



CHANGING MINDS • CHANGING LIVES

Annual Report and Accounts

FOR THE YEAR ENDED 31 DECEMBER 2018

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The Carnegie United Kingdom Trust
Incorporated by Royal Charter 1917
Registered Charity No: SC 012799 operating in the UK
Registered Charity No: 20142957 operating in Ireland



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Trustees, Staff and Advisers

Honorary President

William Thomson CBE

Trustees

Sir John Elvidge (Chair)

Carol Madison Graham (Vice Chair until retiring in May 2018)

Dame Diana Brittan* (Vice Chair from May 2018)

Willie Campbell

Lynne Lamont* (until May 2018)

Jane Livingstone

Megan Mathias (from May 2018)

Janet McCauslin MBE

Aideen McGinley OBE

William Perrin (from May 2018)

Mike Reid*

Fiona Robertson*

Professor Mark Shucksmith OBE

Albert Tucker

David Walker*(Convenor of Finance and Corporate Services Committee)

Ian Wilson*(Convener of Audit and Risk Committee)

*Audit and Risk Committee Members

Chief Executive

Martyn Evans

Staff

Georgina Bowyer - Policy and Development Officer (Returned from Maternity Leave December 2018)

Jenny Brochie - Policy and Development Officer (Returned from Maternity Leave May 2018, left November 2018)

Pippa Coutts - Policy and Development Manager (from May 2018)

Anna Grant - Senior Policy and Development Officer

Natalie Hancox - Policy and Development Officer (until March 2018)

Rachel Heydecker - Policy and Development Officer

Gail Irvine - Senior Policy and Development Officer

Alison Manson - Corporate Services Officer

Rebekah Menzies - Policy and Development Officer (until May 2018)

Rebecca Munro - Corporate Services Officer

Genna Nelson - Corporate Services Officer

Jenny Peachey - Senior Policy and Development Officer (Returned from Maternity Leave June 2018)

Lauren Pennycook - Senior Policy and Development Officer

Issy Petrie - Policy and Development Officer (from August 2018)

Liz Pullar - Finance Assistant

Lucy Smith - Senior Corporate Services Officer

Lauren Speed - Events and Communications Officer

Steven Thompson - Finance & Corporate Services Manager

Ben Thurman - Policy and Development Officer (from June 2018)

Jennifer Wallace - Head of Policy

Douglas White - Head of Advocacy

Gina Wilson - Senior Policy and Development Officer (until January 2018)

Trustees, Staff and Advisers (cont)

Carnegie Fellows

Angus Hogg MBE – International Fellow
Julia Unwin CBE

Carnegie Associates

Niall Alexander
Pippa Coutts (until April 2018)
Mark Diffley
Zoe Ferguson
Tom Forrest
Cliff Manning
Pauline Radcliffe
Caroline Slocock
Maeve Walsh
Andy Wright
Steve Wyler OBE

Advisers

External Auditor

Chiene + Tait LLP

Investment Managers

Cazenove Capital Management Ltd

Legal/Professional Advisers

Lindsays LLP
Anderson Strathern LLP
Mason, Hayes and Curran

Pension Advisers

LEBC Group

Public Affairs/Relations

Grayling (UK) Scotland

HR Advisers

VerusHR Ltd

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2018

The Trustees present their report with the accounts of the Trust for the year ended 31 December 2018. The accounts have been prepared in accordance with the accounting policies set out on pages 25 to 27 and comply with the Royal Charter 1917, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Introduction

The Carnegie United Kingdom Trust was set-up as an independent not-for-profit foundation in 1913, through an initial endowment of \$10m, donated by the philanthropist Andrew Carnegie, who was born in Dunfermline. The Trust was incorporated by Royal Charter in 1917 and is a registered Charity; No: SC 012799 operating in the UK and No: 20142957 operating in Ireland.

The work of the Trust is non-partisan and dedicated to improving the wellbeing of the people of the UK and the Republic of Ireland and is one of over twenty Carnegie foundations and institutes worldwide. The Trust has a strong commitment to the exchange of ideas within the jurisdictions of the UK and Republic of Ireland.

The Aims of the Trust

The remit of the Trust has been the same since it began in 1913, although the approach has changed over time. In the past, the Trust was involved in supporting communities and voluntary action particularly through funding for libraries, village halls, national parks, youth projects, community development, the arts and the environment. More recently, there was an increasing concern that our model of short-term funding, prevalent across the foundation world, had not been an effective way of addressing changing issues and needs. We no longer take unsolicited grant applications, but seek to build partnerships with other organisations for specific pieces of work.

The Carnegie UK Trust works to improve the lives of people throughout the UK and Ireland, by 'changing minds' through influencing policy and by 'changing lives' through innovative practice and partnership work.

The Trustees are committed to a regular review of the work of the organisation and planning its future work. There is a five-year planning cycle. One of the strengths of the Trust is commitment to a thoughtful and proportionate planning process, while retaining the flexibility to respond to particular issues, which may arise during the period of the plan.

The Trust's Strategic Plan for 2016-2020 continues our work as an operating Trust that makes effective and active decisions about our work plans. The Trusts Strategic Objectives for 2016-2020 are to:

- Be a recognised leader in wellbeing and its links to public policy
- Be a champion for sharing learning between all jurisdictions of the UK and Ireland
- Make working across the public, private and voluntary sector more normal and valued.

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Report of the Trustees for the year ended 31 December 2018

The Aims of the Trust (Continued)

We aim to achieve our Strategic Objectives through managing the following priorities:

- Exploring innovative ways of advocating policy and practice learning
- Introducing competency based pay progression
- Being a recognised leader in measuring impact
- Implementing a total return policy
- Approving a 5 year fixed budget
- Attracting external funding to enhance our income

Achievements and Performance 2018

The Trust's 2016-2020 Strategic Plan aims to improve wellbeing of people across the UK and Ireland, with particular regard to people who are disadvantaged. The work in this Strategic Plan is divided across thematic priorities, as follows:

- Digital Futures
- Flourishing Towns
- Fulfilling Work

The Trust also has a series of projects linked directly to the organisation's strategic objectives, as outlined in the Strategic Plan. These projects are grouped under a strategic category called 'Enabling Wellbeing'.

In 2018 the Trust remained committed to improving wellbeing for people in the UK and Ireland with particular regard to people who are disadvantaged. This was the third year of our 2016-2020 strategic plan, running policy and practice projects across our four thematic areas. As a modern operating trust, we have a role both to influence ideas and policy and to be active in testing and delivering real-life solutions, underpinned by the aim of improving people's wellbeing.

The Trust continues to work with Carnegie Fellows and Carnegie Associates in the delivery of its charitable projects.

Our progress in 2018 is set out below, under our four thematic areas.

Enabling Wellbeing

Improving wellbeing is the core goal of the Trust. As such, there is a specific programme of work focused on Enabling Wellbeing. This work is designed to influence the other programmes within the Trust as well as wider thinking on what wellbeing is and how to enable wellbeing to flourish across the UK and Ireland.

In 2018 our projects and outputs have focused on 3 key areas of activity:

- The use of wellbeing frameworks by devolved governments in the UK to understand wellbeing and set policies that aim to improve societal wellbeing.
- The power of kindness to transform communities and services to improve wellbeing.
- Promoting evidence exchange across the UK jurisdiction and understanding co-produced evidence.

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Report of the Trustees for the year ended 31 December 2018

Achievements and Performance 2018 (Continued)

Wellbeing frameworks

The Trust has promoted wellbeing frameworks as a means of improving government decision making and accountability since 2010. In 2018 we solidified our knowledge base through the publication of **Wellbeing and Devolution**, authored by Jennifer Wallace and published by Palgrave Macmillan. We also published the short leaflet **Wellbeing: What's in a word** to communicate more clearly about the definitions and potential of wellbeing as a framework for understanding social progress.

We launched our new major development project on **Wellbeing in Northern Ireland**. We were delighted to receive high quality applications from all Community Planning Partnerships to take part in the programme and we selected three excellent partners to work with until the end of 2020. The 2018 programme focused on selecting the participants and exposing them to the best international practice on wellbeing through a study trip to the US to coincide with our **international seminar** on Wellbeing in Northern Ireland held in New York.

Kindness

Kindness was new area of activity for the Trust in this Strategic Plan, following on from our Enabling State work. This strand of activity explores whether the concept of kindness can be applied to policy and practice in ways which can improve individual, community and societal wellbeing.

We increased our work on this theme in 2018. Our goals for 2018 were to continue and deepen our understanding of kindness at a community level through a partnership with **North Ayrshire Council** and a new network of Scottish-based practitioners (**the Kindness Innovation Network**); and to stimulate a conversation at UK level, through the work of **Carnegie Fellow Julia Unwin**.

As with previous Carnegie Fellows, we held a series of roundtables around the UK to explore kindness with Julia Unwin and senior stakeholders. These were held in Edinburgh, Cardiff, London, Belfast and Oldham. In addition, we were invited to host a workshop with senior civil servants in Edinburgh. We were delighted when kindness was subsequently included as a value in the Scottish Government's new National Performance Framework. The final report was published in November and was the most downloaded report this year. We received significant media coverage through BBC Four Thought and the Reasons to Be Cheerful podcast.

We held four **Kindness Innovation Network** meetings (with the final scheduled for spring 2019). The network operates through a number of 'mini-KINS' on thematic areas such as Conversations about Kindness, Activating Spaces, (Social) Justice, Procurement and Commissioning, Management and Leadership and Sharing Food. They have been experimenting with changes within their own organisations and will report following their final meeting. Young Scot convened a separate but aligned group with young people which will also report in early 2019. We have followed the same process in **North Ayrshire**, inviting a wide range of participants to identify themes / groups and work towards experimenting with changes. Both KIN and KIN North Ayrshire will report in mid-2019.

