s

1970s

By the end of the 1970s we were working alongside children in 120 countries across six continents.

1980s

1990s

2000s

2010s



2014

In 2014, during the worst ever outbreak of the deadly Ebola virus, we reached 4.6 million people, including more than 2 million children, across Sierra Leone, Guinea and Liberia. Our teams trained almost 2,000 community health workers, provided healthcare services, and ran a treatment centre which increased the country's bed capacity for Ebola patients by 20%.

THE SAVE THE CHILDREN MOVEMENT

Children affected by a devastating earthquake and tsunami in Palu, Indonesia, take part in psychological first aid activities.



THOMAS GUSTAFSSON/SAVE THE CHILDREN

For 100 years we have fought for children, so they can realise their full potential and make their mark on the world.

How we work

Save the Children is a federated organisation, made up of Save the Children International and 28 national member organisations including Save the Children UK. Save the Children International, headquartered in London, was launched in 2010 to manage the movement's international development and humanitarian programmes. Save the Children International works through a network of 55 country offices across the world.

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

- **ending preventable child deaths**
- **ensuring that every child has the chance to learn from a quality education**
- **making sure every child is protected from violence.**

We put child rights at the core of everything we do and we prioritise the most deprived and marginalised children wherever we work.

Through our work, and our work with partners, the Save the Children movement directly reached 40.8 million children across 118 countries in 2018.

In the UK, Save the Children UK strives 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 quality early education.

Outside the UK, Save the Children UK works with other member organisations and Save the Children International country offices to help children in areas where we can make the greatest difference. We provide advocacy support, technical expertise and best-practice guidance to the wider movement, as well as programme, risk and donor-contract management.

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 16). Save the Children UK also has an integrated lobbying, 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 to change the world for children.

Working together with major donors, corporate partners and the public enabled Save the Children UK to raise £303 million towards our work for children in the UK and around the world in 2018.

In all our work, Save the Children aims to:

- innovate – develop and prove 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 – to influence others and increase our impact.

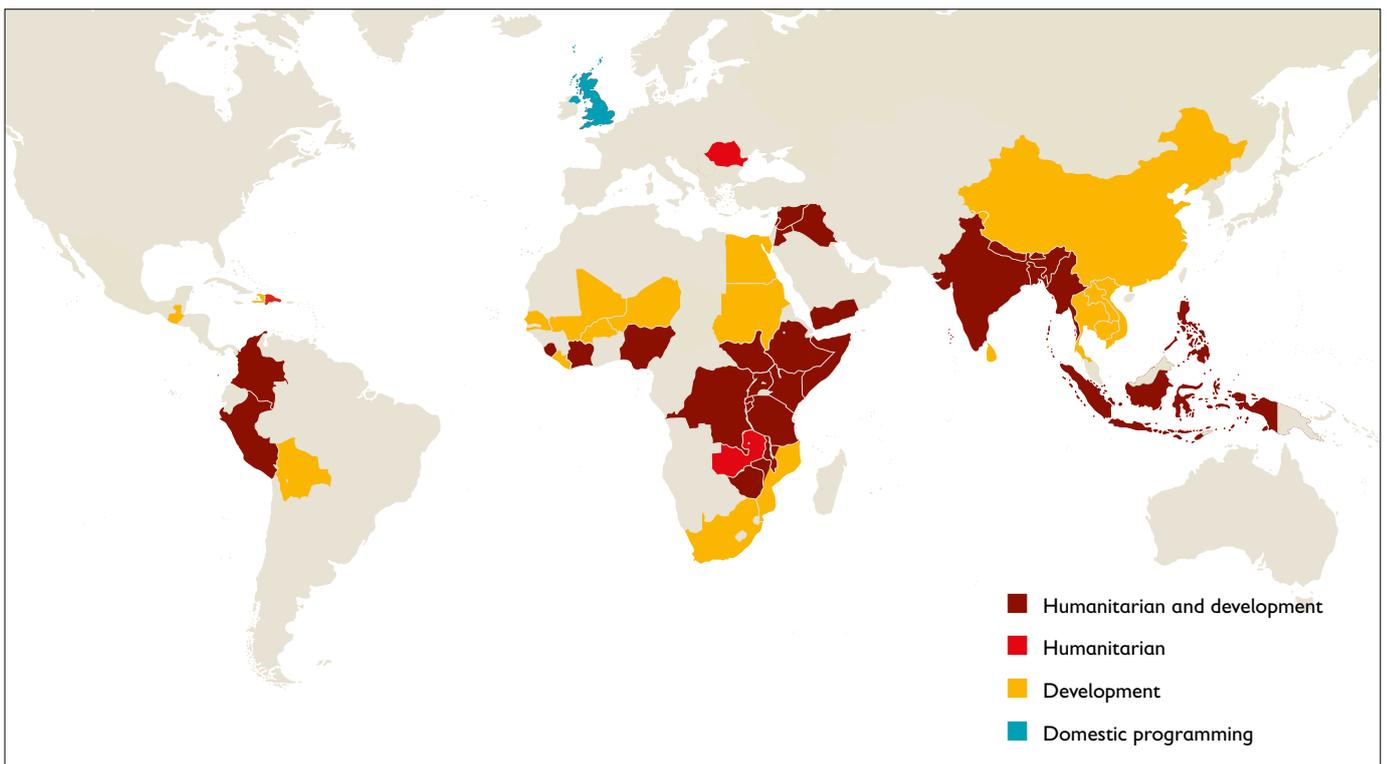
We are prioritising our global resources to focus on the countries and the groups of children who are most at risk of being left behind – including girls and children with disabilities.

We work in some of the toughest places to be a child, providing critical support through long-term, integrated approaches – for example, combining work to prevent poverty and hunger, along with effective treatment when it’s needed. We work in the poorest areas in the world, in humanitarian emergencies and in complex, protracted crises. The majority of Save the Children’s staff on the ground in developing countries are from that country. We work closely with and through local partners.

Save the Children also works with around 60,000 volunteers globally – such as Rohingya people in the refugee camps in Bangladesh. In some cases we have worked alongside communities for decades, including in conflict zones like Yemen.

This report explores our impact in 2018 as a movement – including our role as Save the Children UK – across these three breakthrough areas.

Save the Children UK – where we responded in 2018



OUR VISION AND STRATEGY

We've stood side by side with children for a century – delivering life-saving aid and development, connecting the public with our cause and campaigning for change.

At Save the Children UK we have aligned our strategic goals with those of the wider Save the Children movement, creating our first truly global strategy, to make sure all our resources are used to create change for children in the most efficient way possible.

WHAT WE ARE PRIORITISING EXTERNALLY

Over the next three years we will:

- **drive breakthroughs on children's rights to survive, learn and be protected**
- **strengthen the impact of our programmes**
- **inform and influence policies for children**
- **hold governments to account for their commitments to children.**

In our centenary year of 2019, we will return to our roots. We were founded in 1919 to stand up for children in conflict and to fight for every child's right to a future. Today, these values remain at the heart of our organisation and shape the decisions we make – including the launch of our new global campaign to Stop the War on Children.

We will sharpen our focus on the most deprived and marginalised children, both in our programmes and our campaigning. We will work hard to engage the UK public, providing a platform for people who want to make their voices heard.

Children's rights underpin everything we do. It's our duty to improve the lives of children both at home in the UK and around the world. Fighting for the rights of children means not only providing them with food, healthcare and protection, but critically holding governments to account on their responsibility to deliver these basic needs themselves.

HOW WE'LL CHANGE INTERNALLY

Stepping up to the challenge of the next three years requires us to look both inwards and at the external environment. We've identified three areas of focus:

Build the presence of the Save the Children movement on the frontline

We will increase our investment in country offices, so that power, resources and accountability shift to where they're needed most – closer to children. We'll build stronger, innovative resources shared by all Save the Children members, and we will help build a clearer and more effective governance structure for our movement.

Deepen our connection to supporters

A century ago, our founders understood that lasting change for children required not just effective programmes, but advocacy and campaigning for child rights. We will nurture and grow active, long-term relationships with our supporters and expand our campaigning work with children to create substantial and sustainable change. To inspire the public to act for our cause, the power and potential of children will be at the heart of all our communications.

Strengthen our organisation and workplace culture

Save the Children's mission is rooted in a commitment to dignity and respect. We will continue to embed the workplace culture our people deserve – a safe, respectful and stronger Save the Children. We want to inspire our staff and volunteers to achieve their best for children.

Following the fall in our grant income from governments and institutions in 2018, we will work to rebuild our income by seeking grants and contracts from a wider range of donors. In 2019 we will conduct a comprehensive review of our operating model and our costs with the intention to make savings in administration and programme support costs (generated by reductions in our programming income, as well as improved efficiency), enabling us to redirect resources towards programme and advocacy work.

Above all, we will work relentlessly with children and for children to advance their rights. There is no greater cause.

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 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

Save the Children is part of a remarkable story of progress. In the past 30 years, the number of children dying before their fifth birthday has more than halved.

But behind this critical improvement is the appalling truth that so many children still die from conditions we know how to prevent or treat. An estimated 5.4 million children under the age of five died in 2017 alone. There is so much more to be done.

In 2018 we fought to give every child the chance to survive and thrive through:

- providing life-saving public health in humanitarian emergencies
- tackling pneumonia – the single largest cause of death in children worldwide
- fighting malnutrition.

We were by children's side when a devastating earthquake and tsunami hit Indonesia, providing critical healthcare and working alongside communities as they rebuilt.

Our Emergency Health Unit helped tackle an Ebola outbreak in the Democratic Republic of Congo, provided life-saving care for Rohingya refugees and launched major responses in Colombia, Zimbabwe, Somalia, Bangladesh, Somaliland and Syria.

We kept up pressure on world leaders to tackle pneumonia and worked around the world to provide treatment to children and develop strategies to reduce child deaths from the disease.

We fed thousands of children trapped in the world's worst humanitarian crisis in Yemen and spearheaded innovative solutions to malnutrition in Nigeria, Bangladesh and Somalia.

27.6 MILLION CHILDREN

reached through our movement's health and nutrition programmes in 2018



Daoud, 15 months old, was treated for severe acute malnutrition in a camp for displaced people in Yemen.

LIFE-SAVING HEALTH CARE IN EMERGENCIES



We were among the first to respond when a deadly earthquake and tsunami hit Palu in September 2018, destroying thousands of homes and schools.

THOMAS GUSTAFSSON/SAVE THE CHILDREN

SURVIVING IN A CRISIS: INDONESIA EARTHQUAKE AND TSUNAMI

Nine-year-old Puri was about to say her evening prayers when a massive earthquake uprooted her home and dragged it 50 metres. She was trapped under rubble for hours until neighbours found her and dug her out. “Puri’s survival was a miracle,” says her brother Dimas. Our local partner helped get her to hospital.

Puri was one of more than 4,400 people seriously injured by the powerful 7.5-magnitude earthquake and the tsunami it triggered, which struck the Indonesian island of Sulawesi on 28 September 2018. It cost 2,101 people their lives and more than 133,000 were displaced from their homes.

We worked exclusively through our partner Yayasan Sayangi Tunas Cilik and its Indonesian staff and volunteers, as part of the government-led response. As a result, we were one of the first agencies to access Sulawesi, providing life-saving support in the immediate aftermath. We were also one of the only agencies working in the remote region of Donggala, which was almost entirely cut off by the disaster.

“Puri’s survival was a miracle.”

Puri’s brother Dimas

By the end of 2018, we had reached more than 87,000 people – including around 38,000 children. We provided them with critical shelter, water and hygiene supplies; reunited them with families they had lost during the emergency; and made sure they could continue their education.

- 38,730 people received shelter kits
- 42,067 people received hygiene kits
- 80,000 litres of water trucked per day, providing clean water to 49,247 people, including 12,312 children
- 40 community water points built, providing clean water to 4,000 families
- 47 child-friendly spaces created, where children could learn, play and receive psychosocial support
- 14 temporary learning spaces set up to sustain children’s education while schools are rebuilt.

Safe home environments for children

Our well-established Families First programme in Indonesia promotes safe family environments for children, either in their own families or in family community-based care alternatives (see page 37). Following the earthquake and tsunami, we worked with the government of Indonesia to issue immediate guidance to the district administration to prevent trafficking and start family tracing.



SACHA MYERS/SAVE THE CHILDREN

Elise learns how to protect herself from disease at an Ebola awareness session in the Democratic Republic of Congo.

EMERGENCY HEALTH UNIT: SPEED, EXPERTISE, REACH.

Save the Children UK's Emergency Health Unit (EHU) of rapidly-deployable doctors, nurses and logistics staff increases the efficiency and effectiveness of our movement's humanitarian health response. It ensures we can provide life-saving healthcare to children in the world's most difficult and dangerous places.

Since it was established in 2015, the EHU has deployed 25 times across 23 countries and trained more than 5,000 health staff. In 2018 it provided more than 300,000 people with lifesaving clinical and nutritional services, and directly reached almost 1 million people with critical health promotion activities.

In 2018 the EHU deployed to Colombia to help Venezuelans escaping their country's economic and political crisis. In Bangladesh, as part of our Rohingya refugee crisis response, the EHU took the lead role in setting up nine health clinics and a 24/7 primary healthcare centre at the request of the Ministry of Health and the World Health Organization.

Within days of the Ebola outbreak in the Democratic Republic of Congo, the EHU was there supporting local hospitals and health centres. It helped identify Ebola cases, train healthcare staff in infection prevention and control, and start a mass education campaign to tackle the fear and misinformation that were fuelling the spread of the deadly virus.

We opened clinics in Syria, providing consultations to more than 20,000 people and a midwife to extend our specialised reproductive health services, as well as training more than 50 staff in emergency medical procedures. In 2018 the EHU was also deployed to Somalia and Somaliland.

We also provided emergency preparedness support to Save the Children country offices in Kenya, Rwanda, Haiti, Dominican Republic and Mongolia, and bespoke Ebola outbreak contingency planning for Uganda and Rwanda country offices.

“Football is the best thing I do in this camp. It’s my favourite hobby.”

Mahmoud, age 15, Za’atari Refugee Camp, Jordan



CHARLIE FORGHAM/BAILEYS/NETHE CHILDREN

Mahmoud fled his home in Daraa, Syria in 2012 when his village was attacked. He lives with his mother and two brothers in the refugee camp and plays football every day.

THE GLOBAL PUSH TO ADDRESS TOXIC STRESS

In conflicts around the world, violence and persecution are tearing millions of children’s lives apart. They face extreme, frequent or prolonged stress which often results in symptoms ranging from bedwetting to aggression, self-harm and even suicide. The longer this toxic stress is left untreated, the more likely children will suffer mental health problems for the rest of their lives.

In 2018 we launched a ground-breaking football coaching programme with Arsenal Football Club to improve the

mental wellbeing of thousands of children affected by conflict and violence. Through the Coaching for Life programme, our experts trained Arsenal coaches in psychological first aid, who then trained local coaches in Jordan, who in turn coached and built the resilience of hundreds of Syrian girls and boys. We also piloted the programme in Indonesia.

We are developing robust evidence to demonstrate the effectiveness of the programme, with the ambition to replicate it in other countries and for 4,500 girls and boys to take part over three years.

PNEUMONIA: FIGHTING FOR BREATH

Pneumonia is the world's leading infectious killer of children under the age of five. A child's chance of surviving pneumonia is often determined by her or his access to health services and good nutrition, putting the most marginalised children at higher risk.

In 2018, we built on our Fighting for Breath campaign to end child deaths from pneumonia by 2030. We put pneumonia at the heart of our work across the world to promote breastfeeding, good nutrition, universal health coverage and the immunisation of children with life-saving vaccines.

We continued our work with Every Breath Counts, a global coalition of businesses, UN agencies and NGOs that have

committed to supporting governments in countries with some of the highest rates of pneumonia.

In 2018 we worked in Nigeria, the Democratic Republic of Congo, Ethiopia, Kenya, Somalia, South Sudan, India, Bangladesh and Indonesia to begin accelerating the reduction in child deaths from pneumonia. This has involved developing key partnerships and coalitions to raise the profile of the disease and galvanise action by the health authorities.

One of the best examples of this is our partnership with GlaxoSmithKline and the Ministry of Health in Nigeria as part of a large, multi-state programme to test innovative approaches to reduce deaths from pneumonia. We also worked with Dalberg, a research and consulting firm, to develop a national pneumonia strategy and costed implementation plan for Nigeria. The Nigerian government confirmed its intention to work alongside us to develop the strategy from early 2019.

Unless significant action is taken, an estimated 1.73 million children will die of pneumonia in Nigeria alone by 2030.

Unless we act now, an estimated

11 MILLION CHILDREN

will die of pneumonia by 2030

Nakwan, just seven days old, is treated for pneumonia in our health centre in Katilu, Northern Kenya.



FREDRIK LERNERYD/SAVE THE CHILDREN



HANNA ADCOCK/SAVE THE CHILDREN

FIGHTING FOR LIFE

“As we slept on the wet floor, he got cold... then got a cough and a fever,” says Rahima, mother of 18-month-old Anwar.

Soon he was fighting for his life.

Having fled violence in Myanmar, Anwar and his family were living in the squalid, overcrowded conditions of one of the refugee camps in Cox’s Bazar, Bangladesh, and at major risk of disease.

Rahima rushed her baby boy to Save the Children’s primary healthcare centre, where doctors diagnosed him with pneumonia.

“Then he started vomiting. Whenever I tried to pick him up, he started screaming and trembling. His temperature was so high that it was like fire in his body.”

Our 20-bed health centre is the only place in the camp where children with pneumonia, like Anwar, can get long-term treatment. It provides 24/7 inpatient care and serves a population of 20,000 people. After three days of treatment, Anwar took his first steps to recovery.

“I felt like I got a new life,” says Rahima. “When I took my son to the clinic he was lying in my arms, when I brought him back, he was walking. He came back as a healthy child.”

SUPPORTING THE GLOBAL FINANCING FACILITY

Ending preventable child deaths from causes such as pneumonia can only be achieved through a comprehensive and universal health system. This, in turn, requires substantial funding.

The Global Financing Facility (GFF) is an innovative financial mechanism hosted by the World Bank. It provides vital funding for healthcare and nutrition services in the world’s poorest countries, enabling governments to transform the lives of millions of their people.

In 2018 we launched a coordinated advocacy campaign that:

- encouraged 1,800 of our supporters to write to their MPs calling on them to support the GFF

- tabled parliamentary questions to persuade the UK government to support the mechanism
- brought decision-makers together at the UN General Assembly to consider the best way to generate the finance needed to meet the Sustainable Development Goal on child mortality – including through the GFF.

We also published two reports that demonstrated the transformative power of the mechanism.

In a major victory for children, our campaign helped persuade the UK government to announce that it would commit £50 million to the GFF – money we firmly believe will ensure that the world’s most vulnerable children have access to the health and nutrition services they so urgently need.

FIGHTING MALNUTRITION

Good nutrition is the difference between a child surviving and thriving. The world has made progress in addressing undernutrition. But progress has not been fast enough or inclusive enough.

Each year, 3.1 million children die due to undernutrition and nearly a quarter of all children under five – that's 155 million children – are stunted.

SUCHANA: THE BATTLE AGAINST STUNTING IN BANGLADESH

Around 34% of children under five in Bangladesh suffer from stunted growth. Their bodies and brains lack the nutrition they need to develop, with consequences that can last a lifetime.

Early marriage is exacerbating the problem, with babies born to adolescent girls at greater risk of stunting. Our Suchana programme in Sylhet – the region with Bangladesh's highest stunting rates – targets poor families with adolescent girls or women of reproductive age.

With funding from DFID and the European Union, the programme helps families improve their child's nutrition during their most crucial stage of development – between conception and the age of two. The programme provides nutrition-specific interventions to improve families' livelihoods, training in food production, financial security and income generation, and nutrition and healthcare support for pregnant women, young children and adolescents.

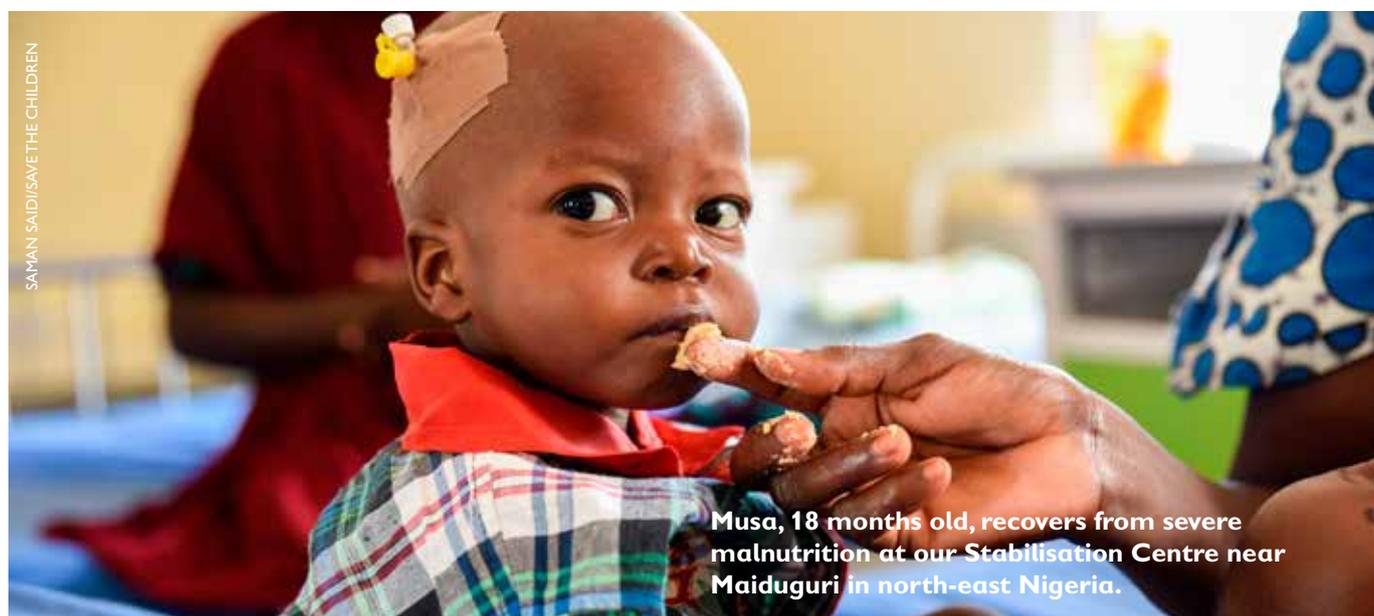
In 2018, the programme supported more than 136,000 poor families. It will run until 2022, by which time we aim to have reached 220,000 families and reduced the rate of stunting in children under two across the area.

In April 2018, through the Suchana programme, eight girls participated in the government-sponsored Nutrition Olympiad as part of the National Nutrition Week in Bangladesh. The event is a large annual gathering and competition for young nutrition activists and aims to be a national platform for youth and other stakeholders to share knowledge and advocate for investments in nutrition. This year's theme was 'Nutrition and Empowerment of Youth for a Healthy Nation'.

