



CHANGING MINDS • CHANGING LIVES

Annual Report and Accounts

FOR THE YEAR ENDED 31 DECEMBER 2016

ANDREW CARNEGIE HOUSE
PITTENCRIEFF STREET
DUNFERMLINE
FIFE KY12 8AW
www.carnegieuktrust.org.uk

The Carnegie United Kingdom Trust
Incorporated by Royal Charter 1917
Scottish Charity No: SC 012799
Operating in the UK and Ireland



[Twitter](#) and [Facebook](#)

Trustees, Staff and Advisers

Honorary President

William Thomson CBE

Trustees

Angus Hogg MBE (*Chair*)

Jane Steele* (*Vice Chair and Convener of Finance and Corporate Services Committee until May 2016*)

Carol Madison Graham (*Vice Chair from May 2016*)

Dame Diana Brittan

Richard Davies

Sir John Elvidge* (*Convener of Finance and Corporate Services Committee from May 2016*)

Dr David M Fraser (*until May 2016*)

Lynne Lamont*

Jane Livingstone

Janet McCauslin

Aideen McGinley

Mike Reid (*from May 2016*)

Fiona Robertson (*from May 2016*)

Douglas Scott

Mark Shucksmith (*from May 2016*)

Albert Tucker

David Walker* (*Convener of Audit and Risk Committee*)

Robin W Watson (*until May 2016*)

Ian Wilson*

**Audit and Risk Committee Members*

Chief Executive

Martyn Evans

Staff

Georgina Bowyer – Projects Officer (*Returned from Maternity Leave January 2016*)

Jenny Brotchie - Policy Officer (*Returned from Maternity Leave March 2016*)

Anna Grant – Projects Officer (*from September 2016*)

Gail Irvine – Policy Officer (*from July 2016*)

Rebekah Menzies – Policy Officer (*from July 2016*)

Jim Metcalfe – Head of Practice and Development (*until December 2016*)

Tara Murphy – Policy Officer (*April 2016*)

Genna Nelson - Corporate Services Officer

Jenny Peachey – Policy Officer (*until March 2016*), Senior Policy Officer (*from April 2016*)

Lauren Pennycook - Policy Officer (*Maternity Leave from April 2016*)

Liz Pullar - Finance Assistant

Lucy Smith - Corporate Services Officer

Kirsty Tait - Projects Officer (*until December 2016*)

Steven Thompson – Finance & Corporate Services Manager

Jennifer Wallace – Head of Policy (*Maternity Leave from November 2016*)

Douglas White - Head of Advocacy

Gina Wilson – Senior Projects Officer (*until November 2016*), Acting Development Manager (*from December 2016*)

Trustees, Staff and Advisers (cont)

Carnegie Fellows

Mark Shucksmith (*until May 2016*)

Julia Unwin CBE (*from October 2016*)

Carnegie Associates

Niall Alexander

Pippa Coutts

Dr Peter Doran

Zoe Ferguson

Tom Forrest

Pauline Radcliffe

Caroline Slocock

John Woods

Steve Wyler OBE

Advisers

External Auditor

Chiene + Tait LLP

Investment Managers

Cazenove Capital Management Ltd

Legal/Professional Advisers

Lindsays LLP

Anderson Strathern LLP

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 2016

The Trustees present their report with the accounts of the Trust for the year ended 31 December 2016. The accounts have been prepared in accordance with the accounting policies set out on pages 21 to 23 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 by the philanthropist Andrew Carnegie, who was born in Dunfermline. The Trust was incorporated by Royal Charter in 1917 and is a registered Scottish Charity, No SC 012799.

The Trust was established by an initial endowment of \$10m by Andrew Carnegie. 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 Trust's Strategic Objectives for 2016-2020 are to:

- Be a recognised leader in wellbeing and its links 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.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2016

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 2016

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 three 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'.

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

Provided below are details of the key achievements and performance under each of these areas of work during 2016, the first year of the five-year strategy.

Enabling Wellbeing

Improving wellbeing has been at the heart of the Trust's work for over 100 years. We promote a number of strategic approaches to policy and practice development to enhance wellbeing outcomes for people. We are leading advocates for wellbeing frameworks that allow governments to measure social progress for citizens in a meaningful way. Personal agency is a critical and under-exploited aspect of wellbeing and we support decision makers to empower citizens to take more control of their own lives. Wellbeing can be enhanced by 'unusual friends' from different sectors working together to solve complex or intractable issues, and by sharing learning and lessons from different jurisdictions. We seek to explore and understand the opportunities that such learning and cross-sectoral working can bring.

Wellbeing in Northern Ireland

As part of our work to promote wellbeing measurement, we continued our work in Northern Ireland to support the development of an outcomes-focused approach that places wellbeing at the heart of the new Programme for Government (PfG). We undertook a series of activities throughout the year. This included a report assessing progress made against the recommendations of the Carnegie Roundtable on Measuring Wellbeing in Northern Ireland,

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Achievements and Performance 2016 (Continued)

reconvening the Roundtable to consider the draft PfG, and a formal response from the Roundtable Co-Chairs to the PfG public consultation. We also held a major conference in Belfast, in partnership with Stratagem, attended by more than 100 stakeholders, to consider the key steps required in Northern Ireland to put an outcomes-approach into action.

Interaction

Our Interaction project examines how academics and charities can work more closely together to influence public policy. We published the final report from Carnegie Fellow Professor Mark Shucksmith in spring 2016. The report explores the different approaches of both sectors to evidence, investigates the obstacles to collaboration, highlights examples of successful partnerships and makes a series of recommendations for how more positive partnerships can be achieved in future. We also held a joint seminar with the Institute for Government and the Royal Statistical Society on whether the public has 'had enough of experts', and a joint roundtable with the Alliance for Useful Evidence looking at the particular relationship between evidence and policy in Scotland. We will publish a discussion paper on this topic in early 2017.