In November we published the data booklet, **Quantifying kindness, public engagement and place**. This received good press coverage, with radio and online media in Scotland and Ireland focusing on the 'kindest place' message.

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Achievements and Performance 2018 (Continued)

Enabling State

We continue advocacy and development work on the concepts within the **Enabling State** through two key partnership projects.

In Ireland we work with The Wheel on the **People's Conversation II** which seeks to work with partners in Ireland to develop ideas and solutions that could progress the recommendations from the earlier Citizen's Rising report. During 2018 we published three detailed papers (on Money Matters, Powering Civil Society and an analysis of participation between citizens and the public service) and discussed these at a Participation Summit in May 2018. A further, and final publication is being prepared for publication in 2019.

In England we work in partnership with the **Better Way Network** - a network of social activists, from the voluntary sector and beyond that shares ideas, knowledge and inspiration about how to improve services and build stronger communities. The network is hosted by Civil Exchange and is also supported by the Esmée Fairbairn Foundation, who recently committed to a third year of funding. In 2018 the Network published a collection of reflections on the Better Way principles (covered by Civil Society News) and held their annual Gathering in London. Groups are currently active in Sheffield, Doncaster, Surrey and London.

We worked with **OSCA** (the social change agency) to bring their concepts of Good Help to Scotland through a seminar in the summer. The programme was heavily influenced by CUKT work on the enabling state and a number of the good practice examples come from our project. We continue to advise the project through their steering group.

We continued to support **Community Land Scotland** to advocate for community ownership of land across the UK by providing support for the first UK summit on Community Land in Manchester which involved presentations and workshops to share experiences, approaches and legislative contexts from around the UK. We also supported them to hold a roundtable on depopulation to raise awareness of the issues around depopulation in rural areas.

We worked with Graeme Allen (former MP) to explore the potential for a **Citizens Convention** by hosting an event in Andrew Carnegie House. Mr Allen reports that the event influenced the development of the programme by challenging it to successfully engage beyond the core UK Citizens Convention and into the regions and nations of the UK. His proposal has been successful in receiving funding from a third party and we will continue to liaise with him and his team as the work develops.

Our final output relating to the Enabling State was the publication of **Governing England** which explores the constitutional issues facing England. The book was published in 2018 by the British Academy with support from the Trust to hold seminars in 2017 that contributed to the authors thinking. The Trust is acknowledged in the book and we were identified as a sponsoring organisation and thanked at the launch event. Speakers at the event included: Alun Evans, Chief Executive of the British Academy, Mark Easton, BBC News, Prof Dawn Oliver, UCL, Prof Robert Hazell, Constitution Unit, UCL, and Prof Michael Kenny, University of Cambridge, co-editor of **Governing England**.

Interaction

Our **Interaction** work was re-launched in 2018 with the publication of our updated information on evidence exchange and coproduction of evidence. We continued our discussions about co-

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Achievements and Performance 2018 (Continued)

production of evidence (which we broadly define as collaborations between academics and other sectors) through membership of the Accomplish steering group (an EU funded programme), and links with the sector through the Knowledge Translation Network and Alliance for Useful Evidence. The report bringing together this thinking will be launched in early 2019.

We worked with the University of Edinburgh to help them develop their new centre, providing advice and support to develop a theory of change that links collaboration to outcomes. The theory of change process enabled the stakeholders to agree on the social outcomes they are **trying to** achieve and to have developed a better understanding of each others' strengths and contributions.

Digital Futures

Our Digital Futures theme is focused on how digital technology impacts on people's wellbeing. Our policy and development projects aim to support interventions that extend or maximise the benefits that digital can offer people and mitigate its risks. In 2018, our projects focused on four areas of activity:

- Increasing opportunities for disadvantaged or excluded groups to benefit from digital technology.
- Tackling potentially problematic issues where digital can have a negative impact on wellbeing.
- Supporting the development of good digital public services which can deliver the desired outcomes.
- Supporting the strategic development of public libraries across UK and Ireland, recognising the significant libraries can make to this agenda and building on the Trust's unique and historic library legacy.

Increasing opportunities for disadvantaged or excluded groups to benefit from digital technology

Those who are excluded from digital technology are also most likely to be disadvantaged according to almost any other social or economic measure. As a result there is a real risk that as society becomes rapidly more digital this extenuates already deeply entrenched inequalities.

A major project run by the Trust in 2018 to help tackle this problem has been our **#notwithoutme** programme, which aims to support digital inclusion for vulnerable young people – a group who it is often assumed are digitally engaged but for whom significant challenges can exist.

As a major plank of **#notwithoutme** we have been working closely with Glasgow City Council as they have considered how they can improve digital inclusion for young people in care in the city. Through the Council, we commissioned a qualitative piece of research with young people to explore their views and experiences on this issue. The study will be published in early 2019.

The other major activity that we have delivered in 2018 through **#notwithoutme** is an Accelerator development programme for organisations supporting vulnerable young people to enhance digital skills. The Accelerator aimed to build the capability of these organisations to deliver this important work by giving them access to a bespoke 6-month programme of support and workshops, tackling issues such as user-led design, telling stories, influencers and eco-systems and evaluation. We secured the support of an Expert Advisory Group to back the programme, and

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Achievements and Performance 2018 (Continued)

received more than 40 applications to participate in the programme from youth organisations across the UK. Six of these were selected by the Advisory Group, working with diverse groups of young people. Accelerator workshops took place in Dublin, London, Cardiff, Manchester, Ipswich and Dunfermline. Following a final, full day pitch event we have awarded a grant to one of the organisations (Your Own Place, a Norfolk-based social enterprise) to deliver the project they developed during the Accelerator. We will support them to do this in 2019 and will continue to engage with the other 5 participant organisations to help them advance their ideas and to capture how the Accelerator has benefited them.

At the other end of the age spectrum, the other significant intervention we have delivered in 2018 to tackle digital exclusion has been our work with **Welsh Cooperative Centre**, to explore how health and care services in Wales can support older people with limiting conditions to develop digital skills. We jointly commissioned an in-depth research study into the issue. The report was launched in Cardiff in November, setting out 18 recommendations for action and receiving coverage across Welsh media, including BBC and ITV. In response to the report the Cabinet Secretary Vaughan Gething announced an additional £3 million investment to help tackle this issue.

Tackling potentially problematic issues where digital can have a negative impact on wellbeing

Digital technology brings many benefits which can enhance our wellbeing. But there are risks and downsides too – and 2018 saw a tipping point in global public and political awareness of a number of these problems.

We advanced projects in 2018 to help tackle two of these problem areas – harmful content on social media and protecting individuals' online data privacy.

In February we launched a blog series on our website led by Trustee Will Perrin and Professor Lorna Woods, setting out a model for a new regulatory system to tackle **harm on social media** and how it could work. The model is built on a 'duty of care' system, similar to that used to ensure safety and wellbeing in public spaces and workplaces in the offline world. We have engaged with stakeholders throughout the year to advance the proposals, submitted evidence to various Parliamentary Committee inquiries, held a series of roundtables to test and improve the model and spoken publicly at a number of other events.

Our work to improve how people can manage their **data privacy** online has had a narrower focus. Building on our 2017 New York study visit we have continued to actively promote the role of libraries in supporting people navigate this complex issue. We published the **Leading the Way Guide** in partnership with Newcastle Libraries and with CILIP, the library and information association, to provide library staff with a practical resource on how they can protect and enhance the privacy of their users. More generally we published a **new literature review**, and accompanying short film, on the evidence of public attitudes and behaviour towards online privacy.

Supporting the development of good digital public services which can deliver the desired outcomes

Public services make a highly significant contribution to our individual and collective wellbeing. As these services become increasingly digital in their delivery it is important that the wellbeing benefits of this shift are maximised and any risks identified and mitigated.

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Achievements and Performance 2018 (Continued)

This is an area of public policy and practice where a great many organisations are highly active. We have therefore chosen to intervene only on very specific issues where there appears to be a gap, or we can add specific value.

One of these issues is the potential development of a **single digital platform** for UK public libraries. We have been supporting the British Library, in partnership with Arts Council England, to carry out a major exploratory project on this. The project has made significant progress this year. Work carried out this year includes an extensive international best practice review, consultation workshops with key groups and one-to-one consultations with relevant organisations. A phase 1 report is due in early 2019.

In October we completed our Scottish Government-funded project to evaluate the impact of a new digital care and support system implemented by a leading Scottish housing association. The evaluation showed that the new technology brought a number of clear benefits to tenants, including a marked increase in life satisfaction scores. Our report, **Living Digitally** was the subject of a parliamentary motion and debate led by the Minister for Digital Economy.

As public services have become more digitally-based, the volume of data that service providers hold about individuals has increased dramatically. However, this data is often not shared as effectively as it might be between different providers in order to maximise the benefits for citizens. Our report **Data for Public Benefit**, published in April 2018 with Involve and Understanding Patient Data set out a new 18-question framework to help public service providers assess the benefits of sharing data in different scenarios and identify the risks of doing so.

Supporting the strategic development of public libraries across UK and Ireland

Public libraries have an important role to play in improving people's wellbeing and are particularly relevant to the delivery of the outcomes in our Digital Futures theme.

In 2018 we continued our work to support public library services develop, sustain and progress in order to help improve wellbeing.