NIGERIA: THE POWER OF CASH PAYMENTS

Funded by DFID and implemented in partnership with Action Against Hunger, the Child Development Grant Programme is supporting 93,000 women and children in Jigawa and Zamfara – two states in northern Nigeria with extremely high rates of malnutrition.

This pioneering programme provides parents with a monthly cash grant until their children reach the age of two, as well as information on health and nutrition through talks, cooking demonstrations and support groups conducted by community volunteers and health workers.



Musa, 18 months old, recovers from severe malnutrition at our Stabilisation Centre near Maiduguri in north-east Nigeria.



Mary Anne breastfeeds her five-month-old son Jermy. They live in a deprived community in Manila, the Philippines.

HANNA AD COCK/SAVE THE CHILDREN

The programme is the first of its kind in Nigeria and has played a central role in strengthening the country's emerging social protection system.

Findings from an external evaluation show that the incidence of stunting has been reduced by 8% among children covered by the programme, despite rising stunting levels in Nigeria as a whole. The evaluation also highlighted improvements in child care and feeding practices, increased vaccination levels and reductions in childhood illnesses.

This evidence will help us make the case that state governments should finance and scale-up similar programmes of their own. In 2018, Jigawa state announced the provision of the equivalent of £4.5 million for a new Social Protection Cash Transfer and Empowerment Initiative for extremely poor and vulnerable households, including pregnant women and children. The programme will apply lessons learned from the Child Development Grant Programme.

BREASTFEEDING

Increasing breastfeeding to near-universal levels could save more than 800,000 lives every year. And nearly half of all diarrhoeal diseases and one-third of all respiratory infections in children in low- and middle-income countries could be prevented with increased rates of breastfeeding.

But the health and lives of millions of vulnerable children are at risk from the rapid growth of the market for baby milk formula.

Don't Push It

Our 2018 report, *Don't Push It*, highlighted the aggressive marketing activities of six global formula-milk companies – RB, Abbott, Kraft Heinz, FrieslandCampina, Danone and Nestlé. They are all failing to comply with international

regulations and are undermining breastfeeding. The report set out recommendations for urgently required changes with the potential to benefit millions of children and mothers worldwide.

We worked with the *Guardian* newspaper to investigate allegations of misconduct by formula-milk companies in the Philippines, spurring the Philippine government to launch its own investigation.

Nestlé welcomed our report and stated that it takes 'verified allegations seriously and will investigate all concerns.'

SOMALIA: UNLOCKING FINANCE FOR CHILDREN

Somalia is ranked as one of the world's worst places to be a child and only narrowly averted famine in 2017. Malnutrition rates in Somalia remain dire, with almost 1 million children under five projected to be acutely malnourished in 2019.

Somalia has been unable to access World Bank funding for decades, because of its historic debt. Since 2017, we have been lobbying the World Bank and the International Monetary Fund (IMF) to allow Somalia to access funding, to save children's lives.

In meetings with the World Bank and IMF, and through a concerted advocacy and media push, Save the Children helped give the issue the urgency it needed to finally deliver a critical breakthrough: in September 2018, the World Bank Board approved grants of US\$80 million for Somalia.

These grants are a crucial and innovative lifeline for Somalia's children and will put the country on a healthier footing in its future relations with the World Bank and other international financial institutions.

BREAKTHROUGH: LEARN

Goal: by 2030, all children will learn from a quality basic education

Education is every child's brightest hope of a better future. But while the number of out-of-school children of primary school age declined globally from 100 million to 61 million between 2000 and 2015, progress has stalled in recent years.

Enrolment figures only tell part of the story. Worldwide, around 250 million children of primary school age cannot read or write, 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.

We're determined to change the story by:

- improving learning for children during their early years
- making sure children in humanitarian crises – including refugee children – have the opportunity to learn.

In 2018 we supported UK parents to take a more active role in their children's early development, and helped them build a home environment fit for children to learn in. We put the cost of childcare high on the political agenda and shone a light on the importance of a skilled early education workforce – especially in the country's poorest areas.

We skilled up parents and caregivers in Cambodia, Thailand and the Philippines to better support their child's early learning and continued to lead a reading revolution in Rwanda.

We set up temporary learning spaces in conflict zones and delivered education to Syrian refugees in Jordan and Lebanon, Rohingya refugees in Bangladesh, and refugees from South Sudan in Uganda. And in September we led talks at the UN General Assembly on refugee education – part of our fight to make sure every child can get back in the classroom.

8 MILLION CHILDREN

reached through our movement's education programmes in 2018



MARTIN KHARUMWA/SAVE THE CHILDREN



Epaphrodite, age four, reads in Rwanda. His parents attended our First Read sessions, where they learned how they can support their son's education.

BOOSTING EARLY LEARNING IN THE UK



CLAUDIA JANKE/SAVE THE CHILDREN

Haaniya, age three, drawing at a Families Connect session in Chorlton.

Children from lower-income families in the UK are almost twice as likely not to reach the development goals that suggest they are ready for school as their wealthier peers. At just three years old, a child growing up in poverty can be nearly a year and a half behind their better-off classmates in their early language development.

But by helping to promote healthy, supportive homes with positive parent-child interaction – factors vital to a child’s early development – we can begin to bridge this gap. That is why, in 2018, we continued to invest in the home learning environment of the UK’s poorest families, empowering parents to support their children’s development.

BUILDING BLOCKS

A parent or carer is a child’s first teacher, but some lack the confidence and support to fulfil this vital role in their children’s early years.

In October 2018 we launched our Building Blocks programme to give parents the material resources and skills to stimulate positive, playful interactions with their children. The programme also supports the home-visiting workforce – such as health visitors and social workers – with the tools and expertise they need to boost home learning, expanding the programme’s influence far beyond its direct reach. Building Blocks aims to reach 4,200 children in 2019.

FAMILIES CONNECT: STRENGTHENING PARENTAL ENGAGEMENT

Despite positive social and behavioural outcomes, our Families and Schools Together (FAST) programme did not show improvements in children’s Key Stage 1 assessments as intended. We have learned from our experience with FAST and, using new research, have developed our Families Connect programme, designing it to have a more direct focus on child learning outcomes.

Families Connect helps upskill and engage parents in their child’s learning, provides a supportive space for families to spend quality time together, and allows parents to build relationships with their child’s school. Parents learn and practise fun activities and techniques to help support children’s early language, numeracy, and social and emotional development.

REGAN’S STORY

Regan, four, took part in Families Connect at his school in Belfast with his mum, Nadine.

“Regan has speech problems, so when we talked about books and things like that it really helped him along with his speech,” says Nadine. “Now he’s interacting with other things: counting, reading books or playing with other toys he’s hardly looked at before.”

In 2018 we supported 2,106 children and 2,121 adults through Families Connect in some of the most disadvantaged areas of the UK, and the programme is showing encouraging results, as the story of Nadine and Regan shows.

Early evaluations of Families Connect have found evidence of significant improvements in children's behaviour and their attitude towards school and learning, and parents' belief in their ability to support their children's learning and their reflections on the quality of their home learning environment.

In 2018, Families Connect was named by the Scottish Government as a trusted programme in its national action plan.

We're continuing to adapt and improve the programme, and are running a large-scale evaluation in partnership with the Nuffield Foundation and the National Foundation for Education Research. Findings of this evaluation are due in 2020.

BREAKTHROUGH SUMMIT

In November 2018, the UK government's Department for Education held its first Home Learning Environment Summit, where Save the Children's major partnership with Johnson & Johnson was presented as leading good practice.

CAMPAIGNING FOR HIGH-QUALITY, AFFORDABLE CHILDCARE IN THE UK

In 2018 we committed to putting childcare costs high on the political agenda, launching a campaign calling on the government to fix the problem of upfront childcare costs for parents on Universal Credit.

Our report – *Making Childcare Work* – presented new analysis showing that parents are having to pay up to £1,000 in upfront childcare costs and are then forced to wait a month or more before being reimbursed through

A BRIGHT START

Towards the end of 2018 we launched *A Bright Start*, our major new report on childcare and Universal Credit, published with the Centre for Social Justice. All of our key recommendations were adopted by MPs in the Select Committee inquiry – raising the pressure on the government to act.

Universal Credit. That means a single mother with a one year old, for example, would be left £780 overspent each month when starting a full-time job on minimum wage, once she has bought household essentials.

Louise, from Southport, who recently returned to work after maternity leave, told us, "You end up paying the most important things – rent and nursery. Then towards the end of the month there's nothing left for anything else. We literally had nothing during this time and all our direct debits bounced which caused extra charges to us from our bank."

We have called for parents on Universal Credit to get immediate help to pay upfront childcare costs.

SUPERSTAR MUMS STEAL THE SHOW

In October 2018, to build on the success of securing a major parliamentary inquiry into Universal Credit childcare support, four superstar mums – Lucy, Vikki, Gaynor and Thuto – fronted our childcare campaign and stole the show at the parliamentary Work and Pensions Select Committee.

They gave powerful evidence to MPs on how flaws in the design of Universal Credit left them with crippling upfront childcare costs, forcing them to borrow money, fall into debt or turn down job offers. We secured a meeting for the mums with the Secretary of State for Work and Pensions, handing in a petition we developed with Change.org and Thuto, which gained almost 100,000 signatures in just a week. The mums met their MPs and the Shadow Early Years Minister, and shared their experiences with the BBC, Sky News and Channel 5. Their evidence to MPs was covered in the *Daily Mail*, the *Sun* and the *Mirror* newspapers.

HIGHLIGHTING A CRITICAL SHORTAGE

We continued to push for better quality childcare across England, Northern Ireland, Scotland and Wales in 2018.

A skilled early years teacher can have a decisive impact on the early learning of the poorest children, but last year we published new analysis showing that nearly 11,000 nurseries in England are without them.

Our report – *It All Starts Here* – set out how to change this. It highlighted the importance of skilled early years teachers and called on the government to support nurseries to recruit these specialists in the poorest areas, where they are needed most.

IMPROVING GLOBAL EARLY YEARS LEARNING

Learning begins long before a child ever walks through the door of their first classroom. The most critical brain development occurs from conception to age three – and can have a profound effect on the course of a child’s whole life.

But millions of children in the most deprived countries are missing out on the quality early education they need to escape a life of poverty.

RWANDA: A READING REVOLUTION

Four-year old Epaphrodite’s reading is improving significantly, thanks to his mum Alphonsine. “I had never thought of reading to my child before, not even once,” she says. But she is now playing a bigger role in her son’s development after attending our First Read parenting sessions, part of our Advancing the Right to Read programme to ensure every child in Rwanda leaves school able to read.

Now she’s seeing the results. “He has many words to express himself,” she says. “He is smarter than the average child his age.”

In 2018, Advancing the Right to Read supported:

- 271,899 children with their reading
- 7,833 parents and caregivers with training in how to boost their child’s education
- 3,398 teachers with their professional development
- 86 book industry professionals with training and support in the production of new children’s titles.

In 2018 a final evaluation of the programme’s first phase found that Advancing the Right to Read had made a significant impact on child development in Rwanda over the past five years. It had:

- improved the communication, motor and problem-solving skills of children aged up to three.
- boosted the school readiness of scores of children aged four to six by 20% compared to the control group, especially in literacy and mathematics
- increased their social skills, emotional development, motivation levels and concentration

COMMON APPROACHES: APPLYING WHAT WORKS

When we find a way to improve children’s lives and have the expertise to deliver, we develop ‘Common Approaches’ for our movement around the world. Our Common Approaches each address a specific challenge – such as how to help children read and write – and are backed up by evidence of success.

In 2018, we developed two Common Approaches in education: Building Brains, which has been endorsed by the Save the Children movement, and Teacher Professional Development, which is scheduled for endorsement in 2019.

Building Brains

We are developing and expanding our Building Brains Common Approach across our education programmes worldwide, using evidence and learning from our work.

During group sessions, home visits and individual counselling, we build parents’ and caregivers’ confidence and give them the knowledge, skills and experience they need to help their children develop physically, mentally, socially, emotionally and cognitively in their early years.

By the end of 2018, Save the Children and our partners had implemented early learning programmes in 21 countries using the Building Brains approach, often deeply embedded into state education systems. Trials in Bangladesh and Rwanda have shown Building Brains is already having a significant positive impact on child development. We plan to implement similar programmes in an additional 18 countries by 2021.

Teacher Professional Development

The biggest influence on a child’s learning at school is her or his teacher. To give every child a high-quality education we must dramatically improve the support teachers get.

Save the Children UK has been the driving force behind Teacher Professional Development – an evolving Common Approach that offers an evidence-based way of improving the quality of teaching and learning by investing in teachers. The approach provides teachers with tailored professional development – including face-to-face training, self-study, peer learning activities and coaching. It will provide teachers with the skills they need to more effectively support student learning, while acknowledging their value as independent professionals.



Monyrath, age seven, took part in First Read before starting school in Cambodia. Her teacher says: “The children who experience home learning or pre-school are confident.”

HANNA ADCOCK/SAVE THE CHILDREN

- raised the number of seven- to nine-year-old students achieving reading benchmarks, such as letter recognition and phonetics, by 21%
- successfully encouraged children to read more at home
- made more children’s books available in schools and communities, including 549 new high-quality reading books in the local language.

FIRST READ IN CAMBODIA, THE PHILIPPINES AND THAILAND

In 2018 we also helped children succeed at school in Cambodia, the Philippines and Thailand by teaching parents how to better support their child’s early learning and aiding the publication of quality books for children in their own language, so it’s easier for them to learn.

An independent review found parents across every First Read country reacted positively to the impact of the programme on their children. A parent in the Philippines told us: “Before I joined the sessions, my child was so timid and did not talk much. We received books and she has learned a lot from them, and she’s very talkative now. We see in her face that she is happy.”

The success of First Read has seen elements of the programme adopted in Tanzania, China, Uganda and Ghana by Save the Children and other organisations.

SIERRA LEONE: REACHING CHILDREN LEFT BEHIND

Over the past two years, Save the Children has been providing education to 720 of the most marginalised students in rural Sierra Leone. Aged between 10 and 16, they’re deemed by many to be too old to be worth investing in.

The Accelerated Education Project team has built and renovated six education centres, trained teachers and provided a curriculum that has helped these children read, write and improve their maths, allowing them to access the education to which they’re entitled. The team has provided these young people with an education that would otherwise have been out of reach – and given them the hope of a brighter future.

EDUCATION IN EMERGENCIES

In the midst of crisis and conflict, education offers children a sense of normality and the hope of a better future. It is a safe environment – away from abuse, violence, child labour and early marriage – where emotional scars can heal.

But, right now, more than 75 million children in 35 crisis-affected countries are not getting the education they need.

Save the Children was at the forefront of providing education for these children in 2018, co-leading the global education cluster with UNICEF in countries such as Yemen, South Sudan and the Democratic Republic of Congo.

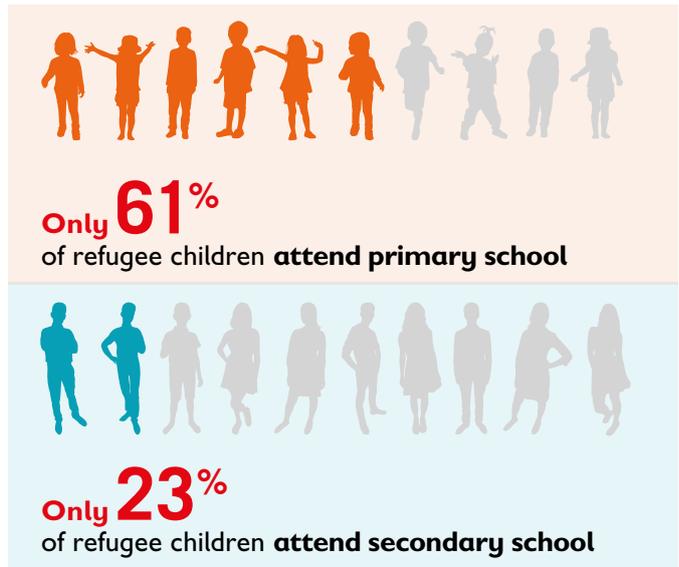
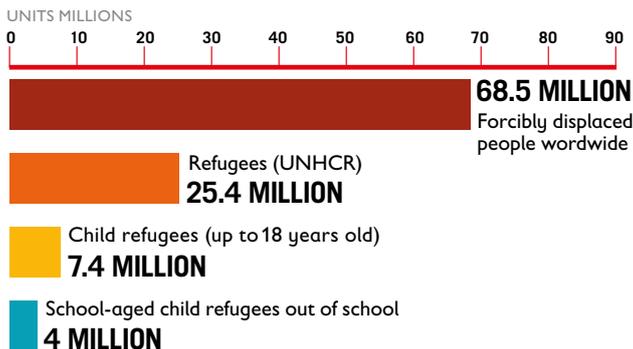
We rapidly established temporary learning spaces, trained teachers to help children cope with their traumatic experiences and made sure children could catch up on lost schooling through accelerated learning programmes with condensed curriculums.

In 2018, Save the Children UK's Education in Emergency programmes provided essential education support to more than 290,000 children across 19 countries.

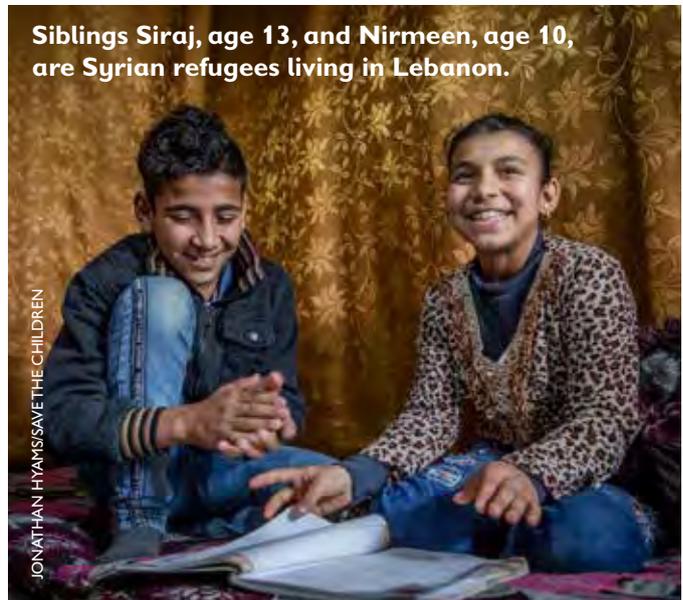
At the same time, our advocacy teams lobby tirelessly for every child's fundamental right to an education, whatever their situation.

AN EDUCATION CRISIS FOR REFUGEE CHILDREN

The world is witnessing the highest levels of displacement on record, with devastating consequences for children's education – more than half of the world's 7.4 million school-aged refugee children don't attend school. Those who do are often packed into overcrowded, under-resourced classrooms, where teachers are stretched to the limit. Refugees have a critical need for safe, good quality and inclusive education – a building block of recovery, resilience and long-term development.



In 2018 we worked to push education for refugees up the political agenda so that every child can go to school. Since the outbreak of extreme violence against Rohingya families in August 2017, Save the Children has constructed over 100 learning centres in refugee camps in Bangladesh, providing opportunities to more than 12,000 children. We ensured South Sudanese refugees in Uganda have access to the education they deserve and in Jordan we are working in partnership with global learning company Pearson on Every Child Learning – delivering high-quality education to Syrian refugees and host community children.



“Education is my only chance for a better life, I want to be a scientist.”

Daniel, age 12, from South Sudan, living in Bidi Bidi Refugee settlement, Uganda

EDUCATION CANNOT WAIT: NGO CONSORTIUM IN UGANDA

When militia attacked Daniel’s village in South Sudan, gunning down people around him and abducting his father, he ran to his school to grab his science book before fleeing. He then walked for two days, crossing the Ugandan border wearing a torn t-shirt and no shoes, still clinging to his book and a desire to learn.



Daniel is back at school, in Bidi Bidi, Uganda – one of the largest refugee settlements in the world, home to over a quarter of a million people. But the school’s few classrooms are chronically overcrowded and there is an average of just one teacher for every 107 pupils. The teachers are struggling with too many children and not enough resources.

Daniel is caught up in an education emergency in Uganda; the country now hosts more than 740,000 refugee children, most of whom have fled brutal violence in South Sudan and the Democratic Republic of Congo.

Education Cannot Wait (ECW) is the first global fund dedicated to transforming the delivery of education in emergencies. Save the Children played a key role in establishing ECW in 2016 and represents civil society on its High-Level Steering Group and Executive Committee. We also receive funds from ECW for our vital programme work.

We are leading an NGO consortium of 17 partners for ECW in Uganda for a \$10.6 million, 12-month programme

to help 100,000 refugee and host community children get a decent education. Launched in September 2018, it will be the first programme of a wider three-year government-led plan, which we strongly advocated for and helped design, aiming to reach 567,000 children.

The consortium is a radical shift from the typically disjointed humanitarian response, with the principle of partnership at its heart. It includes five national civil society organisations who would not usually have access to this level of institutional funding. By working in partnership with UN agencies and non-governmental agencies such as Save the Children, they will be able to have a far greater impact, and in turn we will gain from their knowledge and experience.

LEADING TALKS AT THE UN GENERAL ASSEMBLY

In September 2018, Save the Children co-hosted a High-Level Meeting on Action for Refugee Education at the UN General Assembly. The event brought together refugee-hosting states, donor governments, multilateral institutions, the private sector and civil society to agree how to accelerate and improve efforts to deliver the promises made by world leaders on education for refugee children.

New pledges worth a massive \$70 million were made for the Education Cannot Wait fund and 40 organisations endorsed our Charter for Action. This ground-breaking victory was the culmination of three years of campaigning by Save the Children to push education for refugees up the international agenda.

TIME TO ACT: A COSTED PLAN OF ACTION

On World Refugee Day 2018 we released the *Time to Act* report, setting out how the international community could deliver five years of quality education to every single one of the 7.4 million school-age refugee children in low- and middle-income countries. The cost? Less than what the world spends on the military every five days.

The report was well received by donor governments, refugee-hosting states, UN agencies and the sector, with many stakeholders agreeing with our assessments and seeking to take concrete steps towards meeting our recommendations.

BREAKTHROUGH: PROTECT

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

The war on children is the tragedy of our time. Children are more at risk from conflict than at any time in the past 20 years.

In 2018, we treated life-threatening injuries and helped children recover from their horrific experiences. We worked to prevent at-risk children from being forced into armed groups and reunited others with families they'd been separated from in the chaos. We gave them a safe space to just play and learn – something no child should be without.

Whenever and wherever children's safety was threatened – whether in Colombia, Myanmar, Gaza or South Sudan – we worked every single day to protect them.

But two crises stood out in 2018 for their scale and intensity: the brutal war in Yemen and the aftermath of the appalling atrocities inflicted on Rohingya children.

We stepped up our responses to both emergencies. We kept thousands of children safe and helped them rebuild their lives. And we campaigned alongside the UK public for long-term solutions to bring peace to Yemen and justice for Rohingya children.

2.9 MILLION CHILDREN

reached through our movement's protection programmes in 2018



NOUR WAHID/SAVE THE CHILDREN



Five-year-old Syrian boy Alaa looks out of the window of his tent in a refugee settlement in Lebanon. The tents are not properly equipped to keep people warm during the cold winter.