Kinder Communities

There is a body of evidence that consistently shows that positive relationships and kindness are at the very heart of our wellbeing. Led by our Carnegie Associate Zoë Ferguson, we launched our Kinder Communities project in 2016, in partnership with the Joseph Rowntree Foundation, engaging directly with seven local projects across Scotland who want to inject kindness back into their work and communities. We published a discussion paper which explores the evidence and key issues and we have worked closely with the seven partners to capture their learning. An advisory group including Scottish Government, See Me, Glasgow Centre for Population Health, Scottish Community Development Centre, Volunteer Scotland, East Lothian Council, Evaluation Support Scotland and Food Train Friends has provided external challenge and scrutiny. This work will continue to be a major focus for the Trust in 2017 with Julia Unwin joining us as a Carnegie Fellow to work with Zoe.

Enabling State

Our Enabling State project examines the changing relationship between state and citizens and considers what needs to be done to ensure that these changes have a positive impact for people. In 2016 we published the final report from our Enabling State Challenge, showcasing the work of six inspirational, enabling projects from around the UK and highlighting the key lessons from their work. We also worked in partnership with Voluntary Action Scotland to examine the particular role that charities can play in the development of a more effective enabling state.

The People's Conversation

Following the publication in 2015 of 'Citizens Rising', a new vision for citizenship in Ireland, we embarked on a new project with the Wheel in 2016, who support and represent the Irish community, voluntary and charitable sector, to advance the recommendations set out in the report. The work has four strands – active citizenship and an independent community voluntary sector; citizen participation in public service design and delivery; developing the link between economic and social wellbeing and participation; and ongoing engagement and advocacy activity. A series of working groups have been established, involving a range of stakeholder organisations and this work will continue throughout 2017.

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Achievements and Performance 2016 (Continued)

Better Way

Led by Carnegie Associates, Steve Wyler and Caroline Slocock we have undertaken work this year to coordinate 'A Better Way', a network of social activists, from the voluntary sector and beyond, interested in improving public services and building stronger communities. The network aims to connect people who want to share their ideas, knowledge and inspiration with others who have the same goals to build a growing movement for change. The network is hosted by Civil Exchange and is also being supported by the Esmee Fairbairn Foundation.

The Future of Fairness Commissions

Over the past five years a number of Fairness Commissions have been held by local areas in the UK to bring cross-sector stakeholders together to consider a renewed focus on tackling poverty and inequality. Carnegie UK Trust Chief Executive Martyn Evans chaired the Fairer Fife Commission, which reported in 2015. This year we have begun work to plan an event bringing together representatives from the different commissions to consider shared learning and future priorities. This event will take place in Newcastle in early 2017.

Digital Futures

The digital world brings great potential for improved wellbeing through faster, more personalised services, new models of communication and cooperation and improved access to knowledge and information. There are also risks to these revolutionary changes, with implications for equality, skills, privacy and work. Our Digital Futures theme explores how we can maximise the benefits and mitigate the risks, to ensure that digital technology can be exploited to optimise improvements in wellbeing for people across the UK and Ireland.

A New Chapter 2.0

Public libraries are a much loved safe space at the heart of local communities, contributing to wellbeing in a multitude of ways. However, they face an uncertain future. In 2011 the Trust launched ground-breaking research which, for the first time, provided comparative data from England, Scotland, Wales, Northern Ireland and Ireland on how people use and perceive public libraries. In 2016, we revisited this work and re-ran our original survey to examine how people's views and behaviour towards libraries have changed over the past five years. We also added new questions to consider attitudes to volunteer support in libraries and to test out how people navigate a range of online information, privacy and security challenges. The research was conducted in 2016 and the outputs from this work will be published in early 2017.

Carnegie Library Lab

Innovation and effective leadership are critical to the future of public libraries. Our Library Lab programme provides project funding, online learning, mentoring, workshops and development opportunities for aspiring public library leaders. In 2016, our first cohort of Carnegie Partners completed their engagement in the programme, having achieved a wide range of positive outcomes for their local communities, their library services and their own skills and experience. We received more than 70 applications to join the second programme round and six successful participants were selected, from Lambeth, Exeter, Pyle, North Somerset, Falkirk and Dungiven and Limavady. Innovative projects being delivered by our new group of partners include activities in libraries promoting cooking, film making, creative skills, coding, local heritage and the preservation of books.

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Achievements and Performance 2016 (Continued)

Librarians and Online Data Privacy

We embarked on a new project in 2016, examining the role that public librarians can play in both helping people develop the skills to manage their privacy and security online and in advocating for citizens' rights in this highly contested space. There is much to be learned from the United States, where librarians often play a central role in the debate about data privacy and we have begun work to organise a study visit for key stakeholders to New York in spring 2017.

Engaging Libraries

In partnership with the Wellcome Trust we began work to develop a new project in 2016 to support public libraries in the UK run public engagement activities on a range of health and wellbeing issues. The programme, which will open for applications in spring 2017, will provide successful applicants with funding support, mentoring and learning opportunities.

Future of Libraries Hackathon

Public services are re-imagining their role and function in the digital age, working in different ways to be sustainable and relevant. Our Future of Libraries Hackathon brought together multi-disciplinary teams of students, graduates, entrepreneurs and mentors to work together over four days to create working technical prototypes of new products for public library services. Charged with creating a new product or service over four days, the teams sought out business opportunities and conducted user research, hand in hand with developing a working technical prototype. The event ended with a demonstration evening where seven teams delivered a presentation of their ideas and products to a panel of judges.

Balancing Privacy and Public Benefit

One of the most complex, fast developing and least understood aspects of how we engage with digital technology is the trade-off we make between maintaining our personal privacy and giving others access to our data in order to provide us with better goods and services. Data sharing has the potential to improve public services, but there are legitimate concerns about privacy. We embarked on a new partnership in 2016 with Involve, who are experts in public participation and the Wellcome Trust to understand how government, civil society and advocacy groups make sense of, and balance, the potential risk and reward of data sharing across public services. This work will continue throughout 2017.