We delivered two development programmes for the sector. Our long-running **Carnegie Library Lab** project to develop innovation and leadership in libraries recruited its third cohort of participants, following a UK and Ireland-wide application process that attracted 35 entrants. Six emerging library leaders were selected to take part by our Advisory Group which comprised all library leadership institutions in the UK and Ireland.

Our **Engaging Libraries** programme completed in October. Funded via a grant to the Trust from Wellcome, the programme supported 16 library services across the UK to deliver public engagement projects on health and wellbeing topics. Between them the services delivered 14 projects reaching more than 17,000 people.

We were invited by CILIP and Libraries Connected to partner them on a scoping study to design a new blueprint for the **future of library services in England**. This work will report in 2019. The 'Storing Stories' project developed through our **libraries hackathon initiative** has had a successful implementation in a pilot local authority area and has now been funded to extend across five local authorities. In 2018 we ran **two new hackathon initiatives**, in libraries in Manchester and Devon. The report from this work will be published in early 2019.

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Achievements and Performance 2018 (Continued)

Flourishing Towns

As one of the largest policy and practice organisations in the UK to be towns-based, the Trust is seeking to play a leading role in supporting the development of town's policy and innovative practice in our towns.

In 2018 our work has focused on:

Advocating for towns through our Turnaround Towns work, highlighting the two in five people across the UK who live in towns and who are often left out of policy development as it focuses on City Regions.

Supporting our six Twin Towns through practice development and evaluation support to make real change for their communities.

Developing the use of data around towns through supporting Phase 3 of Understanding Scottish Places and Phase 1 of Understanding Welsh Places.

Turnaround Towns

We built on the two successful towns publications (Searching for Space and Turnaround Towns) by holding a high profile event in Wales in April with the Minister for Housing and Regeneration.

Our most significant report this year was **New Powers, New Deals: Remaking British Towns After Brexit** which we summarised in a short leaflet sent to every towns contact that CUKT has. Duncan MacLennan presented his work on Brexit and Towns at an event by the Industrial Communities Alliance, Centre for Towns, the Coalfields Regeneration Trust and separately at the EDAS conference at Strathclyde University. He has also produced articles for Scottish Policy and Public Sector Executive. The Brexit and Towns report was also referenced in two opinion articles in October, for The Scotsman and Huffington Post.

We supported the **Town and Country Planning Association** to carry out a scoping study on the potential for a network of towns based practitioners focused on regenerating towns as a whole. CUKT will continue to explore this potential in 2019.

We joined a funding collaborating on **wealth building for towns** with the Health Foundation, Joseph Rowntree Foundation, Barrow Cadbury and Friends Provident. The collaboration pools funds to support the Preston model of wealth building to tell their story and inspire others to consider using similar models. The profile of community wealth building continues to increase amongst local government and the public.

Twin Towns

Twin Towns is an 18-month domestic twinning scheme, which took a fresh approach to the well-established 'twinning' concept by pairing towns across the UK with similar characteristics or socio-economic challenges, to consider how to make positive change happen in their communities. In 2018, six towns worked in pairs to take their learning from phase 1 into active project delivery. The 3 partnerships are:

- Broughshane in Northern Ireland & Wooler in England.
- Whitburn in Scotland & Oswaldtwistle in England.
- Merthyr Tydfil in Wales and North Shields in England.

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Achievements and Performance 2018 (Continued)

They used each other's skills and experience as the catalyst for new activity in their own towns. As a direct result of the project new cycle routes, walking lunches, clean ups, town trails and heritage trails were established. Highlights include the reopening of a derelict building as a community centre and Broughshane winning the Channel 4 Village of the Year award. We held a celebration event held in North Shields in October to share learning with each of the partner towns. The project will report fully in early 2019.

A small-scale collaboration with **Scotland's Towns Partnership** focusing on Greenock and Dumbarton was also completed during 2018, this involved supporting a digital audit to encourage links between the two areas, with a particular focus on increasing tourism.

Understanding Welsh Places/Understanding Scottish Places

We began the active phase of our **Understanding Welsh Places** project in 2018. The project is being delivered by a consortium, managed by the Institute of Welsh Affairs and including representation from Data Cymru, the Welsh Government's Regeneration Team, the Federation of Small Businesses, WCVA, One Voice Wales, Monmouthshire County Council and the Centre for Local Economic Strategies, as well as a private regeneration consultant, a practising architect and contacts from the Understanding Scottish Places project. During 2018 the project consulted with stakeholder and user groups on their needs and issued a technical specification for the website. The tool will be launched mid-2019.

We continue to support Understanding Scottish Places by providing advice, guidance and small-scale funding for the third update to the website. This update includes green space in the analysis of Scotland's towns. The user numbers for USP continue to be strong, with over 10,000 per year.

The impact of Arts and Culture on Towns

In 2018 we began a scoping study on the value of **arts and culture to towns**. The Trust has a strong history on arts, particularly voluntary arts, and we were keen to explore this in the context of our towns work.

Fulfilling Work

Work has a significant impact on people's wellbeing, affecting critical issues of income, purpose, connections and agency.

There are a large number of organisations active in public policy and development activity around employment at the labour market. The Trust aims to carefully select its interventions in this arena, to tackle gaps neglected by others and add real value to areas which can benefit from our wider expertise and connections.

Our work in 2018 was focused on three areas of activity:

- Improving the financial position of workers.
- Supporting place-based interventions to improve work.
- Supporting strategic interventions to make 'better quality' work available to more people.

Improving the financial position of workers

The Trust has been working since 2015 to improve access to **affordable credit** for those who need it – tackling a long-standing, complex and under-resourced problem where those with the lowest

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Achievements and Performance 2018 (Continued)

incomes have, for decades, had to incur the highest costs whenever seeking to borrow money – the poverty premium in action.

We continued this work in 2018. We launched our new £1 million Affordable Credit Loan Fund to help the sector scale up. **The Scottish Government matched this £1 million investment and Joseph Rowntree Foundation committed an additional £500,000.** The Fund made its first investment of £500,000 in October, to the online social enterprise Fair For You. To coincide with the launch of the fund we also launched our new **Speaking Out for Fair Credit** film, which was subsequently nominated for two industry awards. We secured extensive positive media coverage with the launch of the loan fund and the film in January, and the announcement of the fund's first investment in October.

A new **Affordable Credit Action Group for Wales** has been launched, based closely on our model in Scotland. The Group is being run by Tai Tarian Housing Association and we have provided them with advice and support during this process.

We published three new reports on affordable credit during 2018. Our report 'Payday declines', funded by Oak Foundation, looks at where people now excluded from payday loans are seeking credit. A report by Ipsos MORI examined financial resilience and saving patterns across Scottish households and a report by Young Scot analysed young people's attitudes to credit and debt. Both these projects were supported by a grant from the Scottish Government.

Alongside our affordable credit activity we have also sought to improve the financial position of workers in 2018 through our **Credit Union Payroll** project.

We have brought together a consortium of five credit unions in Scotland to share a new Employer Engagement Officer post, to encourage more employers to offer affordable savings and loans to employees via payroll, in partnership with a local credit union. A number of new employers have already been signed up.

Supporting place-based interventions to improve work

We have delivered a number of activities in 2018 to support action to improve the impact of work on wellbeing at a local level.

Throughout the year we have supported the Living Wage Foundation and Poverty Alliance to develop an accreditation model for **Living Wage Places**, which will use a local focus to encourage more employers to pay the real living wage. Significant work was undertaken to develop all of the supporting documentation and resources to make the scheme operational and to engage with a wide range of cities, towns, communities and buildings in England and Scotland who might wish to take part. The development process is now complete and the first Living Wage Places in the UK will be announced in early 2019.

Use of public sector procurement is often promoted as a different route by which a range of social policy outcomes might be influenced and achieved, including outcomes relating to the quality of work experienced by those employed in the supply chain for public contracts. Our **Making Procurement Work for All** report examined the barriers and opportunities for this ambition in the North East of England. The work secured participation from a wide range of organisations across the North East and the well-attended launch event was chaired by the Deputy Leader of

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Achievements and Performance 2018 (Continued)

Newcastle City Council and addressed by representatives from the TUC and Federation of Small Businesses.

Following our report the newly formed North of Tyne Combined Authority has agreed to participate in phase 2 of the project in 2019 to develop and test a new procurement approach based on the research findings.

Finally, in this space, we supported four local authorities in Scotland to learn from international experience on the delivery of a **Citizens Basic Income** to help inform the development of their own CBI pilot project. We will publish a report on this learning in early 2019.

Supporting strategic interventions to make 'better quality' work available to more people

Our major project on this issue in 2018 was our work to develop a new system of job quality **metrics for the UK**. The need for these metrics was recommended in the 2017 Taylor Review on the future of modern employment in the UK, to widen understanding which aspects of work contribute to people's wellbeing – beyond for example pay and conditions, to include issues such as agency, line management, progression – and to improve long-term policy and political focus on these priorities in order to deliver better outcomes for workers.

Our focus on this agenda is built on our work on measuring wellbeing and our well-honed understanding that measurement drives the analysis and understanding of important social and economic trends, allows the question of 'why?' and is a vital contributor to change.

We convened a cross-sectoral group, co-chaired by Matthew Taylor, Chief Executive of the RSA and Martyn Evans, to develop this new system of job quality metrics. We published the Group's report in September, backed by the Royal Society of Arts, TUC, CIPD, Acas, Warwick University, Resolution Foundation, IPPR, Joseph Rowntree Foundation, Tesco, Federation of Small Businesses, Work Foundation and What Works Wellbeing. The report was featured on the Today programme on Radio 4 and in the Guardian and was welcomed with a press quote on the release from UK Minister for Business, Consumers and Corporate Responsibility.

