



CHANGING MINDS • CHANGING LIVES

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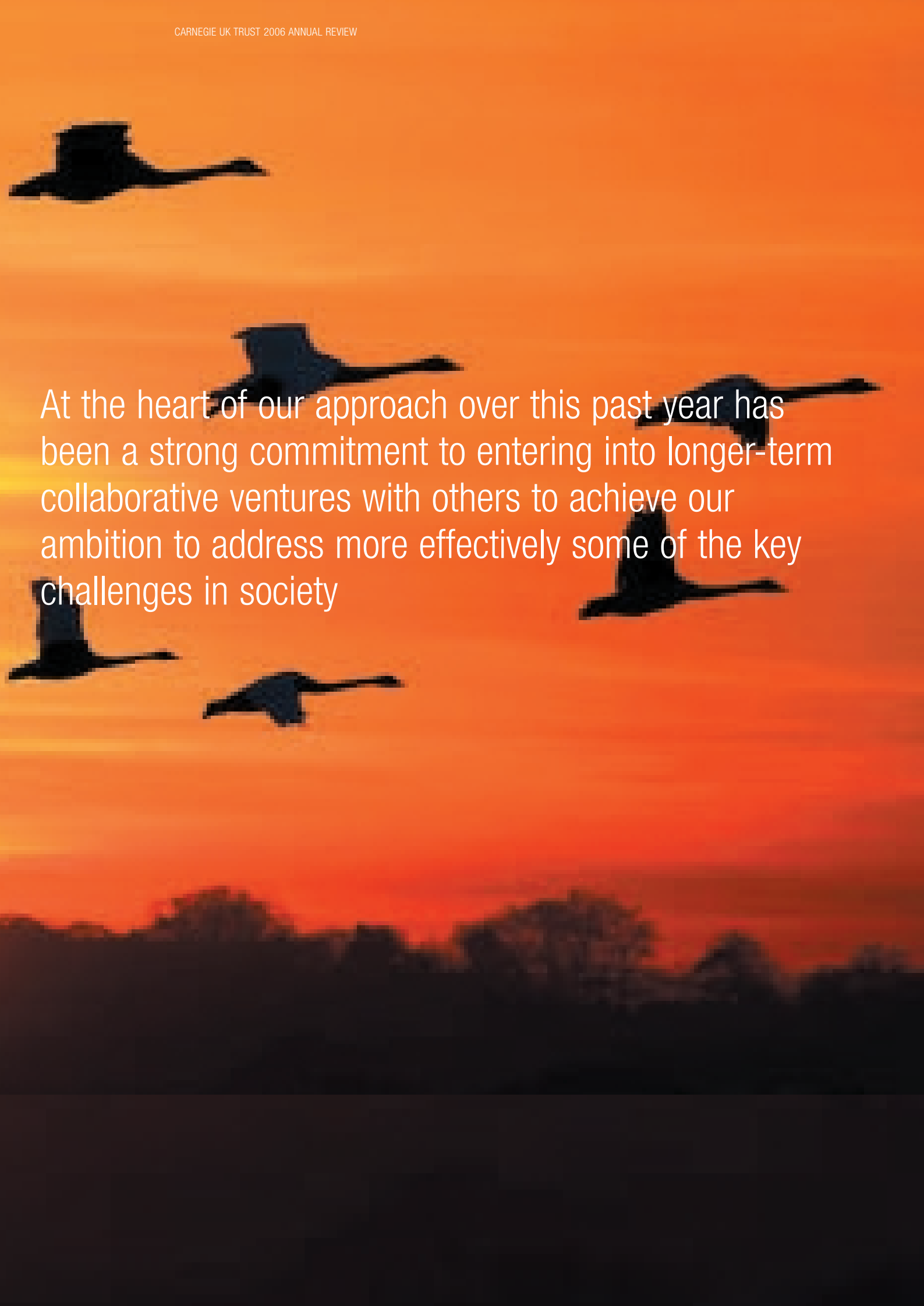
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ANNUAL REVIEW 2006



A sunset background with silhouettes of birds in flight. The sky transitions from a bright orange near the horizon to a darker orange and red at the top. Several birds are silhouetted against the sky, flying in various directions. The bottom of the image shows a dark silhouette of a treeline or bushes.

At the heart of our approach over this past year has been a strong commitment to entering into longer-term collaborative ventures with others to achieve our ambition to address more effectively some of the key challenges in society

FOREWORD

A big year for philanthropy

The gifts of Bill Gates, Warren Buffet and Paul Omidyar, among others, made philanthropy headline news across the world in 2006. More money going to support good causes and the most disadvantaged in societies globally is indeed good news – but there is more, and less, to achieving sustainable social change than money.

First, we need to put the spectacular gifts of Gates, Buffet and others in context. Philanthropic gifts may be increasing in number and size across the world, but they are, at the same time, decreasing relative to the problems they seek to address and to the contributions of past philanthropists. In the early 20th century Andrew Carnegie could afford to build a library in every town in Britain. Today few if any foundations could afford to make similar gifts.

Second, whilst large donations make good headlines we cannot simply equate such gifts with more public good, or greater effectiveness. More money may simply mean more spending rather than more good. In addition, more money may serve to distract us from the realisation that many problems are not about lack of money but about lack of both ideas and political and public will. For all the good philanthropy has undoubtedly done, many problems remain and (some would argue) are getting worse rather than better both globally and in the UK and Ireland – community breakdown, inequality, ill health, injustice and intolerance.

Third, more money has to be seen in the context of the growing complexity of issues and the societies in which we live. Solving one problem may exacerbate or create another and tackling local problems may require global action.

This complexity may be one reason governments all over the world are increasingly looking to philanthropy, and to foundations such as Carnegie, to play a more prominent role in problem solving. More and more spectacular high profile philanthropic gifts not only serve to heighten this expectation but also to increase the scrutiny of philanthropy. The need is for more philanthropy, but also for more from philanthropists and philanthropic foundations.



Urmila Banerjee CBE

Partners for change

Against this background, how can philanthropic foundations equip themselves to act smarter to unravel and address the key issues of our age? How much can foundations, acting alone, or with others, achieve? What are foundations' unique roles and resources? How can foundations move beyond charitable giving to achieving longer-term change with impact beyond their immediate grantees?

These are questions Carnegie UK has been addressing in its own practice.

We are about changing minds and changing lives. At the heart of our approach over this past year has been a strong commitment to entering into longer-term collaborative ventures with others to achieve our ambition to address more effectively some of the key challenges in society.

We have been focusing upon four key areas during the year:

- enhancing the research and development capacity of foundations, to become more effective in supporting progressive social change;
- strengthening the voice of young people in decision-making;
- helping rural communities to become more sustainable, with a stronger voice in determining change;
- analysing the role of civil society and its part in building a strong participative and representative democracy.

Collaboration is central to how we think and work at Carnegie UK. Before embarking on any new programme, we seek out creative organisations and people who share our commitment to wanting to work (and learn) together to support a more just, democratic, peaceful and sustainable world. We set out our commitment to this way of working in our well-received report *Stepping Up the Stairs* published in autumn 2005.

Our commitment to collaborative working comes with a cost. It means that while we remain independent, we are no longer just doing our own thing. We have chosen to collaborate, negotiate and to share. Foundations and grant-making trusts in the UK and Ireland have a long history of jointly funding grass roots community projects. But less so of entering into what may become a longer term more strategic partnership. This is not without its challenges, but it has greatly enhanced the quality of our thinking and our work, and, most significantly, our shared capacity to address some of society's problems.