Brexit and Digital

The impact of the UK's decision to leave the European Union on a wide range of critical public policy issues will not be clear for some time. We began work in 2016 on a project with Talk About Local, who help people find a powerful online voice, to consider what specific risks and opportunities Brexit might bring for digital issues in the UK, including infrastructure, skills, participation, jobs and services. We held public events in London and Cardiff and published a series of exploratory blogs. The work will conclude with a report in spring 2017.

Digital Exclusion and Social Exclusion

Many people in the UK are not yet able, for reasons of skills, confidence, motivation and cost, to take full advantage of the opportunities that digital technology can offer. We published new research in 2016 which looked in detail at the closely intertwined relationship between digital exclusion and other forms of social exclusion. We also embarked on an indepth evaluation of a

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Achievements and Performance 2016 (Continued)

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. This work will be completed in 2017.

#notwithoutme

It is often assumed that all young people are digitally engaged, confident and skilled. However those who are vulnerable are often at risk of being excluded from digital technology, unable to maximise its benefits, or at risk of harm. We continued our #notwithoutme initiative in 2016, supporting projects in London, Cumbria, Northern Ireland and Scotland to help build digital skills amongst highly vulnerable and disadvantaged groups of young people. Phase 1 of this project concluded with a major event #NotWithoutMe @ the BBC on the 15th March 2017, at the BBC Centre in Glasgow as part of their Digital Cities week.

Flourishing Towns

Towns can struggle for attention in the public policy arena – too often crowded out by legitimate but powerful metropolitan and rural interests. Discussions on towns too often focus merely on saving or preserving rather than progressing or rethinking. As one of the largest policy and practice organisations in the UK to be towns-based, the Trust is seeking, through our Flourishing Towns theme, to play a leading role in supporting influential policy development and innovative practice in our towns.

Turnaround Towns

This is an opportune time to be looking at what works to support innovative policy and practice for towns. The 2016 World Towns Leadership Summit and resulting World Towns Framework have re-energised the global debate and policy agenda around towns, while a number of promising initiatives are emerging across the UK and Ireland. We published a major new study, 'Turnaround Towns' in 2016, which examined international examples of towns that have successfully gone through a transformation process, and considered what learning can be drawn for towns in the UK and Ireland. The report features case studies from towns in the USA, Australia, New Zealand, Germany and Finland.

Brexit and Towns

We are working with Professor Duncan MacLellan from St Andrews University on a study to consider what the potential impact of the UK's vote to leave the European Union might be for different types of towns across the UK. The report will be published in spring 2017 and will consider both possible positive and negative consequences.

The Fife Island

The closure of the Forth Road Bridge in December 2015 temporarily broke the link between residents in Fife and social and economic activities in Edinburgh and beyond. We published a report in 2016, based on a representative poll with 500 residents in Fife, and an online survey with over 60 Fife-based businesses, on the impact of the closure on how residents in Fife worked, travelled, consumed goods and services and pursued leisure activities during this period, and the impact on local businesses as traders and employers. The report provides wider learning into the opportunities available to develop more prosperous and resilient town communities across the UK.

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Achievements and Performance 2016 (Continued)

Twin Towns UK

International evidence suggests that towns can learn much by working together to solve common challenges. In 2016 we launched our Twin Towns UK initiative which aims to take a fresh approach to the well-established concept of 'twinning' by pairing towns across the UK with similar characteristics or socio-economic challenges, to consider how to make positive change in their communities. We will be supporting ten towns, matched into five twinning partnerships, and providing funding and expert advice to help the 'twins' develop new approaches and solutions. The successful partnerships were announced in early 2017.

TestTown

We completed our TestTown initiative in 2016, with a Grand Final hosted by Glasgow City Council at the historic Saltmarket. Twelve teams from England, Scotland, Wales, Northern Ireland and Ireland visited Glasgow to take part in the competition, which gives young entrepreneurs the opportunity to test out their business idea using vacant shop premises. The winner was Stephen Bond from Huddersfield and his flavoured liqueur business 'Panda's Kitchen'. He was awarded £10,000 towards the future development of his business. Later in the year we published a complete TestTown manual, making available both digitally and in hard copy all the information and resources that local areas need to run their own TestTown events in the future.

Fulfilling Work

Fulfilling Work has a major influence on wellbeing. Our income, sense of purpose, social connections and personal agency are all affected by work. It is increasingly recognised, however, that work is no longer a guarantee of greater wellbeing, with in-work poverty rates rising and job security impacting heavily. Our Fulfilling Work theme explores the links between work and wellbeing the mechanisms for ensuring that the work has a positive influence on our wellbeing.

Affordable Credit

It has long been the case that those who are the least well-off in society have to pay the highest rates of interest to borrow money – excluded from mainstream financial products by low incomes and limited credit histories and therefore reliant upon high cost alternatives. Our affordable credit project seeks to improve the availability of more affordable options for those denied access to mainstream lending. In 2016 we published Gateway to Affordable Credit, the report of the Affordable Credit Working Group. This group included representatives from over 20 public, private, academic and charitable institutions. It set out 18 recommendations to improve the supply of affordable credit in Scotland and secured Ministerial endorsement from the Scottish Government. We have now established a national Action Group, chaired by the Very Reverend John Chalmers to lead the implementation of the report recommendations and our Carnegie Associate Niall Alexander is working with local authorities and affordable credit suppliers across Scotland, providing technical advice and expertise. Significant progress is being achieved and a number of positive announcements are anticipated during 2017.

Work and Wellbeing

We carried out indepth data research in 2016 to examine the relationship between different aspects of work and wellbeing. The research, carried out with Ipsos MORI, scrutinised existing datasets in new detail to highlight key workplace trends and how they impact on the quality of life for employees across the UK. We interrogated a range of issues which comprise fulfilling

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Achievements and Performance 2016 (Continued)

work and identified particular groups of employees, by geography, demography and sector, who appear less likely to experience work that improves wellbeing. We will be following up this data analysis with a series of roundtable discussion events with key stakeholders around the UK in 2017.