We held well-attended events at the Conservative, Labour and SNP Party conferences to promote the report recommendations. In December the UK Government published its 'Good Work Plan' including proposals for how our work will be taken forward. The Government has asked the Industrial Strategy Council to consider our proposed metrics as part of their remit. We will continue to work closely with the Government and the Industrial Strategy Council on the advancement of this activity in 2019.

We extended our focus on measuring job quality to Ireland and published a bespoke report examining **how job quality is currently measured in Ireland** and how Ireland compares to the UK and the EU on different metrics. We convened a roundtable on our findings with stakeholders in Dublin in November and we will consider how to develop this work further in 2019.

Finally, under our Fulfilling Work theme we supported the TUC to develop a new progression service for young workers. This project has progressed well and a pilot of the new app being developed through the project has been launched following extensive user consultation and prototyping. The project will complete in 2019.

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Financial Review

Income

Total income for 2018 was £1.65 million (£2.03 million - 2017). Unrestricted fund investment income totalled £1.53 million (£1.55 million – 2017). Restricted fund grant income was received from the Wellcome Trust £12.5k (£201k – 2017) and Oak Foundation £73k (£77k – 2017). Restricted fund donation income of £31.25k was received from F.Perrin for work on the Trust's Social Harm Reduction project.

Expenditure

Expenditure for 2018 was £2.48 million (£2.49 million – 2017).

The Trust expended £2.20 million from unrestricted funds (£2.16 million – 2017) with £2.16 million (£2.12 million – 2017) expended directly on its Charitable Activities, with the main area of expenditure being Policy and Development activities £1.99 million (£1.74m – 2017). Further unrestricted grant payments of £152k (£171k - 2017) were made.

The Trust expended £241k (£306k – 2017) from Restricted Funds with £104k (£184k – 2017) expended on specific Policy and Development projects and further restricted grant payments of £137k (£122k – 2017) being made.

Net expenditure before Gains/(Losses) on Investments for the year was £825k (£458k – 2017). This was a planned deficit funded from a transfer approved by Trustees, from the unapplied fund element of the Trust's endowment fund, a fund set up in November 2014 to support the Trust's strategic plan 2016 - 2020 and its total return approach to investments.

Investment Policy and Performance

The Trust's Discretionary Fund Manager, Cazenove Capital Management Ltd have a remit of growing both Capital and Income from the Trust's Investment Portfolio.

The main risk to the level of income received and market value of the Trust's Investments is the volatility of financial markets. The Trust mitigates against investment risk through its Statement of Investment Policy and delegates investment decisions to their Discretionary Fund Managers, Cazenove Capital Management Ltd, within agreed investment objectives, asset allocations and performance benchmarks, set by the Trust. The Trust's Board reviews investment performance against an agreed set of performance benchmarks on a quarterly basis, at their Board meetings.

The Trust adopts a total return approach to investments. In order to provide future funding to achieve certainty, stability and sustainable growth over the period of the next strategic plan 2016-2020, Trustees made the decision at the end of 2014, to de-risk the unapplied total return element of its investment portfolio by investing in low risk UK Gilts and Multi-Asset funds.

The Trust's investment portfolio currently retains 43 % of its value in M&G Charifund Units, a UK equity based fund, and 57 % in a mixed portfolio of UK and non UK equity funds and bonds. The Trust Investments are governed by its Statement of Investment Policy.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2018

Financial Review (Continued)

The value of the Trust's investments at 31 December 2018 were £37.6 million (£42.1 million – 2017). Income distributions relating to the Trust's investments in the year were £1.51 million (£1.55 million – 2017). The Trust continues to monitor the stock market and its impact on the endowment and its related income stream.

In 2019, financial markets have recovered significantly and the value of the Trust's investments at 30 April were £40.9 million.

Reserves Policy

£1.04 million (£1.51 million – 2017) of funds has been allocated to specific grants and funding for multi year projects, which remain unpaid at the year-end (restricted and designated funds).

The General Reserve (designated funds) remained at £950k in line with the Trust's five-year strategic plan. This represents the Trustees' policy of retaining sufficient funds for operational expenditure in relation to its business continuity and contingency planning. It is subject to future reviews taking into account the continued development of the Trust's policy of partnerships to support its strategic work as outlined in the new five-year strategic plan.

The remaining unrestricted reserves of £1.71 million (£1.39 million – 2017) are maintained for existing Trustee approved expenditure commitments against multi-year projects.

Grant Making Policy

The Trust's charitable activities now focus on proactive initiatives capable of influencing public policy and social change. Grants awarded are based on competitive selection, where partners are identified to take forward demonstration and/or research commissioned by the Trust to further its strategic work. The Trust no longer accepts unsolicited grant applications.

Structure, Governance and Management

The Trustees of the Carnegie UK Trust are responsible for the governance and strategy of the Trust. They are responsible for making sure that the Trust is administered effectively and can account for its activities and outcomes.

Fourteen Trustees currently serve for a maximum of 11 years and one half are appointed by the Carnegie Dunfermline and Hero Fund Trusts. The Board of Trustees keeps the skill requirements for the Trustee Body under regular review. Each new Trustee receives an induction meeting with the Trust Chair, Chief Executive and staff.

At the AGM in May 2018, two Trustees of long standing experience retired from the Board. Lynne Lamont retired after 8 years' service to the Trust and Carol Madison Graham after 11 years' service to the Trust. Both Trustees had made significant contributions to the Trust over this long period of time. Lynne served on the Working Group on the Carnegie UK Trust Investment Policy, the Investment Review Sub-Committee, the Finance and Corporate Services Committee and the Audit and Risk Committee. Carol meanwhile served on the Communications Group, the Working Group on the Carnegie UK Trust Investment Policy, the Democracy and Civil Society Sub-Committee, the Centenary Planning Committee, the Finance and Corporate Services Committee and the Nominations Committee. We would like to thank Lynne and Carol for their valuable contributions to the Trust and wish them well in their retirement from Trust business. Megan Mathias and William Perrin were appointed to the Trust's Board at the AGM in May 2018.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2018

Structure, Governance and Management (Continued)

Every five years the Trustees formally approve a Strategic Plan. Trustees meet formally on a quarterly basis where they agree and oversee the broad strategy and areas of activity for the Trust, within the context of the agreed Strategic Plan. The Board of Trustees agree annual workplans and budgets, which are then delegated to the Chief Executive and his Management team. Trustees formally approved the Trust's Strategic Plan for 2016 -2020 in November 2015.

Seven members form a quorum at each Board meeting. The Board appoints Standing Committees, which also meet regularly linked to the Board cycle:

- **Finance and Corporate Services Committee** – members support the Board in their responsibilities regarding Trust financial, investment, staff and property matters.
- **Audit and Risk Committee** – members independently review systems of internal control with the assistance of Internal Auditors where necessary and oversee external audit procedures reporting to the Board. They also monitor risk and compliance.
- **Nominations Committee** – members oversee procedures for the succession planning of new Trustees and Committee composition, and the membership of periodic working groups established by the Trust. The Committee also assists with governance issues.

The terms of reference of each Committee are included in the Trust's Standing Orders.

The Trust also uses additional working groups where required to oversee specific work relating to the Trust's Charitable Objectives.

The Trust considers its key management personnel to be the Trustees and the Senior Management Team, which comprises the Chief Executive, the Head of Advocacy, the Head of Policy and the Finance and Corporate Services Manager. Trustees do not receive remuneration for their services, The Trust's Senior Management Team are subject to an annual performance appraisal and remuneration is approved at Board level.

In the first quarter of 2019, the Trust began a recruitment process for a new CEO following the resignation of the existing CEO, Martyn Evans who has taken up a new position as Executive Chair with the Alex Ferry Foundation.

The Wellbeing and Towns team and the Digital and Work team, supported by Finance and Corporate Services, deliver the work of the Trust in accordance with its Strategic Plan, across all thematic areas.

Risk Management

The Audit and Risk Committee, reporting to the Board, oversee risk assessment. The Board accepts that if the Trust is to achieve its charitable purposes it will have to take risks from time to time particularly in specific policy areas. The Trustees have a duty to ensure that the Trust is financially sound and legislatively compliant and that it operates to a high quality standard.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2018

Risk Management (Continued)

To manage risk effectively, the Board requires the Chief Executive to review the risks. The Audit and Risk Committee oversee the risk register at their meetings, reporting to the Board every August on their annual assessment. Trustees, in consultation with the Chief Executive will agree the actions necessary to mitigate those risks and these will form part of the strategic and operational plan for the following year.

The key risks incorporated within the Trust's risk register, to which the Trust has a continual review process of their mitigation actions are:

- Board does not have the information to hold the operation of the Trust to account
- Poor compliance with Law and Regulation across UK and Ireland resulting in reputational damage
- Staff work is not clearly planned
- Inconsistent and inefficient internal staff processes are adopted
- Poor external communications

The Chief Executive reviews the risk register with the Trust's management team on a quarterly basis as part of the monthly budget and planning meeting cycle. Managers' then discuss with their teams any risks that need consideration/action. Following the Annual Review by the Board in August, there is an all staff meeting to inform and discuss the risk register.

The Trust recognises the importance of the new General Data Protection Regulation (GDPR) that replaced the Data Protection Act on 25 May 2018. In September 2017 the Trust set up a GDPR Implementation Working Group with a remit to ensure that the Trust would be fully compliant with the new legislation when introduced. This Working Group successfully completed their implementation plan in May 2018 introducing new Trust GDPR policies and procedures. Regular updates on GDPR compliance are provided to Trustees at their Audit and Risk Committee and Board meetings.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2018

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Trust and of the income and expenditure of the Trust for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Royal Charter 1917. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Trust and financial information included on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.