YEMEN: THE WAR ON CHILDREN



On 9 August 2018, seven-year-old Ismail was on a school bus travelling through Dahyan, Yemen, when it was hit by a bomb from a Saudi-led coalition aircraft. Around 50 people were killed – 40 of them children. Ismail was severely injured by flying shrapnel. “The war is a curse,” he said. “I wish it could stop now.”

In 2018, Yemen’s war did not stop, it got worse. Children like Ismail are now trapped in the world’s biggest humanitarian crisis – one in which 24 million people require humanitarian or protection assistance.

As the conflict cuts off food supplies, the country has been pushed to the brink of the worst famine in a century. Our research shows that around 85,000 children under five may already have died from extreme hunger between 2015 and 2018.

OUR IMPACT

In 2018, Save the Children in Yemen worked around the clock – often at extreme personal risk – to protect 82,992 children from harm.

When Ismail’s bus was hit, Save the Children responded to the accident and supported the hospital providing the medical treatment for these children with \$27,000. We provided intensive psychosocial support for the children and will follow up their medical treatments until they fully recover.

Safe spaces We gave children in Yemen the chance to play, learn and simply be children again at our child-friendly spaces. In these safe places we ran resilience-building sessions to help children recover from their traumatic

experiences. In the most troubling cases – where children are in severe psychological distress – we referred them to specialist mental health services.

Partners in protection We worked with government and child protection agencies to reach children who’ve been injured, abused, traumatised or separated from their families during the violence, helping them recover and stay safe.

The power of children We empowered children to participate in their own protection, training 4,703 young people in child rights, child protection, life skills and resilience – and on how to share that learning with other children. We ran sessions with children’s clubs, councils and parliaments to help them become more aware of the threats to children within their local communities. We worked closely with the Children’s Parliament that we helped to set up in Yemen to make sure its members could express their views on the issues affecting them, particularly on child protection.

Beyond protection, the Save the Children movement continues to ensure the survival and education of many children in Yemen. In 2018, we sustained the functionality of 175 health facilities and reached more than 1.4 million children across the country with potentially life-saving health, nutrition, water and sanitation interventions. Despite the education sector in the country being hard hit by the conflict, the team significantly expanded education programming in 2018, extending much-needed Education in Emergencies services and helping 18,424 children to learn. We also supported 123,637 children through our child poverty reduction activities.

“The war is a curse. I wish it could stop now.”

Ismail, age seven, Yemen

“Your report on the number of children dying from starvation in Yemen shook the world... into action.”

Jeremy Hunt, British Foreign Secretary



RAZAN: ROAD TO RECOVERY

Eight-year-old Razan was seriously injured when fleeing violence in Hodeidah in July 2018. An airstrike hit a vehicle nearby and flying shrapnel hit her eye. She spent five days at home in intense pain as her family had no money for the bus fare to the specialist eye hospital. Finally they found help and rushed her there immediately. Save the Children met Razan and referred her for emergency surgery and later, specialist treatment, paying for all medical expenses as well as transport. Her eyesight has been saved.

Save the Children is also helping Razan and her family stay in Sana'a, where she still needs regular medical check-ups. The team in Yemen has also provided her with psychosocial support to help her deal with her trauma.

SPEAKING OUT FOR YEMEN'S CHILDREN

In 2018, Save the Children spoke out publicly and at the highest levels of political power to end the shameful war on Yemen's children.

A number that shook the world

Using data compiled by the UN, we calculated that approximately 85,000 children may already have died of malnutrition in Yemen since the start of the conflict. When we published the figures in November, they were covered by 1,600 media outlets in 98 countries – sparking serious discussion among political leaders.

Averting a catastrophic attack

When a proposed attack by the Saudi-led coalition on the port city of Hodeidah – a critical conduit for food aid – caused an international outcry, we came together with other NGOs in June 2018 to unequivocally condemn it. Our warnings registered with policy makers, helping to avert a full-scale assault on the city and a potential catastrophe for Yemenis.

Don't Bomb Children

In March 2018, during an official visit to London by the Crown Prince of Saudi Arabia, we unveiled a life-size statue outside Parliament representing a child being bombed, as a reminder to the government of the millions of children whose lives have been torn apart by the war in Yemen. The statue was installed at other iconic London landmarks and outside the United Arab Emirates embassy in June, where Save the Children supporters called on the ambassador to stop the violence.

Not a target

In response to the attack on school children in Yemen in August, Save the Children drove a bus around central London, visiting Parliament and the Saudi Arabian embassy to state that children should never be targets. We worked with school children and Yemeni diaspora groups to deliver our message to Parliament.

The Power of Your Pen

As 'pen holder' on Yemen at the UN in 2018, the UK government was in a uniquely powerful position: it could draft a Security Council resolution and lead the way in forging a peaceful political solution to the conflict. In November we launched a campaign calling on the government to use this power to end the violence, get aid to children and bring the perpetrators of war crimes to account.

Across the UK, school children and volunteers took the 'Power of Your Pen' campaign out into their communities, collecting 5,000 signatures for our petition by the end of 2018 – and reaching over 55,000 by the hand-in in March 2019.

First steps to peace

Since our campaign, the UK Government has taken some important steps. The Foreign Secretary's meetings with Saudi officials helped secure an agreement to fly injured Houthi rebels to Oman for medical treatment – helping to meet pre-conditions for peace talks. In late 2018 the government again played a pivotal role as the warring parties struck a deal in Stockholm agreeing to a ceasefire in Hodeidah – the first glimmer of hope that an end to the war could be possible.

Despite the partial ceasefire, Yemen's war continues to take a horrific toll on children. Only a comprehensive peace agreement can give Yemeni children the protection they deserve.

ROHINGYA CHILDREN: PROTECTING THE MOST MARGINALISED

In August 2017, violence targeting Rohingya people – a stateless Muslim minority – erupted in Myanmar’s Rakhine State. More than 730,000 Rohingya have been driven into Bangladesh. Over half of them are children. Many of these children have been through horrors they will never forget – rape, the murder or maiming of their families, the torching of their villages.

Most of those who made it to refugee camps are now at risk of exploitation and abuse. In Kutupalong – the world’s largest refugee camp – we found around 6,000 Rohingya children separated from their families, and our assessments estimate that half have been orphaned by violence. Meanwhile the perpetrators of the barbaric crimes against them – chillingly described as ‘clearance operations’ by the Myanmar military – have so far escaped justice.

DEMANDING JUSTICE

The crimes suffered by Rohingya refugee children are a scar on the conscience of the world. We launched our Remember Rohingya campaign in June to demand justice for these children and hold their attackers to account.

With children at the heart of the campaign, it called on the UK government – currently the UN ‘pen holder’ for Myanmar – to use its influence at the UN Security Council to refer the perpetrators of the atrocities to the International Criminal Court.

Our campaign also asked Rohingya refugee children to create messages of their hopes for the future. But what came back were drawings of the horrific crimes committed against them. We enlarged these images and turned them into a powerful 3D installation outside Parliament. The images were also featured in national UK newspapers, including the *Guardian* and the *Independent*.

The public response was remarkable. In one of our fastest-growing campaigns ever, 45,000 people signed our online petition. More than a thousand people went further – putting direct pressure on their MPs through letters, emails and face-to-face meetings.

We helped people learn about atrocities through an online geography quiz. It helped us reach a new audience and collect more than 20,000 signatures. We worked alongside the British Rohingya Community – a leading Rohingya campaigning organisation – helping support their advocacy for those who deserve justice in Myanmar and Bangladesh. Together we campaigned outside Parliament and met with the UK Foreign Secretary.

Our amazing campaigners helped persuade the UK government to:

- encourage the UN Security Council to refer the perpetrators of atrocities against the Rohingya to the International Criminal Court
- secure the establishment of a new independent mechanism by the Human Rights Council as part of a drive from the EU, which will collect evidence of crimes in Myanmar since 2011. The process will be ongoing and the evidence found can be used in future court proceedings – increasing the chances of the perpetrators being held to account
- make a public statement that the Myanmar military must face justice.

In March 2019, our Remember Rohingya campaign won the Advocacy Campaign Award at the Bond International Development Awards 2019, for raising public awareness and putting children’s voices at the heart of our work.

We will continue the fight to give Rohingya children a future free from persecution and show the world that violence against children will not be tolerated.



Nur, age 11, at our child-friendly space in a Rohingya refugee camp in Bangladesh. Nur, who has been deaf since birth, was separated from his parents after their village was attacked in Myanmar. He's now living with extended family.



JONATHAN HAMMS/SAVE THE CHILDREN

PROTECTING THE MOST VULNERABLE CHILDREN

Ramad has seen things no child should. “They were slaughtering people in front of us,” says his mother Shahina. “Then they used a rocket launcher to burn our whole village down. Ramad saw everything. He stopped talking and wouldn’t eat.”

The horrific explosion of violence in Myanmar left thousands of young children like Ramad deeply distressed. Others were separated from their families in the chaos – putting them at increased risk of exploitation, abuse and trafficking. In 2018, the Save the Children movement stepped up its work to help children like Ramad get the care they need.

Safe spaces We set up 75 child-friendly spaces and 10 girl friendly spaces for Rohingya children in Cox’s Bazar, reaching more than 48,000 refugee children since August 2017.

Psychological support We are one of the few organisations providing holistic case-management and specialised care to Rohingya children who have survived sexual violence.

Family tracing We identified separated children and worked to trace their families, helping 54 unaccompanied girls and boys reunite with their parents and a further 10 girls with their relatives by the end of 2018. We also helped place 501 unaccompanied children into foster care by the end of the year.

Protection by committee We supported Rohingya refugees to set up 31 community-based child protection committees with 394 members by the end of 2018. Refugees are trained to spot children at risk and refer them to child protection services. The committee groups raise awareness among Rohingya parents and children of the dangers of child marriage, trafficking and family separation. With men typically far more prominent in community leadership positions, we established a child-protection group run by mothers.

Since August 2017, the Save the Children movement has reached more than 389,000 Rohingya refugee children. We will continue to protect Rohingya children and won’t leave their side until we know they’ll be safe.

“They used a rocket launcher to burn our whole village down. Ramad saw everything.”

Shahina, mother of six-year old Ramad, Cox’s Bazar district, Bangladesh

PROTECTING CHILDREN WORLDWIDE

SAFER CHILDHOODS IN COLOMBIA

Every child deserves a safe space to play. Being in a safe environment makes it easier for children to share their feelings and ideas, helping them better understand how to protect themselves.

In Tumaco, one of Colombia's most violent regions, our Safer Childhoods for Brighter Futures project – in partnership with the Latin American Children's Trust – helps children affected by the country's decades-long conflict express their thoughts and feelings at our child-friendly spaces. We run sensitive protection workshops so children can better understand the threats they face – such as recruitment into armed gangs or sexual abuse.

The project reached 233 children over the course of a year, helping them measurably improve their self-protection skills.

PROTECTING CHILDREN ON THE MOVE

The world is witnessing the highest levels of displacement on record. An unprecedented 68.5 million people have been forced from their homes. Among them are nearly 25.4 million refugees, over half of whom are children, many of whom will live their entire lives on the move.

More than 100 countries are known to detain such children as part of their immigration controls, putting many of them at serious risk of violence, discrimination, abuse and exploitation.

In 2018, the Global Compact for Refugees and the Global Compact on Safe, Orderly and Regular Migration were developed. These critical documents frame how governments will cooperate and work with organisations and individuals to better manage migration and protect migrants and refugees.

Save the Children had a pivotal role in ensuring the interests of children were comprehensively represented in these documents. We established and led a coalition of 29 agencies

– the Initiative for Child Rights in the Global Compacts – speaking with one voice and recommending:

- improved protection and appropriate care for migrant and refugee children, including an end to the detention of child migrants
- access to services, including quality education, for migrant and refugee children
- long-term solutions that have the best interests of children at heart, including any decisions regarding their possible return, resettlement and integration
- an end to discrimination.

These two documents allow us to hold governments to account for how they treat vulnerable children on the move.

MAKING CHILDREN'S VOICES HEARD

In 2018 we gave children a platform to speak out about violence. We brought together children from Mexico, Indonesia and Tanzania to attend a major child protection conference in Stockholm in February. The summit was hosted by the Swedish Government in cooperation with the WePROTECT Global Alliance, and convened leaders from government, the UN, civil society and the private sector to find solutions to end violence against children by 2030.

A statement issued by a Solutions Summit spokesperson said: "We have listened to the voices of the children as equal members of our society. We have been moved by their power, vision and demands of us, the adult world, to act and do more."

“The world needs to change. The change needs me. It needs you, needs all of us. We have to stand together, and we can end violence.”

Child delegate Raphael Denis from Tanzania in a speech closing the Solutions Summit in Stockholm

“Engage us, invest in us, count us... it’s the right thing to do... it’s the smart thing to do.”

Cheryl Perera, young advocate presenting at the Marrakech Conference adopting the Global Compact for Migration



LUCIA ZOROSAVE THE CHILDREN

Nadia, age seven, from Syria, at a Save the Children preschool in Zaatari refugee camp, Jordan.

STEPS TO PROTECT

Violence and abuse have a devastating impact on children. Helping them recover demands a comprehensive and systematic approach, catering for the needs of each individual child.

In 2018, Save the Children UK led the development of an evidence-based case management process, Steps to Protect. It’s now a key element of many of our programmes, including our family tracing and reunification work. Children receive protection services and support tailored to their individual needs. Their progress is continually reviewed, and their case closed only when the problems have been resolved.

ENDING THE INSTITUTIONALISATION OF CHILDREN

Millions of children around the world are growing up in institutions. Cut off from a caring family, the consequences for their physical, emotional and psychological development can be devastating.

In 2017, following years of campaigning by Save the Children, the Indonesian government created regulations for a successful foster care system, moving away from the country’s culture of mass child institutionalisation. We worked in partnership with the Indonesian Ministry of Social Affairs to strengthen the foster care system in the country and identify key areas of change for child care reform, providing them with examples from Jordan, Canada, the US and the UK. Following the devastating earthquake and tsunamis that hit Indonesia in late 2018 (see page 15), we worked with the government to issue immediate local guidance to prevent trafficking and start family tracing.

In 2018, we joined forces with other UK agencies to secure a commitment from DFID to help end the institutionalisation of children around the world, especially those with disabilities, who are at the greatest risk of abuse.

PROGRESS AGAINST 2018 STRATEGIC PRIORITIES

To deliver our breakthroughs for children by 2030, Save the Children UK identified five focus areas for 2018.

Learning from our progress and the challenges we faced in 2018 helped us shape our new 2019-21 strategy (see

page 12). It restructures our priorities to deliver a greater impact for children in the constantly evolving environment in which we operate. This table highlights the progress we made against these priorities, as well as where progress was slower than planned, and why.

ORGANISATIONAL PRIORITY	HIGHLIGHTS FROM 2018	REVIEW OF PERFORMANCE
<p>1. AN AGENT OF CHANGE EVERYWHERE WE WORK</p> <p>We aim to increase the impact and quality of our work at country level by getting behind ambitious, achievable, innovative and coherent country strategic plans, which ensure country offices (including in the UK) can be real agents of change, while informing and influencing the wider policy agendas that affect children.</p>	<p>Save the Children UK worked closely with Save the Children International (SCI) teams to help them to develop quality country strategic plans (CSPs) to guide our work together over the next three years. We focused on Niger, Bangladesh, Indonesia, Malawi, Ethiopia, India, Nigeria, the DRC, and Somalia. These CSPs cover our 'theory of change' – the powerful combination of programming, policy and advocacy work – to achieve the greatest impact for children in each country. We have committed to using these CSPs as the basis for our programmes in future.</p> <p>Technical Expertise Transformation Project: We provided leadership to the cross-movement Technical Expertise Transformation Project, which looked at how to make the best use of all the experts that sit across the movement (in members and SCI). It concluded that we should rebalance resources in favour of country offices. To complement this process, we will set up global networks of experts on each of our breakthrough objectives, who can provide additional support on demand.</p> <p>Equality issues: Save the Children UK's gender experts helped to develop an improved gender policy to inform our work and work across the movement. We committed to do more to support children with disabilities at the DFID-led Global Disability Summit and showcased the work we've done to help children suffering from blast injuries.</p>	<p>Progress made: We have put in place the foundations to achieve a step change in the quality and impact of Save the Children's work in the future. This has significant implications for Save the Children UK, including reducing the number of staff who work on international programmes from the UK to support a scale up in priority countries. Where relevant, we will continue to hold expertise to support the movement and to work with the movement on global issues. We will work through this in detail in 2019, in close coordination with SCI and other members.</p> <p>Work still to do: Through our new 2019-21 strategy we have increased our commitments to gender equality, disability inclusion, and diversity and inclusion more generally, reflecting a higher level of ambition. We will strengthen our approach to gender in humanitarian contexts as a key priority for 2019.</p>
<p>2. A MOVEMENT OF MILLIONS</p> <p>We aim to become a powerful brand, which inspires millions of people to give and act in solidarity with children around the world, including in the UK.</p>	<p>Supporters: We created a new team to drive supporter experience excellence across the organisation through key strategic projects and campaigns.</p> <p>Flexible funding: We successfully continued our drive to raise more flexible funding, receiving nearly £3m from our partnership with the People's Postcode Lottery, expanding our community fundraising team, and having our best-ever year for legacy income.</p> <p>Children's campaigning: We saw growth in our children's campaigning work, with more than 100 schools across the UK getting involved in our Words Not Weapons campaigns, and young people at the heart of our campaigning on Yemen and Rohingya refugees.</p>	<p>Progress made: We raised our second highest level of unrestricted income ever. And the campaign actions of almost 64,000 supporters helped deliver political action on Yemen, the Rohingya crisis and poverty in the UK. Record numbers took part in Christmas Jumper Day 2018. We developed a quarterly communications programme to supporters. Supporter engagement has been high and feedback positive – in time it will become clear if this translates into increased funding.</p> <p>Work still to do: We need to devolve digital marketing from a central digital team to other individual teams to make it easier to launch public-facing campaigns. We need to sharpen our marketing priorities and build active and sustained relationships with our supporters.</p>

3. A RESPECTED SOURCE (AND USER) OF EVIDENCE

We aim to set the agendas, inspire the innovations and galvanise the partnerships that can transform the world for marginalised children.

Common Approaches: Save the Children is committed to adopting best practice across all our programme work. Common Approaches are evidence-based approaches to key aspects of the survive, learn and be protected agenda and can be adapted to different contexts and replicated in different countries.

Children’s engagement: We piloted innovative, user-centred ways to engage children in sanitation design in Bangladesh and Iraq. We supported participatory consultations with conflict-affected children in Nigeria, the DRC and Myanmar. And we promoted participatory research with refugee children in Uganda to understand the barriers to school integration. We also conducted research with the University of Sussex into improving child safeguarding and preventing sexual exploitation and abuse in humanitarian emergencies.

Evidence and learning: We set up a research, evidence and learning group and launched a new research and evaluation policy and procedure to ensure that ethical issues are addressed properly.

Progress made: Save the Children now has 16 Common Approaches (six of which were launched in 2018) and Save the Children UK has been involved in their design and uptake.

Work still to do: Save the Children UK’s new Evidence and Learning Director (who started in January 2019) is putting in place a clear strategic framework and drawing all staff working in this area into a community of practice.

4. THE HUMANITARIAN ORGANISATION FOR CHILDREN

We aim to be there whenever and wherever children need us in emergencies, ensuring that we harness our resources to protect children from, and respond to, sexual and gender-based violence.

Protecting children in conflict: Save the Children gave 12 country offices in conflict-affected states priority grants and technical support, helping them integrate measures to protect children in conflict into their new country strategic plans and give staff the support they need to implement those measures on the ground. We will build on this support during 2019, as part of our centenary plans.

Humanitarian cash strategy: In many cases, it is better for children and their families to receive cash during a crisis so they can purchase goods locally, instead of us handing out those goods. We developed a strategy in 2018 that could, with the necessary investment, make us a global leader in this area. We provided training to 40 humanitarian response staff in the Middle East and Africa in cash transfers.

Responses to emergencies: We continued to support emergency responses in East Africa, Nigeria, Yemen and South Sudan. Over £1m of our Children’s Emergency Fund was invested in the East and Southern Africa region.

Progress made: We continued to increase our efforts to support children living through the world’s worst humanitarian crises, especially in Yemen – both on the frontline and by using our global voice to call for action. The Emergency Health Unit reached more than 1.3 million people in 2018. We’re looking to increasingly make the switch to cash programming, which we know is often the most effective form of aid, but it will depend on securing the necessary investment. Our focus during 2018 has been on co-leading an ambitious initiative to ensure NGOs collaborate to harness their collective strength in this area.

Work still to do: Further investment in country offices and advocacy will help us to be more ambitious. The development of a global surge platform of humanitarian staff with the capacity to rapidly deploy will increase the movement’s ability to respond quickly to the needs of children. Save the Children UK humanitarian surge staff are joining this platform.

5. AN OUTSTANDING ORGANISATION

We aim to become an employer of choice, attracting and retaining staff who combine commitment with exceptional talent.

The People Deal: The People Deal, co-created with staff and launched in 2017, set out a shared understanding of workplace culture. Despite 2018 being a challenging year, we were pleased to see that staff felt we had improved our performance against all 18 measures set out in the People Deal and that there was a significant increase in confidence and trust in Save the Children UK’s leadership.

The Stronger programme: Stronger was launched in October 2018 to develop practical solutions in response to the recommendations of the Independent Review of Workplace Culture that we commissioned.

Progress made: On our top priority – delivering our People Deal – we were pleased with the substantially improved staff survey results but concerned by what the Independent Review of Workplace Culture told us about the sustained improvements still needed in our workplace culture. Budget planning, both at Save the Children UK and across the movement, has continued to improve. We delivered most of our planned technology investment programme.

Work still to do: The launch of the Stronger programme was a big step forward but the focus on this led to delays to organisational restructuring and a new pay and grading system, which we will carry forward as a priority in 2019.

A STRONGER WORKPLACE CULTURE

PEOPLE DEAL SURVEY

The People Deal is fundamental to Save the Children UK's aim of becoming an outstanding organisation. It is a set of 18 statements that collectively define the kind of organisation we want Save the Children UK to be. Each year we ask our staff to tell us how we're doing against each of those statements and to highlight areas they feel we should be prioritising in order to build a better organisation.

The People Deal allows us to measure progress year on year in building the internal culture we aspire towards and highlight any shifts in what feels important to all the people who work at Save the Children UK.

Three-quarters of our people responded to the People Deal survey in 2018, and every statement had a higher score than in the previous year. Many more people feel they are being given responsibility and freedom to do their jobs, and that the organisation's leaders are living our values and focusing on our vision and mission. The survey particularly highlighted the need for us to work better across teams and the Save the Children movement.