Brexit and Work

We are working with Professor Alan McGregor at the University of Glasgow on a study to examine the potential impact of the vote to leave the European Union on fulfilling work in the UK. The report, to be published in early 2017, will set out the current UK labour market context and explore in depth the possible risks and opportunities that Brexit will present.

Growing Livelihoods

We continued our Growing Livelihoods project in 2016, supporting ten projects around the UK to develop and test new approaches to small-scale food growing. Working in partnership with Plunkett Foundation and the Land Settlement Association Charitable Trust and supported by funding from the Esmée Fairburn Foundation, the project aims to encourage cooperative and innovative approaches to food growing and to support those new to the sector, young people or those seeking a new direction.

Living Wage Towns

The Living Wage accreditation system has had a positive impact in improving incomes for many low paid employees across the UK. Now, a growing number of local authority areas, cities and towns have expressed interest in declaring themselves 'Living Wage Places'. We are working with the Poverty Alliance to develop a series of options for how a place-based Living Wage recognition system might operate, with the aim of improving access to the Living Wage for more low paid workers.

Sponsorship

The Trust sponsored a variety of events and activities during 2016.

We continued our long-standing support for the Carnegie Medal for Children's literature, which is administered and judged by the Chartered Institute of Library and Information Professionals (CILIP). This year's winner was Sarah Crossan for her novel *One*. We also worked with CILIP to sponsor a CILIP-Carnegie Fringe event programme at the CILIP annual conference in Brighton.

Continuing the literary theme we provided sponsorship this year to Deerpark Press Ltd to support the production of a Contemporary History of Fife and to the Western Isles Library Service to help develop a new award for Gaelic writing for children.

Finally, we provided sponsorship support for Community Land Scotland (CLS) in 2016, supporting CLS to engage in a series of events to share learning from their activities throughout Scotland and in other parts of the UK. We also sponsored the Fermanagh Trust to deliver a community land event in Northern Ireland.

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Report of the Trustees for the year ended 31 December 2016

Financial Review

Income

Total income for 2016 was £1.76 million (*£1.69 million - 2015*). Unrestricted fund investment income totalled £1.59 million (*£1.53 million – 2015*). Restricted fund grant income was received from the Scottish Government of £73.5k (*£64.9k -2015*), Joseph Rowntree Foundation £25k and the Wellcome Trust £25k.

Expenditure

Expenditure for 2016 was £1.97 million (*£1.62 million – 2015*).

The Trust expended £1.8 million from unrestricted funds (*£1.57 million – 2015*) with £1.66 million (*£1.42 million – 2015*) expended directly on its Charitable Activities, with the main areas of expenditure being Policy activities £1.12million (*£880k – 2015*) and Practice and Development activities £431k (*£420k – 2015*). Further unrestricted grant payments of £117k (*£118k - 2015*) were made.

The Trust expended £134k (*£23k – 2015*) from Restricted Funds with £108k (*£6k – 2015*) expended on specific Policy and Practice and Development projects and further restricted grant payments of £26k (*£17k – 2015*) being made.

Net expenditure before Gains/(Losses) on Investments for the year was £208k. 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 to 2020 and its total return approach to investments.

Investment Policy and Performance

After a full investment review and competitive procurement process, Cazenove Capital Management Ltd were appointed in January 2013 as the Trust's Discretionary Fund Manager, with a remit of growing both Capital and Income.

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 56% of its value in M&G Charifund Units, a UK equity based fund, and 44% in a mixed portfolio of UK and non UK equity funds and bonds. The Trust Investments are governed by its Statement of Investment Policy.

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Report of the Trustees for the year ended 31 December 2016

Financial Review (continued)

The value of the Trust's investments at 31 December 2016 was £40.9 million (£37.5 million – 2015). Income distributions relating to the Trust's investments in the year were £1.58 million (£1.52 million – 2015). The Trust continues to monitor the stock market and its impact on the endowment and its related income stream.

Reserves Policy

£978k (£312k - 2015) 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 £1.88 million (£2.3 million – 2015) are maintained.

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.

Sixteen 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 2016, three Trustees of long standing experience retired from the Board. David Fraser retired after 14 years' service to the Trust, Robin Watson after 13 years' service to the Trust and Jane Steele after 11 years' of service to the Trust. All three Trustees had made very effective contributions to the Trust over this long period of time and the Trust had moved forward significantly during this period with their full support. We wish them well in their retirement from Trust business.

Three Trustees were appointed to the Trust's Board at the AGM in May 2016. These were Mike Reid, Fiona Robertson and Mark Shucksmith.

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Report of the Trustees for the year ended 31 December 2016

Structure, Governance and Management (continued)

Every five years the Trustees formally approve a Strategic Plan. Trustees meet formally quarterly 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 to 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 and 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, the Head of Practice and Development 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.

The work of the Trust is approached by two staff teams, supported by Finance and Corporate Services:

- **The Policy Team** is tasked with monitoring the policy landscape and providing targeted research on agreed topic areas. This research is managed and undertaken through a broader set of tools including in-house and contracted research, stakeholder panels and study visits.
- **The Practice and Development Team** is tasked with taking initiatives generated by policy and research (either the Trust's own research or that developed by others) and developing them into practical pilot projects to be undertaken, where possible, in partnership with other organisations interested in working in the same areas.

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Report of the Trustees for the year ended 31 December 2016

Structure, Governance and Management (continued)

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.

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 resulting in Fraud and/or Bribery
- 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.

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Report of the Trustees for the year ended 31 December 2016

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
Angus Hogg, Chair
Carnegie United Kingdom Trust
Scottish Charity No SC 012799
Incorporated by Royal Charter 1917



10 May 2017



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

We have audited the accounts of The Carnegie United Kingdom Trust for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the 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 Trust and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the Trustees are responsible for the preparation of accounts which give a true and fair view.

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 responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Accounts

A description of the scope of an audit of accounts is provided on the website of the Financial Reporting Council at www.frc.org/auditscopeukprivate

Opinion on Accounts

In our opinion the accounts:

- give a true and fair view of the state of the Trust's affairs as at 31 December 2016, 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 (as amended).