Signed on behalf of the Trustees
Sir John Elvidge, Chair
Carnegie United Kingdom Trust

22 May 2019

Registered Charity Numbers:
Operating in UK SC 012799
Operating in Ireland 20142957
Incorporated by Royal Charter 1917

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CARNEGIE UNITED KINGDOM TRUST

Opinion

We have audited the accounts of The Carnegie United Kingdom Trust (the 'charity') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CARNEGIE UNITED KINGDOM TRUST (Continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report of the trustees, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the information given in the accounts is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees are responsible for the preparation of accounts which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE CARNEGIE UNITED KINGDOM TRUST (Continued)****Auditor's responsibilities for the audit of the accounts**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

22 May 2019

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

The Carnegie United Kingdom Trust

Statement of Financial Activities

YEAR TO 31 DECEMBER 2018

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	2018 Total £	2017 Total £
Income and Endowments from:						
Investments	2	1,512,138	-	-	1,512,138	1,548,707
Donations and Legacies	3	-	31,250	-	31,250	130
Charitable activities	4	-	85,500	-	85,500	421,324
Other Trading Activities	5	21,415	-	-	21,415	64,395
Total		1,533,553	116,750	-	1,650,303	2,034,556
Expenditure on:						
Raising funds	6	36,298	-	36,299	72,597	62,467
Charitable activities:	7	-	-	-	-	-
Policy and Development		1,990,914	241,429	-	2,232,343	2,178,387
Charitable Initiatives		37,687	-	-	37,687	116,264
Other Charitable Activities		132,652	-	-	132,652	135,252
Total		2,197,551	241,429	36,299	2,475,279	2,492,370
Net (Expenditure)/Income before (Losses)/Gains on Investments		(663,998)	(124,679)	(36,299)	(824,976)	(457,814)
(Losses)/Gains on Investments						
Realised		-	-	(148,946)	(148,946)	201,556
Unrealised	14	-	-	(3,653,366)	(3,653,366)	2,488,701
		-	-	(3,802,312)	(3,802,312)	2,690,257
Net (Expenditure)/Income						2,232,443
Transfer to unrestricted funds	14,20	634,000	-	(634,000)	-	-
Net Movement in Funds		(29,998)	(124,679)	(4,472,611)	(4,627,288)	2,232,443
Reconciliation of Funds:						
Total funds brought forward		3,609,326	240,352	41,668,703	45,518,381	43,285,938
Total funds carried forward		3,579,328	115,673	37,196,092	40,891,093	45,518,381

All activities relate to continuing activities.

The notes on pages 25 to 45 form part of these accounts

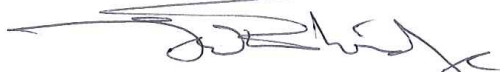
The Carnegie United Kingdom Trust

Balance Sheet

AS AT 31 DECEMBER 2018

	Note	£	2018 £	£	2017 £
Fixed assets:					
Tangible assets	13		910,725		967,153
Investments	14		37,619,464		42,125,307
Social Investments	15		<u>1,001,772</u>		<u>1,000,000</u>
Total fixed assets			<u>39,531,961</u>		<u>44,092,460</u>
Current assets:					
Debtors	16	220,336		137,622	
Investments	23	1,070,348		1,064,354	
Cash at bank and in hand	23	<u>289,030</u>		<u>740,267</u>	
Total current assets		<u>1,579,714</u>		<u>1,942,243</u>	
Liabilities:					
Creditors: amounts falling due within one year	17	<u>(220,582)</u>		<u>(516,322)</u>	
Net current assets			<u>1,359,132</u>		<u>1,425,921</u>
Total net assets			<u>40,891,093</u>		<u>45,518,381</u>
The funds of the charity:					
Endowment funds	18		37,196,092		41,668,703
Restricted income funds	19		115,673		240,352
Unrestricted funds:	20				
Designated funds			1,870,134		2,221,042
Other charitable funds			<u>1,709,194</u>		<u>1,388,284</u>
Total charity funds	21		<u>40,891,093</u>		<u>45,518,381</u>

Approved by the Trustees on 22 May 2019 and signed on their behalf by:



SIR JOHN ELVIDGE

Chair of Trustees



DAVID WALKER

Convener of Finance and Corporate Services Committee

The notes on pages 25 to 45 form part of these accounts

The Carnegie United Kingdom Trust

Statement of Cash Flows

YEAR TO 31 DECEMBER 2018

	Note	2018	2017
		£	£
Net cash (outflow) from operating activities:	22	(1,145,477)	(122,470)
Cash flows from investing activities:			
Social Investments		(1,772)	(1,000,000)
Sale of Investments		5,333,920	8,872,341
Purchase of Investments		(5,168,737)	(6,805,011)
Movements in Investment Portfolio Cash		538,348	(637,216)
Sale of Fixed Assets		207	-
Payments to acquire fixed assets		(1,732)	(35,731)
Net cash provided by investing activities		<u>700,234</u>	<u>394,383</u>
Change in Cash and cash equivalents in the year	23	(445,234)	271,913
Cash and cash equivalents brought forward	23	1,804,621	1,532,708
Cash and cash equivalents carried forward	23	<u>1,359,378</u>	<u>1,804,621</u>

The notes on pages 25 to 45 form part of these accounts

The Carnegie United Kingdom Trust

Notes to the Accounts

YEAR TO 31 DECEMBER 2018

1. Accounting Policies

(a) The Trust is recognised as a Scottish Charity (No SC 012799) under the Charities and Trustee Investment (Scotland) Act 2005. The Trust is also registered as a Charity in Ireland (No 20142957). The accounts are prepared in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Trust constitutes a public benefit entity as defined by FRS102.

(b) Going Concern

The accounts have been prepared on a going concern basis. The trustees have assessed the Trust's ability to continue as a going concern and have reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the accounts.

(c) Land and Buildings

Land and buildings represent the Trust's share of Andrew Carnegie House. The Trust is the Co-owner of this building together with the Carnegie Dunfermline and Hero Fund Trusts and the Carnegie Trust for the Universities of Scotland.

Land and Buildings are originally stated at cost and subsequently at amortised cost. Depreciation is charged on the buildings element of the property at 2% straight line method.

(d) Office Fixtures, Furniture, Fittings and Plant, and Computer Equipment

Such expenditure is capitalised as tangible fixed assets and depreciated evenly over estimated useful lives. Depreciation is charged at the following rates:

- fixtures, furniture, fittings & plant 5% - 25% straight line
- computer equipment over £1,000 33.33% straight line, (previously 25%)

(e) Listed Investments

In compliance with the SORP, listed investments are included in the Balance Sheet at fair value being quoted at market price at the year-end date, the unrealised gain/loss being credited/debited to funds.

(f) Social investments

The Trust has set aside funds of £1m as its Affordable Credit Loan Fund. The Fund will lend to affordable credit intermediaries through the agency of Social Investment Scotland who have been appointed as the Fund's Manager for this purpose. The Fund and the loans made from the Fund are programme related investments as defined by the SORP, being in furtherance of the charitable objectives of the Trust. The loans made to affordable credit intermediaries will be Concessionary Loans, again as defined by the SORP, being made at below market rates and on terms designed to advance the Trust's charitable purposes.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

Interest earned on these concessionary loans and management fees arising will be recognised as income and expenditure respectively in accordance with the normal revenue and expenditure recognition policies. The carrying value of the Fund will be initially £1m being the cash set aside for the Fund and subsequently at the amount of cash held within the Fund together with the sum of loans advanced adjusted to reflect loan repayments, net income which has accrued and any impairment resulting from defaulting on either capital repayments or interest payments by borrowers.

(g) Basic Financial Instruments

The Trust has only basic financial assets and liabilities comprising investments, debtors, cash at bank and creditors. These assets and liabilities are initially recorded at cost and subsequently at market value in the case of investments and in respect of other assets and liabilities at the amounts expected to be received or paid.

(h) Current Asset Investments

These are accounted for on the amortised cost basis and are made up of cash deposits with a maturity of less than one year.

(i) Fund Accounting

Funds held by the Trust are:

- endowment fund – originally gifted from Andrew Carnegie in 1913. The income from the endowment fund is treated as unrestricted income;
- restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the Trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes;
- designated funds – these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects; and
- other charitable funds – these are unrestricted general funds, which can be used in accordance with the charitable objects at the discretion of the Trustees.

Further explanation of the nature and purpose of each fund is included in the relevant notes to the accounts.

(j) Income

All income is recognised when the Trust has entitlement to the income, it is probable that the income will be received and the monetary value of the income can be measured with sufficient reliability. Grants and donations are included in the accounts in the year in which they are receivable, which is when the Trust becomes entitled to the resource.

(k) Expenditure

Liabilities are recognised as expenditure in the Statement of Financial Activities as soon as there is a legal or constructive obligation committing the Trust to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Certain costs and grants made are capable of being allocated directly to particular categories while other costs, mainly support costs

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

including governance costs, are attributable to more than one category or charitable activity and such costs are allocated according to estimates of staff time involved in each activity.