DR SUZANNE SHALE'S INDEPENDENT REVIEW OF WORKPLACE CULTURE

In early 2018 we commissioned Dr Suzanne Shale, an international expert in organisational ethics, to conduct a fully independent review of our current workplace culture and the action taken since 2015 to improve it, so that we can learn and progress further in the future. More than 1,000 colleagues, including former Save the Children UK employees, chose to participate in the review. Dr Shale's five recommendations on how we should improve and build on what we already do well were:

1. Work collaboratively with staff to develop, publish internally, implement and evaluate a comprehensive integrated strategy in response to the report.
2. The overarching strategy developed in response to Recommendation 1 must include a comprehensive plan to reduce the level of workplace incivility and ensure employees receive the practical and emotional support they need to do their work.
3. Achieve a more ethnically and socially diverse workforce and Board of Trustees, and ensure that the charity's management practices and workplace culture support people from diverse backgrounds to make the fullest contribution they can to its work.
4. Review arrangements for whistleblowing to ensure that policy and practices support the raising of concerns.
5. Ensure the HR department is adequately supported and resourced, operationally effective, responsive to business need and a trusted advisor to employees raising concerns about conduct.

The final report is available to the public on our website.



HOW WE ARE BUILDING A STRONGER WORKPLACE CULTURE MOVING FORWARD

Developing a stronger culture is one of the three transformational shifts set out in our 2019-21 strategy (see page 12). In order to achieve it, we set up an organisation-wide and staff-owned change programme called Stronger. It is based on the principle that 'a stronger culture for us is a stronger organisation for children'. It aims to achieve the following outcomes:

- Everyone feels safe and no one experiences harassment or discrimination.
- We have a thriving and diverse workforce at every level of the organisation.
- Everyone feels included and has access to opportunities at work.

- We have effective processes and simplified structures that will enable our stronger culture.
- Our people want to stay at Save the Children UK and other great people want to join us.

Our people will continue to lead and contribute to the Stronger programme, including participating in frank and robust conversations about what needs to change, making commitments to one another, and drawing on internal and external expertise to make sure we're bringing in fresh perspectives and best practice. Through Stronger, we hope our people will experience the kind of place they want Save the Children to be.

OUR SUPPORTERS IN 2018

We wholeheartedly thank all those who supported Save the Children 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 not be possible. Thank you all.

INSTITUTIONAL DONORS

Our partnerships with national and multilateral government institutions, trusts and foundations are fundamental to our work. In 2018 our income from our institutional partnerships was £194 million.

The UK Department for International Development (DFID) continues to be a key strategic partner. In 2018, DFID supported our work in some of the world's most challenging places, including northern Nigeria, Somalia and Yemen. We also collaborated on a range of issues, such as improving the sector's response to safeguarding. In April 2018 we withdrew from bids for new funding from DFID while we await the outcome of the Charity Commission inquiry (see page 5).

We would like to thank the United Nations for its continued financial support for our work and its support in advocating on the key issues that affect children's lives. Save the Children was the UN Office for the Coordination of Humanitarian Affairs (OCHA's) largest NGO funded partner again in 2018. We collaborated closely with UNICEF on our centenary commitment to end preventable child deaths from pneumonia by strengthening primary healthcare services in nine key countries and jointly lobbying governments, the private sector and civil society.

In 2018, we worked with the European Union (EU) to reach internally displaced people and host populations facing food shortages and helped build their resilience. In the Democratic Republic of Congo the EU supported our work to rehabilitate clinics, improve maternal and newborn healthcare, and provide education for children in the conflict-hit South Kivu region.

PRIVATE SECTOR PARTNERSHIPS

We strengthened and expanded our life-changing partnerships with some of the world's foremost corporate businesses.

- Our award-winning partnership with GlaxoSmithKline saw us continue to develop and deliver life-changing programmes together, including supporting and training health workers in 16 countries, as well as developing new programmes in Kenya and Yemen.
- We worked with education specialists Pearson to improve the education of Syrian refugees and host community children in Jordan – providing them with an innovative maths app called Space Hero, training teachers, giving them after-school learning opportunities and offering psychosocial support.
- We teamed up with the Arsenal Foundation to launch the Coaching for Life programme. Together we provided Indonesian and Syrian children affected by violence and conflict with football training and psychological first aid, to improve their physical, mental and emotional well-being (see page 17).
- We joined forces with Unilever, Symrise and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to support vanilla farmers and their families in Madagascar and promote child safeguarding and child rights among their farming communities.
- We are designing an integrated multisectoral approach to early childhood care and development in the Philippines and Cambodia with the Prudence Foundation.

PHILANTHROPISTS

Philanthropists played a vital part in our work in 2018. We'd like to give special mention to Alwaleed Philanthropies for its continued commitment to our humanitarian work, Graham and Susan Tobbell for supporting our work in Sierra Leone, the foundations involved in the Hands Up for Syria Gala Dinner, and the People's Postcode Lottery.

We congratulate Michael Edwards OBE for his contribution to Save the Children's work, for which he received an Order of the British Empire in 2019.

We are extremely grateful to our Vice Presidents for their personal support and fundraising: Nigel Boardman, 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, John and Susan Reizenstein, and Peter Mallinson.

AID MATTERS

We cannot help children survive, learn or be protected without the support and generosity of our donors, including – critically – our government. In 2018 we continued to work with our colleagues across the sector to make the case for overseas aid from the UK.

- We hosted a high-profile Conservative Party Conference event, at which the Secretary of State for International Development gave the keynote address.
- We worked in partnership with Conservative Friends of International Development to produce an essay series from 12 leading parliamentarians making the case for UK aid.
- Ahead of the Labour Party Conference, we ran a blog series with the Labour international development frontbench, asking them to articulate their vision for children.
- We have been working closely with sector colleagues to pioneer a new, locally led approach to community engagement, building grassroots support for aid and development in towns across the country.

This concerted political and public engagement has helped to make sure the UK has remained a global leader on aid and development, at a time when many voices are calling for a retreat.

VOLUNTEERS

Save the Children is incredibly fortunate to have the help of experienced and skilled volunteers. They help run our shops, speak and campaign on our behalf, fundraise within their local communities and directly support children through our programmes in the UK, making a huge difference every day.

On top of the substantial financial contribution our volunteers have made – our dedicated community branch volunteers alone have contributed over £1 million in unrestricted funds – the time value contributed collectively by our volunteers, whether they be fundraisers, shop volunteers, campaign champions or speakers, has been outstanding.

OUTSTANDING PUBLIC

We couldn't be more grateful to the UK public for their support. Whether they gave to an emergency appeal, raised money (and smiles) through Christmas Jumper Day or donated by direct debit, their support enabled us to save children's lives and provide them with a brighter future.

Almost 60,000 of our supporters have joined us to campaign for change in 2018. Their voices have been heard by decision makers from Westminster to the United Nations. Our network of 170 Campaign Champions have been active in their communities up and down the country, lobbying MPs on our behalf and generating more support for our work.

In 2018, we worked with some inspiring young advocates for change, including 10-year-old Frasier Cox, whose story about child refugees was published by Book People; 11-year-old Yusef, who has raised more than £2,000 for Save the Children and dedicated every birthday since he turned eight to helping children through our work; and schoolchildren from across the UK who supported our campaigns on Yemen (see page 7), joining us in London as we handed over 60,000 signatures to the Foreign Office calling for an end to UK arms sales to Saudi Arabia.

LEGACIES

Save the Children is extremely grateful to have been remembered with gifts in the wills of 932 generous supporters in 2018. Each one is extraordinary and valued – from the £1.3 million from a retired music teacher from Hunstanton, to the prized china, crystal and jewellery of another former teacher from Paignton. Our legacies income was worth a record £22 million in 2018.

OUR SHOPS

We have 127 charity shops across the UK, including those set up with the help of retail expert Mary Portas. We rely on the goodwill, generosity, hard work and retail expertise of more than 3,000 volunteers who run our shops, with the support of our staff across the UK. Our shops wouldn't be a success without our committed volunteers, customers and donors, and we're extremely proud of this community heritage.

AMBASSADORS AND HIGH-PROFILE SUPPORTERS

In 2018 we received incredible support from our ambassadors and high-profile supporters. Whether they supported our disaster and emergency work or attended one of our events to raise critical funds, we thank them for their continued commitment to children.

Just a few highlights this year included Natasha Kaplinsky and Joely Richardson joining a press call to hand in our Yemen petition at Westminster; taking the fashion world by storm when Adwoa Aboah and Felix Cooper co-chaired Big Up Uganda, raising more than £345,000; and Tom Fletcher partnering with us to create an exclusive soft toy for our Christmas Jumper Day campaign.

FINANCIAL PERFORMANCE

We are committed to ensuring our income is used efficiently, effectively and responsibly by making every pound count.

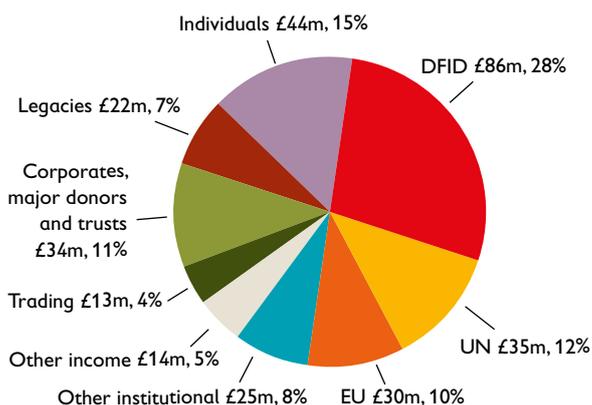
INCOME

In 2018 we raised £303 million, helping us change the lives of millions of children around the world. We are extremely grateful to our thousands of individual donors, our corporate partners and our large institutional donors such as DFID, the UN and the EU for their continued support and generosity.

Our total income of £303 million is made up of £211 million of restricted income and £92 million of unrestricted income.

- Restricted income is money raised for specific projects agreed with the donor and includes funds raised for emergencies. The level of this income can vary depending on our success in winning contracts or grants from large institutional donors.
- Unrestricted income is used by Save the Children for its general purposes to fulfil its charitable objectives. Some of this unrestricted income is used to meet essential running and programme supervision costs, including our contribution to the global network of offices managed by Save the Children International. Unrestricted income also helps us to invest in:
 - o reaching the most deprived and marginalised children, even when no restricted donor funds are available. This is particularly important in a humanitarian crisis, when we need to act quickly
 - o piloting innovative programmes – because, in a changing world, we need to evolve our approach so that we leave no child behind
 - o mobilising the public to campaign for children's rights and ensuring everyone recognises the rights of every child to survive, learn and be protected.

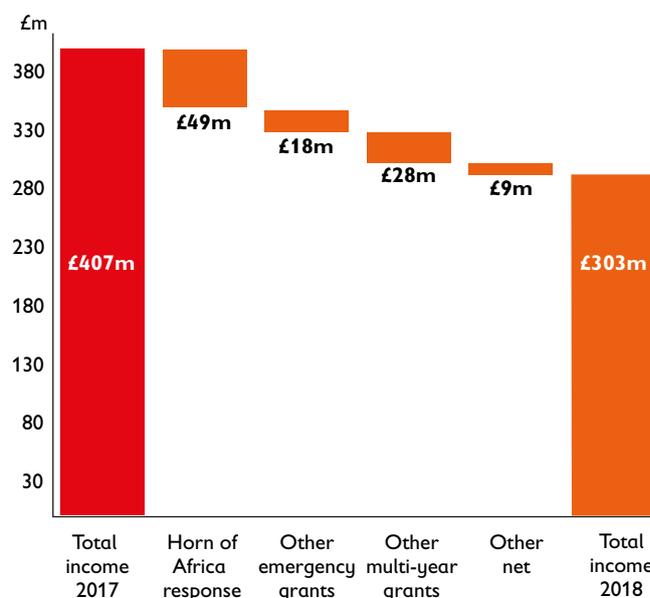
Total income £303 million



	2018 £m	2017 £m	Decrease £m
Restricted funds	211	314	-103
Unrestricted funds	92	93	-1
Total income	303	407	-104

As the table above shows, our 2018 income was £104 million lower than in 2017. This fall was primarily the result of a drop in restricted income, which was down £103 million. Our unrestricted income – which includes the majority of funds raised from the general public – remained strong, almost matching the exceptional levels achieved in 2017.

Total income 2018 vs 2017



Restricted income – £211 million (down £103 million on 2017)

- Horn of Africa response: In 2017 we responded to the crisis that saw millions of children caught up in the devastating drought and food crisis that swept the Horn of Africa. Working with our supporters, we raised more than £53 million and through the Save the Children movement reached 2.9 million children. In 2018 our work in the Horn of Africa continued but at a significantly reduced level, as we shifted focus to longer-term recovery.
- Other emergency grants: We also responded to a wave of other emergencies in 2017 that thankfully has not been repeated in 2018 – such as the drought in Mozambique and the food crisis in Malawi.

- Other multi-year grants: There was also a reduction in income for longer-term development projects. We completed some of our largest projects in 2017 including community-based newborn care and livelihood programmes in Ethiopia as well as our 'keeping girls in school' programme in Malawi. We did not win enough new income to compensate for this. We estimate that our temporary withdrawal from bidding for new DFID contracts (see page 5) reduced 2018 income by £16m.

Unrestricted income – £92 million (down £1 million on 2017)

- Unrestricted donations and legacy income comprise all financial contributions made on a voluntary basis. This includes individual giving, community fundraising, legacies, gifts in kind and some income from institutions, governments, corporates, emergency appeals, trusts and philanthropists. In 2018 we raised £76 million from these donors, which was £2 million less than in 2017 but still a strong return.
- Our trading activities raised £13 million, of which £10 million is from retail and the rest from the People's Postcode Lottery. The strong performance of Mary's Living & Giving shops has kept retail income high, offsetting declining income from the closure of some community retail shops, which were performing less well.

EXPENDITURE

Our total expenditure in 2018 was £315 million (2017: £408 million). The Statement of Recommended Practice (FRS 102) as issued by the Charity Commission requires us to split our expenditure between charitable activities and raising funds, and to include within both types of spend the costs of activities undertaken directly as well as an apportionment of the associated support costs. In 2018 we spent £276 million (2017: £371 million) on charitable activities, (88% of total spend) and £39 million (2017: £37 million) on raising funds and other (12% of total spend). In addition to providing a breakdown of spend between charitable activity and raising funds and other costs, the pie chart on the following page provides a more detailed breakdown of spend by organisational function.

Fundraising

In 2018 we reduced our overall investment in fundraising, but increased investment in activities that were more profitable or will lead to greater income in the future – such as legacies, regional corporates, events and philanthropy – and cut investment in poorly performing areas.

Charitable activities

Our total global programme expenditure in 2018 was £222 million. Our top 10 countries in terms of expenditure are shown in the following table. What this spending helped us achieve is set out in this report.

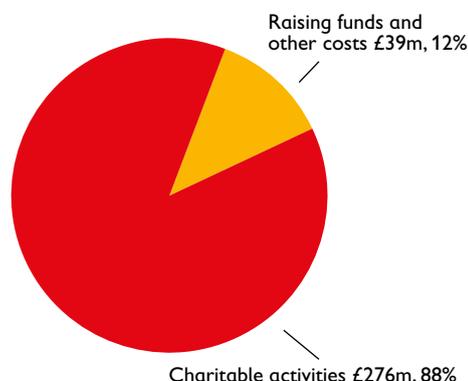
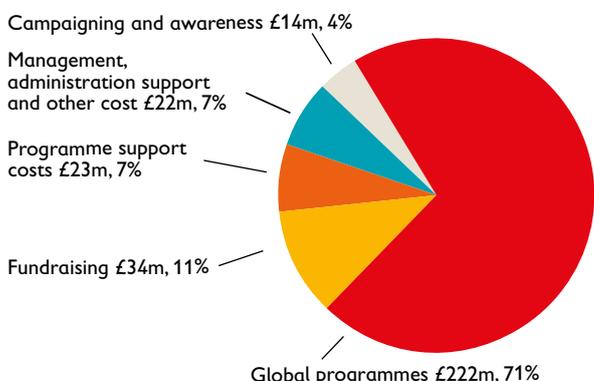
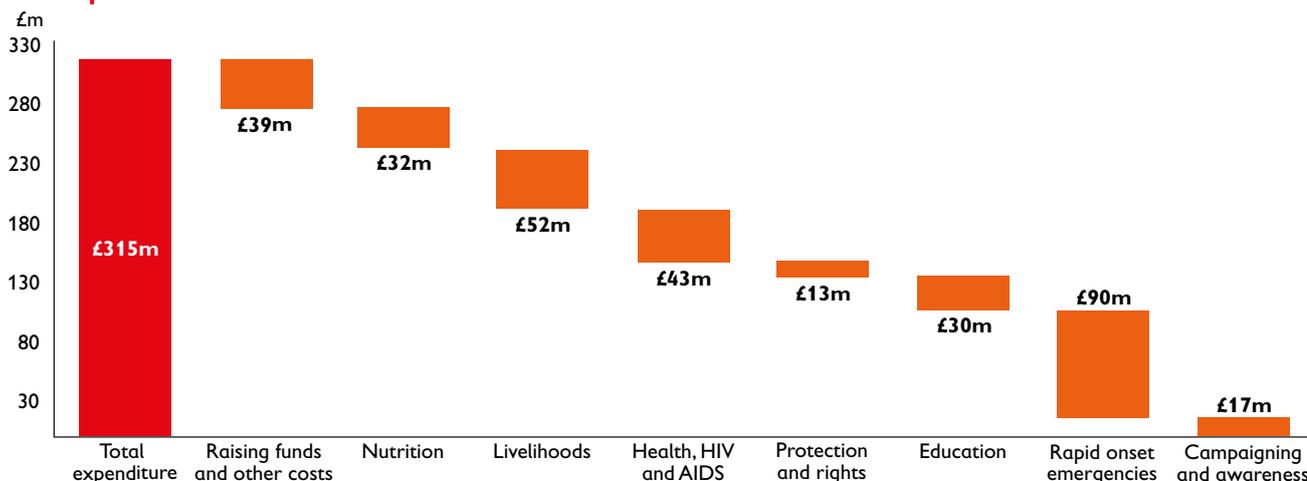
Top 10 spend countries	2018 spend £m
Bangladesh	17
Somalia	16
Yemen	15
Ethiopia	14
Nigeria	14
Myanmar	10
Democratic Republic of Congo	9
South Sudan	8
Mozambique	8
UK	7
	118
Other countries	47
Multi-country	57
Total Global Programmes spend	222

Support costs

In 2018 we spent £44 million on support costs, which have been categorised as follows:

- Management and administration support costs (£21 million) include our spending on finance, human resources, information technology, legal and governance activities such as child safeguarding, protection against fraud and audit costs.
- Programme support costs (£23 million) include core programme support costs of £17 million and additional contributions of £6 million. Core programme support costs include the costs incurred directly in designing and monitoring our programmes, as well as the costs incurred by SCI in delivering our international programmes. Such activities are crucial for delivering high-quality programmes effectively and ensuring that there are robust controls in place on how money is spent. Driven by our fall in programme income, these costs have declined by 14% compared to 2017. Additional contributions include our investment in seeking to drive member growth and greater efficiency across the Save the Children movement. In 2018 this included an additional £1 million investment in designing a source to pay solution that will further strengthen procurement and spending controls across the movement. More information on support costs and their basis of allocation are included in note 7 to the financial statements.

Total expenditure £315 million



The right hand pie chart shows the split of charitable and non-charitable expenditure after allocation of support and other costs to the activities they support. £5 million of management, administration and other costs are attributed to fundraising and £17 million to charitable activities.

Media and Independent Review of Workplace Culture costs

Included within our support costs expenditure for 2018 are fees for media law advice and legal services to respond to media coverage regarding Save the Children’s handling of complaints made against senior staff in 2012 and 2015. The total cost of this media law advice was £114,000. We also incurred costs of £70,000 for advice and support in internal, donor and stakeholder communications and crisis management from a specialist consultancy.

Also included are the costs of the Independent Review of Workplace Culture. The total cost of the review was £444,000 to cover the costs of a fully independent review team including Dr Suzanne Shale and Prof Murray Anderson-Wallace as Chair and Deputy Chair of the review; three further specialist review staff alongside independent HR and legal advice; an extensive programme of staff surveys and interviews across the UK; administration, IT and project management costs; and the publication of the review’s 100-page report. The review’s findings form the foundation of our change programme ‘Stronger’.

THE FUNDS OF SAVE THE CHILDREN AS AT 31 DECEMBER 2018

Our overall results show net expenditure of £12 million in 2018 (2017: £1 million net income). The net movement in funds after actuarial gains and losses on the defined benefit pension scheme, gains on investments and transfer between funds was an £11 million deficit for the year (2017: £20 million surplus), comprising:

- an unrestricted deficit of £8 million (2017: £30 million surplus) of which a £2 million gain (2017: £19 million gain) is due to the actuarial gain on our pension schemes
- a deficit of £3 million (2017: £10 million deficit) restricted programme funds, due to grant expenditure being incurred in advance of funding.

RESERVES POLICY

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

- a temporary loss of income
- a permanent fall in income, giving time to adjust our cost base or adjust our business model

- incurring a one-off cost such as an expenditure in our grant portfolio that has not been covered by a donor.

Holding general reserves also allows us to implement new strategic priorities or to invest in new opportunities that help us to achieve our goals. Our general reserves are matched by highly liquid investments so that we can draw on them quickly if necessary.

Our target range of general reserves is between £30 million and £40 million. This is based on an annual review in which we consider the financial risk associated with our income and expenditure streams and balance sheet composition while ensuring that we do not retain income longer than required. Our annual funding payment to our defined benefit pension plan is included in our general reserves assessment, as is the risk of an increase in the current pension deficit. At 31 December 2018, our general reserves stood at £33 million.

FINANCIAL RISK

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 processes in place to monitor external borrowings and cash flows in order to minimise liquidity risk. Appropriate action is taken to mitigate foreign exchange risk. Save the Children UK does not enter into foreign exchange contracts for speculative reasons.

We are one of several Save the Children members receiving funding from the European Union. Against the backdrop of the Brexit negotiations, we will continue to work with our European colleagues to ensure this important source of funding for the Save the Children movement is maintained and expanded. We are discussing with other Save the Children members the future arrangements for this partnership after Brexit.

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 some of our long-term reserves at short notice when markets are weak. We maintain the majority of our investments in equities and bonds so as not to lose the opportunity for long-term growth. Following a gain of £2 million in 2017 the portfolio reported a loss of £1 million in 2018. As at 31 December 2018 the market value of the investments is above the original purchase price.

PENSION DEFICIT

The 2017 triennial review of the Pensions Trust Defined Benefit scheme valued the gap between liabilities and assets at £26.6 million (compared to £36.3 million in 2014). Save the Children has agreed a deficit recovery plan, under which we will contribute £4.7 million per annum from April 2018 to March 2020, £4.85 million from April 2020 to March 2021, £5 million from April 2021 to March 2022 and £5.15 million from April 2022 to December 2022. We are also responsible for a £1.3 million share in the deficit of the multi-employer Growth Plan scheme (compared to £1.7 million in 2014), and have agreed to contribute £117,000 per year uprated for inflation from April 2019 to September 2025.