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

Matters on which we are required to Report by Exception

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

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

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

10 May 2017

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 2016

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	2016 Total £	2015 Total £
Income and Endowments from:						
Investments	2	1,585,817	-	-	1,585,817	1,526,940
Donations and Legacies	3	34,685	-	-	34,685	-
Charitable activities	4	-	123,458	-	123,458	157,856
Other Trading Activities	5	14,073	-	-	14,073	221
Total		1,634,575	123,458	-	1,758,033	1,685,017
Expenditure on:						
Raising funds	6	28,064	-	28,063	56,127	56,155
Charitable activities: 7						
Practice and Development		504,340	23,711	-	528,051	462,058
Policy		1,125,567	110,335	-	1,235,902	958,783
Charitable Initiatives		51,330	-	-	51,330	37,986
Other Charitable Activities		94,986	-	-	94,986	105,820
Total		1,804,287	134,046	28,063	1,966,396	1,620,802
Net (Expenditure)/Income before Gains/(Losses) on Investments		(169,712)	(10,588)	(28,063)	(208,363)	64,215
Gains/(Losses) on Investments						
Realised		-	-	288,270	288,270	(25,975)
Unrealised	14	-	-	3,238,872	3,238,872	(25,166)
Net (Expenditure)/Income		(169,712)	(10,588)	3,499,079	3,318,779	13,074
Transfer to unrestricted funds		421,000	-	(421,000)	-	-
Net Movement in Funds		251,288	(10,588)	3,078,079	3,318,779	13,074
Reconciliation of Funds:						
Total funds brought forward		3,430,134	135,425	36,401,600	39,967,159	39,954,085
Total funds carried forward		3,681,422	124,837	39,479,679	43,285,938	39,967,159

All activities relate to continuing activities.

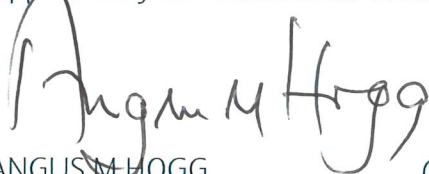
The notes on pages 21 to 37 form part of these accounts


The Carnegie United Kingdom Trust Balance Sheet

AS AT 31 DECEMBER 2016

	Note	£	2016 £	£	2015 £
Fixed assets:					
Tangible assets	13		998,267		1,023,213
Investments	14		40,865,164		37,513,402
Total fixed assets			<u>41,863,431</u>		<u>38,536,615</u>
Current assets:					
Debtors	15	276,328		161,581	
Investments	22	959,187		1,203,366	
Cash at bank and in hand	22	573,521		302,568	
Total current assets		<u>1,809,036</u>		<u>1,667,515</u>	
Liabilities:					
Creditors: amounts falling due within one year	16	(386,529)		(236,971)	
Net current assets			<u>1,422,507</u>		<u>1,430,544</u>
Total net assets			<u><u>43,285,938</u></u>		<u><u>39,967,159</u></u>
The funds of the charity:					
Endowment funds	17		39,479,679		36,401,600
Restricted income funds	18		124,837		135,425
Unrestricted funds:	19				
Designated funds			1,803,200		1,126,290
Other charitable funds			1,878,222		2,303,844
Total charity funds	20		<u><u>43,285,938</u></u>		<u><u>39,967,159</u></u>

Approved by the Trustees on 10 May 2017 and signed on their behalf by:


 ANGUS M HOGG *Chair of Trustees*


 DAVID WALKER BA CA FCCA *Convener of Audit and Risk Committee*

The notes on pages 21 to 37 form part of these accounts

The Carnegie United Kingdom Trust

Statement of Cash Flows

YEAR TO 31 DECEMBER 2016

	Note	2016	2015
		£	£
Net cash (outflow)/inflow from operating activities:	21	(111,346)	19,749
Cash flows from investing activities:			
Sale of Investments		3,132,053	2,586,488
Purchase of Investments		(2,922,070)	(2,070,974)
Movements in Investment Portfolio Cash		(34,603)	(459,984)
Sale of Fixed Assets		193	-
Payments to acquire fixed assets		(37,453)	(23,745)
Net cash provided by investing activities		<u>138,120</u>	<u>31,785</u>
Change in Cash and cash equivalents in the year	22	26,774	51,534
Cash and cash equivalents brought forward	22	<u>1,505,934</u>	<u>1,454,400</u>
Cash and cash equivalents carried forward	22	<u>1,532,708</u>	<u>1,505,934</u>

The notes on pages 21 to 37 form part of these accounts

The Carnegie United Kingdom Trust

Notes to the Accounts

YEAR TO 31 DECEMBER 2016

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 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. The Trust changed its depreciation policy in 2016 in relation to Computer Equipment and depreciation is charged at the following rates:

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

(e) Investments

In compliance with the SORP, 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) 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.

(g) 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.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2016

(h) 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.

(i) 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.

(j) 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 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

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2016

requirements, expenditure relating to Trustees, other direct costs and an allocation of staff and overhead costs.

(k) 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.

(l) 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)	2016	2015
	£	£
M&G Charifund Unit trust distributions	1,065,500	1,043,638
Cazenove Investment portfolio income	509,869	471,449
Interest receivable	10,448	11,853
	<u>1,585,817</u>	<u>1,526,940</u>
3. Donations and Legacies (Unrestricted Income)	2016	2015
	£	£
Legacies	<u>34,685</u>	<u>-</u>
4. Income from Charitable Activities	2016	2015
	£	£
Restricted Income:		
Grants		
Practice and Development		
Land Settlement Association Charitable Trust/Esmee		
Fairbairn Foundation	-	42,950
William Grant Foundation	-	50,000
Policy		
Joseph Rowntree Foundation	25,000	-
Scottish Government	73,458	64,906
Wellcome Trust	25,000	-
Total Income	<u>123,458</u>	<u>157,856</u>

For further information on the above grants, please refer to note 18 on pages 33 and 34.

