



Annual Review 2011



CHANGING MINDS • CHANGING LIVES



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Introduction from the Chair: Changing Times – And Lives in 2011

Andrew Carnegie, when he gave his commission to the Carnegie UK Trust through its deed establishing us in 1913, set the task of the Trust achieving the improvement of the well-being of the masses of the people of Great Britain and Ireland by such means as are embraced within the meaning of the word “charitable” as those needs may change for time to time.



Carnegie’s approach was to set a challenging and widely drawn task as a framework and leave those on the ground at the time to decide how to achieve it. The flexibility that he has allowed each new generation of Trustees means that his legacy is a sustainable one. Every five years the Trust steps back and decides what approach is most appropriate to the world that it is living and working in.

As a result of such a review in 2010, at the beginning of 2011 we began implementing our new strategic plan and launched our new website. Central to it is the distinction between our policy development work – changing minds – and our work to take policy into practice – changing lives. Our new Policy team was recruited and in place by June 2011.

Within the policy work we set out three broad themes for our work: People and Place, Knowledge and Culture, and Enterprise and Society.

Already significant progress has been made in the Trust’s policy work. *More than GDP: Measuring What Matters*, a report following a high level round table focussing on measuring social and economic wellbeing in Scotland, was launched in May 2011 in Edinburgh.

Assisted by our new Carnegie Fellow, Blair Jenkins, a main strand of the Trust’s 2011 work programme was News, Media and Society. In September 2011, we published a discussion paper on the future regulation of the press – *Regulation of the Press – Nine Key Questions for Civil Society*. The paper was distributed to more than 1,000



More than GDP: Measuring What Matters Launch, Merchant’s Hall Edinburgh, May 2011



Rural Housing Burden reports launched late in 2011 (Kenmore village, Scotland)

key stakeholders across the UK, including Leveson Inquiry panel members.

The Trust has also worked in partnership with Di Alexander, to understand the benefits of Rural Housing Burdens and how effective have they been? The research report and policy summary were launched in December 2011.

Two aspects of our past programmes were taken forward as part of our practice work. The Trust continued to play a central role in Community Land Trusts while the work on a Rural 'Community of Practice' (www.fieryspirits.com) continues to evolve.

Financial markets remained unpredictable in 2011 and this impacted directly on the Trust's investment value, decreasing it by 5.5% to £29.1 million (£30.8 million – 2010). In 2011, with the Trust's Investment Policy firmly in place, the Trust agreed to undertake a full Investment Review. This review is currently ongoing and is due to be completed in 2012.

Following the Trust's adoption of its new strategic direction it was agreed that I would conduct a full review of the Trust's Governance in 2011. This review covered the governing arrangements and associated documentation to ensure that they were updated and brought into alignment with the Trust's 2011-2015 Strategic Plan, and conformed to any legal requirements of the governing documents of the Trust. The overall feedback from the review was that the Trust has a strong and improving system of governance, and the governance bodies are working well.

We look forward to 2012 to develop further the Trust's current work by the Policy and Practice Teams, and planning for the Trust's forthcoming Centenary in 2013. My Vice Chair, fellow Trustees, Chief Executive and Staff are at the centre of all this new and continuing work and I thank them for all their work in 2011.

Melanie Leech
Chair

Chief Executive's Review

Our tradition of a 'quinquennial review' is a challenge to undertake. However it is the critical process of renewal and re-focus that allows the Trust to remain relevant in a rapidly changing world. Stopping doing things is hard. Starting new directions with new staff takes confidence at both Board level and among the staff.



2011 was the first year of our Strategic Plan following the 2010 quinquennial review. We reorganised the management structure and recruited a new policy team. We sought to find areas of continuation from our past as well as seeking out new projects. You can read more detail later of what our very new team has accomplished from a standing start.

The idea of wellbeing is at the heart of our Trust deed and mission. In May 2011 we launched *More Than GDP: Measuring What Matters* in Edinburgh. The report was the result of a high level roundtable we had led along with the Scottish Sustainable Development Commission. The journalist and commentator Iain Macwhirter hosted the event and Professor Jan Bebbington was the keynote speaker. Later in the year, the Scottish Government Finance Secretary John Swinney announced reforms to measuring wellbeing and paid tribute to the "growing interest in wellbeing and in particular the report of the Carnegie UK Trust Round Table."

Carnegie Challenges are an innovative way of working in partnership with some of the most dynamic organisations at the leading edge of policy change. They seek to bring challenging and unusual voices to debates at conferences and meetings throughout the UK and the Republic of Ireland. I was able to see at first-hand how well they work when I chaired one at the London Community Land Trust Network conference. We brought two hugely influential figures from the

United States community land movement, Dev Goetschius, President of the US Community Land Network and John Emmeus Davis, Partner of Burlington Associates. The resulting debate, like all the best Carnegie Challenges, was lively and at times robust but always good humoured. Many new friendships were made and ideas exchanged.

