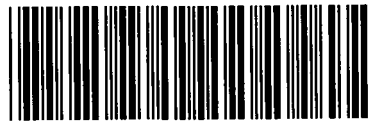


Paul Hamlyn Foundation
Trustee Report and Financial Statements
2013/14

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Paul Hamlyn Foundation

Paul Hamlyn was an entrepreneur, publisher and philanthropist, committed to providing new opportunities and experiences for people regardless of their background. From the outset, his overriding concern was to open up the arts and education to everyone, but particularly to young people. In 1987, he established the Paul Hamlyn Foundation for general charitable purposes.

Since then, we have continuously supported charitable activity in the areas of the arts, education and learning and social justice in the UK, enabling individuals, especially children and young people, to experience a better quality of life. We also support local charities in India that help the poorest communities in that country gain access to basic services.

Paul Hamlyn died in August 2001, but the magnificent bequest of most of his estate to the Foundation enabled us to build on our past approaches.

Mission

To maximise opportunities for individuals and communities to realise their potential and to experience and enjoy a better quality of life, now and in the future. In particular, we are concerned with children and young people and with disadvantaged people.

The objects of the Foundation are to further such charitable purposes and to benefit such charitable institutions as the Trustees see fit.

Values

In line with our founder Paul Hamlyn's values, we believe in giving opportunities by realising people's potential and in fighting prejudice.

We are interested in finding better ways to do things and help organisations to sustain and develop their work. We pay particular attention to long-term issues. We are not afraid to address issues which others may find challenging or unpopular. Whilst being willing to work in partnership with government, we are also prepared to challenge its (and other people's) established thinking. We believe independent foundations have an important role to play in society.

Strategic aims

Our strategic aims were originally set for the six years 2006-2012 but have been rolled forward whilst we undertake a strategic review. They are:

1. Enabling people to experience and enjoy the arts.
 2. Developing people's education and learning.
 3. Integrating marginalised young people who are at times of transition.
- In addition, we have three related aims:

4. Advancing through research the understanding of the relationships between the arts, education and learning and social change.
5. Developing the capacity of organisations and people who facilitate our strategic aims.
6. Developing the Foundation itself to be an exemplar foundation, existing in perpetuity.

We plan to announce our new strategy in autumn 2014.

Programmes

We seek to achieve our first five aims by establishing three partly overlapping programmes for our work in the UK: arts; education and learning; and social justice. Themes and priorities within each programme may change over time. Each of the three programmes has an open grant scheme and special initiatives, the latter targeted at issues we particularly want to address to achieve long term improvements in society. We have a separate programme for our work in India.

We expect the programmes and the work we support to have an impact at the levels of individuals, organisations, communities and policy.

Grant-making information

Full information on the objectives of each programme, their themes and priorities, eligibility and assessment criteria, application and grant making processes is available on the Foundation's website. Eligible applicants are asked to submit online an outline application to the Foundation.

For further information, please see www.phf.org.uk

Chair's statement

This year we have been laying the groundwork for the next phase of the Foundation's life.

Coinciding with the arrival of our new Director Martin Brookes in the summer, the staff at the Foundation and the Trustees, together with many friends and colleagues involved in our main areas of activity, have been reflecting on our work over the past decade and considering possible priorities over the coming years.

Our desire to listen and learn has involved opening the Foundation up to suggestions, prompts and provocations from many different quarters. Not surprisingly, we've received many more ideas about what PHF might do, and issues we should consider investing our time and resources in, than we will be able to take forward. I was struck by how strongly one theme in particular resonated across many of the contributions - the paramount importance of the independence of the Foundation.

This independence enables our team, advisors and trustees to work with and support individuals and organisations who, driven by their desire to open up opportunities of different kinds for people in the fields of the arts, education and social justice, are involved in different ways of working in sometimes difficult or challenging areas. It brings particular responsibilities that, as we make choices about our future direction of travel, we will continue to keep uppermost in mind.

In parallel with our strategic review, we have of course continued our grant-making programmes and initiatives. At the beginning of the year, we made two final 25th anniversary gifts which reflected my father Paul Hamlyn's interests: to The Reading Agency to support their inspiring work to improve literacy, and to five performing arts venues across the UK to develop Paul Hamlyn Clubs to broaden their audiences over the next five years.

Our programme in India has completed its first full year of operation under its new strategy. This focuses on making a tangible difference to vulnerable groups, such as the many thousands of 'railway children' who run away from home and gravitate towards railways stations where they are often particularly vulnerable to many forms of exploitation

The other theme I picked up from our consultation process was the widespread recognition of the integrity of the Foundation. This quality is shared amongst our hugely committed staff, advisors and trustees, and equally importantly, amongst all the individuals and organisations we support, many of whom are working on challenging programmes with extraordinary determination.

I am particularly grateful to our staff during this particularly busy year. Two long-standing members of staff deserve special mention. Faye Williams and Susan Blishen left the Foundation this year after respectively 22 and 15 years and I am very grateful for their sustained commitment over these years.