The Carnegie United Kingdom Trust

Notes to the Accounts *(continued)*

YEAR TO 31 DECEMBER 2016

5. Other Trading Activities (Unrestricted Income)	2016	2015
	£	£
Google Adwords	14,023	-
Publication Sales	50	221
	<u>14,073</u>	<u>221</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 Printing, Stationery and General Expenses.

6. Costs of Raising Funds

	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total £
2016				
Investment Management Fees	<u>28,064</u>	<u>-</u>	<u>28,063</u>	<u>56,127</u>
2015				
Investment Management Fees	<u>28,077</u>	<u>-</u>	<u>28,078</u>	<u>56,155</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 2016

7. Charitable Activities	Unrestricted Funds			Restricted Funds			Total 2016	Total 2015
	Direct Costs (note 8)	Grants (note 10)	Support Costs (note 9)	Governance Costs (Note 9)	Direct Costs (note 8)	Grants (note 10)		
	£	£	£	£	£	£	£	£
Practice and Development Policy	332,206	73,305	78,021	20,808	7,461	16,250	528,051	462,058
Charitable Initiatives	912,515	6,000	163,458	43,594	100,335	10,000	1,235,902	958,783
Other Charitable Activities	1,148	38,000	9,617	2,565	-	-	51,330	37,986
	31,175	-	50,376	13,435	-	-	94,986	105,820
	1,277,044	117,305	301,472	80,402	107,796	26,250	1,910,269	1,564,647
7. Prior Year Comparison								
	Direct Costs (note 8)	Grants (note 10)	Support Costs (note 9)	Governance Costs (Note 9)	Direct Costs (note 8)	Grants (note 10)	Sub Total	Total 2015
	£	£	£	£	£	£	£	£
Practice and Development Policy	324,233	25,099	75,074	20,511	-	17,141	444,917	462,058
Charitable Initiatives	713,183	73,000	130,708	35,711	6,181	-	952,602	958,783
Other Charitable Activities	7,109	20,000	8,542	2,335	-	-	37,986	37,986
	30,105	-	59,468	16,247	-	-	105,820	105,820
	1,074,630	118,099	273,792	74,804	6,181	17,141	23,322	1,564,647

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2016

8. Direct Costs

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Salaries, Consultancies and Related Costs (note 11)	719,954	28,701	748,655	653,273
Travelling, Subsistence and Meeting/Conference Expenses	40,468	2,930	43,398	64,411
Printing, Stationery and General Expenses	6,346	83	6,429	7,199
Property Rental, Upkeep, Services and Insurance	27,749	-	27,749	27,011
Studies, Seminars, Events and Publications	471,117	76,082	547,199	322,956
Public Relations/Communications	8,651	-	8,651	-
Trustees' and Advisory Committee Travelling, Subsistence and Conference costs	1,581	-	1,581	5,477
Professional Fees	1,014	-	1,014	400
Equipment and Maintenance Contracts	164	-	164	84
	<u>1,277,044</u>	<u>107,796</u>	<u>1,384,840</u>	<u>1,080,811</u>

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 2016

9. Management, Administration - Support/Governance Costs

	Unrestricted Funds			Total 2015 £
	Support Costs £	Governance Costs £	Total 2016 £	
Salaries and Related Costs (note 11)	60,922	10,751	71,673	77,559
Staff and Trustee Development Costs	1,533	1,510	3,043	6,773
Studies, Seminars, Events and Publications	1,298	-	1,298	1,538
Property Rental, Upkeep, Services & Insurance	53,813	-	53,813	46,520
Printing, Stationery and General Expenses	49,280	8,696	57,976	45,240
Auditors' Remuneration in respect of:				
External Audit Services	-	11,428	11,428	11,726
Internal Audit Services	-	-	-	6,066
Travelling, Subsistence, and Conf Exps	22,292	3,934	26,226	33,123
Trustees' and Advisory Committee Travelling, Subsistence and Conf exps	-	25,514	25,514	26,951
Public Relations/Communications	37,881	6,685	44,566	32,956
Professional Fees	2,232	11,884	14,116	2,990
Equipment and Maintenance Contracts	72,221	-	72,221	57,154
	301,472	80,402	381,874	348,596

No Trustees received any remuneration in 2016. All 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 2016, 9 Trustees made claims ranging up to £746 (2015: 8 Trustees made claims ranging up to £2,293).

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2016

10. Grant Payments	2016 £	2015 £
Unrestricted Funds:		
Practice and Development	73,305	25,099
Policy	6,000	73,000
Charitable Initiatives	38,000	20,000
	<u>117,305</u>	<u>118,099</u>
Restricted Funds:		
Practice and Development:		
Growing Livelihoods	16,250	16,250
Understanding Scottish Places	-	891
Policy		
Scotland Performs Public Participation	10,000	-
	<u>26,250</u>	<u>17,141</u>

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

11. Analysis of Staff Costs (including Consultancies and related costs)	2016 £	2015 £
Wages and Salaries	569,570	530,555
Social Security Costs	56,786	55,865
Other Pension Costs	101,765	69,993
Fellows, Associates, Recruitment and Misc Staff Costs/Insurances	92,207	74,419
	<u>820,328</u>	<u>730,832</u>
Allocated as follows:		
Costs of Activities in Furtherance of Charitable Activities	748,655	653,273
Management & Administration – Support/Governance Costs	71,673	77,559
	<u>820,328</u>	<u>730,832</u>

In the reporting period the Trust made termination of employment payments under settlement agreements totalling £28,407. At the year end the balance payable was £26,157.

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, the Head of Practice and Development, and the Finance and Corporate Services Manager.