Working in partnership has been a hallmark of the Trust over its history and that tradition will continue. For example, we published *Appreciating Assets* jointly with the International Association for Community Development (IACD). This very accessible and well received book took evidence from around the world on the remarkable results people can achieve when they build on community strengths rather than dwelling on weaknesses or the absence of resources.

A different form of partnership resulted in the publication *exploring community resilience in times of rapid change*. This was the result of an experiment in a collaborative writing process by over forty members of our Rural Development Community of Practice. The handbook has struck a chord with both policy makers and rural activists and has been one of our most in demand publications over 2011.

We have a planned process of engagement with social media and experiment in dissemination of our ideas. An example is an animation called *Surfing the Waves of Change* we commissioned to promote the handbook on community resilience. Launched on YouTube in November 2011, it has achieved 6,000 views to date. We started building



Dev Goetschius, Andrew Williamson, Martyn Evans, John Emmeus Davis and Catherine Harrington at the London CLT Conference

our Twitter and Facebook presence towards the end of 2011 and can already see the results improving traffic to our website and publications.

Our sponsorship programme was strengthened over 2011. The Carnegie Medal for Children's Literature was won by Patrick Ness for his novel *Monsters of Men*, the third and final book in his *Walking Chaos* Trilogy. He warmly commended the Trust supported CILIP (Chartered Institute of Library and Information Professionals) shadowing scheme which has involved more than 90,000 school children in reading and commenting to their librarians on the shortlisted books.

We celebrated the award of the prestigious Carnegie Medals of Philanthropy at the New York Public Library in October where some of the world's most generous philanthropists were recognised by the world wide family of 22 Carnegie organisations. Our Trust will jointly host the event in 2013 in Scotland. We continue to sponsor the Festival of Politics at the Scottish Parliament each August.

As well as working with the Carnegie Foundations and Trusts in the USA, we have a keen interest in working in partnership with charitable Trusts in the UK and Europe. I spoke at the European Foundation Centre (EFC) Annual Conference in



Aníbal Cavaco Silva, President of Portugal speaks to delegates at the EFC Conference in Cascais

Portugal. The event attracted 800 delegates and Aníbal Cavaco Silva, President of Portugal, addressed the delegates (above). We are also active members of the Association of Charitable Foundations.

We appointed our first Carnegie Fellow, Blair Jenkins, to work with us on issues around news and the quality of journalism. Blair is a widely respected journalist and former Head of News with both BBC Scotland and STV.

2011 has been a demanding and exciting year. The staff team have gelled in a very short time and the outputs and the outcomes they have achieved is a testament to their enthusiasm and professionalism.

Martyn Evans
Chief Executive

Our Work in 2011 – Policy

In 2011 the Carnegie UK Trust recruited a new policy team to deliver the Trustees vision for the Strategic Plan 2011 – 2015.

In our first six months we published the outcome of our roundtable on *More than GDP: Measuring What Matters* and launched a large number of new projects tackling issues as diverse as news, media and society; the future of libraries; improving the quality of our neighbourhoods and the views of young people on enterprise and entrepreneurship.

Enterprise and Society

The Trust has a long heritage in the development of skills and lifelong learning. In a global market and in the midst of an international recession, traditional patterns of trade and employment become less relevant to more and more people. The challenge is to ensure that communities and individuals are supported to thrive in this new context.

Our Enterprise and Society work asks questions like: what is social progress? How can young people be encouraged to flourish in the new economic environment? And how important is it that citizens' views are represented in a strengthened system of global regulation of markets?



Jan Bebbington addresses the *More than GDP: Measuring What Matters* Edinburgh Launch

More than GDP? Measuring what Matters

We want Scotland and other governments across the UK to lift their sights, and focus on a fuller, more rewarding end goal of increased well-being for all.

Professor Jan Bebbington & Angus Hogg (Foreword to *More than GDP: Measuring what Matters*)



In the middle of the global financial crisis, the Stiglitz-Sen-Fitoussi Commission called on nations to hold round tables to investigate how best they can measure social and economic progress.

To contribute to the debate in Scotland, we convened a high-level roundtable, in partnership with the Sustainable Development Commission for Scotland (SDC). The round table was chaired by Professor Jan Bebbington of St Andrews University. The round table considered evidence on the Scottish approach to measuring social and economic wellbeing. ***More than GDP: Measuring What Matters*** was launched at a well-attended seminar in Edinburgh and other successful events were held in Belfast and Cardiff.

Following publication, the team engaged with the Scottish Government and Scottish Parliament to ensure that their key messages were acted upon. In December 2011, John Swinney, announced reforms to the National Performance Framework. In his public letter announcing the changes, Mr Swinney cited the “*growing interest in wellbeing and in particular the report of the Carnegie Trust Round Table*” as a key driver of those changes.