This yearbook marks the last full year of our work under the strategic framework agreed in 2006. It aims to show some of what has been achieved and learned as we prepare for the next chapter in the life of the Foundation

Jane Hamlyn



Director's report

Continuity and change

This yearbook marks my first anniversary as Director of the Foundation. It has been an eventful year, notable both for the continued work of our range of grants programmes and Special Initiatives, and the steps taken towards developing a new strategy for the Foundation. This juxtaposition of 'business as usual' with reflection on the past and contemplation of a different future creates challenges for any organisation. Added to these challenges, this organisation has had to support a new director learning about the way it works and the range of work it funds.

That learning process has been fascinating as I have taken part in a range of events and met a number of impressive and inspiring people and organisations funded by the Foundation. One of my first duties was to speak at 11 Downing Street after the announcement of our final 25th anniversary grant to the Reading Agency, in July 2013. The response to this £1 million gift showed me the privilege of being a grant-maker, and conversations with the charity also highlighted how vital it is for funders to back such great organisations and provide them with the right support to be as effective as possible.

In the following months I was able to learn more about our grant-making programmes here in the UK and in India. Like all grant-makers, we have to reject many more applications than we are able to fund. The choices we make are sometimes painful, but I have been impressed by the efforts staff, advisors and trustees go to in order to make the right choices.

Through our Special Initiatives the Foundation gets closely involved in the delivery of work. I have learned more about each of these and seen how we use our influence on organisations and the funding landscape for good. Several Special Initiatives have reached important points during the past year. Within our Social Justice programme, the Right Here initiative on young people's mental health, delivered in partnership with the Mental Health Foundation, concluded its work with four local projects around the UK. We are waiting for the final evaluation later this year but there is already a strong sense that the initiative has had an impact and leaves a lasting legacy for the local participants and for wider practices.

Within our Arts Programme, we agreed a second allocation of support for the Breakthrough Fund, an initiative which provides support to individual 'cultural entrepreneurs' at key moments in their careers. The fund is distinctive for its selection processes and the flexible funding it provides. Of course, the Foundation has a long history of supporting individuals within the arts. This coming year will see the 20th anniversary of our Awards for Artists, through which we have recognised individual artists and provided a level of no-strings funding which is rare and valued.

Elsewhere, we continue to support schools and universities through initiatives within our Education and Learning Programme. Several of these initiatives are long-standing, most notably Musical Futures. I spoke to teachers at the annual Musical Futures conference and had a good discussion about the initiative and how we can most effectively support its work in future.

In our India programme, this was the first year of our new strategy with a focus on 'lost childhoods' and the lives of so-called railway children. I was lucky enough to be in Bhopal in February to see the first steps towards bringing together organisations to share experiences, learn from each other and consider how this difficult problem might be tackled more effectively.

Its new strategy makes our India programme different from our work in the UK. During this year we have begun the tough thinking about developing a new strategy for our other programmes. This has included open conversations with staff, trustees and advisors.

We wanted to get as many people as possible involved with a new strategy, on the basis that the choices we make can only be as good as the ideas we have to choose from. To this end, we invited people to complete the statement "PHF should..." We published a number of the contributions on a blog during the year. Many good and provocative ideas surfaced through this device and I am sure elements of a new strategy will be traceable to these contributions. The mechanism served a further purpose of signalling openness. The Foundation I joined already had a reputation for being open, but we want to build on and extend that. How we think, how we learn, how we assess – if we become increasingly open on these fronts, this will help people to apply to us for funding and, also, provide greater opportunities to influence our behaviour.

Before I joined the Foundation it was already a leader in the UK in terms of seeking input and comment on its grant-making. PHF was one of the first UK foundations to commission the US-based Center for Effective Philanthropy to undertake a Grantee Perception Report. I inherited the fresh results of the second of these surveys and, also, the results of an Application Perception Report. These marked us as the first UK foundation to undertake the GPR twice and the first to undertake an APR.

The results of these surveys are helpful inputs into a new strategy. A key feature of the GPR results was a call from grantees for us to do more to bring them together to share lessons and insights. This type of activity will feature strongly as an element of a new strategy. The APR highlighted the need to do more to explain why applications are rejected, and we have already taken steps to improve the feedback we provide to unsuccessful applicants.

As well as change, it is important to stress the elements of continuity in a future strategy. The Foundation has deep roots in the areas it funds and in the values of our founder, Paul Hamlyn. Once we have agreed the details of a new strategy, we will endeavour to explain the changes clearly to all stakeholders and to introduce them thoughtfully, so as to minimise any disruption or burden on organisations applying for funding.