And it is to our partners and collaborators that I want to express my enormous thanks. The list is growing, but I wish to highlight the strong relationships we have been developing with the Big Lottery Fund, with the members of the Woburn Place Collaborative, especially the Joseph Rowntree Charitable Trust, Northern Rock Foundation and the Barrow Cadbury Trust. Also the UK Office of the Third Sector, the Economic and Social Research Council, The Scottish Executive, Wales Assembly Government and the rural, education and youth Ministries across the UK and Ireland; the members of our two Commissions of Inquiry and our Commission chairs Lady Diana Britton and Geoff Mulgan; our 50 rural action research partners and the universities, think tanks and academics who have worked with us over the year as advisers and associates.

As ever, our effectiveness and professionalism this year has been due to the hard work and dedication of the Board of trustees, programme committee chairs, members and co-optees, our Chief Executive Charlie McConnell and staff. I am especially indebted to our Vice Chair David Stobie, who will be retiring in July 2007, for his wonderful commitment, wise counsel and great humour. David was convener of our Finance, Staffing and Property Committee and the first chair of our Audit and Risk Committee.

And finally my thanks to our President William Thomson who, though retiring as a trustee in 2006, continued in his new role as an ever-active ambassador for Carnegie UK. As convener of the joint UK trusts co-location committee, he has led the building project for our futuristic HQ to be opened in 2007 and as the honorary chair of the international Carnegie Medal of Philanthropy Committee, William, together with our Chief Executive, has been the bridge to our sister Carnegie foundations here in the UK and internationally.



Trust President and CEO meet with the Chancellor and Vice Chancellor of Leeds Metropolitan University, formerly Carnegie College.

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INTRODUCTION

This report presents the work of Carnegie UK in 2006. For the past three years, we have been pursuing a new chapter in our development. Whatever our changing priorities, we have needed to be fit for purpose, with systems in place to enable us to fulfill our remit.

In 2004, our Chief Executive outlined his view of the changing external environment, and the challenges and opportunities, as well as the strengths and weaknesses of the Trust. He argued that the Trust was not playing to all its strengths and that we needed a restructuring to:

- build a modern forward-looking foundation at the cutting edge of social change;
- build a dynamic learning organisation that people want to work for and do business with;
- build an independent organisation that thinks globally and is part of a wider international movement, capable of bringing the best ideas from around the world to the policy and practice agenda.

This led to the proposal to the Board early in 2004 that we move away from reactive small scale, short term grant-giving, towards more proactive, strategic initiatives capable of influencing public policy and social change. This in turn built upon the work of our "Futures" planning group, which was reported in the 2002 Annual Report.

Underpinning our change in focus were four key drivers.

- A clear vision and purpose, underpinned by the values of equality of opportunity and social justice that led our founder to establish the Trust. This is expressed in our new logo and mission statement "Changing Minds, Changing Lives", which we introduced at the beginning of 2006.
- Knowing our place in the market and maximising that, particularly through harnessing the strong international Carnegie brand identity. This was highlighted most effectively at the Carnegie Medal of Philanthropy and International Philanthropy Symposium, which we co-ordinated at the end of 2005.
- Being a more intelligent funder, committed to adding value through investment rather than grant. And by adopting more of an outcomes oriented approach to our funding, informed by R&D and a strong evidence base.
- Not just funding the Third Sector as the vehicle for social change, but seeking out a wider range of public, private and civil society partners. Funding to make things happen, to shape the outside world, as active players as well as enablers of social change.



The Rural Commission involved in Futures workshop

The Trust President with Angus Hogg (Chair, Carnegie Dunfermline Trust), Sir David Edward (Chair, Carnegie Trust for the Universities of Scotland), and David Stobie (Vice Chair, Carnegie UK Trust) at the foundation ceremony for Andrew Carnegie House.



Managing change

Adopting these key drivers informed our new ways of working during 2006.

- We worked more closely with partners in designing programmes and projects, using futures scenario planning as a central feature of our work.
- We played a lead role in attracting around £7m additional partnership funding for social change programmes and initiatives.
- Funding became more pro-active and aligned to the priorities of the strategic initiatives.
- Funded projects were seen more as action research, from which we and our partners could learn and provide an evidence base for wider policy and practice recommendations.
- We appointed two new directors to our programmes; used associates and consultants with specialist expertise more extensively; co-opted subject experts onto our programme committees; and appointed external evaluators to the new programmes.
- We separated programme sub-committees from meetings of the full Trust Board. This enabled trustee committee members, co-optees and programme staff to develop and monitor programmes in greater depth.
- We set up an Audit and Risk Committee, which together with our Finance, Staffing and Property Committee and Staff and Trustee Development Group, supported our commitment to being a well managed learning organisation.
- Our Communications Group led a more effective approach to profile raising, dissemination and enhanced media coverage, including the redesign of our website.
- The Privy Council approved the Trust's amended Royal Charter, enabling us to develop partnerships beyond the UK and Ireland.
- The design of Andrew Carnegie House, our new build Head Office, creates a modern and sustainable working environment, including introducing new IT systems. Sustainable development became the benchmark throughout the year, both in the design of the new building and in the appointment of a trustee and director responsible for championing and monitoring our sustainability impact. This followed an audit and recommendations presented to the Trust by Jonathon Porritt.

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Caption

Enhancing the research and development capacity of foundations, so that we become more effective in supporting progressive social change

The changes outlined in the introduction to this review highlight the creative philanthropy approach we have been exploring both in our own activities and in partnership with others. This year we have worked in three key areas following up issues identified in Stepping Up the Stairs:

- establishing a multi-disciplinary centre for research on philanthropy;
- promoting an active philanthropic market place where creative foundations are able to contribute to thinking, learning and, where appropriate, working together;
- promoting thinking and practice around philanthropy committed to social change rather than charity.

In pursuing these issues we had three specific objectives:

- to improve the effectiveness of Carnegie UK's strategic programmes through identifying and applying the most relevant current knowledge and research;
- to maximise the opportunities for collaborative working and funding leverage with partners to further improve our effectiveness;
- to enhance our profile as a "thought leader" in social change philanthropy, in support of our mission of Changing Minds: Changing Lives.

National Research Centre on Giving and Philanthropy

In pursuit of the first objective, plans to establish the UK's first research centre on giving and philanthropy progressed steadily. In the spring of 2006, the Trust began talking to the UK government's Office of the Third Sector and the Economic and Social Research Council and subsequently the Scottish Executive, Wales Assembly Government and the Northern Rock Foundation to contribute to the core funding of the Centre over an initial period of five years.

The Trust facilitated a series of regional meetings of interested parties to comment on proposals for the Research Centre. Eighty-one people attended meetings in Belfast, Cardiff, Edinburgh and London and contributed to discussion of the functions, priorities and governance of the Centre, and we also received a number of written submissions. We hope that the Research Centre will begin work in late 2007.

Woburn Place Collaborative

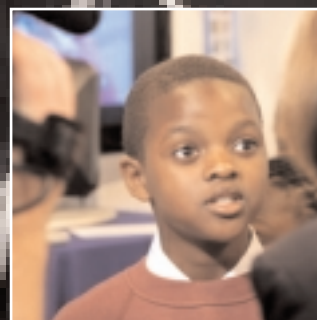
In pursuit of the second objective, collaborative working, the Woburn Place Collaborative (WPC) is an open forum for predominantly UK-based trusts and foundations which aim to promote structural, systemic and sustainable social change with impacts beyond immediate grantees. Stimulated by a seminar organised by the Trust at the Carnegie International Philanthropy Symposium in 2005, WPC now comprises over twenty independent foundations. Carnegie UK convened WPC for the first six months, and this role is now rotated. The Trust acts as the co-ordinating hub for the collaborative.

Proactive partnership working involving a number of trusts is not a well-established way of working in the UK. WPC is therefore a significant step forward. Some of the UK's most highly respected foundations are now involved; with a total annual spend of over £100m. The Big Lottery Fund has also recently joined adding considerable financial and policy weight.