- Cost of Raising Funds – comprises of investment management fees incurred in the management of the Trust’s investment portfolio, the source of its annual income. The Trust allocates these fees equally between the Endowment Fund and Unrestricted Funds.
- Cost of Charitable Activities - includes costs directly attributable to programmes including grant awards and an allocation of support costs, comprising of staff costs including any redundancy payments, overhead costs and governance costs.
- Governance Costs - comprise of all costs involving the Public Accountability of the Charity and its compliance with regulation and good practice. These costs include statutory audit fees, legal fees in connection with constitutional and statutory requirements, expenditure relating to Trustees, other direct costs and an allocation of staff and overhead costs.

(l) Pension Scheme

The Trust makes contributions to group personal pension plans for employees. The Trust’s contributions are charged to the Statement of Financial Activities in the year in which contributions are made.

(m) Grant Making Policy

Grants are awarded based on competitive selection, where partners are identified to take forward demonstration and/or research commissioned by the Trust to further its strategic work. The Trust no longer accepts unsolicited grant applications. Grants are recognised as being committed when the offer is communicated to the recipient.

2. Investment Income (Unrestricted Income)	2018	2017
	£	£
M&G Charifund Unit trust distributions	1,021,340	1,069,364
Cazenove Investment portfolio income	480,246	474,177
Interest receivable	10,551	5,166
	<u>1,512,137</u>	<u>1,548,707</u>
3. Donations and Legacies (Unrestricted Income)	2018	2017
	£	£
Donations	31,250	-
Legacies	-	130
	<u>31,250</u>	<u>130</u>

The Carnegie United Kingdom Trust

Notes to the Accounts *(continued)*

YEAR TO 31 DECEMBER 2018

4. Income from Charitable Activities (Restricted Income)

Grants	2018 £	2017 £
Joseph Rowntree Foundation	-	25,000
Scottish Government	-	99,430
Wellcome Trust	12,500	201,000
Oak Foundation	73,000	77,000
	<u>85,500</u>	<u>402,430</u>
Partnership Funding		
Scottish Government	-	18,894
Total Income	<u>85,500</u>	<u>421,324</u>

For further information on the above grants, please refer to note 19 on pages 36 and 37.

5. Other Trading Activities (Unrestricted Income)	2018 £	2017 £
Google AdWords	21,385	63,911
Publication Sales	30	339
Other Miscellaneous Income	-	145
	<u>21,415</u>	<u>64,395</u>

In October 2016 the Trust registered with Google Not For Profits to use Google AdWords, a service open to all UK Charities, which gives free access to \$10,000 a month (approx. £6,500) in advertising credit on Google AdWords.

The Trust uses Google AdWords to assist in the promotion of their wide-ranging charitable activities and publications through adding key words and phrases to the Google search engine to push the Trust's website higher up the Google search rankings.

The income recognised by the Trust is the sterling equivalent open market value of Google AdWords credits used in the year.

Expenditure relating to Google AdWords has also been recognised at the same sterling equivalent open market value and is included in Note 9 under Management and Administration Costs.

The Carnegie United Kingdom Trust

Notes to the Accounts *(continued)*

6. Costs of Raising Funds	Unrestricted Funds	Restricted Funds	Endowment Fund	Total
	£	£	£	£
2018				
Investment Management Fees	<u>36,298</u>	<u>-</u>	<u>36,299</u>	<u>72,597</u>
2017				
Investment Management Fees	<u>31,234</u>	<u>-</u>	<u>31,233</u>	<u>62,467</u>

The Trustees have allocated investment management fees equally between the Endowment Fund and Unrestricted Funds.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

7. Charitable Activities	Unrestricted Funds				Restricted Funds				Total 2017 £	
	Direct Costs (note 8) £	Grants (note 10) £	Support Costs (note 9) £	Governance Costs (Note 9) £	Sub Total	Direct Costs (note 8) £	Grants (note 10) £	Sub Total		Total 2018 £
Policy and Development Charitable Initiatives	1,512,148	139,820	272,895	66,051	1,990,914	104,371	137,058	241,429	2,232,343	2,178,387
Other Charitable Activities	15,275	12,000	7,207	3,205	37,687	-	-	-	37,687	116,264
	39,662	-	73,205	19,785	132,652	-	-	-	132,652	135,252
	1,567,085	151,820	353,307	89,041	2,161,253	104,371	137,058	241,429	2,402,682	2,429,903

7. Prior Year Comparison	Unrestricted Funds			Restricted Funds			Total 2017 £	
	Direct Costs (note 8) £	Grants (note 10) £	Support Costs (note 9) £	Sub Total	Direct Costs (note 8) £	Grants (note 10) £		Sub Total
Policy and Development Charitable Initiatives	1,413,911	134,250	254,467	1,872,578	184,183	121,626	305,809	2,178,387
Other Charitable Activities	63,519	37,000	12,349	116,264	-	-	-	116,264
	38,076	-	76,224	135,252	-	-	-	135,252
	1,515,506	171,250	343,040	2,124,094	184,183	121,626	305,809	2,429,903

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

8. Direct Costs

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Salaries, Consultancies and Related Costs (note 11)	928,079	22,241	950,320	823,710
Staff and Trustee Development Costs	-	-	-	6,612
Travelling, Subsistence and Meeting/Conference Expenses	172,869	2,050	174,919	79,722
Printing, Stationery and General Expenses	6,928	150	7,078	6,888
Property Rental, Upkeep, Services and Insurance	28,874	-	28,874	28,705
Studies, Seminars, Events and Publications	419,209	79,930	499,139	722,791
Public Relations/Communications	-	-	-	14,901
Trustees' and Advisory Committee Travelling, Subsistence and Conference costs	11,088	-	11,088	14,145
Professional Fees	-	-	-	2,100
Equipment and Maintenance Contracts	38	-	38	115
	1,567,085	104,371	1,671,456	1,699,689

Direct costs have been charged against the Trust's activities to which they relate. Any costs that are not directly attributable have been allocated based upon time spent on the fund activities.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

PRIOR YEAR COMPARISON

8. Direct Costs

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Salaries, Consultancies and Related Costs (note 11)	789,238	34,472	823,710	748,654
Staff and Trustee Development Costs	6,612	-	6,612	-
Travelling, Subsistence and Meeting/Conference Expenses	71,386	8,336	79,722	43,398
Printing, Stationery and General Expenses	6,888	-	6,888	6,429
Property Rental, Upkeep, Services and Insurance	28,705	-	28,705	27,749
Studies, Seminars, Events and Publications	585,466	137,325	722,791	547,200
Public Relations/Communications	10,851	4,050	14,901	8,651
Trustees' and Advisory Committee Travelling, Subsistence and Conference costs	14,145	-	14,145	1,581
Professional Fees	2,100	-	2,100	1,014
Equipment and Maintenance Contracts	115	-	115	164
	1,515,506	184,183	1,699,689	1,384,840

Direct costs have been charged against the Trust's activities to which they relate. Any costs that are not directly attributable have been allocated based upon time spent on the fund activities.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

9. Management, Administration - Support/Governance Costs

	Unrestricted Funds		
	Support Costs £	Governance Costs £	Total 2018 £
Salaries and Related Costs (note 11)	76,735	13,542	90,277
Staff and Trustee Development Costs	7,575	1,337	8,912
Studies, Seminars, Events and Publications	5,175	-	5,175
Property Rental, Upkeep, Services & Insurance	50,782	-	50,782
Printing, Stationery and General Expenses	64,030	11,298	53,354
Advertising			21,974
Auditors' Remuneration in respect of: External Audit Services	-	11,740	11,740
Travelling, Subsistence, and Conf Exps	38,234	6,747	44,981
Trustees' and Advisory Committee Travelling, Subsistence and Conf exps	-	34,788	34,788
Public Relations/Communications	25,900	4,571	30,471
Professional Fees	14,352	5,018	19,370
Equipment and Maintenance Contracts	70,524	-	70,524
	353,307	89,041	442,348
			437,338

No Trustees received any remuneration in 2018. Travel and accommodation for Trustee Meetings is booked centrally to ensure value for money. Trustees are reimbursed for their incidental expenses of attending Trust meetings and events, based on expense claims submitted. In 2018, 9 Trustees made claims ranging up to £3,348 (2017: 9 Trustees made claims ranging up to £3,624). The Carnegie UK Trust held a Wellbeing in Northern Ireland Event in New York, USA in 2018. Trustees who were invited to attend this event were reimbursed for expense claims in relation to this.

Advertising costs relate to Google AdWords, a service open to all UK Charities, which the Carnegie UK Trust registered with in October 2016. These costs are included in Note 5 Other Trading Activities.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

PRIOR YEAR COMPARISON

9. Management, Administration - Support/Governance Costs

	Unrestricted Funds			Total 2017	Total 2016
	Support Costs	Governance Costs			
	£	£	£	£	£
Salaries and Related Costs (note 11)	67,329	11,882	79,211	71,673	
Staff and Trustee Development Costs	4,368	1,259	5,627	3,043	
Studies, Seminars, Events and Publications	2,131	-	2,131	1,298	
Property Rental, Upkeep, Services & Insurance	59,005	-	59,005	53,813	
Printing, Stationery and General Expenses	31,412	16,821	48,233	43,953	
Advertising	63,911	-	63,911	14,023	
Auditors' Remuneration in respect of:					
External Audit Services	-	11,493	11,493	11,428	
Internal Audit Services	-	-	-	-	
Travelling, Subsistence, and Conf Exps	17,827	3,146	20,973	26,226	
Trustees' and Advisory Committee Travelling, Subsistence and Conf exps	-	26,495	26,495	25,514	
Public Relations/Communications	26,914	4,749	31,663	44,566	
Professional Fees	13,912	18,453	32,365	14,116	
Equipment and Maintenance Contracts	56,231	-	56,231	72,221	
	343,040	94,298	437,338	381,874	

No Trustees received any remuneration in 2017. Travel and accommodation for Trustee Meetings is booked centrally to ensure value for money. Trustees are reimbursed for their incidental expenses of attending Trust meetings, based on expense claims submitted. In 2017, 9 Trustees made claims ranging up to £3,624 (2016: 9 Trustees made claims ranging up to £746). The Carnegie Medal Awards take place every two years. In 2017, the Awards Ceremony took place in New York, USA. Trustees who were invited to attend the Awards Ceremony were reimbursed for expense claims in relation to this.