Maintaining an ambitious programme of grant-making and Special Initiatives alongside thinking about and planning for a new strategy is a tall order. Credit for managing this lies with the staff, supported by our trustees. I would also like to record thanks to the numerous advisors and consultants to the Foundation. Their input is enormously valuable as they help steer our discussions and decisions. During the past year there were some changes to the advisors on our Education and Learning Programme Committee, with Vanessa Wiseman stepping down and both Anita Kerwin-Nye and Alasdair McDonald joining.

Arts

Overview

Most local authorities have continued to cut cultural provision as part of their broader reductions of key services this year. Not many arts organisations have closed down yet, but we fear this is likely to change over the year ahead.

National public arts funding is also in flux. Creative Scotland launched its new ten-year plan for the arts, screen and creative industries – *Unlocking Potential Embracing Ambition*. Arts Council Wales continued its *Inspire* consultation to map out the themes that are important to creativity and the arts in Wales.

Arts Council England's (ACE) announcement of the total amount it will invest in arts and culture over 2015–18 coincided with a call for applications for national portfolio status. The number of regularly funded organisations will be smaller to reflect a reduced core funding allocation and the need to make space for newcomers in the portfolio.

We saw a drop in applications to our Arts Open Grants scheme during this period as many organisations justifiably focused on trying to secure core support from ACE. It is likely that after the national portfolio decisions are announced, many organisations will have to depend on lottery project funding (such as Grants for the arts), which is a less stable source of funding, and is mostly project-based. We are concerned about the potential repercussions for the sector from these changes during 2014.

Key themes

A further threat to the arts and culture in England has been in the education sector. The Government announced that the accountability measure for the English Baccalaureate would exclude arts and culture as key performance indicators. The new National Curriculum for England, which will come into force in September 2014, also marginalised arts and culture. Despite attempts at reassurance from the Education Secretary, Michael Gove, and the then Culture Secretary, Maria Miller, one immediate impact appears to have been a 14 per cent drop in arts GCSEs taken in the summer of 2013 (source: Cultural Learning Alliance).

The Cultural Learning Alliance, which we have supported since its inception, spearheaded a campaign on many of these fronts to counteract the effects that the current trends could have on children and young people. Eight education consultations in 12 months resulted in some victories, such as Drama remaining within the English curriculum. Also, arts subjects have been included in the first round of reformed GCSEs to be taught in schools from September 2016, alongside the sciences, geography, history and languages. But there were also some disappointments, such as film and the concept of 'contemporary' not being included in arts subjects.

To ensure that we have a society where arts and culture are valued and where artists can thrive, we feel passionately that we must protect the entitlement of all children and young people to access culture.

Mrs Miller acknowledged publicly at the beginning of 2014 the importance of promoting the arts alongside sciences, technology and engineering – reflecting the values of the ‘from STEM to STEAM’ movement. We will work alongside others to promote this agenda as it feels particularly important to us at this stage. We welcomed Mr Gove’s April statement about his determination to ensure that every child enjoys access to the best in our culture and that all schools nurture creative talent, but we look forward to finding out how this commitment will be made tangible.

Highlights of the year

What next?

In addition to our support of the Cultural Learning Alliance, we are one of a small group of funders to underpin What Next?, a movement now comprising over 20 ‘chapters’ throughout the UK. This self-organised group of senior arts and culture professionals aims to engage everyone in Britain in a conversation about the value of arts and culture. The group’s ambition is to shape a future where arts and culture are at the heart of society and it is trying to find new ways to talk about, influence, shape and change our country’s cultural landscape. Apart from the obvious fit with the Foundation’s ethos and values, we are interested in whether What Next? can be a catalyst for fresh thinking and new policy ideas.

Defining values

The *Defining Values* seminar series was initiated in 2011 under the aegis of National Arts Strategies (US) in response to the desire among UK arts leaders for fresh thinking about fundraising and income generation. This was in the context of politicians’ pleas for organisations to ‘get more American’ in their approach to fundraising. The premise is that leading arts organisations of differing scale are already tapping into the most obvious routes to support and it is through the creation of new value, rather than new fundraising techniques, that strategic breakthrough is possible. This year, we joined the Esmée Fairbairn Foundation and NESTA’s Digital R&D Fund to support three sessions in Newcastle and one follow-up session in London.

It was interesting to put the values and methodologies of participatory arts practice in the spotlight as an asset in the context of fundraising. Learning and participation activities are rarely seen as a prism through which to examine how external relationships are managed, including those with funders and supporters. The feedback from the Newcastle sessions seems to indicate that this is a valuable model that could be developed further.

Advocacy

Our own arts participation initiative, ArtWorks, which looks at ways to improve the professional development of artists working in a participative setting, is moving into an advocacy phase. Following a year of consolidating the evidence and experience gained to date, we have started to implement our advocacy and dissemination strategy to broaden the reach of this important action-research initiative. Our focus has also shifted towards the best ways of embedding the work and making it viable after the end of the grants made under the scheme, in the autumn of 2014.