One WPC project initiated by the Trust and co-funded by several members will provide a collection of case studies illustrating the potential role of foundations and other grant-makers in achieving sustainable social change, specifically addressing issues of social justice and environmental sustainability. The Trust will publish the case studies in 2007. WPC is still at a very early stage and most activity to date has focused on relationship building, small-scale practical research projects and organising a residential colloquium on the effectiveness of collaboration in addressing the changing challenges facing society.

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Over its lifespan CYPI has been on a journey to understand and support young people



This twelve year programme has done much to raise the profile of youth participation across the UK and Ireland, and its mantle is being taken up by Participation Works



Caption....

Strengthening the voice of young people in decision-making

In 2007 the Carnegie Young People Initiative (CYPI) comes to an end. This twelve year programme has done much to raise the profile of youth participation across the UK and Ireland, and its mantle is being taken up by Participation Works – a new partnership of leading children and young people’s NGOs initiated by CYPI, and supported by the Big Lottery Fund and the Department for Education and Skills.

Over its lifespan CYPI has been on a journey to understand and support young people. That journey began with a series of commissioned research reports that identified the major issues affecting young people’s lives. Then, in 2000, the Trust decided to focus the work of CYPI exclusively on promoting young people’s involvement in decision-making that affects their lives. This focus reflected the Trust’s long held commitment to empowering citizens, and is underpinned by children’s right to be heard under the UN Convention on the Rights of the Child.

The programme has had three objectives:

- encouraging organisations and institutions to mainstream youth participation;
- working closely with public, private and voluntary organisations and young people to develop new methods of embedding participation in everyday practice;
- identifying and promoting the impact of children and young people’s participation.

Continuing Challenges

CYPI has played a unique role in the development of ideas, policy and practice around youth participation. Carnegie has been able to support over two hundred innovative projects on the ground, and generated new ideas and approaches through its reports, events and action research projects.

Decision-making bodies in the public sector are increasingly making policy commitments to listen to young people. Few, however, manage to implement youth participation in a way that lives up to these ideals.

Young people could claim to be the most consulted group in civil society yet may also be least likely to shape public policy. This paradox has been at the heart of our work – the technical challenge of listening to young people is increasingly being met, yet changing the way we think about and act upon what we hear is less forthcoming. This is not because of a shortage of good practice, or the commitment of individual adults – but rather, the failure of decision-making organisations to recognise the profound change process they must go through to genuinely open up decision-making to young voices. Allowing young people to help produce good decisions that benefit them requires resources, skills, understanding, patience and commitment. It is a long-term process of change, not a bolt on extra.

CYPI’s work has begun from this premise, playing a coaching role in encouraging change and finding ways for organisations to become more participatory, that are sustainable and long term.

Carnegie has met these challenges with a radical programme of work that emphasised challenging orthodoxies, fostering innovation, and finding long-term practical approaches.

Participation Works

In 2004 we initiated a national partnership of leading children and young people’s organisations. Called Participation Works, this is a cooperative endeavour to help improve the resources and support for practitioners and organisations and young people seeking to build a more participatory culture amongst public decision-makers. Through its online gateway, users can access research and evidence; practitioner networks; training and toolkits; news and events details. A knowledge hub at its core is constantly updated with examples of innovative practice.

Participation Works was coordinated and supported by Carnegie until the end of 2006, and received approximately £750,000 funding from the Department for Education and Skills. Following a successful application to the Big Lottery Fund, it will receive over £4m to support third sector organisations to improve the way they involve children and young people in their work over the next three years.

This is a cooperative endeavour to help improve the resources and support for practitioners and organisations and young people seeking to build a more participatory culture amongst public decision-makers.





Caption.....

Supporting networks

Carnegie’s Participation Workers Network for England began in 2003 with 80 members – youth workers, teachers and other professionals supporting youth participation. Four years later that number has grown to over 1500, and PWNE has spawned regional networks across England, supporting good practice with events and resources. In 2006 we organised a highly successful national conference attended by around 300 participation workers. In Scotland, we have supported a similar network since 2003, and, with funding from the Trust, similar networks are being developed in Wales and Northern Ireland. Support for practitioner networks is transferred to Participation Works from 2007.

Self-Managed Learning

Senior management personnel are central to changing the way organisations work. That is why Carnegie, in partnership with Strategic Developments International, devised a pilot demonstration project to support senior officials in the Welsh Assembly to find ways of building more participatory practice into their directorates. The group met regularly as a self-managed learning set, an innovative technique used increasingly in complex organisations when major changes in thinking and practice are necessary. After 10 months, the group presented recommendations to the Minister for Education and Lifelong Learning and the Permanent Secretary in December; setting out the steps needed to make sure staff at all levels were able to involve children effectively in their work.

Pupil Voice

In 2006 we continued to work with the Esmée Fairbairn Foundation to help policy makers, teachers and young people understand the impact of pupil participation in primary and secondary schools. We commissioned and published three research reports, written by Professor Lynn Davies and her team at Birmingham University to provide a critical analysis of existing literature on the impact of pupil participation, and a series of case studies illustrating innovative practice.

We developed an action project to enable teachers to develop a strategy for increasing pupil participation across the whole school. We recruited two consultants, Marilyn Lewis and Sally Stenton to lead on a series of pilots in six schools. As a result of this work, we produced the Inspiring Schools: Resources for Action toolkit. We also worked with Save the Children Fund to

produce an online resource providing guidance and tools to develop a whole school approach to pupil voice.

We co-funded the Association for Citizenship Teaching and English Secondary Student’s Annual Conference in the summer of 2006. Keynote speakers included Sir Bernard Crick and Sir Keith Ajegbo (author of the curriculum review on Diversity and Citizenship). The event was attended by 200 teachers and students.

Over 2,000 schools in England have now received our resources. Pupil voice continues to attract interest from governments and statutory bodies across the UK and Ireland. We will continue to build on our learning in our new work programme on Democracy and Civil Society.

Reaching the tipping point

There are more consultations, toolkits, practitioners and guidance than ever before in the field of young people’s participation. Yet, there remain concerns about the future health of youth participation as we enter a second phase in its development, from niche activity to mainstay of public decision-making.

Will a genuine culture of participation be built? Perhaps a tipping point has been reached, where the sheer volume of activity and progress will irrevocably shape the way public bodies operate. The Children’s Ombudsman in Ireland and Children’s Commissioners across the UK, with whom we worked closely over the past year, are now central players in promoting this changing culture. Whilst Participation Works, which has been warmly praised by policy makers, advisers and practitioners alike, will continue to support best practice in the years to come.

Alternatively, youth participation may atrophy, with organisations and institutions absorbing the need to practice in this way without the need to profoundly change the way they work. That we must not take this cultural change for granted was certainly the consensus of opinion in the UK and Ireland series of high level policy debates we held in the latter part of the year and in early 2007. CYPi’s final report will be published in the summer of 2007.



Inspiring Schools Resources for Action Report

Pupil voice continues to attract interest from governments and statutory bodies across the UK and Ireland. We will continue to build on our learning in our new work programme on Democracy and Civil Society.



Carnegie UK's Rural Convention

Supporting the capacity of rural communities to become more sustainable, with a stronger voice in determining change

The Carnegie Commission for Rural Community Development, led by Diana Brittan, is now concluding its substantial inquiry, having completed an extensive consultation exercise with rural communities across the UK and Ireland. Members of the Commission have reflected upon the remarkable stories that have been collected. Commissioners were moved by the activities of community activists and agencies, whose innovations in service delivery, appreciation of unique cultures and acute environmental awareness point the way to the sustainable rural community of the future.