Next year, we will take this work forward by exploring the experiences of governments who

have been measuring wellbeing for some time. We will explore how difficult it is to put these measures into practice and what impact Measuring What Matters has had on politics and policy making.

Enterprising Minds

The generation of young people currently leaving school are facing one of the toughest economic climates since the 1930's. As traditional patterns of employment erode, and 'jobs for life' become part of history rather than economic present or future, instilling confidence in flexible working and individual enterprise and innovation will be vital to economic recovery, growth and community wellbeing.

In 2011 we began work on our innovative **Enterprising Minds** project. The project explores young people's attitudes to enterprise and entrepreneurship by using peer-to-peer research. We continue our interest in promoting the participation of young people with a panel of 50 college students delivering the survey in colleges across the UK. A Reference Group of sector and business experts has been consulted as the research model is developed, and a range of sector and academic leaders will be contributing to the reporting stage.

The outputs from this research are intended to make a substantial contribution to the understanding of the sector and its student users. To deliver this, we are working together with a network of leading colleges across the country.



Enterprising Minds Project

Knowledge and Culture

Carnegie UK Trust has a longstanding and keen interest in supporting access to knowledge and culture. Arts and culture have an important role to play in developing resilient communities and confident individuals.

Our Knowledge and Culture work asks questions like: How can news media be strengthened to ensure it contributes to democracy? What is the future role of public libraries? How can young people be encouraged to read?

Better Journalism in the Digital Age

In the wake of the phone-hacking scandal in the UK, journalists who are used to scrutinising and questioning the actions of others have found the searchlight shining in their direction.



Blair Jenkins, Carnegie Fellow and Bill Livingstone, Trustee and Former Chairman of Society of Editors (Scotland) (Foreword to *Regulation of the Press*)

The Carnegie UK Trust has a long-standing interest in the relationship between news, media and civil society and democracy.



Dublin News and Media Event with Cleraun Media

To build on this work, in early 2011, the Trust engaged Blair Jenkins as our first Carnegie Fellow to explore issues relating to news, media and society. This work has been a major focus of our 2011 work programme and has included events in Edinburgh, Cardiff and Dublin to explore the issues facing news media in these jurisdictions. In Edinburgh, the debate focused on the role of the media in the forthcoming independence referendum. In Cardiff, we heard of the difficulties caused by a severe shortage of effective, high quality media providers which adequately cover the whole of Wales. In Dublin, a recent election had focused minds on the power of social media in the digital age.

In September 2011, we published a well received discussion paper on the future regulation of the press: *Regulation of the Press – Nine Key Questions for Civil Society*. We have also submitted responses to the UK government consultation on local TV and the National Assembly of Wales Committee inquiry into the future of the media in Wales.

Future of Public Libraries

The name ‘Carnegie’ is so intimately associated with libraries, that it is almost unnecessary to describe the involvement of Andrew Carnegie in promoting and supporting the development of public libraries throughout the English-speaking world.



CILIP Book Award Recipients 2011, including Patrick Ness winner of the Carnegie Medal for Children's Literature

In the first 50 years of the Trust, more than a third of Trust funds were dedicated to work with libraries. The Trust also supported the development of professional library qualifications, specialist library services, and inter-library loan services. More recently, we have sponsored the CILIP Carnegie Medal for Children's Literature and supported CILIP to explore the impact of the scheme on children's reading.

With the centenary of the Trust approaching in 2013, and with library provision increasingly in the news, the Trust is renewing its historic associations with public libraries. In 2011 we published a short briefing paper on the *Future of Public Libraries* to highlight our interest in this issue.

To take this forward, we commissioned the first comparative survey of public attitudes to libraries across the UK and Ireland. The findings will be published in spring 2012 when the Trust will outline its views on the future role of libraries and how public libraries should be supported across the UK and Ireland.

People and Place

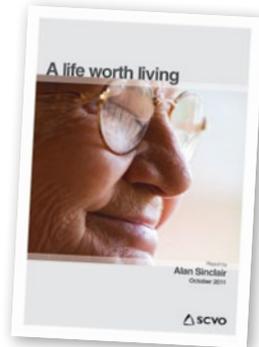
From its earliest days, the Trust has had a concern for creating strong communities – the settings within which people can lead fulfilling lives. For much of the twentieth century, providing services to individuals and communities was seen as primarily the role of the state. In the early twenty-first century we are experiencing a contentious shift back towards individual and community responsibility.

Our People and Place work asks questions like: How can we ensure that people can access affordable housing? What kinds of services do we need to meet the needs of an ageing population? How do we improve people's neighbourhoods and, in doing so, improve individual and community wellbeing?