Following an interim review of our Breakthrough Fund initiative, £3m was allocated for two more rounds of applications. The Fund reflects our commitment to a vibrant cultural ecology through our

desire to support people who have what it takes to make great things happen in the arts. It also explores an interesting territory between support for the individual, the vision and the organisation that delivers this. The funding relationship acknowledges the defining impetus and interplay of each of these elements, but focuses on the individual at the heart of the picture: the individual and the vision they propose provide the central rationale for the grant. This remains unusual among other private arts funders.

Looking forward

Putting into place and beginning work under the new foundation strategy will form the core of our work in the coming year. The arts remain of crucial importance to the Foundation as an end in themselves and as a means to provide support to individuals and communities.

We have given serious thought during our strategic review to the question of how to have the greatest impact we can in this area. Alongside the work of the new strategy, we will continue with our ongoing initiatives, and the three new schemes we announced last year as part of our programme of 25th anniversary gifts. 'Circuit', the Paul Hamlyn Clubs, and the Reading Agency's 'Reading Activists' programme have all started work this year. Each is making good early progress towards achieving its goals.

Education and Learning

Overview

The work of our Education and Learning Programme over the last seven years has focused on supporting the development and diffusion of innovative ideas to improve education and increase people's learning. Our Open Grants scheme and Special Initiatives have sought to address specific challenges, to generate knowledge and to trial ways of working that can influence practice beyond the grantee organisations and school or university partners that we have directly supported.

Key themes

We have held a number of well received workshops bringing grantees and other organisations together. Themes included the principles and implications of different economic evaluation approaches, how to build an online community to support practice-sharing beyond geographical boundaries, project-based learning, and innovative approaches to language learning for supplementary schools.

A two-year thematic evaluation by the Office of Public Management (OPM) of the therapeutic approaches used by three of our grantees to tackle truancy and exclusion concluded during 2013/14. The grantees – School and Family Works/SWIFT, Mounts Bay Academy and Teignmouth Community College – all reported value in learning from each other's practice through the process. Two of them felt that as a consequence they had made a step-change in their capacity to evaluate their work effectively and to use this information in their decision-making. School and Family Works went on to win Project Oracle's 2013 Evidence competition.

The active facilitation of collaborative learning has always been a core element of our Special Initiatives. We have regularly brought teachers and others together to reflect on their practice and seek a shared understanding of what works in improving outcomes for young people and in sustaining change.

Through the advisory role of our wider team of consultants we have also provided our partners with more tailored support and challenge, while allowing their work to evolve and respond to local circumstances.

Highlights of the year

Special Initiative impact

From the start of our initiatives we have been conscious of the need to focus on our longer-term goals of wider influence. Schools and universities have recognised that they are working on behalf of the wider system, and we have highlighted the importance of capturing impact data and knowledge that will help transfer approaches to other settings. We have openly shared our thinking and findings with wider audiences as the initiatives have progressed, seeking to build wider communities of interest that can draw people in to apply our findings and practice development in their own contexts.

In 2013/14, we entered the fifth year of working closely with our Learning Away 'Community of Practice', made up of 60 schools working in 13 clusters across the country. Our support has given busy teachers the means to engage actively in learning, evaluation and knowledge management processes. This year, many have been involved in drafting resources, guidance materials and case studies to share their experience with others.

Our Musical Futures initiative now includes an active community of thousands of music educators, teachers, academics and young people in the UK and beyond. The team placed particular emphasis this year on encouraging teachers to 'take.use.innovate.share', a mantra that reflects our emphasis on Musical Futures as a movement for teachers, driven by teachers.

Our initiatives have produced a range of materials this year, including our first Learning Away publication, promoting high-quality residential education; a second edition of our What Works? Compendium of Effective Practice for developing student engagement in higher education; and updated audio and sheet music resources to support joint music-making between primary and secondary schools under our Musical Bridges programme. New websites have been developed for Learning Away, Musical Bridges and Language Futures. For Musical Futures, we launched our first app.

Language Futures

We have continued our support for Language Futures, a highly innovative, personalised approach to language learning, initially developed by Linton Village College in Cambridgeshire and since trialled in a number of schools. The approach typically engages students by enabling them to select a language to learn that is meaningful to them and equipping them with the skills and motivation to manage their own learning process. Students tap into online and in-school resources to support their language learning and are supported by their peers, and often by community mentors, under the guidance of their teachers. Project-based learning is a core element of the approach. Over 100 people attended events this year to learn more about Language Futures. We have launched a new website (www.languagefutures.org.uk) to provide guidance and resources for the growing number of schools interested in the approach. This year Byron Wood Primary School in Sheffield became the first primary school to offer Language Futures.

Music Education review

We commissioned an independent review of the state of schools-based music education, led by Katherine Zeserson from The Sage Gateshead. Her report 'Inspiring Music for All – next steps in innovation, improvement and integration', drew on in-depth interviews with leading figures in music education, a roundtable discussion with sector specialists, youth focus group sessions, an online survey of teachers and analysis of over 90 primary literature sources.