The objectives of this initiative are:

- to identify, analyse and advocate for more effective public policies and programmes that strengthen the voice and sustainability of rural communities;
- to facilitate the exchange of ideas between policy-makers and people living and working in rural communities;
- to work with public, private and non-governmental organisations to maximise resources for rural community development and apply them effectively.

Looking to future horizons

The Commissioners have quite deliberately taken a forward-looking view, building a working model of the sustainable, dynamic and engaged rural community. In their forthcoming final report, to be published in the summer of 2007, the Commission has defined the characteristics and enablers that seem to collectively represent the impressive features it saw in the rural communities it visited.

In June 2006 the Commission published its Progress Report and DVD of exemplary case studies, securing extensive media coverage of the challenges and opportunities we were

identifying. We have become more and more convinced that 'deficit models' of rural development (where rural activists have to denigrate their community and demonstrate all the things that they lack in order to win resources) have had their day. Rather, we consider that an approach that builds upon the assets that already exist in the area and can be drawn into it will yield more positive and sustainable benefits.

Investing in assets

Our thinking has been informed by studies carried out by the International Association for Community Development (of global asset-based rural community development), Forum for the Future (asset-based approaches in the UK and Ireland) and by our partnership with the Scarman Trust. Carnegie UK Trust has forged global connections with progressive foundations and development agencies to promote asset-based rural community development.

This is not to suggest that there are no 'needs' in rural areas. We are acutely aware of rural inequality, of isolated and frail older people, of workers trapped in low income and low skilled occupations and young people forced to move away because of the lack of affordable housing. This prompted us to work with the Young Foundation to undertake new research on the mapping of Britain's needs, in particular the factors that can lead to rural poverty, so that we can recommend policy and practice actions that rural communities and their partners in the public, business and voluntary sectors can take to ameliorate these trends.

In building a portfolio of research findings, we have actively encouraged and prompted debate amongst policy makers, practitioners and academics by arranging seminars and round table discussions and building the content of our web site. An example of this was the international OECD rural development conference, which we co-sponsored in Edinburgh in October 2006 attended by senior politicians and rural policy advisers.



Commission for Rural Community Development Progress Report

Rather, we consider that an approach that builds upon the assets that already exist in the area and can be drawn into it will yield more positive and sustainable benefits.



RARP Remote and Peripheral Group visiting Cornish Claylands

The Trust is supporting networking, exchanges of experiences and time for proper reflection on the circumstances that lead to successful regeneration.

Rural Action Research Programme

Our thinking has been greatly influenced by the work of partners engaged on our Rural Action Research Programme. This initiative, funded jointly with Big Lottery Fund is now fully committed, with an impressive list of 50 partner organisations, representing some of the most progressive and innovative advocates of rural community development in the UK and Ireland. At an early stage of our consultations, we identified the challenges that badly needed an injection of new ideas and thinking. Now, helped by our expert consultants, we have recruited all partners for each theme and work is under way.

Remote and peripheral communities

'Meeting the needs of remote and peripheral areas' was one of the first themes to be progressed. The partners – Celtic Neighbours (from Wales, Scotland and Ireland), the Eden Foundation (Cornwall) and Hill Farming across the North of England have identified the critical importance of distinctive local culture as an economic and social driver. The Trust is supporting networking, exchanges of experiences and time for proper reflection on the circumstances that lead to successful regeneration. The approaches adopted by our partners are already yielding positive results, with powerful and demonstrable improvements within previously failing rural communities. A recently-released DVD of the Celtic Neighbours, available on the Trust website, captures this energy.

Celtic Neighbours project



Building capacity

We need to appreciate and acquire new skills, knowledge and understanding to successfully implement innovative rural community development. A Carnegie consortium of expert organisations from around the UK and Ireland is delivering the 'Skills for Rural Community Development' theme. During the latter part of 2006, the group undertook an intensive UK and Ireland-wide investigation of the changing challenges for those involved in rural community development, essentially a learning needs analysis, and their findings will be published in 2007.

We are working to make sure that these skills are represented in the new National Occupational Standards for those who are engaged in community development being developed by the Sector Skills Council. In the coming year we will be developing our plans to establish a UK and Ireland virtual centre to support rural community development teaching and practice.

Liberating assets

We advanced our understanding of asset-based community development on a number of fronts during the year. We worked with the New Economics Foundation building upon their 'local multiplier' theories to demonstrate how new economic opportunities might be developed when a rural community owns and actively manages assets such as land and buildings. We have been working closely with the Community Land Trust and others on pilot projects, demonstrating how identifying and valuing local assets, be that human capital, land, buildings, landscape, water resources or culture, can result in new employment and income-generating opportunities, a better quality of life and enhanced services.



BBC Correspondent, George Alagiah (left), and producer and satirist, Armando Iannucci (above), speaking at the Scottish Festival of Politics, supported by Carnegie UK.

Analysing the role of civil society and its part in building a strong participative and representative democracy

The Trust launched its Democracy and Civil Society Programme in 2006. The decision to establish this programme emerged from a Board residential held in 2005.

There are a number of factors that informed the Trust's investment in this programme. The first was the longstanding association of the Carnegie name internationally with a concern to strengthen democracy, emanating from the writings and advocacy of our founder. Several Carnegie foundations worldwide are working in this area and we are committed to closer collaboration with them. The Trust also believed that this new programme could effectively build on the achievements of the Young People Initiative and Rural Programme in strengthening civil society and public participation in decision making. Moreover, having a generation earlier established the joint Carnegie/Rowntree Wolfenden Inquiry on the future of voluntary organisations, the Trust believed that the time was ripe to undertake a new Inquiry into the Future of Civil Society. But this time working with a broader remit, to encompass the role of the voluntary and community sector, trade unions, faith based organisations, foundations and new forms of citizen organising.

From 2006 through to 2008 the Democracy and Civil Society Programme is split into two complementary initiatives:

- an Inquiry into the Future of Civil Society in the UK and Ireland
- the Democracy Initiative.

Early in the year we published two well-received publications to inform the work of the new programme - Personal Politics: Democracy, Participation and Collective Action by Greg Power, and For the Common Good? A review of the civil society landscape in the UK and Ireland by Siobhan Daly.

Inquiry into the Future of Civil Society in the UK and Ireland

The Inquiry is an ambitious project whose goals are to:

- explore the possible future threats to and opportunities for the development of a healthy civil society, looking out to 2025;
- identify how policy and practice can be enhanced to help strengthen civil society;
- enhance the ability of civil society associations to prepare for the challenges of the future.

The Inquiry was launched at the Civicus 2006 World Assembly, with speakers Geoff Mulgan, Kumi Naidoo, Civicus Secretary-General, Gerry Salole, Director of the European Foundations Centre and Millie Banerjee, Chair of the Trust.

To inform the work of the Inquiry, we established a Commission made up of individuals with diverse professional and life experiences from the UK and Ireland. The Commission Chair is Geoff Mulgan, founder of Demos and former Head of the Prime Minister's Policy Unit at 10 Downing Street. The Rt Hon George Reid, Presiding Officer of the Scottish Parliament is Vice-Chair. We also set up an International Advisory Group to make sure that the global dimension of civil society is taken into account. Members of this group include Tom Carothers, Vice President of the Carnegie Endowment for International Peace.

Several Carnegie foundations worldwide are working in this area and we are committed to closer collaboration with them.





Caption...