The role of the third sector in meeting the needs of an ageing population

This is an issue which affects everyone. While the baby boomer generation is sandwiched between the young and the old, today's elderly people deserve better lives, and younger people need to know what lies ahead. This is arguably the most significant personal and public policy issue facing Scotland between now and 2050. Both the state and the third sector need to engage and author much of the necessary transition.

Alan Sinclair, *A Life Worth Living?*



In the 1980s the Trust established a Commission of Inquiry into the Third Age. The Commission report was one of the first detailed assessments of the impact of an ageing population. By 2011, the theoretical concerns of thirty years ago were beginning to become reality. At the same time, the context has changed significantly, with few imagining the scale of either the opportunities or the challenges.

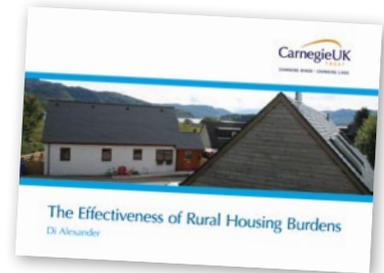
It was in this context that the Carnegie UK Trust and the Scottish Council for Voluntary Organisations (SCVO) jointly commissioned work to address the challenge which ranges across policy and politics; health; formal and informal care; economics; morality; what the third sector does; as well as what individuals need and want for themselves, their families and communities; and their responsibilities (financial and otherwise) as family and community members.

The report was published in October 2011 and has been fed into public policy discussions about the future of Scottish public services.

Encouraging affordable housing in rural Scotland

Is it time to look again at the role affordable homeownership mechanisms can play in the light of overarching value for public money considerations, holistic housing system wellbeing considerations, tenure-specific considerations and the best long-term interests of rural communities?

Di Alexander, Carnegie Associate (*The Effectiveness of Rural Housing Burdens: Research Report*)



Finding effective mechanisms to secure affordable homes and then retain their 'affordability' is a key rural policy challenge. It was a key concern of the Carnegie Commission on Rural Community Development which reported in 2008 and is an essential component of the Trust's work on Community Land Trusts.

This year, we worked in partnership with Di Alexander (Chair of Lochaber Housing Association and Chair of the Rural and Island Housing Association Forum) as a Carnegie Associate to understand the benefits of Rural Housing Burdens (RHB). This legal mechanism allows the affordability of new houses to be 'locked



Birds-Eye View of Guilsfield, Powys: Rural Housing

in' for future generations. The research found that the overall experience to date of those who have had first-hand experience of RHBs indicates that they have been effective at both a practical and a policy level as a means of assisting public policies on land release, affordable housing provision and wider sustainable rural community development objectives – but that action is needed to make the mechanism more effective in the future.

The research report and policy summary were launched in December 2011. We will continue to work with Di Alexander in 2012 to ensure that the key messages of the research are heard and acted on by policy makers in Scotland and across the UK and Ireland.

Improving our neighbourhoods

Neighbourhoods across the UK and Ireland are blighted by a range of 'low level' problems such as graffiti, litter, dog mess and derelict land. While they are often seen as 'niggles' and not priority areas for action, the evidence shows that they can have a detrimental effect on both individual and community wellbeing.

While there have been improvements in the prevalence of some areas, it is clear that the link between these issues and urban deprivation is as strong as it ever has been. It is unsurprising therefore, that some of the literature refers to the issue as one of 'environmental justice'.

Following the review of evidence carried out in 2011, we will be carrying out case study research in areas which have successfully reduced the incidence of environmental incivilities. By identifying and highlighting these initiatives, we hope to be able to encourage greater action by communities and councils to tackle this important issue.

Working with a reference group of key stakeholders from public agencies and the third sector, this report will be published in summer 2012.

Highlights from our sponsorship programme

In addition to our policy development work, we provide a small amount of funding to encourage debate and discussion on contemporary issues.

Carnegie Challenge

The Carnegie Challenge provides financial support to enable partners to put on a high calibre debate to raise the profile and impact of an issue at a conference or event which they are organising. During 2011 we sponsored three Carnegie Challenge events, these were:

- The Community Land Trust debate on 'Learning from over the pond – Community Land Trusts in the United States' in May 2011, London.
- A Voluntary Arts Ireland and Create debate 'What role should the arts play, and what actions should arts practitioners and policy makers take in re-energising civil society' in October 2011, Cork.
- A series of debates held at the Festival of History in November 2011 in Edinburgh.



Civic Pride Project, Rossendale, Lancashire



The Festival of History Carnegie Challenge at the Scottish Parliament

Following this successful year, the Trust has committed to extending the Carnegie Challenge to allow for funding of up to ten debates in 2012.