GRANT-MAKING POLICY

Save the Children works in partnership with many organisations. This may involve our staff working in joint operations, supporting and monitoring work, or funding local partners to deliver services, including immediate emergency relief. The grants we make to partner organisations 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. We monitor how all grants are spent. The goods and services we purchase are subject to contracts with suppliers based on market prices. During the year we provided grants to the value of £192 million, with the largest recipient being Save the Children International, who deliver Save the Children's international programming.

GOING CONCERN

We have set out above a review of Save the Children's financial performance and the general reserves position. We have adequate financial resources and are able to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We announced in April 2018 a temporary withdrawal from bidding for new funding from DFID. The impact of this on our ability to finance new programmes will depend on how long the withdrawal lasts. Insofar as it affects our restricted income for specific programmes in 2018 and future years, we expect this to be offset by reductions in restricted expenditure. We continue to monitor any indirect impact there might be for our unrestricted income and expenditure, but expect this to be limited.

Taking into account all factors we have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future and believe that there are no material uncertainties that call into doubt Save the Children's ability to continue in operation. 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.

Principal risks and uncertainties in 2018

In the UK, many of our principal risks remained largely stable, with mitigation part of our day-to-day responsibilities. However, intense media, donor and public focus on safeguarding risks in the aid sector, and sexual harassment in the workplace, meant that Save the Children UK's income and reputation, and staff morale, were affected.

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 because it means that Save the Children must operate in conflict-affected and fragile states with poor governance environments, and in humanitarian emergencies.

This combined risk profile is reflected in the principal risks set out below.

How we managed our principal risks in 2018

At each of its meetings throughout the year, the Board of Trustees received an update on the charity's principal and key risks and how they were being managed. They considered their potential impact on the organisation and its ability to achieve its ambitions for children.

KEY Net risk movement through 2018 ◀ Stable ▲ Increased ▼ Decreased

Future financial stability (including the UK's exit from the EU) ▲

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

RISK MITIGATION STRATEGY

We experienced a drop in both restricted and, to a lesser extent, unrestricted income in 2018. We monitored our reserves, debt and cashflow positions against agreed thresholds throughout the year, with close oversight from our Finance Committee. At the end of the year, a robust strategy and budget-setting process was conducted, which included cost reductions and ensured we entered 2019 with resources allocated to deliver our 2019-21 strategy. See also page 47 for financial risk management.

As negotiations on the UK's departure from the EU have continued, we have been working to identify and assess the financial and non-financial risks this could pose for Save the Children. Working closely with the Save the Children movement, we have developed plans to mitigate the potential for lost EU funding. Within Save the Children UK, we have considered how Brexit would affect our staff, some 15% of whom are from other EU countries, as well as the potential impact on supplies of goods and services. Our plans will be updated as more information becomes available, with regular review by management and the Board of Trustees.

Regulator, donor and media scrutiny ▲

We rely on our ability to fundraise and operate in the UK as well our ability to conduct programme work through Save the Children International. In 2018, we (as well as the wider charity sector) experienced increased levels of donor, regulator and media scrutiny of our governance, operational policies, procedures and practices, as well as over our income and spending.

RISK MITIGATION STRATEGY

Our governance arrangements are underpinned by a comprehensive set of policies and procedures.

In 2018, our Board and committees received regular updates from operational teams, as well as internal audit reports. The Board actively discussed the revised Charity Governance Code at meetings throughout the year and agreed a set of actions for implementation. See also page 40 for information on our Stronger programme and page 5 for information on the Charity Commission inquiry.

Programmatic impact for children 

Failing to achieve the programmatic impact for children expected by our beneficiaries, supporters and donors would mean we fail to achieve our strategic objective to be an unstoppable agent of change for children.

RISK MITIGATION STRATEGY

We work closely with Save the Children International to design and deliver our international programmes. In 2018, we focused on strengthening controls in our international country offices and UK programmes. We also developed improved risk and performance monitoring tools to more easily see if our programmes required additional support or intervention. Our Board of Trustees received updates on our programmes throughout the year.

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; inadvertently working with, or assisting, prohibited parties; fraud and dishonesty, including 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. In 2018, we continued to invest in programmes to upgrade controls and strengthen the capability of country offices.

At Save the Children UK, we trained our staff to manage the risks we face in delivering programmes. We continued to provide staff deployed to humanitarian crises and conflicts with support for their mental well-being.

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

Safeguarding children and beneficiaries 

Keeping the children we work with safe from harm has always been a top priority for us (see page 54). In 2018, we (and the wider aid sector) were rightly held to greater account over our arrangements for protecting the children we work with. We also recognised the need to strengthen our approach to safeguarding the adult beneficiaries we work with.

RISK MITIGATION STRATEGY

All our UK-based staff, as well as those travelling overseas, were subject to Disclosure and Barring Service checks, together with international police checks for staff who have lived overseas. Training courses in child safeguarding, including courses specifically designed for overseas travel, were mandatory for all staff.

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 to prevent safeguarding incidents at events, activities and programmes held in the UK, and to effectively manage any incident that arose. 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.

For more information on how we worked with others across the sector to fundamentally change the way in which children, communities and our staff and volunteers are kept safe, see page 54.

Attracting, engaging and retaining staff 

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

Our Passport to Success induction for all new staff includes a suite of mandatory training, featuring programmes on our Code of Conduct and Respect in the Workplace. We ensure all staff have clear personal objectives and can see their contribution to the vision and mission of the organisation.

We continued to implement our People Deal programme throughout the year (see page 40) to improve the ways in which we manage staff at Save the Children, and we intensified our ongoing efforts to build a more positive workplace culture. However, the Independent Review of Workplace Culture highlighted additional risks over the way we manage our staff, which we are responding to through our Stronger programme. 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

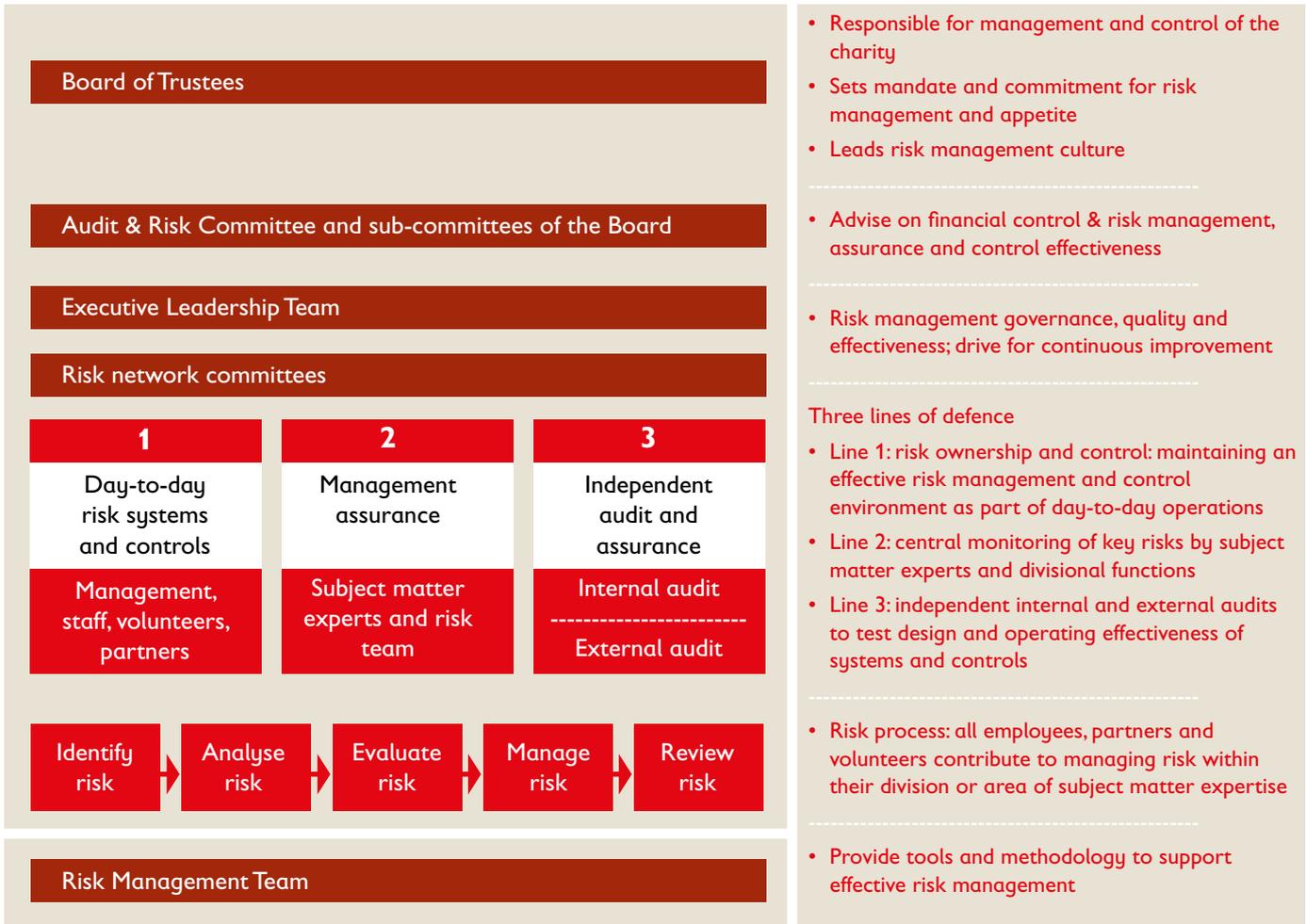
We continued to implement a programme of work designed to strengthen our data protection and cyber-prevention measures. As part of our preparations for the General Data Protection Regulation (which came into effect on 25 May 2018), we introduced new mandatory data training for all staff and further improved technical system controls.

Continuous improvement in how we manage risk

Save the Children updated its 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 principal risks are aligned to our strategy and as such will be refreshed in early 2019 to ensure they remain relevant as we enter our new strategy period.

Our risk management processes enabled us to manage risk to the best of our ability; they provide reasonable, but not absolute, assurance that the organisation is protected. We have a robust crisis management plan to ensure we manage incidents to the best of our ability and lessons learned are incorporated into future planning. In 2018, these plans were used to support our response to a wide range of incidents, including negative media coverage.

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 we identify and manage shared risks in our challenging operating environments.

reports were shared with the relevant executive director for the audit topic, as well as the Chief Financial Officer and Audit & Risk Committee. Agreed actions and recommendations from each audit were systematically followed up throughout the year and reports on implementation were reviewed by the Audit & Risk Committee.

Internal audit

We outsource our internal audit function to Grant Thornton and work closely with them to ensure a holistic risk and assurance approach to internal audit. Throughout the year, risk-based audits were conducted across key areas of the organisation on topics including finance, health and safety, and risk reporting in global programmes. Internal audit

Approval of the Trustees' Report

The Trustees' Report on pages 4–59 was approved by the Board of Trustees on 15 May 2019.

Charles R A Steel

Charles Steel
Interim Chair of Trustees, Save the Children
 17 May 2019

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 28 independent national entities and Save the Children International (SCI). SCI was established in 2011 with responsibility for implementing international programmes outside SCA's member countries. SCI 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*

	Committees**
Charles Steel (Interim Chair) (appointed as trustee 01/02/2018, appointed as Interim Chair 08/01/2019)	A, SI, IR, N
Peter Bennett-Jones (Chair) (resigned 07/01/2019)	N, P
Fiona McBain (Vice Chair) (resigned 07/01/2019)	N
Gareth Davies (Hon. Treasurer)	A, F, I
Tamara Ingram (resigned 30/11/2018)	
Sophie McCormick	P, SI
Naomi Eisenstadt	CS, W
Sebastian James	P, D
Jamie Cooper (resigned 26/02/2019)	A
Diana Carney (resigned 31/12/2018)	
Mark Swallow	A, F, I
Lisa Rosen	D, SI, IR
Anne Fahy	SI
Arabella Duffield	A, D, SI
Dianna Melrose	N
David Ripert	F, P
Babatunde Soyoye (appointed 20/03/2018)	F

INDEPENDENT MEMBERS AND EXTERNAL ADVISERS

	Committees**
David Poulter	F, I
Richard Bernays	I
Peter Moon	I

* Trustee biographies are available on our website

** Committee membership as at 31 December 2018

(N) Nominations Committee	Chair Fiona McBain
(P) Performance & Remuneration Committee	Sebastian James
(A) Audit & Risk Committee	Mark Swallow
(F) Finance Committee	Gareth Davies
(I) Investments and Pensions Sub-Committee	David Poulter
(D) Donation Acceptance Committee	Lisa Rosen
(CS) Child Safeguarding Trustee	n/a
(W) Whistleblowing Trustee	n/a
(SI) Statutory Inquiry Committee	n/a
(IR) Independent Review of Workplace Culture Committee	Lisa Rosen

DIRECTORS' GROUP as at 31 December 2018

Kevin Watkins	Chief Executive
Clare Conaghan	Executive Director of Human Resources
Gwen Hines	Executive Director of Global Programmes
Kirsty McNeill	Executive Director of Policy, Advocacy & Campaigns
Claire Rowney	Executive Director of Fundraising & Marketing
Sam Sharpe	Chief Financial Officer

COMPANY SECRETARY

Andrew Willis

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
Mellon Financial 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 subsidiaries:

- Save the Children (Sales) Limited, which aims to generate income for the charity through commercial promotions run in conjunction with our corporate partners and trading of new goods through our shops, branches and website.
- Medical Emergency Relief International (Merlin), which aims to end the needless loss of life in the poorest countries caused by a lack of effective healthcare. Save the Children became the sole member of Merlin in 2013, and Merlin's activities have now been transferred to Save the Children.
- Humanitarian Leadership Academy (HLA), which aims to enable people around the world to prepare for and respond to crises in their own countries. The HLA was designed and developed within Save the Children and was established as an independent subsidiary charity in November 2015.
- Elhra, which aims to find solutions to complex humanitarian problems through research and innovation. Elhra was designed and developed within Save the Children and was established as an independent subsidiary charity in January 2018.

The results of each are consolidated into the group accounts. For further details see Accounting Policies on page 65 and Group Members note 14 of the financial statements on page 77.

CONSORTIUM LEADERSHIP

Save the Children is the lead agency of the Start Network, a consortium of 42 non-governmental organisations working to strengthen the humanitarian aid sector. As lead agency, Save the Children is legally responsible to donors for the charitable application of funds. During 2018, the Start Network developed plans to become an independent charity in 2019, with Save the Children as Grant Custodian for some of its work.

HOW WE MANAGE OUR AFFAIRS THE BOARD OF TRUSTEES AND SUB-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.

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 2018 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 2018, agreed our 2019-21 strategy and our budget for 2019.

As of 31 December 2018, the gender ratio of the Board of Trustees was 56% female and 44% male.

The Board has delegated specific responsibilities to five regular committees, one advisory committee and two temporary committees, 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 & Risk Committee** oversaw preparation of the 2018 Annual Report. It reviewed the assurances provided to trustees about the control environment during 2018 and considered reports from our external auditor. It agreed a programme of internal audits to be conducted in 2018, received reports of completed reviews, and checked delivery of agreed actions. The Committee received updates on key risks on a number of topics, including safeguarding, fundraising, programming, finance, people management, information systems and data protection. For more information please see pages 48–50 of this report in the Annual Risk Statement. The Committee met five times in 2018.
- The **Finance Committee** reviewed the financial out-turn from 2017, and in-year forecasts for 2018. It supervised preparation of the budget for 2019 and approved all decisions for Save the Children UK to accept awards worth more than £10 million. It oversaw preparations for the establishment of Elhra as a subsidiary charity. The Committee met four times in 2018.
- The **Investments and Pensions Committee** is an advisory sub-committee of the Finance Committee. It met three times in 2018 to review the performance of Save the Children's investment manager and pension funds.
- The **Donations Acceptance Committee** considers potential high-risk donations to Save the Children and makes decisions about whether it is in the best interest of the charity to accept a donation or not. Information was shared with the Committee by email and telephone throughout the year, and the Committee met twice. In 2018, the Committee assessed 31 different high-risk opportunities from a range of donors (individuals, companies and trusts) and sectors, ranging from gaming to technology. Of these, Save the Children agreed to proceed with 23 opportunities and rejected eight.
- 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 skill profile of the current Board. It also considers appointments to the charity's Board committees.

Considering the recommendations from the Independent Review of Workplace Culture at Save the Children UK, published in October 2018, the Committee have updated their Terms of Reference to include a commitment to promote diversity at Board level (including the setting of diversity process objectives) and to advertise trustee positions nationally, in line with Charity Governance Code best practice.

During 2018, two new trustees were appointed to the Board on the recommendation of the Nominations Committee and updates were shared with the Board via email and provided at quarterly Board of Trustee meetings.

- The **Performance and Remuneration**

Committee has oversight of 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 2018 the Committee agreed to replace performance related pay with a 'total reward framework' that brings together all the investments the charity makes in its workforce, such as pay, pensions and learning and development. In addition, the Committee provides oversight and governance in relation to all people and culture matters for Save the Children staff, including holding the Executive Leadership Team accountable for decisions made relating to employees.

Considering the recommendations from the Independent Review of Workplace Culture and feedback from the People Deal Survey, the Committee has updated its Terms of Reference to ensure closer scrutiny and focus on agreed KPI's relating to people and culture matters and the oversight of the Stronger programme. The Committee met four times in 2018.

- The Board also appointed two temporary committees in 2018 – the **Statutory Inquiry Committee** to oversee the charity's response to the Charity Commission's statutory inquiry, and an **Independent Review of Workplace Culture Committee** working with the Independent Review of Workplace Culture.

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' Annual 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 expenditure over income 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 AUDITORS

KPMG LLP have expressed their willingness to continue to act as auditors. A resolution to reappoint them, under section 485 of the Companies Act 2006, was approved at the Board of Trustees Meeting on 15 May 2019.

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. It has identified four areas where we are developing our governance to aspire to best practice:

- **Recruitment.** In 2018, the charity took the decision to begin advertising trustee vacancies, and in December 2018 it launched its first adverts on national and regional jobs sites, along with an enhanced recruitment process to encourage diverse applications;
- **Diversity.** The Board has good gender and skills balance but welcomes the detailed suggestions in the code on ways of encouraging diversity as widely as possible in both Board composition and practice. As well as enhancing our trustee recruitment process, in 2018 the Board undertook a diversity awareness session run by an independent expert. It completed a Board diversity audit to record initial data on its diversity and to support it in developing Board diversity objectives which can be monitored and reported against annually. The Nominations Committee's Terms of Reference have also been updated to highlight the promotion of Board diversity within its responsibilities;
- **Board performance.** The Board already conducts regular surveys of its effectiveness and took the decision in 2018 to initiate individual trustee performance reviews in addition;
- **Annual reviews.** In its first full year applying the code, the Board reviewed progress on governance changes through the year and embedded 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.

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 signatories to internationally recognised conventions, including the United Nations Convention on the Rights of the Child, the Human Rights Principles, the Code of Conduct for the International Red Cross and the Core Humanitarian Standard.

OUR COMMITMENTS TO ACCOUNTABILITY AND TRANSPARENCY

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

In 2016 we outlined 10 accountability commitments for the strategic period 2016-18. We monitor our progress using the reporting standards of the Global Reporting Initiative so that we can benchmark ourselves against international reporting standards for sustainability and transparency.

While we have made some good progress against these commitments since 2016, several of the indicators were not embedded into our organisational strategy and priorities, and ownership and accountability for achieving these commitments was in some instances unclear. This has proved a valuable learning opportunity on how to strengthen our approach to accountability and transparency at Save the Children UK.

Accountability and transparency to our stakeholders is crucial to delivering Save the Children UK's 2019-21 strategy (see page 12). Through this strategy, we will redouble our efforts to be accountable to all our stakeholders and hold ourselves to the highest standards in doing so. We will collaborate across the Save the Children movement to establish improved, aligned approaches to wider stakeholder accountability and transparency.

Our accountability focuses on four key stakeholder groups:

- **Children and affected communities**, by delivering high-quality, responsive services that are aligned with local needs
- **Donors and supporters**, by appropriately handling donated resources and ensuring the efficiency and impact of the programmes and functions they fund
- **Staff and volunteers**, by delivering the vision that inspired their commitment to our cause and for providing a safe and respectful workplace
- **Partners**, by living up to promises we make while developing a joint project

SAFEGUARDING

We are committed to upholding the highest standards of safeguarding, ensuring that our safeguarding measures are robust and applicable to the settings in which our staff work. Over the last few years, our approach to safeguarding has broadened and deepened. While our commitments to the safety of children are as strong as ever, we have also made explicit our obligations to our adult beneficiaries, staff and volunteers.

Following media coverage of overseas safeguarding failures in the wider aid sector in 2018, we:

- reviewed our safeguarding systems against the highest possible standards
- worked with others across the sector on new safeguarding measures to fundamentally change the way in which children, communities and our staff and volunteers are kept safe

- worked alongside DFID, ACRO Criminal Records Office and Interpol to ensure criminal records information can be shared globally and that law enforcement officers across the world are better able to investigate safeguarding crimes
- co-ordinated a network of global NGOs to develop plans for an aid worker ID system – a ‘Humanitarian Passport’
- continued to represent the sector in negotiations with governments and other bodies to argue for aid work to be legally recognised as Regulated Activity, making a host of safeguarding obligations that routinely apply to those working with children or vulnerable people domestically apply automatically to those working in the UK aid sector.

In September 2018, we commissioned an independent audit of safeguarding policies and practices at Save the Children UK, Save the Children International and among our local partners. We wanted the audit to reassure some of our key partners about the priority we place on safeguarding and to inform our efforts to continually improve our practices. Carried out by independent audit firm Crowe Clarke, the audit provided positive assurance on beneficiary and staff safeguarding at both Save the Children UK and Save the Children International. It noted Save the Children UK’s safeguarding policies and practices aligned with sector best practice. The audit made recommendations to help us further strengthen safeguarding, which now form part of a wider action plan.

Safeguarding incident report

We acknowledge the courage of survivors in coming forward to report abuse, whether through our mechanism or others, and we thank all those who have helped us to protect children in the UK and abroad by reporting their concerns.

In 2018, 164 safeguarding concerns were reported to Save the Children UK, under the five headings of emotional abuse, physical abuse, sexual abuse, neglect and exploitation.

- 145 concerns were raised about the welfare of children not involved in Save the Children UK programmes, a large proportion of which related to images and videos appearing on social media platforms.
- 12 concerns were raised about the welfare of children in the UK involved in Save the Children UK programmes. These concerns were raised mostly by our staff, partners or other professionals and related to children disclosing health and welfare issues, specifically to do with self-harm or suicidal thoughts. All 12 cases were acted on and addressed in accordance with our child safeguarding policy and statutory guidance, including referral to statutory agencies where required.
- 1 concern was raised about the welfare of one of our volunteers in relation to a safeguarding incident at a non-Save the Children UK activity. This was reported to the police.

- 6 concerns were raised regarding the conduct of our staff, former staff and representatives, resulting in three employment terminations, two complaints not being upheld and a sixth which is the subject of an ongoing investigation.

In addition to the incidents listed above, we were contacted by the Scottish Child Abuse Inquiry which is reviewing the history of a school previously operated by Save the Children.

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.