Three dimensions of civil society

The Inquiry is concerned about the future of civil society in the following three dimensions:

- Civil society as associational life (including voluntary and community organisations, faith-based organisations, and trade unions) and their relationship with other agents of change including government, the media and the corporate sector.
- Civil society as the 'good' society. The term civil society is often used as a short-hand for the type of society we want to live in. It is assumed that civil society is a good thing, but this is not necessarily true. For example, civil society associations can help strengthen democracy and improve the well-being of deprived communities but they can also undermine human rights and preach intolerance and violence. The Inquiry is therefore especially concerned about the strength of civil society associations as a means through which values and outcomes such as non-violence, non-discrimination, democracy, mutuality and social justice are nurtured and achieved.
- Civil society as the arena for public deliberation. This is the public 'space' in which societal differences, social problems, public policy, government action and matters of community and cultural identity are developed and debated. These public spaces might be physical, such as community centres, or may be virtual, such as web-based dialogue.

Looking out to the future

The Inquiry's work is split into two phases. The first phase involves undertaking a futures exercise in early 2007 to explore what the key driving forces may be that will shape the nature and state of civil society (which may include social, political, legal, environmental, economic, technological or legal factors) and the possible scenarios these driving forces may lead towards. Drawing on the findings of the first phase, the Inquiry will focus on exploring a number of 'burning' issues in more depth and identify practical ways in which policy and practice can be enhanced.

Democracy Initiative

The Democracy Initiative was launched in September with a two-day futures workshop facilitated by the International Futures Forum, which engaged ten leading think tanks operating in the field of democracy from the UK and Ireland. The event helped the Trust to develop its initial work programme, which has begun with a first phase mapping of power and influence. The Trust is examining the distribution of power and influence in the UK and

Ireland and how this impacts on decision making. We have commissioned Democratic Audit to undertake a review of existing research and published literature. To complement this work, we will be working with think tanks and other experts in 2007 to analyse a series of recent examples of public interest and public policy in the UK and Ireland, to provide insights into power and decision-making processes, and the influence of civil society. Who gained? Who lost? And what was the impact on the lives of ordinary citizens, particularly those who are perceived to hold the least power. We shall publish the findings of this first stage power mapping in the autumn of 2007.

Europe's democratic deficit

Carnegie UK has also been keen to develop a closer partnership with continental foundations through the Network of European Foundations. As part of the Democracy Initiative we are active partners in the European Citizens' Consultations Project – led by the King Baudouin Foundation. This project aims to re-engage people in reshaping the European Union, born out of the rejection in 2006 of the European Union Constitution and a growing concern about the European democratic deficit and alienation from the EU. Citizens from all 25 member states are being engaged in a debate across the boundaries of geography and language, in a series of simultaneous deliberative events over four weekends, from February to March 2007. The UK event is organised by the Power Inquiry and supported by Carnegie UK.

The Trust is also a partner on a Network of European Foundations project, to strengthen education for democracy across the 27 EU member states, supported by the Council of Europe. This project was initially led by our Young People Initiative, but has now transferred to the Democracy Initiative. During 2006 we co-designed and commissioned two projects around teaching and learning about European citizenship and democracy in schools. The results will be disseminated over the next two years.

Our Rural programme has led on a third pan European collaborative project aimed at engaging citizens in a Europe wide Citizen's Panel focussing upon the role of rural areas in tomorrow's Europe supported by over 20 foundations, the European Commission and EU Committee of the Regions, our contribution to this project has been to support the all Ireland cross-border Panel.

The first phase involves undertaking a futures exercise in early 2007 to explore what the key driving forces may be that will shape the nature and state of civil society and the possible scenarios these driving forces may lead towards.

FINANCE, STAFF AND PROPERTY REPORT

Governance

The Trust has a joint Finance, Staff and Property Sub-Committee, which reports directly to the full Board. The Sub-Committee meets three times a year. Lead Trustees take responsibility for each of the three parts of the Sub-Committee's remit. There is also a separate staffing group, which primarily deals with human resource development and *Investor In People* (IIP) related issues, following IIP recognition in 2004.

During the year it was also decided to establish an Audit and Risk Sub-Committee. This function will not however come into full operation until 2006. Its remit covers all the Trust's activities, both internal and external audit. The Trust undertook a comprehensive risk assessment in 2005.

Investments

From early 2005, the Trust's investments were moved from a separately managed portfolio into M&G's Charifund, a designated unit trust fund for charities. Latest figures show that over the longer term Charifund has outperformed the FTSE All-Share Index, although it has underperformed during the last twelve months. The Trust's investments value increased in 2005 from £32.5 million to £36.8 million, an increase of 13%. The performance of M&G's Charifund continues to be regularly reviewed.

Income

Total income was £2.27 million (*£1.53 million 2004, as restated*). Unrestricted funds totalled £1.83 million compared to £1.44 million, as restated the previous year. In addition, there were restricted funds of £443k relating to specific programmes and initiatives.

Expenditure

2005 saw the last of the reactive grants and these are listed at Annex 1. 2005 was therefore a transitional year with the new pro-active action research grants not coming on to full flow. Grant expenditure was therefore reduced to £789k (*£914k - 2004*) from unrestricted funds. Payments from restricted funds were £117k (*£51k - 2004*). The Trust's grant-giving and programme initiatives' income and expenditure 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. A significant, and probable recurring, saving was gained on investment management fees following the Trust's change of investment management.

Reserves

£700k (*£703k - 2004*) of unrestricted funds has been allocated to grants authorised but not paid. In addition, the Trustees agreed to carry forward £50k for future property refurbishment and computer upgrading. The General Reserve was reviewed during the year in the light of the Trust's changing grant giving strategy and investment costs and it was agreed to increase it from £250k to £500k during this transitional period.

Pensions

The Trust operates two pension schemes. All employees in post prior to 1996 come under the Retirement Benefits Scheme (RBS). Those who joined after this date are eligible to join the Group Personal Pension Plan scheme operated by Standard Life. Trustees intend to close the initial scheme by 2008. Following the variation in the pension position between the Actuarial Valuation (surplus) and the quotation for a buy-out (deficit), the Trustees, for the third year, have set aside £75k into a reserve to mitigate the impact of the likely shortfall.

Staff

The Trust is committed to equal opportunities in all of its recruitment and staffing policies. Each year a comprehensive review of all staff policies is undertaken in line with legislative changes. During 2005 three new members of staff were recruited to our Programmes. Two members of staff left. In line with the Trust's enhanced focus upon strategic initiatives and action research, the Trust has a number of contracted consultants (see Annex 2).

Property

The Trust has two offices, located in Dunfermline and in London. Following the decision in November 2004 to build a new joint headquarters in Dunfermline, for the Scottish-based Carnegie Trusts, the Inter-Trust Co-Location group is taking forward the plans for this development. In recognition of the Trust's commitment to this joint venture, a designated fund of £750k was established last year towards the likely share of the costs. The Endowment Fund will be recompensed when proceeds are realised from the sale of Comely Park House. Page\Park architects were selected following competitive tender and a design approved. It is envisaged that the Trust will move into the new building in the summer of 2007.

FINANCE, STAFF AND PROPERTY REPORT

Accounts Format

The full accounts meet the requirements of the new 2005 Statement of Recommended Practice: Accounting and Reporting by Charities, and are available from the Trust's office. The previous year has been restated accordingly. In addition, for the first year, the final salary pension scheme is reflected on the face of the balance sheet in compliance with FRS17 regulations with full details provided in the notes.

Relevant extracts – the balance sheet, statement of financial activities and income and expenditure account are at Annex 3.