Festival of Politics

The Trust was again one of the main partners for the Scottish Parliament's Festival of Politics in August. The Festival provides an opportunity for members of the public to attend events and debates in the Parliament's main Chamber and Committee rooms and contributes to ensuring that the Scottish Parliament is open and accessible for the people of Scotland.

This year's Festival was focused on 'Renewing politics in the age of new media'. The Carnegie UK Trust events at this year's Festival were:

- The **Getting the Picture** competition where youth groups from all over Scotland submitted video and audio podcasts, written articles or photo journalism highlighting the issues they would like their MSP to know about.
- A Chamber Event on **Where Next for the Arab Spring?** This debate was chaired by BBC's Special Correspondent Allan Little.

A panel with independent film-maker Omar Hamilton; Mark Muller Stuart QC, Director of Beyond Borders and the Delfina Foundation and Chair of the Bar Human Rights Committee of England and Wales; photojournalist and World Press Photo winner Ed Ou; and Dr Florence Gaub, Academic Coordinator, Middle East Faculty, NATO Defence College, discussed the dramatic changes in the Middle East and North African regions. An audience of over 200 participated with questions and comments.

- A debate in Committee Room 1 on **Reporting the Independence Referendum**. The debate was chaired by Blair Jenkins and featured a panel including John Boothman (BBC), Alan Roden (Daily Mail), Stewart Kirkpatrick (Caledonian Mercury), Sarah Oates (University of Glasgow) and Joan McAlpine (MSP). It was attended by 100 people who participated in a lively debate on the role of the media in the debate over Scotland's constitutional future.



Blair Jenkins Chairing **Reporting the Independence Referendum** Festival of Politics 2011 Debate

Our Work in 2011 – Practice and Development

The Trust concentrated on two areas of practice development during 2011: the Rural Community of Practice (CoP) (www.fieryspirits.com) and support for the Community Land Trusts Network.

Rural Community of Practice

With its roots in Carnegie's *Charter for Rural Communities* (2007), the Community of Practice enables practitioners who are building more resilient and sustainable rural communities from across the UK, Ireland and beyond, to come together and exchange experience and learning. This happens through a social networking website, www.fieryspirits.com, and through face-to-face events.

Building on recommendations from an independent evaluation in 2010, 2011 saw the establishment of an independent steering group comprising eight experienced rural practitioners. The Steering Group remit includes planning for CoP independence from the Carnegie UK Trust by December 2012 and overseeing a Development Fund to support three priority themes: 'managing community assets', 'developing rural services', and 'exploring community resilience'. To help establish the themes, the CoP published three key publications relating to each theme with significant involvement by CoP members in writing and dissemination:



Graphic from *A Shareholder's Guide* publication

Developing Rural Services

- Contributors to *A shareholders' guide to rural services* (published February 2011) wrote: "in this publication we share ideas from the pioneers about the potential of community organisations and local social enterprises to respond to the services challenge, looking in detail at associated funding, skills, procurement and regulatory issues."
- Our partnership with Highlands and Islands Enterprise (HiE) has enabled one such group of pioneers – the Argyll and Bute Local Services Initiative (ABLSI) – to undertake research into how services might be transferred from local authority control in ways that strengthen local community resilience.
- In addition, Carnegie Associate, Tom Archer, produced a range of video and other resources to stimulate wider online discussion on this topic.

Managing Community Assets

- *Appreciating Assets* (published May 2011) is a 'how to' guide that tells the story of the potential of individuals and their communities, using the relatively new language of building on both the human and physical capital of 'assets' in a community. The key message – reinforced through stories of effective practice from around the world – is that it is possible to produce remarkable results through the hard work of local people who have learned to build on community strengths (rather than dwelling on weaknesses or the absence of abundant resources). The report has been read/downloaded over 8,000 times to date.

- The International Association for Community Development (IACD), who co-authored *Appreciating Assets*, received feedback that it would be helpful for the CoP to focus on the practical implications of community asset mapping and how it can enable otherwise excluded voices to play a full part in unlocking the potential of communities. Carnegie Associate Gill Musk has begun encouraging CoP members to share useful resources and stories on this topic via the *fieryspirits* website.
- Focusing specifically on how young people can become involved in managing community assets, Carnegie Associate Alan Caldwell is supporting a programme of partnership exchanges and learning with support from Scotland's Rural Network and North Harris Trust. This work continues into 2012 with young peoples' events in Harris and Badaguish.

Exploring Community Resilience

- The CoP published **Exploring Community Resilience in times of rapid change** in August 2011, achieving over 20,000 downloads/online views by December. The result of a two year collaborative writing process by over forty CoP members, this handbook offered a new framework for understanding four dimensions of community resilience: individual wellbeing, culture of place, a localised economy and links. Combining practical stories and accessible summaries of recent academic research, the handbook suggests that 'break through' resilience involves a process of active learning through times of rapid change.
- Development Officer, Nick Wilding, responded to invitations to share insights from this work at events across the UK and Ireland. Feedback suggests that the resource has been of practical use from places as diverse as Glasgow and High Bickington, from Queensland to Canada, and from Nicaragua to Haiti (in translation).