Advertising costs relate to Google Adwords, a service open to all UK Charities, which the Carnegie UK Trust registered with in October 2016. These costs are included in Note 5 Other Trading Activities.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

10. Grant Payments	2018	2017
	£	£
Unrestricted Funds:		
Policy and Development	139,820	134,250
Charitable Initiatives	<u>12,000</u>	<u>37,000</u>
	<u>151,820</u>	<u>171,250</u>
Restricted Funds:		
Policy and Development:		
Wellcome Trust Engaging Libraries	108,154	71,626
Oak Foundation – Affordable Credit	<u>28,904</u>	<u>-</u>
	137,058	71,626
Grant Repayment from Restricted Funds:		
Policy and Development		
Islands Demonstration Homes	<u>-</u>	<u>50,000</u>
	<u>137,058</u>	<u>121,626</u>

A grant repayment was made in 2017 to the William Grant Foundation of £50,000 for the cancellation of the partnership project Islands Demonstration Homes.

Details of all external grant payments are included in the Appendix to the Accounts.

11. Analysis of Staff Costs (including Consultancies and related costs)	2018	2017
	£	£
Wages and Salaries	601,508	556,127
Social Security Costs	57,884	54,445
Other Pension Costs	150,123	128,308
Fellows, Associates, Recruitment and Misc Staff Costs/Insurances	<u>231,082</u>	<u>164,041</u>
	<u>1,040,597</u>	<u>902,921</u>
Allocated as follows:		
Costs of Activities in Furtherance of Charitable Activities	950,320	823,710
Management & Administration – Support/Governance Costs	<u>90,277</u>	<u>79,211</u>
	<u>1,040,597</u>	<u>902,921</u>

In the reporting period, the Trust made a termination of employment payment of £6,915 under a settlement agreement.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

11. Analysis of Staff Costs (including Consultancies and related costs) (Continued)

The Trust considers its key management personnel to be the Trustees, and the Senior Management Team, which comprises the Chief Executive, the Head of Advocacy, the Head of Policy, and the Finance and Corporate Services Manager.

	2018	2017
	£	£
The total employee benefits of key management personnel including employer NIC and pension contributions were	<u>349,786</u>	<u>343,533</u>

The number of employees, whose employee benefits (excluding employers pension contributions) exceeded £60k and fell within the following bands, were:

	2018	2017
£60,000 - £70,000	2	1
£70,000 - £80,000	-	-
£80,000 - £90,000	-	-
£90,000 - £100,000	-	-
£100,000 - £110,000	-	-
£110,000 - £120,000	1	1

The average monthly number of employees during the year was as follows:

Full Time	CEO, Corporate Services and Finance	5	5
	Policy and Development	8	7
Part Time	Corporate Services and Finance (full time equivalent - 0.41:2016 – 0.23)	2	2
	Policy and Development (full time equivalent – 0.78: 2016 – 0.77)	5	4
		<u>20</u>	<u>18</u>

No trustee received any remuneration during the year (see note 9).

The Carnegie United Kingdom Trust

Notes to the Accounts *(continued)*

YEAR TO 31 DECEMBER 2018

12. Pension Commitments

The Trust changed its Group Personal Pension Plan in 2016 to comply with new pension legislation. The Trust also changed their pension provider from Standard Life to Royal London. Under the new pension plan, employee pension contributions are paid under a salary sacrifice arrangement.

Nineteen employees are in the Royal London Group Personal Pension Plan (2017 – Twenty), to which the Trust is contributing. Trust contributions depend on the age of the Plan member and are currently in the range 7% to 13% of salary. The pension charge for the year was £150,123 in respect of the personal pensions plans (2017 - £128,308) of which pension advisory scheme costs were £6,000 (2017 £6,000). There were no Pension contributions outstanding at the year-end. (2017 - £nil).

13. Tangible Assets

	Land and Buildings (See Note 23) £	Fixtures, Furniture, Fittings & Plant £	Computer Equipment £	Total £
Cost				
At 31 December 2017	1,065,345	284,212	100,954	1,450,511
Additions	-	-	1,732	1,732
Disposals	-	-	(8,610)	(8,610)
Transfers	-	-	-	-
At 31 December 2018	<u>1,065,345</u>	<u>284,212</u>	<u>94,076</u>	<u>1,443,633</u>
Accumulated depreciation				
At 31 December 2017	199,486	215,503	68,369	483,358
Charge for year	21,307	14,795	21,487	57,589
Disposals	-	-	(8,039)	(8,039)
At 31 December 2018	<u>220,793</u>	<u>230,298</u>	<u>81,817</u>	<u>532,908</u>
Net Book Value				
At 31 December 2018	<u>844,452</u>	<u>53,914</u>	<u>12,259</u>	<u>910,725</u>
At 31 December 2017	<u>865,859</u>	<u>68,709</u>	<u>32,585</u>	<u>967,153</u>

14. Listed Investments

	2018 £	2017 £
Market value		
At 31 December	42,125,307	40,865,164
Additions	5,168,737	6,805,011
Disposals	(5,482,866)	(8,670,785)
Movements in portfolio cash	(538,348)	637,216
Unrealised (loss)/gain during year	(3,653,366)	2,488,701
At 31 December	<u>37,619,464</u>	<u>42,125,307</u>

The Carnegie United Kingdom Trust

Notes to the Accounts *(continued)*

YEAR TO 31 DECEMBER 2018

Cost	2018	2017
	£	£
At 31 December	<u>33,597,219</u>	<u>33,432,553</u>

The Trust's investments are managed by Cazenove Capital Management Limited and are held on a recognised stock exchange or are valued by reference to such investments, as follows:

	2018	2017
	£	£
Within UK	26,415,923	31,517,583
Outwith UK	10,351,944	9,217,779
Cash	851,597	1,389,945
Total Investments at Market Value	<u>37,619,464</u>	<u>42,125,307</u>

14. Listed Investments *(continued)*

Investments are held as follows:

	2018	2017
	£	£
M&G Charifund Income Units	16,319,384	22,636,130
Cazenove Managed Portfolio	16,530,667	14,942,057
Cazenove Unapplied Total Return Portfolio	4,769,413	4,547,120
Total	<u>37,619,464</u>	<u>42,125,307</u>

Cazenove funds under management are invested with a number of different fund managers covering different geographic regions and sectors.

The Trust adopts a total return approach to investments in order to provide future funding, via its unapplied total return portfolio, to achieve certainty, stability and sustainable growth over the period of the current strategic plan 2016 -2020 and the future strategic plan 2021 – 2025.

As part of the Trust's total return approach Trustees made the decision in 2014 to set up an unapplied total return portfolio and transferred £3.26 million into it. In 2017 a further decision was made by Trustees to transfer a further £2 million from the main portfolio to the unapplied total return portfolio. In 2018 a further transfer of £1million was made from the main portfolio to the unapplied total return portfolio. £634,000 (£470,000 – 2017) was withdrawn from the unapplied total return fund as per the Trusts Financial Plan, to support 2018 expenditure. This portfolio is invested in low risk UK Gilts and Multi Asset funds.

The significance of investments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy and performance sections of the Report of the Trustees.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

15. Social Investments	2018	2017
	£	£
Funds Placed with Fund Manager at 31 December 2017	1,000,000	1,000,000
Interest Earned	3,272	-
Management Fees	(1,500)	-
Impairment Charges	-	-
At 31 December 2018	<u>1,001,772</u>	<u>1,000,000</u>
Being:		
Cash	751,772	1,000,000
Loans	250,000	-
At 31 December 2018	<u>1,001,772</u>	<u>1,000,000</u>

The Trust has established a programme related investment – its Affordable Credit Loan Fund – as part of its work on the wider issues of affordable credit in the United Kingdom.

In December 2017, the Trust set aside funds of £1m from its Endowment Fund from which to lend to affordable credit intermediaries through the agency of Social Investment Scotland, who have been appointed as the Affordable Credit Loan Fund's Manager for this purpose. During 2018, Social Investment Scotland advanced £250,000 as a concessionary loan from the Affordable Credit Loan Fund.

16. Debtors	2018	2017
	£	£
Prepayments and Other debtors	160,371	77,053
Accrued income	59,965	60,569
	<u>220,336</u>	<u>137,622</u>
17. Creditors: amounts due within one year	2018	2017
	£	£
Accruals	179,649	403,403
Other Creditors	40,933	112,919
	<u>220,582</u>	<u>516,322</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

18. Endowment Fund	At 31 Dec 2017	Expenditure	Realised gains/(losses)	Unrealised gains/(losses)	Transfers	At 31 Dec 2018
	£	£	£	£	£	£
Trust Main Investment Portfolio Fund	36,121,583	(28,053)	(146,008)	(3,520,844)	(1,000,000)	31,426,678
Unapplied Total Return Fund	4,547,120	(8,246)	(2,938)	(132,522)	366,000	4,769,414
Affordable Credit Loan Fund	1,000,000	-	-	-	-	1,000,000
	41,668,703	(36,299)	(148,946)	(3,653,366)	(634,000)	37,196,092

The Endowment Fund originally consisted of Bonds of the United States Steel Corporation with a face value of US \$10m bearing interest at 5% assigned by Mr Carnegie to the Trustees in 1913. Since then the fund has been increased by further legacies together with net gains on realisation of investments, by transfers from reserves and by unrealised gains on investments. The income from the endowment fund is treated as unrestricted income.