Acknowledgements

The Trustees are grateful for the services provided during the year by:

Pensions Advisers

LEBC Group Ltd
Scottish Widows plc

Insurance Advisers

Aon Ltd (until July 2005)
JW Group Insurance & Risk Managers Ltd (from July 2005)

Legal Advisers

Turcan Connell WS

Public Affairs Advisers

The Big Partnership Group Ltd

Bankers

The Royal Bank of Scotland plc

Pooled Investment Management House

M & G Securities Ltd (Charities Investment Managers Ltd)
(from January 2005)

Investment Managers

Glasgow Investment Managers Ltd (until March 2005)

Other Deposit Holders

HBOS Treasury Services plc
Yorkshire Building Society
Dunfermline Building Society
Birmingham Midshires

Auditors

Chiene + Tait

Statement of Trustees' Responsibilities

Statutory regulations require 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 surplus or deficit of the Trust for that period. In preparing those accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Trust will continue.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with statutory regulations. 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.

Signed on behalf of the Trustees:

Urmila Banerjee, Chair of Trustees

Carnegie United Kingdom Trust
Scottish Charity No SC 012799

ANNEX 1

AS WELL AS THE STRATEGIC PROGRAMME,
THE TRUST GRANT-AIDED THE FOLLOWING
PROJECTS DURING 2006

RURAL

		Development Institute Ltd	
Scottish Community Development Centre	£40,000		
New Economics Foundation	£50,000		
		RARP THEME – Remote & Peripheral	
		Eden Trust	£130,000
		Voluntary Action Cumbria	£88,500
		Voluntary Arts Network	£85,000
RURAL ACTION RESEARCH PROGRAMME (co-funded by BIG Lottery)			
Wales Action Research Programme	£3,000		
Young Foundation	£15,000		
		RARP THEME – Service Provision	
		Cheshire Disabilities Federation	£38,924
		Community Transport Association UK	£36,000
		Oban and Lorn Community Enterprise Ltd	£29,048
		Plunkett Foundation	£39,400
		Pulteneytown People's Project	£35,134
		Ruralnet UK Ltd	£30,633
		Scottish Council for Voluntary Organisations	£20,803
		RARP THEME – Skills and Training for Rural Community Development	
		Action with Communities in Rural England	£20,000
		Irish Rural Link	£15,000
		Rural Community Network (NI)	£15,000
		Scottish Community Development Centre	£20,000
		Wales Council for Voluntary Action	£15,000
RARP THEME - Community Planning			
Action for Market Towns	£10,000		
Action for Market Towns Yorkshire & Humberside	£25,829		
Caithness Voluntary Group	£30,000		
Cornwall Rural Community Council	£29,785		
North Tawton Environmental Trust Ltd	£29,536		
North West Rural Community Councils	£37,905		
Oxfordshire Rural Community Council	£30,000		
Pembrokeshire Local Action Network for Enterprise and Development	£30,000		
Powys Association of Voluntary Organisations	£150,000		
Rural Community Network (NI)	£60,000		
Sussex Rural Community Council (Action in Rural Sussex)	£30,000		
Tipperary Rural & Business	£60,000		

ANNEX 1

AS WELL AS THE STRATEGIC PROGRAMME, THE TRUST GRANT-AIDED THE FOLLOWING PROJECTS DURING 2006

RARP THEME – Sustainable Management of Community Assets

Aviemore and the Cairngorms Destination Management Organisation's Community Trust	£130,000
Southern Uplands Partnership (footprint)	£100,000
Wessex Reinvestment Trust	£100,000

DEMOCRACY and CIVIL SOCIETY

Association of Charitable Foundations	£10,000
London School of Economics	£10,000
Young Foundation	£20,000

OTHER GRANTS

Chartered Institute of Library and Information Professionals (CILIP)	£15,000
Carnegie Festival of Imagination	£15,000
Scotland's Future Forum	£20,000
The Scarman Trust	£15,000

ONGOING PROJECTS GRANT AIDED BY THE TRUST PRIOR TO 2006

Rural Action Research Programme

Awel Aman Tawe	£15,000
Borders Forum of Councils for Voluntary Service	£30,000
Caledonia Centre for Social Development	£10,550
Gloucestershire Rural Community Council	£1,000
International Association for Community Development	£66,000
RD Duhallow	£3,500
Land for People	£30,000
Monitoring Group	£15,000
Network of European Foundations	£30,000
Scottish Crofting Foundation	£30,000
Stroud Common Wealth Ltd	£19,000
UHI Millennium Institute (Inverness College)	£15,000
University of Hull Social Policy	£9,000
Weeflee Productions	£5,910

Rural Community Development

Age Concern Oxford	£10,000	Children's Research Centre (Open University)	£19,000
Calstock Development Trust	£10,000	Children's Rights Alliance for England	£30,000
Cromarty Hall Trust	£13,300	Citizenship Foundation	£15,000
Derbyshire Rural Community Council	£20,000	Eighteen and Under	£15,000
Kirkby Thorpe Doorstep Green Limited	£500	Greater Manchester Coalition of Disabled People	£10,000
LGBT Youth Scotland	£10,000	Hi8tus South Ltd	£15,000
Newlyn Art Gallery	£6,500	Howard League for Penal Reform	£15,300
Pembrokeshire Local Action Network for Enterprise and Development (PLANED)	£30,000	Mencap N. Ireland	£5,000
Suffolk Acre	£30,000	Motiv8 South Ltd	£10,200

Creativity and Imagination

The Wheel	£22,800	National Children's Bureau	£10,000
Wyrđ Arts	£20,000	Network 81	£12,600
		Northern Ireland Youth Forum	£20,000
		Partners in Advocacy	£15,000

Young People

Ark Northern Ireland Social and Political Archive	£12,000	Phoenix Education Trust (English Secondary Student's Association)	£30,000
Centre for Educational Innovation (University of Sussex)	£19,000	Redburn Community Centre N Ireland	£1,000
Centrepoint 8:59	£16,000	Save the Children, Wales	£35,000
Children in Northern Ireland	£30,000	Walkway Community Association (East Belfast Youth Forum)	£20,000
Children in Scotland	£30,000	Woodcraft Folk in Wales	£15,000
		Young Scot Enterprise	£20,000

ANNEX 2

TRUSTEES, COMMITTEES,
STAFF AND CONSULTANTS

TRUSTEES

Urmila Banerjee CBE (Chair)

Formerly Director of BT and Commissioner for Judicial Appointments; currently Chair of Postwatch and Director of Ofcom.

William Thomson CBE (Hon President)

Great grandson of Scots American philanthropist, Andrew Carnegie; Past-Chair, Carnegie UK Trust. Formerly in shipping, now a director of retail and publishing companies.

David Stobie OBE

(Vice-Chair and Convener of Audit and Risk Sub-Committee) Formerly Business Development Director, The British Linen Bank Limited. Chairman, Macnaughton Holdings Limited. Formerly Chairman, Children First (RSSPCC) and Chairman, Fife Acute Hospitals NHS Trust.

James Doorley (Vice-Convener of Democracy and Civil Society Sub-Committee)

Assistant Director of the National Youth Council of Ireland with responsibility for Advocacy and Representation. Board member of the European Youth Forum since 2002 and currently Vice President.

David Fraser (Convener, Staff and Trustee Development Sub-Committee)

Consultant Physician, Queen Margaret Hospital, Dunfermline; past-Chairman Carnegie Dunfermline and Hero Fund Trusts; formerly Medical Director, Fife Acute Hospitals Trust.

Angus Hogg (Vice Convener of the Rural Community Development Sub-Committee)

Chairman, Carnegie Dunfermline and Hero Fund Trusts; Director, Eden River Associates Ltd Business Consultants; Trustee, Lauder College Educational Trust.

Jeremy Holmes (Convener of the Young People Sub-Committee)

Partner of management consultancy, PMSI; Strategic adviser to several corporations and professional associations; Board member of arts organisations.

Melanie Leech (Convener of Rural Community Development Sub-Committee from November 2006)

Director General, Food and Drink Federation; previously served in a range of government departments, including Cabinet Office, Department of Culture, Media and Sport and HM Customs.