The review found that there is still too little music-making in many classroom music lessons and, as has been reported by Ofsted, the quality and reach of schools-based music education is still unacceptably inconsistent. However, we also found that the best music in schools is now significantly more inclusive, more musically diverse, and of higher quality than it was a decade ago. Where music is good, it is often very good, characterised by creativity, engagement and musicality.

Although the review highlighted real concern that the gap between the best and the worst music in schools is getting wider rather than narrower, it also presented cause for optimism, reporting a high level of consensus across the music education sector around the root causes – which must now be tackled collectively.

Looking forward

The Music Education review makes a number of recommendations as to how all stakeholders in the music education sector need to work together to improve the quality of provision and to disseminate best practice. Our Musical Futures team will be playing an active part and, we hope, a leadership role, in addressing the issues raised, including sharing with others its strategy for engaging teachers in peer learning and professional networks.

With OPM, we will be publishing three leaflets in summer 2014 to share learning from our thematic evaluation more widely.

We also hope that our new site, www.learningaway.org.uk will become the 'go to' resource for schools keen to develop and increase the impact of residential learning experiences for their pupils. A comprehensive set of guidance materials will be added to the site in Autumn 2014.

Social Justice

Overview

The Social Justice programme has funded organisations that support young people facing challenges at key transition points in their lives, such as leaving care or prison, becoming homeless, seeking employment or asylum.

We have funded organisations engaged in sectors as diverse as housing, health, refugees and migration, arts, education, youth work, disability, domestic violence and criminal justice. This breadth was a deliberate strategy, recognising that the challenges young people face rarely fit neatly into one policy frame or administrative structure.

Our grants have allowed organisations to experiment, test new approaches and garner evidence of effectiveness as the basis for improvement. They have supported bold leadership, creativity in services, and work on unpopular and contentious issues. Enabling young people's voices to be heard and improving understanding between communities have been underlying principles across our grant funding.

Key themes

There has rarely been a more critical time for a funder committed to social justice to maintain its independence of thought and action.

Austerity and the withdrawal of state support for many of society's most vulnerable people mean that trusts and foundations need to be clear about how they prioritise and target their resources, which, although considerable, are limited. This programme has sought to maintain a focus on those who are most disadvantaged and least able to access support.

At times, the true picture of emerging social issues is obscured by political controversy and inaccurate media depictions. In this climate we have sought ways to ensure that debates are balanced and based on accurate information. This year we made a grant to the Migration Observatory at the University of Oxford to enable it to continue to undertake impartial, independent, authoritative, evidence-based analysis of data on migration and migrants in the UK. The Observatory will inform media, public and policy debates, and generate high-quality research on international migration and public policy issues.

Immigration is the obvious example, though there are others, of where controversy risks clouding an issue. Foundations have a critical task in working out how best they can respond to it. Through our Supported Options Initiative, we have maintained a focus on supporting work that empowers young people who migrate and who are vulnerable – whether to help them avoid destitution, or to enable them to have a better understanding of their status and the options available to them.

Encouraging practical new approaches, grants were also made to Detention Action, to test community-based alternatives to immigration detention, and to Music in Detention – a long standing PHF grantee that brings professional musicians and local communities together with immigration detainees, to make music and enable often-ignored voices to be heard in new ways.

Highlights of the year

Convening and commissioning

We have also sought to share knowledge in the areas in which we fund. This year, we brought together groups of grantees in two sessions.

The first centred on youth leadership, an emerging interest of the programme. We brought together youth organisations and their young leaders at our offices. With young people driving discussion, PHF staff and trustees improved their understanding of the support young people identified that they needed to progress to leadership positions in civil society. This discussion, and the film generated as a result, was considered by trustees as part of the Foundation's strategy review.

The second event brought together grantees with an interest in increasing their impact through spreading and/or replicating the successful interventions they have made. External experts led an interactive session, which aimed to promote sharing and mutual support among leaders seeking to achieve this type of growth.

This year we also commissioned scoping research on youth transitions – specifically, to assess the extent to which young people's lives have been affected by the economic crisis and subsequent austerity. Led by the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA), the research is also considering whether and to what extent recent research on neuroscience offers new possibilities in rethinking and redesigning the way we support young people to reach adult independence.

Over the last few years, we have funded a number of young entrepreneurial activists, often involved in starting up new bodies. This experience led us to commission – with Barrow Cadbury Trust and Calouste Gulbenkian Foundation – a series of European case studies of foundations helping to initiate new organisations. 'The Inventive Foundation', written by Diana Leat, explores how an entrepreneurial or inventive foundation can be involved in the conception and development of something new that it also backs financially and supports in other ways.

This year we again supported social purpose start-ups – both conventional charities and social businesses. Trustees agreed core support for Kinship Care Northern Ireland, founded and led by Clore Social Leadership Fellow, Jacqueline Williamson. They also agreed support for CanDo Coffee, a social enterprise designed to enable disadvantaged and socially excluded young people to become self-employed, independent street traders.