The exploring community resilience story poster

- In Ireland, CoP member Davie Philip secured support from the CoP and other sources to produce an animation called *Surfing the Waves of Change*, tailored for an Irish audience. Launched on YouTube in November 2011, it has achieved 6,000 views to date.

Activity in each theme helped online CoP membership to double during the year from 500 to over 1,000. Building on this success, a major focus for development during 2012 will be establishing a sustainable future for the CoP as an independent entity by the end of the year.

Community Land Trusts Network

The Community Land Trusts (CLT) Network, in conjunction with regional umbrella support organisations, is working to ensure communities have the resources, tools and the right regulatory and funding environment to set up and run CLTs and deliver more homes and community assets.

With funding from the Department of Communities and Local Government, the Trust continued to support the development of the Community Land Trust Network (housed within the National Housing Federation); and the development of a regional umbrella support organisation for Somerset, Devon and Dorset.



Affordable Housing in Harris



Thriving Market in Lochwinnoch

During the year the Network's achievements were as follows:

- The total of new homes built by Community Land Trusts rose to over 200, and the total number of community organisations describing themselves as CLTs rose to over 80;
- The CLT network ran several over-subscribed events including a national conference in London (May) and a practitioner seminar in Stroud (November). At the national conference, Pat Ritchie, Chief Executive of the Homes and Communities Agency (HCA), announced that £25m funding from the Affordable Homes Programme had been set aside for community-led housing schemes that demonstrate good value for money, and Grant Shapps MP announced forthcoming Community Right to Build legislation. Carnegie UK Trust's Challenge Fund enabled two speakers to present from the United States CLT movement, Dev Goetschius, President of the US CLT Network and John Emmeus Davis, Partner of Burlington Associates. Carnegie UK Trust also supported the production of a series of short films to be used at the event and on the CLT network website;
- CLT umbrella organisations met three times, developing a model umbrella organisation business plan as well as a financial model for national support coverage;
- A CLT Legal Toolkit was launched;
- The Network secured a grant from the Tudor Trust over two years from April 2012 to host the CLT Fund Technical Assistance Fund and deliver a peer to peer learning programme; and
- Somerset, Devon and Dorset CLT Project brought forward a programme of up to 150 homes in some 20 communities for the HCA's retained community-led grant fund. The project continues to support a self-build CLT on the edge of Dartmoor, an eco-CLT in Somerset, a charity looking to raise revolving funds for equity mortgages, a parallel Gypsy and Traveller initiative and several CLT/Housing Association partnerships.

Kirsty Tait, Development Officer, represented the Carnegie UK Trust on the Board of the CLT Network until taking maternity leave in November 2011 when Martyn Evans, CEO, replaced her. The CLT project is now managed by Nick Wilding, Development Officer.

Finance and Organisation Report

Accounts Format

Full Financial Statements for 2011 have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006, and the 2005 Statement of Recommended Practice: Accounting and Reporting by Charities, and are available from the Trust Office. Key extracts – statement of financial activities and the balance sheet are shown on pages 19 and 20.

Investment Policy and Performance

Since 2005 the Trust has invested in Charifund, a designated Unit Trust Fund for Charities, managed by M&G Investments.

Financial markets remained unpredictable in 2011. This impacted directly on the Trust's investment value, decreasing it by 5.5% to £29.1 million (£30.8 million – 2010). Income distributions relating to the Trust's Investment in the year were £1.54 million (£1.52 million – 2010). M&G Charifund published a net yield at the end of the year of 5.4% against the benchmarked FTSE All-Share Index of 3.42% (total return for M&G Charifund was negative 0.4% and FTSE All-Share Index was negative 3.5%). The Trust continues to monitor the stock market and its impact on the endowment and its related income stream.

In 2010, the Trust established a Working Group on Investment Policy with a remit to draft an Investment Policy for the Trust having due consideration to ethical, socially responsible and mission/programme related investment issues. This Investment Policy was subsequently completed and formally adopted by Trustees later in 2010.

In 2011, with the Trust's Investment Policy firmly in place, the Trust agreed to undertake a full Investment Review. This review is currently on going and is due to be completed in 2012.

Income

Total income for 2011 was £1.71 million (£1.88 million – 2010). Unrestricted fund income totalled £1.55 million. In addition, there was restricted income of £160k from partnership funding, of which: £100k was received from the Department for Communities and Local Government to support the Community Land Trust work and £60k from Highlands and Islands Enterprise to support the Community of Practice work.