Bill Livingstone (Convener Communications Sub-Committee)

Editorial Director, Forth Weekly Press; Membership Secretary and past-Chairman, Society of Editors (Scotland).

Bhupendra Mistry

Specialist adviser on social and economic policy development, race, diversity, local and international community development. Board member of Harvest Housing Group; the Home Office Advisory Board - Futurebuilders, and BBC World Service Trust.

Tony Pender CBE (Convener of the Rural Community Development Sub-Committee to November 2006)

Property Consultant. Chair, North Music Trust; Honorary Governor, RSC; Board Member, Culture North East. Formerly Chief Executive, English Estates, Chairman, Economic Research Services Ltd and Chair, Voluntary Arts Network.

Douglas Scott

Chief Executive, Scottish Federation of Meat Traders Associations; past-President, Rotary Club of West Fife; Convener Carnegie UK Hero Fund Trust.

David Smith OBE (Convener FS&P Sub-Committee)

Formerly Chief Executive, Dunfermline Building Society; formerly Convener of Court and Chairman, Finance Committee, University of Edinburgh; formerly Vice-Chairman, Scottish Opera; Board Member, Carnegie Trust for the Universities of Scotland.

Jane Steele (Convener Democracy and Civil Society Sub-Committee)

Head of Research and Evidence, General Teaching Council for England; formerly Head of Public Interest Research, Office for Public Management.

Robin Watson (Vice Convener of the Young People Sub-Committee)

Director of Watson Burnett Architects. Former Vice Chairman Lauder College of Further Education. Chairman, Specialist Conservation advisory panel, The National Trust for Scotland.

Roy Woodrow

Chairman of family Scottish soft drink company; former founder member West Fife Rotary Club; Past Chairman, Dunfermline Athletic Football Club.

Carol Madison Graham (as from July 2007)

Recent Executive Director, US UK Fulbright Commission. Former US diplomat with particular expertise the Middle East. UK experience includes involvement with higher education, sustainability, human rights and the law.

ANNEX 2

TRUSTEES, COMMITTEES,
STAFF AND CONSULTANTS

COMMITTEES

Rural Programme Sub-Committee

Tony Pender (Convener to November 2006)
Angus Hogg (Vice Convener)
Melanie Leech (Convener from November 2006)
Douglas Scott
Charlie McConnell
Dame Diana Brittan (Co-optee)
Margaret Clark (Co-optee)
Melanie Reid (Co-optee)

Young People Programme Sub-Committee

Jeremy Holmes (Convener)
Robin Watson (Vice Convener)
James Doorley
Roy Woodrow
Charlie McConnell
Rajeeb Dey (Co-optee)
Roz Mascarenhas (Co-optee)
Gary Rowland (Co-optee)

Democracy and Civil Society Sub-Committee

Urmilla Banerjee (Convener and Member until November 2006)
Jane Steele (Convener from November 2006)
James Doorley (Vice Convener)
Bhupendra Mistry (from March 2007)
Charlie McConnell
Tony Pender
Tom Burke (Co-optee from March 2007)
Other Co-optees (to be appointed)

Finance, Staff and Property Sub-Committee

David Smith (Convener)
Urmilla Banerjee
David Fraser
David Stobie
William Thomson (until June 2006)
Robin Watson
Roy Woodrow (from June 2006)
Charlie McConnell

Audit and Risk Sub-Committee

David Stobie (Convener)
David Smith
Roy Woodrow

Staffing and Trustee Development Sub-Committee

David Fraser (Convener)
Elizabeth East
Charlie McConnell
Diana Leat
Janine Linning

Communications Sub-Committee

Bill Livingstone (Convener)
Angus Hogg
Raji Hunjan
Melanie Leech
Charlie McConnell
Kirsty Robb
Carol Madison Graham (from July 2007)

Nominations Sub-Committee

Urmilla Banerjee (Convener)
David Fraser
Angus Hogg
David Stobie
William Thomson (until June 2006)
Charlie McConnell

Carnegie Commission for Rural Community Development

Dame Diana Brittan, Chair, Former Chair, Community Fund
William Thomson, Carnegie UK Trust ex officio
Phil Barton, Director, RENEW – North West Centre for Regeneration Excellence
Graham Benfield, Chief Executive, Wales Council for Voluntary Action
Seamus Boland, Irish Rural Link
Sylvia Brown, Chief Executive, ACRE
Margaret Clark, Director, Commission for Rural Communities
Professor Gary Craig, President, International Association for Community Development, University of Hull
Niall Fitzduff, Former Director, Rural Community Network (NI)
Sir Ben N Gill, Former President, National Farmers' Union
Lord Christopher Haskins, Former Chairman, Northern Foods
Chris Higgins, Senior Policy & Projects Officer, Highlands and Islands Enterprise
Avila Kilmurray, Director, The Community Foundation for Northern Ireland
The Rt Reverend Michael Langrish, Bishop of Exeter
Dr Jill Hopkinson, National Rural Officer for the Church of England - deputised for Bishop Langrish

ANNEX 2

TRUSTEES, COMMITTEES, STAFF AND CONSULTANTS

Charlie McConnell, Chief Executive, Carnegie UK Trust
Bhupendra Mistry, Carnegie UK Trust
Professor Malcolm Moseley, Countryside and Community Research Unit, University of Gloucester
Tony Pender, Rural Programme Sub-Committee, Carnegie UK Trust
Jonathon Porritt, Forum for the Future
Vanessa Potter, Director of Policy and External Relations, Big Lottery Fund
Melanie Reid, Journalist, The Herald
Alison Seabrooke, Co-Chief Executive, Community Development Foundation
Dr Terry Stevens, Consultant, Stevens & Associates
Maura Walsh, Manager, IRD Duhallow Ltd
Sandy Watson, Former Chief Executive, Angus Council

Carnegie Democracy and Civil Society Commission

Geoff Mulgan, Chair, Director, Young Foundation
Rt Hon George Reid MSP, Presiding Officer, Scottish Parliament
Fareena Alam, Editor, Q News
Richard Atkinson OBE, Archdeacon of Leicester
Millie Banerjee, Member of the Board of Ofcom (ex-officio)
Kay Carberry, Assistant General Secretary, Trade Union Congress
Rajeeb Dey, Founder and Chairman, English Secondary Students' Association
James Doorley, Assistant Director, National Youth Council of Ireland
Daniel Finkelstein, Comment Editor of The Times
Philomena de Lima, Development Officer and Researcher, University of Highlands and Islands
Seamus McAleavey, Chief Executive, NICVA
Charlie McConnell, Chief Executive, Carnegie UK Trust
Joyce McMillan, Chief Theatre Critic, The Scotsman
Ray Murphy, Senior Adviser, C S Mott Foundation
Anna Nicholl, Policy and Campaigns Coordinator, All Wales Refugee Council
Maeve Sherlock, former Chief Executive, Refugee Council
Neil Sherlock, Partner, Public and Regulatory Affairs, KPMG
Jane Steele, Head of Research and Evidence, General Teaching Council for England
Ed Vaizey MP, Wantage and Didcot

International Advisory Group Members

Halima Begum, Education Adviser, Department of International Development
Thomas Carothers, Vice President for Studies – International Politics and Governance, Carnegie Endowment for International Peace
Michael Edwards, Director of the Governance and Civil Society Program, Ford Foundation
Shannon Lawder, Regional Director of the C S Mott Foundation's Civil Society Programme for Central/Eastern Europe and Russia
Kumi Naidoo, Secretary General and CEO, CIVICUS: World Alliance for Citizen Participation
Gerry Salole, Chief Executive, European Foundation Centre (EFC)