	2016 £	2015 £
The total employee benefits of key management personnel including employer pension contributions were	<u>354,531</u>	<u>338,442</u>

The Carnegie United Kingdom Trust

Notes to the Accounts *(continued)*

YEAR TO 31 DECEMBER 2016

11. Analysis of Staff Costs (including Consultancies and related costs) (continued)	2016	2015
The number of employees, whose employee benefits (excluding pension contributions) exceeded £60k and fell within the following bands, were:		
£60,000 - £70,000	2	-
£70,000 - £80,000	1	-
£80,000 - £90,000	-	1
The average monthly number of employees during the year was as follows:		
Full Time		
CEO, Corporate Services and Finance	4	5
Practice and Development	3	3
Policy	5	5
Part Time		
Corporate Services and Finance (full time equivalent – 0.2:2015 – 0.2)	1	1
Practice and Development (full time equivalent – 0.6: 2015 – 0.6)	1	1
Policy (full time equivalent – 0.85: 2015 – 0.9)	2	1
	16	16

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

12. Pension Commitments

In 2016 the Trust changed its Group Personal Pension Plan 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.

Seventeen (2015 – Fifteen) employees are in the new Group Personal Pension Plan 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 £101,765 in respect of the personal pension plans (2015 - £69,993), of which £1,500 related to an ex gratia payment taken as pension contributions and £16,200 related to pension advisory scheme costs. Pension contributions outstanding at the year end were £8,593 (2015 - £6,449).

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2016

13. Tangible Assets

	Land and Buildings (See Note 23) £	Fixtures, Furniture, Fittings & Plant £	Computer Equipment £	Total £
Cost				
At 31 December 2015	1,065,345	280,119	77,824	1,423,288
Additions	-	15,876	21,577	37,453
Disposals	-	(9,315)	(11,719)	(21,034)
At 31 December 2016	<u>1,065,345</u>	<u>286,680</u>	<u>87,682</u>	<u>1,439,707</u>
Accumulated depreciation				
At 31 December 2015	156,872	183,451	59,752	400,075
Charge for year	21,307	20,703	13,346	55,356
Disposals	-	(4,736)	(9,255)	(13,991)
At 31 December 2016	<u>178,179</u>	<u>199,418</u>	<u>63,843</u>	<u>441,440</u>
Net Book Value				
At 31 December 2016	<u>887,166</u>	<u>87,262</u>	<u>23,839</u>	<u>998,267</u>
At 31 December 2015	<u>908,473</u>	<u>96,668</u>	<u>18,072</u>	<u>1,023,213</u>

14. Investments

Market value

	2016 £	2015 £
At 31 December 2016	37,513,402	37,620,073
Additions	2,922,070	2,070,974
Disposals	(2,843,783)	(2,612,463)
Movements in portfolio cash	34,603	459,984
Unrealised gain/(loss) during year	3,238,872	(25,166)
At 31 December 2016	<u>40,865,164</u>	<u>37,513,402</u>

Cost

At 31 December 2016	<u>33,930,537</u>	<u>33,753,078</u>
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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:

	2016 £	2015 £
Within UK	31,062,701	28,890,310
Outwith UK	9,049,734	7,904,966
Cash	752,729	718,126
Total Investments at Market Value	<u>40,865,164</u>	<u>37,513,402</u>

The Carnegie United Kingdom Trust

Notes to the Accounts *(continued)*

YEAR TO 31 DECEMBER 2016

14. Investments *(continued)*

Investments are held as follows:

	2016	2015
	£	£
M&G Charifund Income Units	22,708,862	21,687,284
Cazenove Managed Portfolio	15,231,541	12,622,739
Cazenove Unapplied Total Return Portfolio	2,924,761	3,203,379
Total	<u>40,865,164</u>	<u>37,513,402</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 and 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 £3.26 million of the unapplied total return element of its investment portfolio. This part of the portfolio is now 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.

15. Debtors

	2016	2015
	£	£
Prepayments and Other debtors	159,281	96,513
Accrued income	117,047	65,068
	<u>276,328</u>	<u>161,581</u>

16. Creditors: amounts due within one year

	2016	2015
	£	£
Accruals	313,110	179,533
Taxation and Social Security Costs	13,884	-
Other Creditors	59,535	57,438
	<u>386,529</u>	<u>236,971</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2016

17. Endowment Fund	At 31 Dec 2015 £	Expenditure £	Realised gains/(losses) £	Unrealised gains/(losses) £	Transfers £	At 31 Dec 2016 £
Trust Main Investment Portfolio Fund	33,198,221	(16,821)	297,557	3,075,960	-	36,554,917
Unapplied Total Return Fund	3,203,379	(11,242)	(9,287)	162,912	(421,000)	2,924,762
	<u>36,401,600</u>	<u>(28,063)</u>	<u>288,270</u>	<u>3,238,872</u>	<u>(421,000)</u>	<u>39,479,679</u>

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 2016 the Trustees approved a transfer from the unapplied total return fund element of the endowment fund of £421,000 to unrestricted funds to be allocated against expenditure in accordance with the Trust's Strategic Plan 2016 to 2020.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2016

18. Restricted Funds	Balance at 31 December 2015 £	Income £	Expenditure £	Balance at 31 December 2016 £
Practice and Development				
Growing Livelihoods (Phase 2)	26,700	-	(23,711)	2,989
Islands Demonstration Homes (Phase 1)	50,000	-	-	50,000
Policy				
Digital Participation (Phase 1 and 2)	26,906	73,458	(77,263)	23,101
Kinder Communities	-	25,000	(14,185)	10,815
Scotland Performs Public Participation	31,819	-	(18,887)	12,932
Engaging Libraries	-	25,000	-	25,000
	135,425	123,458	(134,046)	124,837

Growing Livelihoods (Phase 2) is a partnership project funded from a grant received from the Land Settlement Association Charitable Trust. A working partnership has been established between the Trust, the Plunkett Foundation and the Land Settlement Association Charitable Trust/Esmee Fairbairn Foundation to fund a further five projects, which will create, test and promote new opportunities in smaller scale food growing. This project is due to be completed early 2017.

Islands Demonstration Homes (Phase 1) is a partnership project funded from a grant received from the William Grant Foundation. The aim of this project is to resurrect derelict crofting property and return it to social housing use in the Western Isles incorporating the latest energy efficient technology. The start date for this project has been delayed to allow robust work plans to be put in place and will not commence until 2017.