Expenditure

Expenditure for 2011 was £1.37 million (£2.12 million – 2010). Research grant activity saw a reduction in the year and grant payments made from unrestricted funds were £16k (£11k – 2010). From restricted funds grant payments were £189k (£518k – 2010). In addition to these grant payments, the Trust expended £1.1 million directly on its Charitable Activities. The main areas of expenditure were on Policy activities £611k and Practice activities £252k.

The Trust's income and expenditure related to grant funded and team initiatives are combined in the SORP format. This makes year-to-year comparisons difficult as the expenses of initiatives and their management rise and fall, while core administrative costs are usually relatively constant.

Reserves Policy

£88k (£62k – 2010) of funds have been allocated to grants and funding for projects which remain unpaid at the year-end (the restricted and designated funds). The designated General Reserve was reviewed in 2011 and it was agreed to increase it from £700k to £750k. This 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 five-year plan.

Staff

The Trust completed its organisational restructuring exercise with the recruitment of the new Policy Team and a Corporate Services Officer in Spring 2011. During 2011 the Trust received temporary Corporate Services support via recruitment agencies, particularly Crossmatch Recruitment. We would also like to thank Heather McCluskey, Elaine Lambie and Patricia Irving for their assistance with specific corporate database and archive projects during this time.

Anne Marte Bergsens, joined the Trust as Special Projects Officer in June 2011 with responsibility for planning the Trust's Centenary celebrations in 2013; assisting with the Carnegie Medal 2013 arrangements; and the digitisation of the Trust's archives. During the summer of 2011 both Geoff Brown (Policy Officer) and Carol Kane (Cleaner) retired from the Trust. Carol Kane had given the Trust 25 years' service.

Building

In May 2011, the main office space in Andrew Carnegie House was reconfigured to accommodate the new teams.

Grant Making Policy

Grants are awarded on the basis of 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, with the exception of the *Carnegie Challenge*.

Staff

Honorary President

William Thomson CBE

Trustees

Melanie Leech (*Chair*)

Angus Hogg* (*Vice-Chair; Convener of Finance and Organisation Sub-Committee*)

Dame Diana Brittan

Richard Davies

James Doorley

Dr David M Fraser

Jeremy Holmes

Lynne Lamont*

Bill Livingstone

Carol Madison Graham

Douglas Scott

Dr David B B Smith OBE* (*Convener of Audit and Risk Sub-Committee until 15 February 2011*)

Jane Steele

David Walker* (*Convener of Audit and Risk Sub-Committee from 15 February 2011*)

Robin W Watson

Ian Wilson*

*Audit and Risk Sub-Committee Members (during year)

Carnegie Fellow

Blair Jenkins OBE

Chief Executive

Martyn Evans

Staff

Jennifer Wallace – Policy Manager

Jim Metcalfe – Senior Policy Officer

Anne Marte Bergseng – Special Projects Officer

Georgina Bowyer – Corporate Services Officer

Geoff Brown – Policy Officer (Retired 30 July 2011)

Carol Kane – Cleaner (Retired 23 August 2011)

Janine Linning – Corporate Services Manager

Liz Macdonald – Senior Policy Officer

Helen Malcolm – Finance Assistant (Resigned 27 January 2011)

Catherine Moloney – Office Co-ordinator (Until 31 January 2011 – assisting decommissioning)

Martine Miller – Policy Officer

Liz Pullar – Finance Assistant

Lucy Smith – PA to Chief Executive/Corporate Services Officer

Kirsty Tait – Development Officer

Steven Thompson – Finance Manager

Rebecca van Hove – Intern, Historical Research Assistant

Douglas White – Senior Policy Officer

Nick Wilding – Development Officer

Lauren Wilks – Intern, Historical Research Assistant

Summary Accounts

Statement of Financial Activities and Balance Sheet

Trustees' Statement on Summarised Accounts

The summarised accounts set out on pages 19 and 20 have been extracted from the full financial statements of the Trust which were approved on 16 May 2012 and do not constitute the Trust's statutory full financial statements. The full financial statements have been audited and the auditor's opinion was unqualified.

These summarised accounts may not contain sufficient information to allow for a full understanding of the financial affairs of the Trust. For further information the full financial statements, the auditor's report on these statements and the report of the Trustees should be consulted. Copies of the full financial statements can be obtained from the Trust's Office.

Independent Auditor's Statement to the Trustees of the Carnegie United Kingdom Trust

We have examined the summarised accounts for the year ended 31 December 2011 set out on pages 19 and 20.

This statement is made solely to the Trustees as a body in accordance with the terms of our engagement letter. Our work has been undertaken so we might state to the Trustees those matters we are required to state in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of the trustees and the auditor

The Trustees are responsible for preparing the summarised accounts in accordance with applicable United Kingdom law and the recommendations of the Charities Statement of Recommended Practice.