In 2018 we broadened our safeguarding remit to also include our adult beneficiaries, staff and volunteers, as well as children, and in 2019 will improve the integration of data about workplace harassment and bullying cases overseen by HR with our wider safeguarding monitoring. In 2017, 60 child safeguarding concerns were reported to Save the Children UK. We believe that by strengthening our safeguarding practices we will receive an increased number of cases reported. We know that enhanced understanding of safeguarding and a higher profile of our mechanism will likely encourage reporting. Furthermore, society is becoming more broadly aware of the risks of abuse and the mechanisms for reporting.

INTERNAL POLICIES AND REGULATORY COMPLIANCE

Between January 2015 and December 2018, we reviewed and updated 85% of our internal policies. Some of our latest revisions concern our code of conduct, child safeguarding, data protection and information security policies. In 2018 we also launched four new policies, including a prevention of sexual abuse and exploitation policy and an ethics-focused research and evaluation policy.

The 2018 Independent Review of Workplace Culture at Save the Children identified the need to strengthen our policies further. In 2019 our ‘Stronger’ change programme (see page 40) will respond to these recommendations and examine how we should continue to review our policies to improve understanding and compliance and support staff with their application. Many of our policies and statements are published on our website.

In 2019 we will improve the transparency of our internal policies on our website. For more information on our internal policies, including the following policies, see our accountability page on our website:

- Anti-bullying and harassment policy
- Anti-fraud, bribery and corruption policy
- Child safeguarding policy
- Code of conduct
- Data protection policy
- Disciplinary policy
- Donations acceptance and refusal policy

- Environmental policy
- Equal opportunities and diversity policy
- Grievance policy
- Health, safety and security policy
- Information security policy
- Open information policy
- Prevention of sexual exploitation and abuse policy
- Whistleblowing policy.

MODERN SLAVERY STATEMENT

Over the course of 2018 we have continued our work in response to the Modern Slavery Act, including rolling out key policies and contracts, and identifying areas in our direct supply chain where there may be significant risks of forced labour, human trafficking or other forms of modern slavery. We are also working with our colleagues at Save the Children International (SCI) to address modern slavery in the supply chain for the international work undertaken by SCI with our funds. We have had no cases reported in 2018 in our supply chains. For more information, see the Modern Slavery Statement on our website.

GENDER PAY GAP STATEMENT

Save the Children is committed to achieving gender equity in pay. Our values as an organisation demand that women and men are equally rewarded for equivalence in contribution, taking into account skills, grade and performance. Through our programme, policy and campaigning work, we strive to support gender equity in developing countries – and it is imperative that our organisation reflects the commitment to equity we demand of others. Our aim is to eliminate the gender pay gap by 2020 where this is being driven by any equal pay issues.

Our gender pay gap 2018

There has been a positive shift in our mean gender pay gap since 2017.

- Our median gender pay gap as at 5 April 2018 was 8.73% (8.25% in 2017)
- The national median gender pay gap in 2018 was 17.90% (18.10% in 2017)
- Our mean gender pay gap as at 5 April 2018 was 10.94% (14.23% in 2017)

We hope that the introduction of the new pay and grading framework will further reduce our pay gap over time.

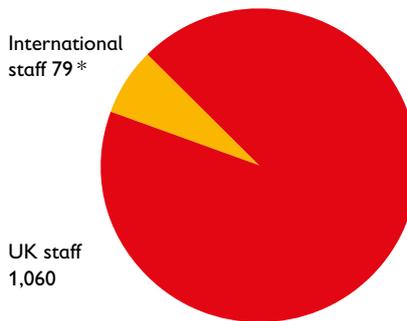
The above data is taken from a staff population that was 74% female and 26% male. We will always show a zero percentage for bonus payments as we do not operate a bonus pay scheme. For more information on our gender pay gap, including what steps and measures we have taken to address it and issues of unconscious and conscious gender bias, please see the full 2018 Gender Pay Gap Report, available on our website.

OUR WORKFORCE

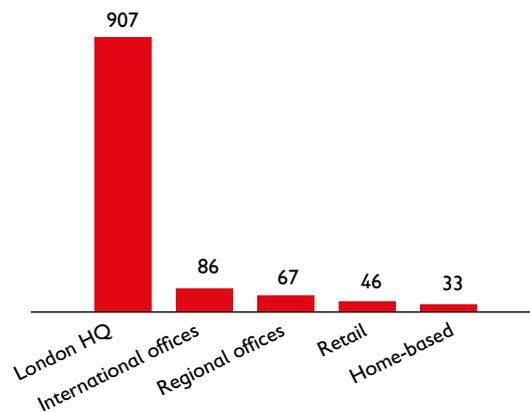
The Save the Children movement has around 25,000 staff worldwide, of which approximately 17,000 are employed by Save the Children International and the remainder by the 28 Save the Children members.

As of 31 December 2018, Save the Children UK had 1,139 members of staff, with 93% working in the UK and 7% working internationally to support Save the Children International with humanitarian surge capacity and technical expertise. In the UK, Save the Children had 5,608 volunteers in a formal volunteering role.

Save the Children UK staff (total: 1,139)

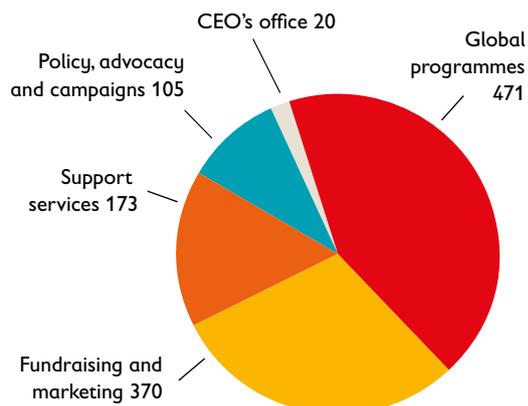


Save the Children UK staff by location



*Staff on international contracts do not exclusively work in international locations and vice versa, so the number of international staff will not match the number of staff working overseas exactly.

Save the Children UK staff by division



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 £303 million. We have a high level of ambition, supporting the Save the Children movement to reach 40.8 million children around the world in 2018, 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 quality basic education and violence against children will no longer be 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 £10.55 per hour in London and £9.00 per hour in the rest of the United Kingdom, as of 31 March 2019. We are accredited by the Living Wage Foundation.

We are developing a new pay and grading structure for employees during 2019 to ensure that we meet the three agreed key principles for paying people at Save the Children UK:

- equality/fairness
- fiscal responsibility
- market competitiveness in line with the wider charity sector.

We acknowledge that debates over pay – and executive salaries, in particular – are important and reflect genuine public concerns. We are committed to 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 Performance and Remuneration Committee oversees our pay policy and decides on the salaries of our Chief Executive and executive directors (see page 53).

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 73 and 88).

EXECUTIVE DIRECTOR REMUNERATION IN 2018

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 2018 are detailed below.

Position		Actual gross salary* 2018	Full-time equivalent annual salary 2018	Full-time equivalent annual salary 2017**
Chief Executive Officer – Kevin Watkins	Led an organisation of more than 1,000 staff, that raised £303 million and helped the Save the Children movement reach 40.8 million children in 118 countries and campaign in the UK and worldwide for children's rights	£143,953	£143,000	£145,860
Human Resources Director – Clare Conaghan	Managed the recruitment, development and retention of more than 1,000 staff dedicated to achieving change for children	£103,750	£105,000	£100,000
Global Programmes Director – Gwen Hines	Oversaw the spending of £222 million on programmes to help children survive, learn and be protected in some of the world's harshest environments and across the UK	£99,231	£120,000	n/a
Director of Policy, Advocacy and Campaigns – Kirsty McNeill	Galvanised public and political support for child rights, ensuring that decision-makers in the UK and around the world deliver for the world's most deprived and marginalised children	£109,500	£112,000	£102,000
Director of Fundraising and Brand Marketing – Claire Rowney	Ran an operation that raised £126 million to help us reach the most deprived and marginalised children and mobilise support for child rights	£135,250	£137,000	£130,000
Chief Financial Officer – Sam Sharpe	Managed £315 million in expenditure with rigorous controls to minimise financial risks and ensure maximum impact for children	£123,235	£123,235	£123,235

*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. Interim appointments are excluded. In addition to the gross salary, £128,551 was paid for employer's national insurance, pension contributions and life insurance in respect of the above individuals.

**Salary reviews for all staff take place in April each year. Salary adjustments of Executive Directors in 2018 were made to address inequity in range and reflect staff changes, as well as changes to roles and responsibilities.

INVESTMENT IN FUNDRAISING AND INFRASTRUCTURE

We invest in areas that enable us to expand our reach, improve our efficiency and deliver results for children.

We invest in fundraising to encourage more people to support our work. We invest in media and communications so that the stories of the children we work with will be heard. And we invest in advocacy and campaigning because success in these areas can mean that more children survive and thrive.

We monitor our spending in all areas to measure our impact and returns. At the same time, we recognise that growth depends on sound investment. We must invest in our fundraising and infrastructure in order to achieve our ambitious plans to increase our scale, influence and impact – and to transform the lives of the world's most disadvantaged children.

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. That includes being a member of the Institute of Fundraising and being registered with the Fundraising Regulator, 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 continued the work that was started in 2017 to review all our activities in line with the General Data Protection Regulation, implementing a change programme up to May 2018. This included securing compliant marketing consents, establishing processes to ensure we can comply with data subject rights and new training for all staff.

In 2018, we continued to use a wide range of fundraising approaches, for example:

- working with philanthropists and corporate supporters
- selling goods at our chain of charity shops
- inspiring groups and individuals to take on sponsored sporting challenges like the London Marathon
- advertising on TV and elsewhere
- communicating with our existing supporters.

Much of this work is taken on by our own internal team, but we also use professional fundraising agencies to fundraise face to face at places like shopping centres and to speak to existing supporters on the phone. In 2019 we stopped using face-to-face fundraising.

DONATION ACCEPTANCE AND REFUSAL

We are committed to making decisions that are in the best interests of the charity, and most importantly in the best interests 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.

The Donation Acceptance Committee considers potential high-risk donations to Save the Children and makes decisions about whether it is in the best interest of the charity to accept a donation or not (see page 52 for more details).

In 2018 we updated our Donation Acceptance and Refusal Policy, revising our 'No Go' categories to include any manufacturer of breast-milk substitutes which has violated the International Code of Marketing of Breast-Milk Substitutes and subsequent resolutions.

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 on ensuring we are treating our supporters fairly, including protecting supporters in vulnerable circumstances, is followed across all our fundraising activities, and by our fundraising agencies.

THIRD PARTIES FUNDRAISING ON OUR BEHALF

Save the Children engages 'professional fundraisers' (agencies) to undertake fundraising, such as face-to-face and telephone fundraising, on our behalf. 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 the relevant regulations and embodies Save the Children's supporter-centric approach. We monitor our agencies through a combination of 'mystery shopping', call monitoring, regular meetings and training, and the results are reported to our Audit Committee on a regular basis.

We also work with corporate partners who sell goods and donate a proportion of the proceeds to us. In 2018 this included WHSmith, who sold a range of children's toys and books in store and online to support our work; Boohoo, who donated £5 for every Christmas jumper sold on their Boohoo, Boohoo Man and Nasty Gal websites and Amazon Fashion, who sold a range of branded Christmas jumpers in aid of Save the Children for Christmas Jumper Day.

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 2018 our supporter-facing teams received 1,441 public complaints. This is a 57% increase compared to 2017 (919). The majority of this increase (280 complaints) relates to trust and confidence concerns raised by the public as a consequence of workplace misconduct at Save the Children UK and in the wider international aid sector (see page 5).

The below graphic provides a breakdown of complaints by thematic area. The largest complaint category (fundraising – gift administration: 513) relates to errors processing supporters' donations. In almost every instance, these errors

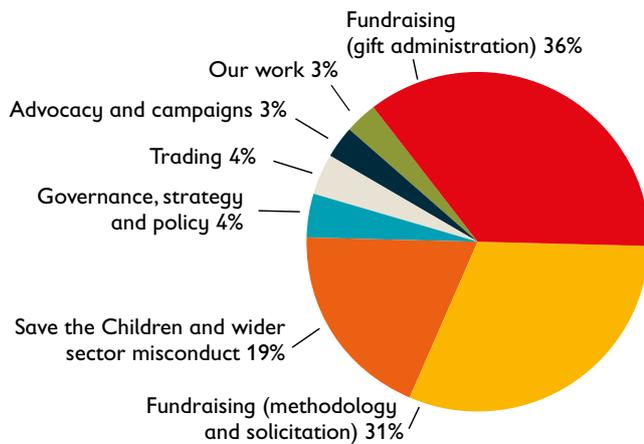
were easily and quickly remedied. Nevertheless, sustained efforts are being made to improve the procedures and systems used to process donations.

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's Supporter Promise underscores a commitment to fair, honest and open fundraising practice.

For further details on our Supporter Promise, including our Complaints Procedure, please see our website.

Breakdown of public complaints received in 2018

Category	No.
Fundraising (gift administration)	513
Fundraising (methodology and solicitation)	451
Save the Children and wider sector misconduct	280
Governance, strategy and policy	58
Trading	57
Advocacy and campaigns	44
Our work	38
Total	1,441



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 2018 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 2018, to help them get the support they need to develop, grow and learn, we:

Helped parents to support their children's learning at home: In partnership with the Scottish Government's Read Write Count initiative and with funding from The Big Lottery Fund, we supported 487 families across 66 schools through Families Connect. The programme helps parents to support their children's learning in three key areas – literacy

and language, numeracy, and emotional development. We trained school staff and partners to deliver the programme, and we piloted a 'train the trainer' approach, to ensure the programme is sustainable.

Increased access to high-quality early years services:

We continued to campaign to strengthen the quality of early learning services. We fed into government initiatives to improve training and provision of early years teachers. And we drew attention to the low numbers of families taking up childcare places for two-year-olds, securing a commitment from the Minister for Children and Young People to increase uptake.

Tackled material deprivation and low income: Eat, Sleep, Learn, Play! (ESLP!) provided essential household items to low-income families with young children. Through ESLP!, a total of 241 grants were distributed throughout Scotland, providing essentials to more than 428 children.

Brought communities together to improve outcomes for children:

The Children's Places (formerly Stronger Communities) neighbourhood-level initiative supports children growing up in deprived communities. We're currently working in Glenburn in Paisley and Burnbank in South Lanarkshire, where we are developing guidance and resources for community groups and practitioners on how to engage families and children in community-led service and action planning, and local development.

Save the Children in Scotland also plays a global role, supporting humanitarian responses for children affected by disasters and conflict. In 2018, we assisted the work of the Disasters and Emergency Committee Scotland, including providing media and fundraising support for the Indonesia tsunami appeal. We renewed our commitment to the Scottish Government's Humanitarian Emergencies Fund and worked closely with the Scottish media to raise awareness of global emergencies, such as the crisis in Yemen.

Fundraising in Scotland

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

We are delighted to be supported by over 500 regular volunteers at our network of 17 charity shops in Scotland, who raise vital funds for our work in Scotland and overseas. 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 during emergencies and as charity partners.

We extended our partnership with Heart of Midlothian FC for a further three years, and they supported fundraising events such as the match bucket collection and Christmas Jumper Day. We also held the Young MasterChef competition, which raised £10,000 and generated a lot of publicity.

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 2018 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 2018 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.

THE IMPACT OF UNCERTAINTIES DUE TO BRITAIN EXITING THE EUROPEAN UNION ON OUR AUDIT

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the trustees and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a charitable company and this is particularly the case in relation to Brexit.

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, including the impact of Brexit, 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 the 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 53, 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.

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

17 May 2019

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted funds £000	All restricted and endowment funds £000	Total funds year to 31/12/2018 £000	Total funds year to 31/12/2017 £000
Income and endowments from:					
Donations and legacies	2	75,694	16,120	91,814	109,061
Charitable activities	3	–	194,217	194,217	280,983
Other trading activities	4	13,230	–	13,230	12,579
Investments	5	870	9	879	865
Other	6	2,225	837	3,062	3,070
Total income		92,019	211,183	303,202	406,558
Expenditure on:					
Raising funds					
Raising donations and legacies	7	27,714	277	27,991	29,103
Other trading activities	7	9,274	(11)	9,263	8,767
Investment management costs	7	102	–	102	180
Total raising funds		37,090	266	37,356	38,050
Charitable activities					
Nutrition	7	4,473	28,024	32,497	61,210
Livelihoods	7	7,435	44,151	51,586	61,536
Health	7	6,376	36,247	42,623	66,506
Protection	7	2,071	9,756	11,827	20,138
Rights	7	276	648	924	676
Education	7	8,038	21,737	29,775	35,630
Rapid onset emergencies	7	19,628	70,219	89,847	109,623
Campaigning and awareness	7	13,278	3,712	16,990	15,206
Total charitable activities		61,575	214,494	276,069	370,525
Other	7	1,184	(2)	1,182	(512)
Total expenditure		99,849	214,758	314,607	408,063
Net (loss)/gain on investments	13	(845)	(202)	(1,047)	2,119
Movement on share of associates' (deficit)/surplus	14	(8)	–	(8)	36
Net (expenditure)/income		(8,683)	(3,777)	(12,460)	650
Transfers between funds	21	(423)	423	–	–
Actuarial gains on defined benefit pension scheme	25	1,592	–	1,592	19,041
Net movement in funds		(7,514)	(3,354)	(10,868)	19,691
Fund balances brought forward		40,276	21,426	61,702	42,011
Fund balances carried forward	21	32,762	18,072	50,834	61,702

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

The restricted fund balances carried forward include £3,775,000 (2017: £3,977,000) which relate to endowment funds.

There were no new endowments in this period and there were losses in the funds in the current period of £202,000 (2017: gain £301,000).

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

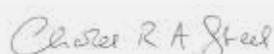
CONSOLIDATED AND CHARITY BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Notes	Group 31/12/2018 £000	Group 31/12/2017 £000	Charity 31/12/2018 £000	Charity 31/12/2017 £000
Fixed assets					
Intangible assets	11	3,116	4,479	3,116	4,479
Tangible assets	12	2,664	3,087	2,664	3,087
Investments	13	37,608	38,646	37,808	37,891
Associates	14b	500	508	–	–
		43,888	46,720	43,588	45,457
Current assets					
Stocks	15	886	1,308	712	1,196
Grant debtors	16a	29,781	35,866	29,781	35,551
Other debtors	16b	38,876	27,524	38,533	28,036
Short-term deposits		19,483	22,044	19,483	22,044
Cash at bank and in hand		18,717	25,352	16,368	22,656
		107,743	112,094	104,877	109,483
Creditors: amounts falling due within one year	17a	(79,570)	(71,692)	(80,762)	(71,560)
Net current assets		28,173	40,402	24,115	37,923
Total assets less current liabilities		72,061	87,122	67,703	83,380
Creditors: amounts falling due after more than one year	17b	(3,335)	(1,515)	(3,335)	(1,515)
Provisions for liabilities	18	(7,895)	(8,026)	(7,550)	(7,569)
Net assets excluding pension liability		60,831	77,581	56,818	74,296
Defined benefit pension scheme liability	25	(9,997)	(15,879)	(9,997)	(15,879)
Total net assets		50,834	61,702	46,821	58,417
Unrestricted funds					
General reserve	21	33,178	41,785	31,087	40,499
Revaluation reserve	21	2,566	5,613	2,566	5,613
Designated funds:					
Tangible fixed assets reserve	21	5,269	7,003	5,269	7,003
Programme-related investment	21	955	955	955	–
Associates	21	500	508	–	–
St John's Lane reserve fund	21	291	291	291	291
Total unrestricted funds excluding pension reserve		42,759	56,155	40,168	53,406
Pension reserve	25	(9,997)	(15,879)	(9,997)	(15,879)
Total unrestricted funds		32,762	40,276	30,171	37,527
All restricted and endowed funds					
Restricted income funds	22	14,297	17,449	12,875	16,913
Endowment funds	23	3,775	3,977	3,775	3,977
Total restricted funds		18,072	21,426	16,650	20,890
Total funds		50,834	61,702	46,821	58,417

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

The financial statements on pages 62 to 96 were approved by the Board of Trustees on 15 May 2019 and signed on their behalf by the Interim Chair and Honorary Treasurer on 17 May 2019.



Charles Steel – Interim Chair



Gareth Davies – Honorary Treasurer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Net cash flows from operating activities	(a)	(9,830)	(19,210)
Cash flows from investing activities			
Bank interest received	5	135	151
Dividends received	5	744	714
Purchase of intangible fixed assets	11	(172)	(537)
Purchase of tangible fixed assets	12	(262)	(723)
Proceeds from sale of fixed assets		190	620
Purchase of investments	13	(12,030)	(9,250)
Proceeds from sale of investments	13	11,855	7,988
Net cash movement in investments	13	166	208
Investment in associate	14b	8	(36)
Net cash provided by/(used in) investing activities		634	(865)
Net cash flows from financing activities		–	–
Change in cash and cash equivalents in the year	(b)	(9,196)	(20,075)
Cash and cash equivalents at the beginning of the year		47,396	67,471
Cash and cash equivalents at the end of the year		38,200	47,396

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

	Year to 31/12/2018 £000	Year to 31/12/2017 £000
NOTES TO THE CASH FLOW STATEMENT		
(a) Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure)	(12,460)	650
Investment income	(879)	(865)
Losses/(gains) on investments	1,047	(2,119)
Adjustment for pension funding	773	1,265
Payments to defined benefit pension scheme	(5,063)	(5,065)
Net gain on disposal of fixed assets	(171)	(498)
Depreciation charge	666	673
Amortisation charge	1,535	1,543
Impairment charge	–	97
Decrease in stocks	422	382
(Increase)/Decrease in debtors	(5,267)	3,496
Increase/(Decrease) in creditors falling due within one year	7,878	(13,934)
Increase in creditors falling due in more than one year	1,820	61
Decrease in provisions	(131)	(4,896)
Net cash flows from operating activities	(9,830)	(19,210)

	At 01/01/2018 £000	Cash flow £000	At 31/12/2018 £000
(b) Analysis of cash and cash equivalents			
Cash at bank and in hand	25,352	(6,635)	18,717
Short-term deposits	22,044	(2,561)	19,483
	47,396	(9,196)	38,200

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 FRS 102 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 53 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 47.

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) 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 associates' 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 is a member of the Start Network, a consortium of 42 member NGOs that is working to strengthen the humanitarian aid sector. As the lead agency within the consortium, Save the Children is legally responsible to donors for the charitable application of funds. Funding for the Start Network consortium is recognised by Save the Children as a separate restricted fund under the agreement with donors.

(B) COMPANY STATUS

The charity is a company limited by guarantee. The members of the company are the trustees named on page 51. 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.

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

1.ACCOUNTING POLICIES (CONTINUED)

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).

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). SCUUK 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 SCUUK are recognised under lottery income 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.

(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.

1.ACCOUNTING POLICIES (CONTINUED)

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 period 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. The resulting defined benefit asset or liability is presented separately after net assets on the face of the balance sheet.

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

1.ACCOUNTING POLICIES (CONTINUED)

(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 period at the rate of exchange ruling at the time of the transaction.