Digital Participation (Phase 1 and 2) is 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 indepth 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. This evaluation is due to be completed in 2017.

Kinder Communities is a partnership project funded from a grant 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 project work is due to be completed in 2017.

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 has been delayed and is now due to be completed in 2017.

The Carnegie United Kingdom Trust

Notes to the Accounts *(continued)*

YEAR TO 31 DECEMBER 2016

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 will open for applications in spring 2017, will provide successful applicants with funding support, mentoring and learning opportunities. This project is due to be completed at the end of December 2018.

All fund balances at the year-end represent future project expenditure committed by Trustees.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2016

19. Unrestricted Funds	Balance at 31 December 2015	Incoming Resources	Expenditure	Transfer (to)/from Designated Funds	Transfer (to)/from Endowment Funds	Balance at 31 December 2016
	£	£	£	£	£	£
Designated Funds –						
Practice and Development Policy	72,790	-	(504,340)	551,550	-	120,000
Charitable Initiatives	103,500	-	(1,125,567)	1,692,267	-	670,200
General Reserve	950,000	-	(51,330)	114,330	-	63,000
	1,126,290	-	(1,681,237)	2,358,147	-	1,803,200
Other Charitable Funds	2,303,844	1,634,575	(123,050)	(2,358,147)	421,000	1,878,222
	3,430,134	1,634,575	(1,804,287)	-	421,000	3,681,422

Practice and Development, Policy 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 2016

20. Analysis of Net Assets between Funds	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Endowment	998,267	38,488,974	(7,562)	39,479,679
Restricted Funds	-	-	124,837	124,837
Unrestricted Funds:				
Designated Funds	-	950,000	853,200	1,803,200
Other Charitable Funds	-	1,426,190	452,032	1,878,222
Total Net Assets	998,267	40,865,164	1,422,507	43,285,938

21. Reconciliation of Net Movement in Funds to Net Cash Inflow/(Outflow) from Operating Activities

	2016 £	2015 £
Net movement in funds for year including investment income	3,318,779	13,074
Depreciation	55,356	51,484
Loss on Fixed Asset Disposal	6,850	587
(increase) in debtors	(114,747)	(27,518)
Increase/(decrease) in creditors	149,558	(69,019)
Unrealised (gain)/loss on investments	(3,238,872)	25,166
Realised (gain)/loss on investment disposals	(288,270)	25,975
Net cash (outflow)/inflow from operating activities	(111,346)	19,749

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

22. Cash and Cash Equivalents

	At 31 Dec 2015 £	Cash flows £	At 31 Dec 2016 £
Short term deposit Investments	1,203,366	(244,179)	959,187
Cash at bank and in hand	302,568	270,953	573,521
	1,505,934	26,774	1,532,708

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2016

23. 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.

At the end of 2015, the Trust awarded a grant of £10,000 to the Carnegie Dunfermline Trust to assist with the development of the Carnegie Education Module. This grant payment was made in May 2016.

In 2016, the Trust approved a £10,000 business case for its Living Wage Town's project. In February 2017 a signed contract for £10,000 was issued in relation to this business case to Poverty Alliance. Martyn Evans, Chief Executive of the Carnegie UK Trust, son Jack Evans, is the Living Wage Accreditation Officer for Poverty Alliance.

Sir John Elvidge (Trustee and *Convener of Finance and Corporate Services Committee*) is the Chair of the David Hume Institute (DHI). In 2016 the Trust contracted with DHI to deliver an Affordable Credit Seminar as part of the Trusts Affordable Credit Project and also carry out a review of their own Strategy and Operations to support their objective to influence public policy in Scotland and to improve the wellbeing of people living in Scotland. The total cost of this work was £11,000.

Aideen McGinley (Trustee) is also a Trustee of the Fermanagh Trust. In 2016 the Trust awarded a grant of £5,000 to the Fermanagh Trust to hold two connected conferences on land and natural ownership models in Northern Ireland. Aideen McGinley is also a member of a Mencap advisory group on services. The Trust made grant payments of £10,000 to Mencap in 2016 in relation to their #notwithoutme project.

Appendix – Grant Payments

YEAR TO 31 DECEMBER 2016

	2016
	£
Unrestricted Grants	
Charitable Initiatives	
CILIP	12,000
Community Land Scotland	10,000
Deerpark Press	10,000
Lebharlainn Nan Eilean Siar (Western Isles Libraries)	5,000
Rossie Stone	1,000
Sub Total	38,000
Policy	
Queens University Belfast	6,000
Sub Total	6,000
Practice and Development	
Adriana Tavares Rugs	810
Adventure Circus	1,320
Basile Henry	335
Ddraig Valley & Ty Fferm Siop	1,830
Ella Bruce	810
Forest and Found	1,320
HipHop Never Stop	1,320
Ines Mohamed El,	170
Jack Horsburgh	335
John Kufour	170
Karen's Cakes	1,810
Khushboo Mehra	170
Lisa Davis	960
Maley's Artisan Chocolates	1,810
Melissa Ridley	1,030
Mencap	10,000
Pandas Kitchen	10,810
Princes Trust	10,000
Product Forge	5,000
Rowanfield School	5,000
Signal Film and Media	10,000
Stephan Hogrefe	335
The Pavillion Meadway	7,000
Winter Sparrow	960
Sub Total	73,305
Total Unrestricted Grants	117,305

Appendix – Grant Payments

YEAR TO 31 DECEMBER 2016 (CONTINUED)

Restricted Grants	£
<i>Policy</i>	
Oxfam	10,000
Sub Total	<u>10,000</u>
<i>Practice</i>	
Beacon Farms	3,250
Cloughmills Community Action Team	3,250
Cultivate (Cwrn Harry)	3,250
Falkland Kitchen	3,250
Tamar Grow Local	3,250
Sub Total	<u>16,250</u>
Total Restricted Grants	<u><u>26,250</u></u>