In 2018 the Trustees approved a transfer of £1 million from the main portfolio fund to the unapplied fund which functions to support the current Strategic Plan 2016 – 2020 and the future Strategic Plan 2021 – 2025. Also in 2018 Trustees approved a transfer from the unapplied total return fund element of the endowment fund of £634,000 to unrestricted funds to be allocated against expenditure in accordance with the Trust's Strategic Plan 2016 – 2020.

In 2017 Trustees approved the setting aside of £1 million as its Affordable Credit Loan Fund. The funds constitute a programme - related social investment and further details are given in note 15.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

19. Restricted Funds	Balance at 31 December 2017 £	Income £	Expenditure £	Balance at 31 December 2018 £
Policy and Development				
Digital Participation (Phase 1 and 2)	896	-	(896)	-
Kinder Communities	921	-	(921)	-
Scotland Performs Public Participation	1,796	-	(1,796)	-
Engaging Libraries	128,541	12,500	(121,714)	19,327
Affordable Credit – Oak Foundation	76,800	73,000	(73,904)	75,896
Affordable Credit – Scottish Government	15,000	-	(15,000)	-
CleverCogs Scotland	16,398	-	(16,398)	-
Social Harm Reduction	-	31,250	(10,800)	20,450
	<u>240,352</u>	<u>116,750</u>	<u>(241,429)</u>	<u>115,673</u>

Digital Participation (Phase 1 and 2) was a partnership project funded from grants received from the Scottish Government. In 2016 we published new research which looked in detail at the closely intertwined relationship between digital exclusion and other forms of social exclusion. We also embarked on an in-depth evaluation of a major digital investment being delivered by a social housing provider to assess the impact that the new technology has on quality of life for tenants and their families. The work on this project supported by this grant was completed in 2017.

Clevercogs is a partnership project funded from a grant received from the Scottish Government. The grant was to extend the indepth evaluation of a major digital investment being delivered by a social housing provider, described above under the Digital Participation project supported by the Scottish Government through the grant awarded to us in 2016. The Clevercogs grant extended the time period for the evaluation to enable additional data to be captured. The project was completed and the final report published in 2018.

Kinder Communities is a partnership project funded from grants received from the Joseph Rowntree Foundation. This project is led by our Carnegie Associate Zoë Ferguson and was launched in 2016 and engages directly with seven local projects across Scotland who want to inject kindness back into their work and communities. This phase of the project is now completed.

Scotland Performs Public Participation is a partnership project funded from a grant received from the Scottish Government. The aims of this project are: to allow the Scottish Government to take the first steps in developing a broad conversation about national and societal wellbeing; give Scotland Performs credibility and longevity; provide an evidence base to inform a revised Scotland Performs indicator set. This project was completed in 2018.

Engaging Libraries is a partnership project funded from a grant received from the Wellcome Trust. In 2016 the Trust began work on developing a new project, to support public libraries in the UK to run public engagement activities on a range of health and wellbeing issues. The programme, which opened for applications in spring 2017, provided successful applicants with funding support, mentoring and

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

learning opportunities. This project was completed in 2018 and the Trust will publish a final report in 2019.

Affordable Credit (Oak Foundation) is a partnership project funded by a grant from the Oak Foundation. The grant is to enable the Trust to undertake a number of research and practice projects from 2017 to 2019, to augment our work on affordable credit. The projects will look at a variety of supply and demand issues in relation to the provision of and need for more affordable credit in the UK. The research study on where people who are declined payday loans are now seeking credit was completed and published in 2018. The study on scaling up the UK's Community Development Finance Institution (CDFI); research mapping affordable credit need and demand in local areas; and training events and blogs with Responsible Finance on governance, marketing and credit scoring for affordable credit providers will be completed in 2019.

Affordable Credit (Scottish Government) is a partnership project funded by a grant from the Scottish Government. The grant is to enable the Trust to undertake three separate research projects to augment our work on affordable credit. All three research projects were completed and published in 2018.

Social Harm Reduction is a project supported by a grant from Fran Perrin, to advance the development and advocacy of a model for reducing the harm experienced by social media. The project is being supported by activity from our Carnegie Associate Maeve Walsh and will complete in 2019.

The Carnegie United Kingdom Trust
Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

20. Unrestricted Funds

	Balance at 31 December 2017	Incoming Resources	Expenditure	Transfer (to)/from Designated Funds	Transfer (to)/from Endowment Funds	Balance at 31 December 2018
	£	£	£	£	£	£
Designated Funds – Policy and Development Charitable Initiatives General Reserve	1,235,042 36,000 950,000	- - -	(1,990,914) (37,687) -	1,652,006 25,687 -	- - -	896,134 24,000 950,000
Other Charitable Funds	2,221,042 1,388,284 3,609,326	- 1,533,553 1,533,553	(2,028,601) (168,950) (2,197,551)	1,677,693 (1,677,693) -	- 634,000 634,000	1,870,134 1,709,193 3,579,328

Policy and Development, and Charitable Initiatives – represents the balance of unspent funds at the year-end committed by Trustees.

General Reserve – represents the Trustees' policy of retaining sufficient operational expenditure in relation to its business continuity and contingency planning.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

21. Analysis of Net Assets between Funds	Tangible Fixed Assets	Investments	Social Investments	Net Current Assets	Total
	£	£	£	£	£
Endowment	910,725	35,285,367	1,000,000	-	37,196,092
Restricted Funds	-	-	-	115,673	115,673
Unrestricted Funds:					
Designated Funds	-	950,000	-	920,134	1,870,134
Other Charitable Funds	-	1,384,097	1,772	323,325	1,709,194
Total Net Assets	910,725	37,619,464	1,001,772	1,359,132	40,891,093

22. Reconciliation of Net Movement in Funds to Net Cash (Outflow) from Operating Activities

	2018 £	2017 £
Net movement in funds for year including investment income	(4,627,289)	2,232,443
Depreciation	57,589	63,834
Loss on Fixed Asset Disposal	364	3,011
Decrease/(increase) in debtors	(82,714)	138,706
(Decrease)/increase in creditors	(295,740)	129,793
Unrealised (gain) on investments	3,653,366	(2,488,701)
Realised loss/(gain) on investment disposals	148,946	(201,556)
Net cash inflow/(outflow) from operating activities	<u>(1,145,477)</u>	<u>(122,470)</u>

No adjustment has been made for Investment Income as it is the Trust's primary source of income and determines expenditure for the year.

23. Cash and Cash Equivalents

	At 31 Dec 2017 £	Cash flows £	At 31 Dec 2018 £
Short term deposit Investments	1,064,354	5,994	1,070,348
Cash at bank and in hand	740,267	(451,237)	289,030
	<u>1,804,621</u>	<u>(445,243)</u>	<u>1,359,378</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2018

24. Related Parties

One half of the Trustees of the Trust are also Trustees of the Carnegie Dunfermline and Hero Fund Trusts, charities registered in Scotland.

The Trust shares ownership of Andrew Carnegie House with the Carnegie Dunfermline and Hero Fund Trust and the Carnegie Trust for the Universities of Scotland. The Trust is responsible for an agreed proportion of the running costs of the building.

In 2018 the first instalment payment of £10,000 was paid to Poverty Alliance for work in relation to the Trust's Living Wage Project. Martyn Evans, Chief Executive of the Carnegie UK Trust, son Jack Evans, is the Living Wage Accreditation Officer for Poverty Alliance.

In 2018 the Trust received a charitable donation of £31,250 from Francesca Perrin, who is the wife of Trustee William Perrin. This donation is to be used for the sole purpose of supporting the work carried out on the Trust's Harm Reduction in Social Media Project.

Appendix – Grant Payments

YEAR TO 31 DECEMBER 2018

	2018
	£
Unrestricted Grants	
Charitable Initiatives	
CILIP	12,000
Sub Total	<u>12,000</u>
<i>Policy and Development</i>	
Big Heart of Methyr Tydfil	2,500
Blake Stevenson	5,070
Broughshane & District Community Association	2,500
Cornerstone	50,000
Glendale Gateway Trust	2,500
Joseph Rowntree Foundation	5,000
Manchester Refugee Support Network	2,250
Nick Allan and Associates Ltd	1,000
Norfolk County Council	2,250
North Shields Chamber of Trade and Commerce	5,000
ProMo Cymru	2,250
The Pavilion	3,000
Trades Union Congress	51,750
Whitburn District Community Council	2,500
Your Own Place	2,250
Sub Total	<u>139,820</u>
Total Unrestricted Grants	<u><u>151,820</u></u>

Appendix – Grant Payments

YEAR TO 31 DECEMBER 2018 (continued)

	2018
Restricted Grants	£
<i>Policy and Development</i>	
The City of London Barbican and Community Libraries	4,490
Coventry University	28,904
East Dunbartonshire Leisure and Culture Trust	3,274
Essex County Council	16,384
London Borough of Bexley	10,750
Lancashire County Council	13,500
Leeds City Council	7,250
Leisure and Culture Dundee	10,500
Norfolk County Council	4,314
Oldham Council	18,380
Somerset Library Service	4,440
Torfaen Libraries	3,122
Vision Redbridge Culture and Leisure	11,750
Total Restricted Grants	<u>137,058</u>