Our responsibility is to report to you our opinion on the consistency of the summarised accounts with the full Annual Accounts and Trustees' Annual Report. We also read other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summarised accounts.

We conducted our work in accordance with Bulletin 2008/3 "The Auditor's statement on the summary financial statement" issued by the Auditing Practices Board.

Opinion

In our opinion the summarised accounts are consistent with the full annual accounts and the Trustees' Annual Report of the Carnegie United Kingdom Trust for the year ended 31 December 2011.

Chiene + Tait, Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

16 May 2012

Summary Accounts

Statement of Financial Activities

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Fund £ | 2011 Total £ | 2010 Total £ |
|--|----------------------------|--------------------------|------------------------|--------------------|--------------------|
| Year to 31 December 2011 | | | | | |
| Incoming Resources | | | | | |
| Incoming resources from generated funds: | | | | | |
| Investment income and interest | 1,548,800 | - | - | 1,548,800 | 1,531,549 |
| Rental and other income | - | - | - | - | - |
| Incoming resources from charitable activities | - | 160,375 | - | 160,375 | 347,966 |
| Total Incoming Resources | 1,548,800 | 160,375 | - | 1,709,175 | 1,879,515 |
| Resources Expended | | | | | |
| Costs of generating funds: | - | - | - | - | 8,591 |
| Charitable activities: | | | | | |
| Practice (Rural Community Development) | 252,445 | 194,386 | - | 446,831 | 934,423 |
| Policy | 610,757 | - | - | 610,757 | - |
| Democracy and Civil Society | - | - | - | - | 596,056 |
| Charitable Initiatives | 124,538 | - | - | 124,538 | 23,360 |
| Other Charitable Activities | 122,527 | - | - | 122,527 | 443,696 |
| Governance costs: | 68,307 | - | - | 68,307 | 116,901 |
| Total Resources Expended | 1,178,574 | 194,386 | - | 1,372,960 | 2,123,027 |
| Net Incoming/(Outgoing) Resources before Transfers | 370,226 | (34,011) | - | 336,215 | (243,512) |
| (Losses) on Fixed Assets Realised | (4,610) | - | - | (4,610) | - |
| (Losses)/Gains on Investments Realised | (6,492) | - | - | (6,492) | 225 |
| Unrealised | - | - | (1,620,967) | (1,620,967) | 2,101,561 |
| Net Movement in Funds | 359,124 | (34,011) | (1,620,967) | (1,295,854) | 1,858,274 |
| Fund balances at 31.12.10 | 3,100,399 | 59,011 | 29,696,089 | 32,855,499 | 30,997,225 |
| Fund balances at 31.12.11 | 3,459,523 | 25,000 | 28,075,122 | 31,559,645 | 32,855,499 |

The statement of financial activities (SOFA) includes the Statement of Total Recognised Gains and Losses. All activities relate to continuing activities.

Summary Accounts

Balance Sheet

As at 31 December 2011

| | 2011 | | 2010 | |
|--|------------------|-------------------|------------------|-------------------|
| | £ | £ | £ | £ |
| FIXED ASSETS | | | | |
| Tangible fixed assets | | 1,156,706 | | 1,187,364 |
| Investments at market value | | 29,134,558 | | 30,752,898 |
| | | <u>30,291,264</u> | | <u>31,940,262</u> |
| CURRENT ASSETS | | | | |
| Other debtors and prepayments | 65,559 | | 73,229 | |
| Short term deposits | 1,330,575 | | 1,198,600 | |
| Cash at bank and in hand | 30,975 | | 7,924 | |
| | <u>1,427,109</u> | | <u>1,279,753</u> | |
| Creditors: amounts due within one year | (158,728) | | (364,516) | |
| Net current assets | | <u>1,268,381</u> | | <u>915,237</u> |
| NET ASSETS | | <u>31,559,645</u> | | <u>32,855,499</u> |
| FUNDS | | | | |
| Endowment fund | | 28,075,122 | | 29,696,089 |
| Restricted funds | | 25,000 | | 59,011 |
| Unrestricted funds: | | | | |
| Designated funds | | 812,859 | | 3,000 |
| Other charitable funds | | 2,646,664 | | 3,097,399 |
| | | <u>31,559,645</u> | | <u>32,855,499</u> |

Approved by the Trustees and signed on their behalf by:

Melanie Leech

Chair of Trustees

16 May 2012

David Walker BA CA FCCA

Convener of Audit and Risk Sub-Committee

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 Carnegie UK Trust was established by Scots-American philanthropist Andrew Carnegie in 1913.

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May 2012



CHANGING MINDS • CHANGING LIVES

Carnegie United Kingdom Trust
Scottish charity SC 012799 operating in the UK and Ireland
Incorporated by Royal Charter 1917

ISBN 978-0900259883



ISBN number: 978-0-900259-88-3