TRUSTEES, COMMITTEES, STAFF AND CONSULTANTS

STAFF

Dunfermline Office

Charlie McConnell Chief Executive
Elizabeth East Corporate Services Director
Kate Braithwaite MBE Director Rural Community Development Programme
Janine Linning Finance Officer
Steven Thompson Finance Officer
Angela Manson Administrator
Kirsty Robb Rural Programme Co-ordinator
Lucy Smith (part-time) P A to the Chief Executive
Donna Sullivan Administrator
Carol Kane (part-time) Cleaner
Marion Spacey (part-time) Cleaner

London Office

Robert Bell Director, Carnegie Young People Initiative
Tom Burke Policy and Development Officer CYPI (from June 2006)
Raji Hunjan Director, Democracy Programme and Communications
Abi Carter Co-ordinator Participation Workers' Network for England
Terry Clark Research and Project Office (to June 2006)
Dr Diana Leat Research Development Director, Creative Philanthropy (from 1 September 2006)
Morven Masterton Programme Co-ordinator, Democracy and Civil Society Programme
Sarah Schulman Intern
Lenka Setkova Director, Democracy and Civil Society Programme (from 11 July 2006)
Erin Van der Maas Research Analyst, Democracy and Civil Society Programme (from January 2007)

CONSULTANTS

Alan Barr, Scottish Community Development Centre
Tony Bovaird, Governance International
Trevor Cherrett, The Commission for Rural Communities
Professor Ian Cunningham, Strategic Development International
Professor Lynn Davies and Team, University of Birmingham, Centre for International Education and Research
Dr Siobhan Daly, London School of Economics
Philomena De Lima, UHI Policy Web
Rhys Evans, Integrate Consultancy
Anne Gimson, Strategic Development International
Paul Henderson, Community Development Consultant, visiting professor De Montfort University
Barbara Heinzen, Freelance Consultant
Henley Centre HeadlightVision
Bob Horn, International Futures Forum
Anthony Hodgson, International Futures Forum
Professor Jude Howell, Centre for Civil Society, London School of Economics
Graham Leicester, International Futures Forum
Maralin Lewis, Freelance Consultant
Jo Mathieson, Freelance Consultant
Tara O'Leary, International Association for Community Development
Bob Paterson, Community Finance Solutions
Matthew Pike, The Commission for Unclaimed Assets
Greg Power, Global Partners
Frank Rennie, UHI Millennium Institute
Jonathan Scales, Research Complete
Sarah Skerratt, Scottish Agricultural College
Carol Somper, ADAS
Sally Stenton, Freelance Consultant
Hardin Tibbs, Synthesys Strategic Consulting Ltd
Sarah del Tufo, The Evaluation Trust
Nick Wilding, Falkland Centre for Stewardship

ANNEX 3

BALANCE SHEET

AS AT 31 DECEMBER 2006	2006		2005	
	£	£	£	£
FIXED ASSETS				
Heritable property at cost		206,231		4,750
Investments at market value		42,667,865		36,769,839
		<u>42,874,096</u>		<u>36,774,589</u>
CURRENT ASSETS				
Other debtors and prepayments	315,695		62,461	
Short term deposits	1,057,346		1,907,000	
At bank and in hand	42,504		47,140	
	<u>1,415,545</u>		<u>2,016,601</u>	
Creditors: amounts due within one year	(141,484)		(422,458)	
Net current assets		<u>1,274,061</u>		<u>1,594,143</u>
Net assets excluding pension asset		44,148,157		38,368,732
Net pension asset		-		43,000
Net assets including pension asset		<u>44,148,157</u>		<u>38,411,732</u>
FUNDS				
Endowment fund		41,707,729		35,704,564
Restricted funds		413,965		419,608
Unrestricted funds:				
Designated funds		750,844		1,324,719
Other charitable funds		1,275,619		919,841
Pension reserve		-		43,000
		<u>44,148,157</u>		<u>38,411,732</u>

ANNEX 3

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

YEAR TO 31 DECEMBER 2006

	Unrestricted Funds	Restricted Funds	Endowment Fund	2006 Total	2005 Total
	£	£	£	£	£
INCOMING RESOURCES					
Investment income and interest	1,735,333	12,675	-	1,748,008	1,815,722
Activities in furtherance of the Trust's objects:					
Grants and donations	300	333,272	-	333,572	422,417
Activities for generating funds:					
Rental and other income	17,312	22,224	-	39,536	32,870
Total incoming resources	<u>1,752,945</u>	<u>368,171</u>	<u>-</u>	<u>2,121,116</u>	<u>2,271,009</u>
RESOURCES EXPENDED					
Costs of generating funds	15,254	12,552	-	27,806	29,610
Charitable activities:					
Rural	40,182	859,056	-	899,238	580,721
Creativity	9,600	-	-	9,600	23,300
Young People	117,000	337,652	-	454,652	562,803
Democracy and Civil Society	160,083	-	-	160,083	16,716
Creative Philanthropy	54,524	-	-	54,524	47,664
Charitable Initiatives	28,500	-	-	28,500	-
Carnegie Medal 2005	-	3,061	-	3,061	194,087
General	-	-	-	-	14,770
Special Pension Contribution	455,235	-	-	455,235	-
Other Charitable Activities	179,557	-	-	179,557	84,604
Governance costs	111,650	3,950	-	115,600	127,884
Total Resources Expended	<u>1,171,585</u>	<u>1,216,271</u>	<u>-</u>	<u>2,387,856</u>	<u>1,682,159</u>
Net (Outgoing)/Incoming Resources before Transfers					
	581,360	(848,100)	-	(266,740)	588,850
Transfer between funds	(842,457)	842,457	-	-	-
	<u>(261,097)</u>	<u>(5,643)</u>	<u>-</u>	<u>(266,740)</u>	<u>588,850</u>
Gains on Investments					
Realised	-	-	47,339	47,339	365,174
Unrealised	-	-	5,955,826	5,955,826	3,878,044
Pension Scheme Actuarial Losses					
	-	-	-	-	(21,000)
Net Movement in Funds					
	(261,097)	(5,643)	6,003,165	5,736,425	4,811,068
Fund balances at 31.12.05	2,287,560	419,608	35,704,564	38,411,732	33,600,664
Fund balances at 31.12.06	<u>2,026,463</u>	<u>413,965</u>	<u>41,707,729</u>	<u>44,148,157</u>	<u>38,411,732</u>

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

All activities relate to continuing activities.

ANNEX 3

INCOME AND EXPENDITURE ACCOUNT

Trustees' Statement on Summarised Accounts

The summarised accounts set out on pages 23 to 25 have been extracted from the full accounts of the Trust which were approved on 10 May 2007 and do not constitute the Trust's statutory accounts. The full accounts have been audited and the auditors' 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 accounts, the auditors' report on these accounts and the report of the Trustees should be consulted. Copies of the full financial statements can be obtained from the Trust Office.

Approved by the Trustees and signed on their behalf by:

Urmila Banerjee
Chair of Trustees

David J Stobie
Vice Chair of Trustees, Convener of Audit and Risk Sub-Committee

10 May 2007

Independent Auditors' Statement to the Trustees of the Carnegie United Kingdom Trust

We have examined the summarised accounts of the Carnegie United Kingdom Trust.

Respective Responsibilities of Trustees and Auditors

The Trustees are responsible for preparing the summarised accounts in accordance with the recommendations of the charities' SORP.

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

Basis of Opinion

We conducted our work in accordance with Bulletin 1999/6 "The auditors' statement on the summary financial statement" issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the summarised accounts are consistent with the full accounts and the Report of the Trustees of the Carnegie United Kingdom Trust for the year ended 31 December 2006.

Chiene + Tait

Chartered Accountants & Registered Auditors

Edinburgh ?? May 2007