Relationship funding

Staff in the Social Justice programme have developed particularly strong relationships with many organisations – especially those in the early phase of development, and those making the transition to sustainability and growth. This has been rewarding, though demanding. We have had to understand, in depth, a wide range of fields in which youth support is offered, and improve our knowledge of organisational development.

Breaking down silos

Organisations working with young people increasingly have to do so in a way that involves risk-taking and work across the silos created by policy and by prescriptive funding sources. We have sought to help with these tasks.

Almost all social purpose organisations that work with young people recognise that the most marginalised and vulnerable, if they are to reach their potential, need help to address multiple and linked challenges, such as homelessness, drug use, mental health concerns, unemployment and lack of access to advice and support. However, it is very rare that funding allows the necessary 'holistic' work, as formal funding streams tend to be based on discrete issues.

Funding under PHF's Social Justice programme has enabled innovative and unconventional approaches that cut across traditional ways of operating. This was a bold choice by trustees, and has been challenging to deliver, since it inevitably means we receive applications from all sorts of sectors to carry out youth work on a range of themes. But it has uncovered some extraordinary new approaches and leaders.

Looking forward

The need for funders to provide more effective support for organisations at times of growth and transition has become increasingly apparent to us and is something we hope to address more fully in future.

The provision of support from NCVO, via the Foundation's 'Fitter for Purpose' pilot, which ended in 2013, built on strong relationships with grantees by bringing in independent experts to offer bespoke help around growth, fundraising, governance and other strategic issues. In future, we may look to take forward aspects of this approach.

India

Overview

This year heralded the initiation of the new India Programme Strategy. The new strategy provides us with some key new directions. One key element of the strategy was the need to focus more on drawing lessons from the work we have funded. It also rationalises the programme areas and stresses the need to work on enhancing the human and institutional capacities of the development sector.

Key themes

The strategy identifies four thematic areas to receive special attention and a proactive approach. However, we are continuing to offer support, predominantly through Open Grants, which has positioned PHF as a supportive funder in the country.

The strategy also provides greater breadth to the programme in India by proposing to fund work at the macro and meta level, including research and policy advocacy, which builds on the direct work done with vulnerable communities. It also provides space for working in collaboration with other organisations to achieve strategic goals.

The first of our new 'thematic' initiatives to be taken up was the work focusing on children who leave home and whose lives centre around the railways. Following a detailed study on the subject, we published a report, 'Lost Childhoods', outlining activities on the theme. During 2013/14 we funded four organisations in this field. We are continuing our proactive approach to identify and fund organisations that can contribute a special understanding of the lives and futures of children in contact with the railways.

Learning and sharing are important components of the work on the theme. To facilitate sharing between partners, a seminar was organised in association with Railway Children – a UK-based charity which has also been supporting work on the issue. Discussion at the seminar focused on the need for better documentation of the work that is being done and a stronger focus on creating evidence of the experiences that NGOs have had in working with children in contact with the railways. Participants agreed that this was a crucial gap, which was particularly felt when dealing with government and advocating for policies that recognise the situation of these children.

Another key area of concern was the need for reassessing the effectiveness and efficacy of the processes for returning children to their homes. Of the new grants we made this year, two particularly look at this aspect. We expect that over the period of the grants some more proactive and creative approaches to home restoration will be developed. Following groundbreaking work done by PHF partner, the National Institute of Women, Child and Youth Development (NIWCYD), the issue of young runaway girls in contact with the railways was discussed. This issue has been overlooked in many cases and NIWCYD's experiences and approaches of working with girls threw new light on the issue. Drug abuse by children on railway platforms was also expressed as an area of concern. The Foundation's role in facilitating dialogue and discussion on the issue was welcomed by partners.

The seminar was also a first step towards the evolution of a coalition that can work in concert to help raise the issue of children in contact with the railways so that it is of national concern, thereby encouraging and, if necessary, influencing action by the relevant government departments.

Highlights of the year

Coordinated support

Another experience of coming together to address issues was seen in the Marathwada region of Maharashtra. Three PHF grantees located in the region have been working on issues such as labour migration, education and, most importantly, the abject disempowerment of women in the region. The organisations decided to pool their strengths in the form of a common front on the issue of women's empowerment and migration from the region. We encouraged such a move and our partners are hopeful that their experiences can make a significant impact on the social and economic factors at the root of poverty and deprivation in the area.

The three organisations represent the preferred bias of the PHF India programme to provide sustained support to small and remotely-located organisations addressing critical issues, thereby helping them to play important roles in representing the voices of the people.

Committee visit

The Programme Committee meeting in February 2014, held in Bhopal in the central Indian state of Madhya Pradesh, was an opportunity for committee members to experience some of the work being undertaken by partners. Committee members visited three organisations.