(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.

A provision is made for an onerous lease where the expected income from sub-let property is significantly less than the expected associated rental payments Save the Children UK is committed to paying to its landlord.

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

Save the Children UK is a registered charity and is thus exempt from tax on income and gains falling within chapter 3 of part II of the Corporation Tax Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992, to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity. There was no UK corporation tax payable by Save the Children (Sales) Limited.

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 onerous lease, 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 31/12/2018 £000	Year to 31/12/2017 £000
(a) Donations and gifts				
Individual giving	40,382	3,421	43,803	49,095
Trusts and major donors	4,789	5,826	10,615	11,139
Community fundraising	8,156	209	8,365	8,358
Corporate fundraising	529	2,465	2,994	6,166
Institutional donors	–	905	905	8,495
	53,856	12,826	66,682	83,253
(b) Gifts in kind by type				
Gifts in kind for distribution	–	1,930	1,930	3,502
Headquarters professional services	–	492	492	833
Fundraising	–	480	480	467
	–	2,902	2,902	4,802
(c) Legacies				
Legacies ¹	21,838	392	22,230	21,006
Total donations and legacies	75,694	16,120	91,814	109,061

¹ 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 £3.6 million (2017: £3.5 million).

3. INCOME FROM CHARITABLE ACTIVITIES

	Year to 31/12/2018 restricted £000	Year to 31/12/2017 restricted £000
Performance-related grants		
UK central government	85,133	131,395
Irish government	2,224	3,255
Other national governments	3,573	4,990
UK local and regional government	296	734
European Commission including European Commission Humanitarian Organisation of £15,574,000 (2017: £30,048,000)	29,800	46,778
Disasters Emergency Committee	4,648	15,239
United Nations	35,009	38,053
World Bank	3,808	6,066
Global Fund to fight AIDS, tuberculosis and malaria	3	919
Total government and multilateral organisations	164,494	247,429
Comic Relief	592	417
Bill & Melinda Gates Foundation	2,929	3,906
Big Lottery Fund	847	1,719
Corporate partners	12,707	12,797
Trusts	7,232	9,577
Other	5,416	5,138
Total income from charitable activities	194,217	280,983

Trusts includes £45,000 (2017: £40,000) from Lankelly Chase and corporate partners includes £388,000 (2017: £36,000) from the IKEA Foundation for the Start Network.

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

	Unrestricted funds £000	Restricted funds £000	Total year to 31/12/2018 £000	Total year to 31/12/2017 £000
Retail income (see note 4a)	10,470	–	10,470	10,036
Lottery income (see note 4b)	2,760	–	2,760	2,543
Total trading income	13,230	–	13,230	12,579

(a) Retail income and costs	Charity £000	Save the Children (Sales) Ltd £000	Total year to 31/12/2018 £000	Total year to 31/12/2017 £000
Retail income	9,805	665	10,470	10,036
Cost of sales	–	(350)	(350)	(322)
Direct expenses	(8,610)	(303)	(8,913)	(8,445)
Total expenses	(8,610)	(653)	(9,263)	(8,767)
Surplus	1,195	12	1,207	1,269

Additional net income was raised in relation to shops which is disclosed elsewhere and includes £368,000 (2017: £395,000) of donations raised in shops, and £214,000 (2017: £534,000) of property income, totalling £582,000 (2017: £929,000).

(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 31/12/2018 £000	Year to 31/12/2017 £000
Ticket value	8,628	8,204
Prize fund	(3,451)	(3,282)
Management fee	(2,417)	(2,379)
Net proceeds	2,760	2,543

5. INVESTMENT INCOME

	Unrestricted funds £000	Restricted funds £000	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Dividends on investments listed on a recognised stock exchange	744	–	744	714
Interest on bank deposits and other investments	126	9	135	151
	870	9	879	865

6. OTHER INCOME

	Unrestricted funds £000	Restricted funds £000	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Rental income	1,853	–	1,853	1,657
Gain on disposal of fixed assets	178	–	178	498
Other income	194	837	1,031	915
	2,225	837	3,062	3,070

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 31/12/2018 £000	Year to 31/12/2017 £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)	(6)	10,580	14,389	–	3,028	–	27,991	29,103
Expenditure on other trading activities	–	2,801	5,747	–	715	–	9,263	8,767
Investment management costs	–	–	97	–	5	–	102	180
	(6)	13,381	20,233	–	3,748	–	37,356	38,050
Charitable activities								
Nutrition	25,646	254	599	1,450	1,827	2,721	32,497	61,210
Livelihoods	42,993	390	834	150	2,898	4,321	51,586	61,536
Health	34,162	354	1,257	885	2,398	3,567	42,623	66,506
Protection	9,633	145	350	40	668	991	11,827	20,138
Rights	767	8	18	2	52	77	924	676
Education	19,237	3,989	2,103	90	1,880	2,476	29,775	35,630
Rapid onset emergencies	57,839	10,823	7,500	483	5,484	7,718	89,847	109,623
	190,277	15,963	12,661	3,100	15,207	21,871	259,079	355,319
Campaigning and awareness (note 7c)	1,450	7,367	4,840	28	1,999	1,306	16,990	15,206
Total charitable activities	191,727	23,330	17,501	3,128	17,206	23,177	276,069	370,525
Support costs	249	17,398	26,294	252	(21,016)	(23,177)	–	–
Other expenditure ¹	–	–	1,120	–	62	–	1,182	(512)
Total expenditure	191,970	54,109	65,148	3,380	–	–	314,607	408,063
Prior year	282,125	53,700	66,955	5,283	–	–	408,063	

¹ 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. During 2018 there has been a £1m release of the remaining provision relating to the onerous lease on this premises (2017: £2m release).

(b) Grant funding of activities

During the year ended 31 December 2018, 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.

(c) Save the Children's campaigning 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 31/12/2018 £000	Year to 31/12/2017 £000
Individual giving	15,536	16,677
Trusts and major donors	2,543	2,312
Community fundraising	6,477	6,558
Corporate fundraising	1,841	2,084
Legacies	1,594	1,472
	27,991	29,103

(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.

		Year to 31/12/2018 £000	Year to 31/12/2017 £000
Management and administration costs	Basis of apportionment		
General management	Pro-rata by expenditure	2,677	2,199
Governance	Pro-rata by expenditure	863	1,155
Human resources	Pro-rata by salary costs	1,977	2,026
Financial management	Pro-rata by expenditure	3,492	3,437
Premises and facilities	Pro-rata by building usage	3,910	3,555
Information systems	Pro-rata by expenditure	7,827	6,832
Gifts in kind (pro-bono professional services)	Pro-rata by expenditure	252	420
(Gains)/Losses on foreign exchange	Pro-rata by expenditure	(522)	869
Net interest cost ¹	Pro-rata by expenditure	540	947
		21,016	21,440
Programme support costs			
Core programme support costs			
Core contributions to SCI/SCA	Pro-rata by charitable expenditure	2,608	2,742
Programme support	Pro-rata by charitable expenditure	8,428	9,138
Central and regional operating costs to SCI	Pro-rata by charitable expenditure	5,706	7,556
		16,742	19,436
Additional contributions			
Contribution to growth of other Save the Children members	Pro-rata by charitable expenditure	1,007	1,000
SCI strategic investment funding	Pro-rata by charitable expenditure	5,428	3,916
		6,435	4,916
Total programme support		23,177	24,352
Total support costs		44,193	45,792
Financed by unrestricted funds		31,975	24,851
Charged to restricted awards		504	2,941
Indirect cost recovery ²		11,714	18,000
		44,193	45,792

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

² 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 31/12/2018 £000	Year to 31/12/2017 £000
Group auditor's remuneration		
Audit of charity	98	96
Audit of subsidiaries ¹	40	23
Total audit	138	119
Audit-related assurance services	4	4
Total assurance services	4	4
Other non-audit services	–	–
Total non-audit services	–	–
Total fees	142	123

¹ Elrha subsidiary audit of £15,000 included in the 2018 fees.

	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Lease rentals: land and buildings		
Retail	2,715	2,545
Programme offices	240	239
Headquarters	3,973	3,886
	6,928	6,670

Ex-gratia payments

There have been no ex-gratia payments made to the relatives of testators who had willed part of their estate to Save the Children UK.

8. STAFF COSTS

(a)	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Wages and salaries	43,297	42,968
National Insurance	4,672	4,587
Pension costs defined contribution scheme	2,200	2,149
Pension costs defined benefit scheme	233	318
Other staff costs	3,707	3,678
	54,109	53,700

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

Included within other staff costs is £319,449 (2017: £373,871) of termination costs, primarily as a result of the elimination of positions that are no longer required.

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

	Average headcount		Average FTE headcount	
	Year to 31/12/2018 number	Year to 31/12/2017 number	Year to 31/12/2018 number	Year to 31/12/2017 number
Charitable activities	808	839	786	819
Raising funds	331	325	324	318
	1,139	1,164	1,110	1,137

8. STAFF COSTS (CONTINUED)

(c) At 31 December 2018 the number of staff was as follows:

	Headcount ¹ number	Headcount equivalent ² number
UK HQ	891	871
UK non-HQ	153	147
International	83	82
	1,127	1,100

¹ Headcount is defined as the number of roles filled by employees.

² 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 31/12/2018 number	Year to 31/12/2017 number
£60,001–£70,000	33	36
£70,001–£80,000	13	22
£80,001–£90,000	8	7
£90,001–£100,000	2	3
£100,001–£110,000	2	4
£110,001–£120,000	1	–
£120,001–£130,000	1	2
£130,001–£140,000	1	–
£140,001–£150,000	1	1
	62	75

(e) 2018 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 2018 was £843,470 (2017: £1,005,429) of which £714,919 was actual gross salary and £128,551 was paid for employer's national insurance, pension contributions and life insurance. A detailed breakdown by executive director is included on page 57 on 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 31/12/2018 number of trustees	Year to 31/12/2017 number of trustees	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Expenses including travel and subsistence	2	3	0	1

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

Save the Children has purchased indemnity insurance at a cost of £14,560 (2017: £15,680) 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 2018 the trustees made unconditional donations of £141,958 (2017: £241,141) to the charity.

Two trustees on the Save the Children UK Board during 2018 were also trustees on the boards of subsidiaries. Fiona McBain was a trustee on the board of the Humanitarian Leadership Academy and Jamie Cooper is a trustee on the board of Elrha.

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 31/12/2018 £000	Year to 31/12/2017 £000
Funds transferred for programme delivery	157,884	241,021
Country operating costs	4,642	6,448
Central and regional operating costs	5,706	7,556
Core contributions	2,608	2,742
Member growth	1,007	1,000
Strategic investment funding	5,428	3,916
Reimbursements	(589)	(559)
	176,686	262,124
Balance sheet items	As at 31/12/2018 £000	As at 31/12/2017 £000
Prepayment for programme activity	15,579	6,396
Cost of services incurred by Save the Children UK/(SCI) to be settled in the future	189	335
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 2018	12,253	238	12,491
Additions	102	70	172
Transfers of assets available for use	51	(51)	–
Cost at 31 December 2018	12,406	257	12,663
Accumulated amortisation at 1 January 2018	8,012	–	8,012
Charge for the period	1,535	–	1,535
Accumulated amortisation at 31 December 2018	9,547	–	9,547
Net book value at 31 December 2018	2,859	257	3,116
Net book value at 31 December 2017	4,241	238	4,479

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 2018	1,227	6,621	64	7,912
Additions	11	251	–	262
Disposals	(28)	(45)	–	(73)
Cost at 31 December 2018	1,210	6,827	64	8,101
Accumulated depreciation at 1 January 2018	497	4,294	34	4,825
Charge for the period	38	621	7	666
Disposals	(16)	(38)	–	(54)
Accumulated depreciation at 31 December 2018	519	4,877	41	5,437
Net book value at 31 December 2018	691	1,950	23	2,664
Net book value at 31 December 2017	730	2,327	30	3,087

(b) Capital expenditure contracted for but not provided in the financial statements was £nil (2017: £nil).

13. INVESTMENTS

	Notes	Group 31/12/2018 £000	Group 31/12/2017 £000	Charity 31/12/2018 £000	Charity 31/12/2017 £000
Fixed asset investments	13a	36,653	37,691	36,603	37,641
Investment in SCI		955	955	955	–
Investment in subsidiary	13b	–	–	250	250
Total Investments		37,608	38,646	37,808	37,891

(a) Fixed asset investments	Group 31/12/2018 £000	Group 31/12/2017 £000	Charity 31/12/2018 £000	Charity 31/12/2017 £000
Market value at start of year	37,691	34,518	37,641	34,518
Acquisitions	12,030	9,250	12,030	9,200
Sales proceeds	(11,855)	(7,988)	(11,855)	(7,988)
Net movement in cash balances	(166)	(208)	(166)	(208)
Net realised investment gains	2,430	273	2,430	273
Net unrealised investment (loss)/gain	(3,477)	1,846	(3,477)	1,846
Market value at end of year	36,653	37,691	36,603	37,641

The market value is represented by:	Group 31/12/2018 £000	Group 31/12/2017 £000	Charity 31/12/2018 £000	Charity 31/12/2017 £000
Equities	17,836	22,199	17,836	22,199
Bonds	3,334	4,904	3,334	4,904
Cash and cash equivalents	15,483	10,588	15,433	10,538
	36,653	37,691	36,603	37,641

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 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
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 2018 have been consolidated. Elrha became a separate registered charity and a subsidiary company of SCUUK from 10 January 2018.

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		Elrha
	Year to 31/12/2018 £000	Year to 31/12/2017 £000	Year to 31/12/2018 £000	Year to 31/12/2017 £000	Year to 31/12/2018 £000	Year to 31/12/2017 £000	Period to 31/12/2018 £000
Income	959	1,896	1,069	242	5,909	9,089	5,631
Expenditure	(939)	(765)	(81)	237	(5,461)	(9,007)	(5,375)
	20	1,131	988	479	448	82	256
Donation to parent charity	(20)	(1,131)	–	–	–	–	–
	–	–	988	479	448	82	256
	As at 31/12/2018 £000	As at 31/12/2017 £000	As at 31/12/2018 £000	As at 31/12/2017 £000	As at 31/12/2018 £000	As at 31/12/2017 £000	As at 31/12/2018 £000
Assets	382	917	2,891	2,007	1,333	2,305	1,130
Liabilities	(132)	(667)	(464)	(568)	(503)	(1,923)	(874)
Net assets	250	250	2,427	1,439	830	382	256

(b) Associate undertakings

During the year, Save the Children UK received £24,000 (£28,000) as grant funding and £1,000 (£1,000) as an administration fee from the William Belmer Rush Foundation.

Investment in associates	Group Year to 31/12/2018 £000	Group Year to 31/12/2017 £000
At 1 January	508	472
Share of retained (loss)/profit for the year	(8)	36
At 31 December	500	508

15. STOCKS

	Group 31/12/2018 £000	Group 31/12/2017 £000	Charity 31/12/2018 £000	Charity 31/12/2017 £000
Gift in kind stock for distribution	180	659	180	659
Emergency	509	510	509	510
Goods for resale	174	112	–	–
Head office	23	27	23	27
	886	1,308	712	1,196

16. DEBTORS

(a) Grant debtors	Group 31/12/2018 £000	Group 31/12/2017 £000	Charity 31/12/2018 £000	Charity 31/12/2017 £000
UK central government	8,707	10,100	8,707	10,100
European Commission including European Commission Humanitarian Organisation	8,770	13,354	8,770	13,039
Disasters Emergency Committee	174	212	174	212
United Nations	5,049	4,780	5,049	4,780
World Bank	2,854	2,390	2,854	2,390
Other	334	2,930	334	2,930
Total government and multilateral organisations	25,888	33,766	25,888	33,451
Comic Relief	131	–	131	–
Corporate partners	413	1,508	413	1,508
Trusts	2,133	176	2,133	176
Other	1,216	416	1,216	416
Total other	3,893	2,100	3,893	2,100
Total grant debtors	29,781	35,866	29,781	35,551

Grant debtors above include amounts both billed and unbilled.

(b) Other debtors

Trade debtors	231	253	221	133
Legacy debtors	13,766	11,639	13,414	11,511
Amount owed by subsidiary undertakings	–	–	37	616
Taxes recoverable	3,743	1,433	3,743	1,433
Prepayments and accrued income	4,936	6,928	4,923	7,093
Save the Children International	15,768	6,731	15,768	6,731
Other debtors	432	540	427	519
	38,876	27,524	38,533	28,036

All debtors are falling due within one year. Debtor balance with Save the Children International represents prepaid funding for future programmatic activity.

17. CREDITORS

(a) Amounts falling due within one year

	Group 31/12/2018 £000	Group 31/12/2017 £000	Charity 31/12/2018 £000	Charity 31/12/2017 £000
Trade creditors	5,295	5,104	4,649	4,382
Taxes and social security	1,202	1,202	1,139	1,153
Amount owed to subsidiary undertakings	–	–	2,658	1,107
Accruals	4,325	3,750	3,655	3,422
Deferred income ¹	66,311	61,149	66,311	61,141
Operating lease incentives ²	179	179	179	179
Grant obligations	1,376	200	1,329	114
Other creditors	882	108	842	62
	79,570	71,692	80,762	71,560

(b) Amounts falling in more than one year

Operating lease incentives ²	1,335	1,515	1,335	1,515
Long-term loan	2,000	–	2,000	–
	3,335	1,515	3,335	1,515

¹ The deferred income represents cash received from donors prior to entitlement under our income recognition policy. Deferred income of £55,147,000 arose in the year and £49,985,000 brought forward from 2017 was released.

² 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

Group	At 01/01/2018 £000	Provision created/ (released) £000	Provision utilised £000	Total 31/12/2018 £000
Terminal grants and severance	211	–	(89)	122
Dilapidations	1,601	(184)	–	1,417
Grants	4,370	897	(1,460)	3,807
Tax	711	1,694	–	2,405
Onerous lease	958	(958)	–	–
Other	175	(22)	(9)	144
	8,026	1,427	(1,558)	7,895

Charity	At 01/01/2018 £000	Provision created/ (released) £000	Provision utilised £000	Total 31/12/2018 £000
Terminal grants and severance	211	–	(89)	122
Dilapidations	1,601	(184)	–	1,417
Grants	4,028	894	(1,376)	3,546
Tax	711	1,694	–	2,405
Onerous lease	958	(958)	–	–
Other	60	6	(6)	60
	7,569	1,452	(1,471)	7,550

18. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Terminal grants and severance provisions relate to employees in country programmes leaving employment with Save the Children UK and transitioning to SCI. 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 which 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.

The **Onerous lease** provisions represent the estimated difference between lease income from sub-tenants and lease expenditure on sub-let premises to Save the Children UK's landlord up until the end of our lease term.

19. FINANCIAL COMMITMENTS: OBLIGATIONS UNDER OPERATING LEASES

Group

The total future minimum lease payments under non-cancellable operating leases

Total payments due:	Total	Total
	31/12/2018	31/12/2017
	£000	£000
Within one year	6,429	6,159
In years two to five	20,725	19,844
After five years	18,767	21,990
	45,921	47,993

Charity

The total future minimum lease payments under non-cancellable operating leases

Total payments due:	Total	Total
	31/12/2018	31/12/2017
	£000	£000
Within one year	6,429	6,145
In years two to five	20,725	19,843
After five years	18,767	21,990
	45,921	47,978

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 commitments 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 31/12/2018 £000	Group 31/12/2017 £000	Charity 31/12/2018 £000	Charity 31/12/2017 £000
Within one year	183,933	198,335	183,933	198,335
Between two and five years	111,067	127,931	111,067	127,931
After five years	-	-	-	-
	295,000	326,266	295,000	326,266

(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 £2.9m (2017: £1.9m). A provision of £0.5m (2017: £0.3m) has been recognised as at 31 December 2018 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) Save the Children UK has future commitments in respect of Save the Children International:

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 US \$20 million in the event that the members choose to cease SCI's programming activity. At 31 December 2018, Save the Children UK's share of this was approximately US \$4.3 million (2017: \$6.2 million). 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.

The Save the Children members have also provided SCI with a standby letter of credit to the value of US \$6.2 million, of which Save the Children UK's share is US \$3.1 million. This facility is provided in the event of SCI requiring reserves. SCI holds 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.

This standby letter of credit is provided by Standard Chartered. As at 31 December 2018 no amounts had been drawn down on this facility.

(e) Save the Children UK also has guarantees with Standard Chartered Bank totalling €1.9m (2017: €4.5m) 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 01/01/2018 £000	Income £000	Expenditure £000	Other gains/losses £000	Transfers £000	At 31/12/2018 £000
Unrestricted funds						
General reserve	41,785	92,019	(99,076)	2,202	(3,752)	33,178
Revaluation reserve	5,613	–	–	(3,047)	–	2,566
Designated funds:						
Tangible fixed assets reserve	7,003	–	–	–	(1,734)	5,269
Programme-related investment	955	–	–	–	–	955
Associates (note 14)	508	–	–	(8)	–	500
St John's Lane reserve fund	291	–	–	–	–	291
Total unrestricted funds excluding pension reserve	56,155	92,019	(99,076)	(853)	(5,486)	42,759
Pension reserve (note 25)	(15,879)	–	(773)	1,592	5,063	(9,997)
Total unrestricted funds	40,276	92,019	(99,849)	739	(423)	32,762
All restricted and endowed funds						
Restricted income funds (note 22)	17,449	211,183	(214,758)	–	423	14,297
Endowment funds	3,977	–	–	(202)	–	3,775
Total restricted funds	21,426	211,183	(214,758)	(202)	423	18,072
Total funds	61,702	303,202	(314,607)	537	–	50,834

(b) Charity	At 01/01/2018 £000	Income £000	Expenditure £000	Other gains/losses £000	Transfers £000	At 31/12/2018 £000
Unrestricted funds						
General reserve	40,499	90,016	(98,678)	2,202	(2,952)	31,087
Revaluation reserve	5,613	–	–	(3,047)	–	2,566
Designated funds:						
Tangible fixed assets reserve	7,003	–	–	–	(1,734)	5,269
Programme-related investment	–	–	955	–	–	955
Associates (note 14)	–	–	–	–	–	–
St John's Lane reserve fund	291	–	–	–	–	291
Total unrestricted funds excluding pension reserve	53,406	90,016	(97,723)	(845)	(4,686)	40,168
Pension reserve (note 25)	(15,879)	–	(773)	1,592	5,063	(9,997)
Total unrestricted funds	37,527	90,016	(98,496)	747	377	30,171
All restricted and endowed funds						
Restricted income funds (note 22)	16,913	210,777	(214,438)	–	(377)	12,875
Endowment funds	3,977	–	–	(202)	–	3,775
Total restricted funds	20,890	210,777	(214,438)	(202)	(377)	16,650
Total funds	58,417	300,793	(312,934)	545	–	46,821

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 **tangible fixed assets reserve** represents the net book value of tangible fixed 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 **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 (£4,919,000) and the growth plan (£144,000).

The **restricted income funds** represent unexpended balances on donations and grants given for specific purposes (see note 22 for details).

The **endowment funds** represent assets received that may not be exhausted (see note 23 for details).