Sangini, in Bhopal, has been working with female domestic labour and is being assisted by our grant to collectivise domestic workers and help them to demand better working conditions and better wages. The members of Sangini shared their life stories through the performance of small skits as a precursor to an interesting and involved discussion with the members of the committee. The meeting was held in a public park in the city.

Members then travelled to Betul district to understand the work being done by Gramin Vikas Sanstha (GVS). It has been helping poor communities to access their right to employment and through the employment guarantee programme has helped them to revive their livelihoods by making strategic investments into their land and resources. They also visited Pradeepan, which has been working with forest communities to help them access their traditional rights to forests and resources – made possible through an Act of Parliament.

Both visits provided trustees and advisors with an opportunity to connect directly with partners. The village visits helped them to gain insights into the lives of people in rural communities, their livelihood conditions and concerns. The experience also helped them to understand how small but enthusiastic local organisations, led by committed and sincere individuals, are able to make a change and help communities to realise their potential and feel empowered.

Looking forward

The PHF India team saw a change of guard in the Eastern Region. Mr Shwetank Mishra, based in Patna, replaced Ms Veena Lakhmalani, who relocated out of the eastern region. Mr Shwetank Mishra brings to the team his experience of working with children on railway platforms in Mumbai and an understanding of issues related to children's rights and protection.

We expect to facilitate many more discussions on the issue of children living near railways as work on the theme evolves further.

Special Initiatives

Arts

Awards for Artists

Support for individual visual artists and composers

£452,858 in 2013/14

The Awards for Artists scheme supports individual artists to develop their creative ideas by providing funding with no strings attached over three years. The awards are made on the basis of need, talent and achievement. In 2013, awards of £50,000, paid in three annual instalments, were made to eight recipients:

Composers:

Emily Hall, Bryn Harrison and Chris Watson

Visual Artists:

Margaret Harrison, Stewart Home, Torsten Lauschmann, Cally Spooner and Ian White

Ian White sadly passed away in October 2013. In accordance with his wishes, we are using part of his Award to support a group of seven artists selected by Ian, and another part to contribute to an ongoing legacy of his work.

The 2013 Awards for Artists reception was held at the Foundation offices in November. Our guest speaker was Jonathan Reekie, who stepped down in 2013 after six consecutive years as Chair of the panel of judges for the Awards for Composers. Previously Chief Executive of Aldeburgh Music, he is now Director of Somerset House.

2014 will mark the 20th anniversary of the Awards scheme.

Breakthrough Fund

Funding for visionary cultural entrepreneurs

£1,860,397 in 2013/14

The Breakthrough Fund aims to identify outstanding individuals in the role of cultural entrepreneurs, working in a variety of art forms and contexts, who have compelling visions and are at a timely moment in their careers. Through committed, responsive and flexible support, the Fund aims to unlock significant developments and outcomes that would not otherwise happen. The grants also help to achieve transformational impacts for the individuals and their organisations.

In three rounds of funding between 2008 and 2010, 15 grants were made, totalling £3,879,765. Nine of these grants have now completed; most of the six remaining grants will complete in 2014/15. Our consultant, Kate Tyndall, is continuing to lead the evaluation of these 15 stories and will meet with all grantees two years after the end of our support. The outcomes from the original grants fall into three categories: truly transformational; strongly positive; and made progress, but without the quality of impact originally envisaged.

In response to the interim evaluation of the Fund, completed in 2012, a new selection cycle started during 2013/14. The selection process, once again, relied on confidential nominations followed by competitive selection. We received 49 nominations from 25 nominators, generating 46 applications. We asked applicants to make a short film as part of their application – a new approach, which provided a fresh way for them to articulate their visions. The selected grantees are:

David Agnew/So It Is

Jimmy Akingbola and Fraser Ayres/Triforce Productions

Emma Jordan/Prime Cut Productions

Lizzie O'Neil/Z-arts

Zeon Richards/Renowned Group

John Rostron/Sŵn

Magdalena Schamberger/Hearts and Minds

We made it clear that we were interested in hearing about exceptional individuals working right across the cultural economy, including the non-subsidised sector. Our seven grantees reflect this variety of approach. We look forward to beginning our relationships with them and supporting their Breakthrough endeavours.

ArtWorks: Developing practice in participatory settings

A workforce development programme for artists

£267,656 in 2013/14

The ArtWorks initiative supports five groups of organisations in Wales, Scotland and England to develop new approaches to the training and development of artists. Launched in 2010, it is aimed at those who work in participatory settings, at all stages of their careers and across a range of art forms.

During 2013/14, these 'pathfinder partnerships' consolidated their research to date, which is now documented in seven new Working Papers published this year. We will publish a further paper in 2014, drawing together our learning from the perspective of employers and commissioners of artists working in participatory settings.