Prior Period Comparatives:

(c) Group	At 01/01/2017 £000	Income £000	Expenditure £000	Other gains/losses £000	Transfers £000	At 31/12/2017 £000
Unrestricted funds						
General reserve	35,210	93,010	(83,360)	236	(3,311)	41,785
Revaluation reserve	4,031	–	–	1,582	–	5,613
Designated funds:						
Tangible fixed assets reserve	8,126	–	–	–	(1,123)	7,003
Programme-related investment	955	–	–	–	–	955
Associates (note 14)	472	–	–	36	–	508
St John's Lane reserve fund	345	–	–	–	(54)	291
Total unrestricted funds excluding pension reserve	49,139	93,010	(83,360)	1,854	(4,488)	56,155
Pension reserve (note 25)	(38,720)	–	(1,265)	19,041	5,065	(15,879)
Total unrestricted funds	10,419	93,010	(84,625)	20,895	577	40,276
All restricted and endowed funds						
Restricted income funds (note 22)	27,916	313,548	(323,438)	–	(577)	17,449
Endowment funds	3,676	–	–	301	–	3,977
Total restricted funds	31,592	313,548	(323,438)	301	(577)	21,426
Total funds	42,011	406,558	(408,063)	21,196	–	61,702

21. STATEMENT OF FUNDS (CONTINUED)

(d) Charity	At 01/01/2017 £000	Income £000	Expenditure £000	Other gains/losses £000	Transfers £000	At 31/12/2017 £000
Unrestricted funds						
General reserve	34,404	92,020	(82,850)	236	(3,311)	40,499
Revaluation reserve	4,031	–	–	1,582	–	5,613
Designated funds:						
Tangible fixed assets reserve	8,126	–	–	–	(1,123)	7,003
Programme-related investment	–	–	–	–	–	–
Associates (note 14)	–	–	–	–	–	–
St John's Lane reserve fund	345	–	–	–	(54)	291
Total unrestricted funds excluding pension reserve	46,906	92,020	(82,850)	1,818	(4,488)	53,406
Pension reserve (note 25)	(38,720)	–	(1,265)	19,041	5,065	(15,879)
Total unrestricted funds	8,186	92,020	(84,115)	20,859	577	37,527
All restricted and endowed funds						
Restricted income funds (note 22)	27,495	313,250	(323,255)	–	(577)	16,913
Endowment funds	3,676	–	–	301	–	3,977
Total restricted funds	31,171	313,250	(323,255)	301	(577)	20,890
Total funds	39,357	405,270	(407,370)	21,160	–	58,417

22. RESTRICTED FUNDS

(a) Group

Restricted funds comprise unexpended balances on donations and grants given for specific purposes. These are shown below.

	At 01/01/2018 recategorised ¹ £000	Income £000	Expenditure £000	Transfers £000	At 31/12/2018 £000
Regions					
East Africa	(457)	46,150	(46,023)	1,391	1,061
Southern Africa	(350)	16,927	(16,453)	200	324
West and Central Africa	1,522	27,872	(30,355)	1,551	590
Asia	753	35,922	(38,496)	1,658	(163)
Latin America and Caribbean	(61)	1,167	(1,255)	294	145
Middle East and South-East Europe	1,573	22,265	(25,717)	2,899	1,020
United Kingdom	1,014	4,794	(5,221)	939	1,526
Multi-region	192	4,981	(3,909)	294	1,558
Emergency Appeals					
Child Refugee Crisis	1,076	(14)	37	(932)	167
Nepal	82	513	(513)	(83)	(1)
Syria	1,372	746	(777)	(678)	663
East Africa Food Crisis	739	490	(1,466)	250	13
Yemen	1,277	3,528	(1,891)	(1,573)	1,341
Rohingya	534	1,541	(1,123)	(436)	516
Other	601	2,719	(1,381)	(1,610)	329
Other Funds					
Children's Emergency Fund ²	1,415	2,549	(496)	(1,770)	1,698
Thematic/Country Funds ³	465	1,278	(101)	(1,363)	279
Start Network	4,141	20,620	(23,451)	–	1,310
HLA	382	5,502	(5,553)	500	831
Elrha	349	7,633	(7,846)	300	436
Other	830	4,000	(2,768)	(1,408)	654
	17,449	211,183	(214,758)	423	14,297

¹ 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.

² Children's Emergency Funds not yet allocated to particular country programmes.

³ Funds restricted to a particular thematic objective (eg. health, nutrition) or a specific country.

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 period, 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 01/01/2018 reclassified ¹ £000	Income £000	Expenditure £000	Transfers £000	At 31/12/2018 £000
Regions					
East Africa	(457)	46,150	(46,023)	1,391	1,061
Southern Africa	(350)	16,927	(16,453)	200	324
West and Central Africa	1,515	27,872	(30,355)	1,551	583
Asia	668	35,922	(38,496)	1,666	(240)
Latin America and Caribbean	(61)	1,167	(1,255)	294	145
Middle East and South-East Europe	1,552	22,265	(25,717)	2,904	1,004
United Kingdom	(943)	4,794	(5,221)	2,896	1,526
Multi-region	138	4,981	(3,909)	294	1,504
Emergency Appeals					
Child Refugee Crisis	1,076	(14)	37	(932)	167
Nepal	82	513	(513)	(83)	(1)
Syria	1,372	746	(777)	(678)	663
East Africa Food Crisis	739	490	(1,466)	250	13
Yemen	1,277	3,528	(1,891)	(1,573)	1,341
Rohingya	534	1,541	(1,123)	(436)	516
Other	601	2,719	(1,381)	(1,610)	329
Other Funds					
Children's Emergency Fund ²	1,415	2,549	(496)	(1,770)	1,698
Thematic/Country Funds ³	417	1,278	(101)	(1,315)	279
Start Network	4,110	20,620	(23,451)	31	1,310
HLA	–	5,133	(5,133)	–	–
Elrha	349	7,596	(7,945)	–	–
Other	2,879	4,000	(2,769)	(3,457)	653
	16,913	210,777	(214,438)	(377)	12,875

¹ Individual funds brought forward have been reclassified 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.

² Children's Emergency Funds not yet allocated to particular country programmes.

³ Funds restricted to a particular thematic objective (eg. health, nutrition) or a specific country.

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 period, 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 01/01/2018 £000	Income £000	Expenditure £000	Transfers £000	At 31/12/2018 £000
Big Lottery Fund					
Building Sustainable Livelihoods and Resilient Communities	–	726	(726)	–	–
Big Lottery Fund Scotland – Families Connect	–	124	(124)	–	–
Supporting 21st Century Life – FAST in Scotland	–	(3)	3	–	–
	–	847	(847)	–	–

23. ENDOWMENT FUNDS – GROUP AND CHARITY

Movements on endowment funds for the year

	At 01/01/2018 £000	Other gains/losses £000	Transfers £000	At 31/12/2018 £000
The Oliver Children's fund	3,977	(202)	–	3,775
	3,977	(202)	–	3,775

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

(a) Group

Fund balances at 31 December 2018 are represented by:	General funds £000	Revaluation reserve £000	Designated funds £000	Pension reserve £000	Restricted funds £000	Endowment funds £000	Total 31/12/2018 £000
Tangible and intangible fixed assets	511	–	5,269	–	–	–	5,780
Fixed asset investments	30,312	2,566	1,455	–	–	3,775	38,108
Current assets	26,817	–	291	–	80,635	–	107,743
Current liabilities	(13,232)	–	–	–	(66,338)	–	(79,570)
Non-current liabilities	(3,335)	–	–	–	–	–	(3,335)
Provisions for liabilities and charges	(7,895)	–	–	–	–	–	(7,895)
Pension liability	–	–	–	(9,997)	–	–	(9,997)
	33,178	2,566	7,015	(9,997)	14,297	3,775	50,834

(b) Charity

Fund balances at 31 December 2018 are represented by:	General funds £000	Revaluation reserve £000	Designated funds £000	Pension reserve £000	Restricted funds £000	Endowment funds £000	Total 31/12/2018 £000
Tangible and intangible fixed assets	511	–	5,269	–	–	–	5,780
Fixed asset investments	30,512	2,566	955	–	–	3,775	37,808
Current assets	25,419	–	291	–	79,167	–	104,877
Current liabilities	(14,470)	–	–	–	(66,292)	–	(80,762)
Non-current liabilities	(3,335)	–	–	–	–	–	(3,335)
Provisions for liabilities	(7,550)	–	–	–	–	–	(7,550)
Pension liability	–	–	–	(9,997)	–	–	(9,997)
	31,087	2,566	6,515	(9,997)	12,875	3,775	46,821

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; Save the Children UK triggered wind-up of this scheme in May 2017 and the scheme trustees advise this should be complete by the end of 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 31/12/2018 £000	Defined benefit scheme £000	Pension Trust growth plan £000	Year to 31/12/2017 £000
Net pension liability at start of year	14,705	1,174	15,879	37,425	1,295	38,720
Current service cost	233	–	233	318	–	318
Net interest expense	306	15	321	930	17	947
Contributions by employer	(4,919)	(144)	(5,063)	(4,925)	(140)	(5,065)
Net actuarial (gains)/losses in the year	(1,580)	(12)	(1,592)	(19,043)	2	(19,041)
Losses due to benefit changes	219	–	219	–	–	–
Net pension liability at 31 December	8,964	1,033	9,997	14,705	1,174	15,879

(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 £154.5m and the scheme liabilities as £181.1m. This corresponds to a scheme deficit of £26.6m and a funding level of 85.3%.

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 2018

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.

(e) Net movement in pension liability	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Net pension liability at start of year	14,705	37,425
Current service cost ¹	233	318
Net interest expense	306	930
Contributions by employer	(4,919)	(4,925)
Net actuarial gains in the year	(1,580)	(19,043)
Losses due to benefit changes	219	–
Net pension liability at 31 December	8,964	14,705

¹ 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 31/12/2018 £000	Year to 31/12/2017 £000
Present value of funded obligations	25h	167,919	175,968
Fair value of scheme assets	25i	(158,955)	(161,263)
Net pension liability		8,964	14,705

(g) Amounts recognised in the statement of financial activities

	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Interest income	3,933	3,856
Interest expense	(4,239)	(4,786)
Net interest expense	(306)	(930)
Current service cost	(233)	(318)
Losses due to benefit changes	(219)	–
Total decrease in net income	(758)	(1,248)
Net actuarial gains in the year	1,580	19,043
Total increase in net funds	822	17,795

25. PENSION COSTS (CONTINUED)

(h) Change in the present value of the defined benefit obligation	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Opening defined benefit obligation	175,968	183,160
Service cost	233	318
Interest cost	4,239	4,786
Contributions by employees	–	33
Actuarial gain	(6,389)	(6,883)
Net benefits paid (including expenses)	(6,351)	(5,446)
Losses due to benefit changes	219	–
Closing defined benefit obligation	167,919	175,968

(i) Change in the fair value of scheme assets	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Opening fair value of the scheme assets	161,263	145,735
Interest income	3,933	3,856
Actuarial (losses)/gains	(4,809)	12,160
Contributions by employer	4,919	4,925
Contributions by employees	–	33
Net benefits paid (including expenses)	(6,351)	(5,446)
Closing fair value of the scheme assets	158,955	161,263

Actual return on scheme assets	(876)	16,016
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(j) The assets at 31 December 2018 are represented by:	At 31/12/2018 Fair value £000	At 31/12/2017 Fair value £000
Equities	78,873	94,542
Property	10,988	10,536
Government bonds	68,252	55,364
Other	842	821
Scheme assets	158,955	161,263

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 31/12/2018 % p.a	Year to 31/12/2017 % p.a
Discount rate	2.75	2.45
Rate of revaluations for career averaged earnings (RPI related)	3.10	3.10
Rate of increase of pensions (CPI related):		
Limited Price Indexation 5%	2.30	2.30
Limited Price Indexation 2.5%	1.75	1.75
Rate of revaluation of deferred pensions in excess of the Guaranteed Minimum Pension (RPI related)	3.25	3.25
Inflation assumption		
Retail Price Index	3.25	3.25
Consumer Price Index	2.25	2.25
Demographic assumptions		
Mortality		
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		
Year to 31/12/2017: 60% before retirement, 89% after retirement S2PX A All Pensioners; year of birth; CMI 2015 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 31/12/2018 £000	Year to 31/12/2017 £000
Pension contributions	2,200	2,149
	At 31/12/2018 £000	At 31/12/2017 £000
Outstanding pension contributions	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 FRS 102 basis is £1m (2017: £1.2m). 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 2018 Save the Children UK paid £144k (2017: £140k). Contributions from April 2019 are £117k 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 31/12/2018 £000	Year to 31/12/2017 £000
Net movement in the pension liability		
Provision at the start of the period	1,174	1,295
Unwinding of the discount factor (interest expense)	15	17
Deficit contribution paid	(144)	(140)
Remeasurements – impact of any change in assumptions	(12)	2
Provision at the end of the period	1,033	1,174
Amounts recognised in the statement of financial activities		
	Year to 31/12/2018 £000	Year to 31/12/2017 £000
Interest expense	15	17
Remeasurements – impact of any change in assumptions	(12)	2
	3	19
Financial assumptions		
	Year to 31/12/2018 % p.a	Year to 31/12/2017 % p.a
Rate of discount	1.75	1.39

26. SAVE THE CHILDREN UK CHARITY – STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2018

	Unrestricted funds £000	All restricted and endowment funds £000	Total funds year to 31/12/2018 £000	Unrestricted funds £000	All restricted and endowment funds £000	Total funds year to 31/12/2017 £000
Income and endowments from:						
Donations and legacies	74,356	15,851	90,207	76,986	31,462	108,448
Charitable activities	–	194,217	194,217	–	280,982	280,982
Other trading activities	12,565	–	12,565	11,959	–	11,959
Investments	870	9	879	828	34	862
Other	2,225	700	2,925	2,247	772	3,019
Total income	90,016	210,777	300,793	92,020	313,250	405,270
Expenditure on:						
Raising funds	36,151	266	36,417	36,480	805	37,285
Charitable activities						
Nutrition	4,453	28,024	32,477	5,460	55,812	61,272
Livelihoods	7,435	44,151	51,586	5,891	55,645	61,536
Health	6,336	36,247	42,583	5,304	61,326	66,630
Protection	2,071	9,756	11,827	2,261	17,877	20,138
Rights	276	648	924	232	444	676
Education	8,038	21,737	29,775	5,253	30,377	35,630
Rapid onset emergencies	19,274	70,175	89,449	13,901	96,013	109,914
Campaigning and awareness	13,278	3,436	16,714	9,843	4,958	14,801
Total charitable activities	61,161	214,174	275,335	48,145	322,452	370,597
Other	1,184	(2)	1,182	(510)	(2)	(512)
Total expenditure	98,496	214,438	312,934	84,115	323,255	407,370
Net (loss)/gain on investment	(845)	(202)	(1,047)	1,818	301	2,119
Net (expenditure)/income	(9,325)	(3,863)	(13,188)	9,723	(9,704)	19
Transfers between funds	377	(377)	–	577	(577)	–
Actuarial gains on defined benefit pension scheme	1,592	–	1,592	19,041	–	19,041
Net movement in funds	(7,356)	(4,240)	(11,596)	29,341	(10,281)	19,060
Fund balances brought forward	37,527	20,890	58,417	8,186	31,171	39,357
Fund balances carried forward	30,171	16,650	46,821	37,527	20,890	58,417

27. INCOME FROM UK AND IRISH GOVERNMENTS

(a) Income from the Department for International Development in the year ended 31 December 2018

Countries supported	Project	£000
Afghanistan	Steps Towards Afghan Girls' Educational Success (STAGES) – Phase II	2,636
Afghanistan	Strengthening the Resilience of Afghanistan's Vulnerable Communities Against Disasters	1,072
Bangladesh	Health, WASH & Nutrition support for Rohingya response in Ukhiya and Teknaf, Cox's Bazaar	1,539
Bangladesh	Suchana – Ending the Cycle of Undernutrition in Bangladesh	9,950
Democratic Republic of the Congo	Girls' Education Challenge Transition	3,881
Democratic Republic of the Congo	UK Aid Match Round 4	1,309
Ethiopia	Peace and Development in the Somali Region of Ethiopia	99
Ethiopia	Pastoralists Afar Girls' Education Support Project (PAGES)	(208)
Kenya	Accelerating Reduction in Maternal and Newborn Mortality in vulnerable and marginalised counties	504
Kenya	Adolescent Girls Initiative Kenya (AGI-K) Implementation Phase	211
Kenya	Delivering Increased Family Planning Across Rural Kenya – Phase 2	25
Kenya	Delivering Increased Family Planning Across Rural Kenya Phase III (ESHE)	230
Kenya	Increasing access to quality care for preterm and low-birthweight babies	52
Kenya	KENYA Mhealth	112
Lebanon	Multi Sector Program	4,556
Malawi	Breaking the Cycle of Humanitarian Assistance through Enhancing Resilience and Shock Responsive Capacity	4,668
Malawi	Cash Transfer Intervention for Keeping Girls in School (KGIS) – Implementation Phase	(139)
Malawi	Improving the school experience and environment for adolescent girls (SE) – Implementation Phase	404
Malawi	INGO Consortium Emergency & Resilience Building Response to the 2016-2017 Food Crisis in Malawi	(2)
Mozambique	Drought Response COSACA	143
Mozambique	Humanitarian Response in Mozambique – 2017/18 Lean Season Recovery Response Phase 2	2,367
Mozambique	Linking Agribusiness and Nutrition	1,716
Mozambique	Influencing Strategy for Africa Climate Change Resilience Alliance-ACCRA I	(19)
Mozambique	Programme for Advancement of Girls' Education	2,445
Myanmar	MMR Supporting children in the first 1,000 days of life and beyond, to reduce child mortality and stunting in high burden states and regions of Myanmar	154
Nepal	Nepal Emergency Response and Recovery Framework (NERF): Pre-positioning	297
Nepal	Safer Schools Project 2017	42
Nepal	WASH Track 3 Intervention & rehabilitation of water resources	164
Niger	Urban Africa: Risk and Capacity-URBAN ARC	26
Nigeria	Child Development Grant Programme (CDGP), Northern Nigeria	8,628
Nigeria	Protection Project in Northeast Nigeria	504
Nigeria	Quality education for conflict-affected children in Borno and Yobe	509
Nigeria	Women for Health Initiative	45
Nigeria	Working to Improve Newborn and Child Nutrition in Northern Nigeria	1,925
Rwanda	Improving and Scaling-Up ECD Interventions: IDS research	114
Rwanda	Integrated Protection, Health, Nutrition, Education, Livelihood and Youth Empowerment Services for Burundian Refugees in Mahama Camp	(15)
Sierra Leone	Freetown WASH Consortium (FWC) 3b	625

27. INCOME FROM UK AND IRISH GOVERNMENTS (CONTINUED)

Sierra Leone	Resilient Zero	(5)
Sierra Leone	Establishment and Management of a Treatment Centre in Freetown, Sierra Leone	(64)
Somalia	Community Health and Nutrition through Local Governance and Empowerment (CHANGE) programme	1,222
Somalia	Increasing Women's Participation in Decision Making & Challenging Social Norms (SNaP)	1,953
Somalia	IRF 5 Sustaining life-saving and humanitarian relief to communities affected by drought	1,547
Somalia	Somalia Humanitarian and Resilience Programme (SHARP) Phase II	76
Somalia	Famine Prevention and Drought Impact Response	1,499
Somalia	Providing emergency health and nutrition services to drought-affected communities in Somalia	(47)
Somalia	Supporting Sustainable Approaches Towards Building Resilient Communities in Somalia	6
Somalia	Strengthening Nutrition Security in South Central Somalia: combining life-saving treatment and prevention.	156
South Sudan	Equitable Access to Quality BPHNS in Kapoeta North	8
South Sudan	Health Pooled Fund (HPF) –Wulu County	(12)
South Sudan	Health Pooled Fund – Torit County	1,827
South Sudan	Health Services in Lakes – Rumbek East	(92)
South Sudan	HPF II April–Sept 2016 Kapoeta	51
South Sudan	Integrated Community Case Management for Diarrhoea, Malaria, Pneumonia and SAM	(18)
Start Network	DEPP Innovation Programme – Start Network	3,959
Start Network	Start Network DEPP	1,642
Start Network	Start Network DEPP Coordination Budget	203
Start Network	Start Network – Migration Emergency Response Fund (MERF)	(338)
Start Network	Migration Emergency Response Fund Phase 2	1,199
Start Network	Start Ebola preparedness and health system strengthening	15
Start Network	Start Network ERR DFID bridge funding	26
Start Network	Talent 1	160
Start Network	Start Fund Tranche 2 DFID	1,534
Start Network	Start Fund 2018-2021	6,503
Start Network	DFID Start Fund Model Bangladesh – Phase 2	1,230
Start Network	Start ODI Early Action	46
Syrian Arab Republic (Syria)	Humanitarian Relief for children and their families affected by conflict in Syria	(847)
United Kingdom	ELRHA GAHI-DFID Contribution	256
United Kingdom	ELRHA HiF – Strengthening Innovations in Int Humanitarian Action	74
United Kingdom	DFID SUN CSO Support 2017/18	85
United Kingdom	SUN CSN Support 2018-2020	52
United Kingdom	HIF Phase 3	2,150
United Kingdom	HLA Contribution 2015-2020	2,700
United Kingdom	R2HC Phase 2 Research for Health in Humanitarian Crisis	572
United Kingdom	UKH ELRHA R2HC PHASE 3 (DfID)	65
Uganda	Multi-sectorial Emergency Assistance to South Sudanese refugees in West Nile	193
Yemen	DFID Yemen Multisector Response Programme	5,745
		85,900

27. INCOME FROM UK AND IRISH GOVERNMENTS (CONTINUED)**(b) Income from the Irish government in the year ended 31 December 2018**

Countries supported	Project	£000
Ethiopia	Ethiopian Civil Society Coalition for Scaling up Nutrition	171
Malawi	Emergency & Resilience Building Response to the 2018-2019 Food Crisis (Neno district)	28
Malawi	INGO Consortium Emergency & Resilience Building Response to the 2017-2018 Food Crisis in Malawi Programme (Mwanza and Neno districts)	455
Malawi	2016/2017 Cash transfer and Resilience Programme	(49)
Multi-country	Harnessing Agriculture for Nutrition Outcomes	14
Sierra Leone	Fambul Welbodi 3	545
Start Network	Start Funding 2018-2019	684
Start Network	2017 Start Network Business Plan	160
United Kingdom	Irish Aid SUN CSO Support 2017/18	176
United Kingdom	SUN CSN Support 2018-2020 (Irish Aid)	40
		2,224

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.

At Save the Children we believe that children's potential is the world's brightest hope for a better future.

We are committed to making sure children survive, learn from a quality basic education and are protected from danger. We champion the power in every child, give them a platform to raise their voice and fight for large-scale and lasting change.

Because every child shouldn't just survive, but should thrive, so that they can realise their full potential and go on to change the world.

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A limited company registered in England and Wales (178159)

Registered charity England and Wales (213890)
Scotland (SC039570)

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