A range of approaches have been piloted during the year, including an artists' code of practice, accredited and non-accredited undergraduate and post-graduate courses, a fellowship scheme, artists' labs, peer-to-peer networks, mentoring and placement schemes, shared quality factors, and a BA in arts leadership. The pilot schemes are developed with a view to making them transferable and scalable for the wider sector.

The *Changing the Conversation* conference at Lancaster University, organised with the Higher Education Academy and Creative & Cultural Skills, took place in April 2013. It brought Higher and Further Education providers, teacher-practitioners and researchers together with artists and arts

organisations to discuss the needs of artists who work in participatory settings, at different stages of their education and careers.

Following the conference, we invited bids from delegates to explore new ways of working, and test new models of collaboration and generate case studies of how 'the conversation' (about participatory arts) might be changed in practice. Seven projects were funded and these case studies are available on the ArtWorks website.

An Artists' Survey, launched to find out more about artists' perceptions of the participatory sector and the opportunities available to them, generated over 1,000 responses. The results will strengthen our understanding of artists' needs and help inform advocacy and dissemination work to improve participatory arts practices.

Our Museum: Communities and museums as active partners

Facilitating organisational change within museums and galleries

£406,035 in 2013/14

Our Museum works with nine museums and galleries around the UK to help them embed community participation at the heart of their organisations.

It has been a difficult year for some of our partners, struggling with significant financial pressures while going through organisational change to embed and sustain community participation. Despite this, there were some real breakthroughs, with innovative work towards broadening the range of community partners, giving them real authority in taking decisions within organisations and tackling head-on the barriers to deeper participation. Lessons learned in the first year of the 'Our Museum' programme, were taken on and solutions were found to overcome sticking points. The catalyst was often the first annual peer review, which brought together all the organisations and their community partners in Cardiff in April 2013.

Some of the innovative learning has been captured in a series of videos, available through the Our Museum website (www.ourmuseum.ning.com). These initial videos focus on pathfinding work, such as: developing strategic partnerships with communities; effective shared decision-making; involving governing bodies and persuading them to champion participatory work; and achieving staff buy-in to a participatory way of working across a large and complex organisation. We are also developing a stand-alone legacy website to showcase and promote all the learning from the programme.

We practised what we preach at the annual conference of the Museums Association in Liverpool in November 2013, where community partners from the Our Museum programme ran a session on how museums know their communities, resulting in an action list of what works and what doesn't. Another session at the conference, on co-production with communities, was also run by Our Museum participants and community partners.

Education and Learning

Musical Futures

A movement to reshape music education driven by teachers for teachers

£365,917 in 2013/14

Musical Futures aims to provide engaging, sustainable and relevant music-making activities for all young people, by promoting and developing innovative, high-quality music teaching and learning in schools across the UK. At its core is an approach that brings creative ways of thinking about music-making into schools, using a mix of aural learning, composition, improvisation and performance to engage and motivate young people, building from their own musical interests.

New surveys by the Institute of Education and York Consulting provide indications of the reach and impact of Musical Futures. Fifty three per cent of 253 secondary teachers replying to the Institute's survey reported that the music team in their school uses Musical Futures regularly, with 92 per cent of these agreeing that Musical Futures has made a significant and positive impact on the quality of music learning in their school. York Consulting found, between 2002 and 2013, a 70.2 per cent increase in pupil numbers studying music at Key Stage 4 in Musical Futures schools, compared with an 18.3 per cent increase in non-Musical Futures schools and 31.6 per cent for all schools overall.

Musical Futures is playing an increasingly important role in tackling the professional isolation of many music teachers and consistently enhances professional satisfaction and teaching confidence for its users. We held more than 60 professional development events during the 2013/14 academic year, attended by 650 teachers, and maintain active partnerships with 22 out of the 25 initial teacher education providers offering a music specialism.

Our online community has continued to grow, with teachers regularly discussing problems and best practice online, including through a weekly live chat on Twitter. Our new app launched this year and was downloaded by more than 1000 people in its first three months. The app provides a rich, interactive resource that offers a new perspective on using Musical Futures effectively in the classroom.

This year marked the tenth anniversary of Musical Futures. We estimate that at least 210,000 young people benefit from Musical Futures each year and that well over a million young people have participated over the last decade.

Learning Away

Initiative promoting residential learning in schools

£210,579 in 2013/14

This year we entered the final academic year of the action research phase of Learning Away. Sixty schools, including primary, secondary and special schools, have been working with us over five years to develop, test and evidence exemplary practice in residential learning. Thousands of pupils have benefited from a wide range of enriching experiences, all incorporating overnight stays. The schools have participated in a collaborative and ongoing learning process that has resulted in a depth of understanding about effective practice that we hope will now prove influential for schools more widely.

With our first pamphlet published, and growing evidence of impact, a priority this year has been to embark upon a purposeful dissemination and influencing strategy. Our Project Leader, Peter Carne, and Programme Advisor, Sir Tim Brighouse, have spoken at key events for school leaders, teachers and residential centre providers to raise awareness of our findings and recommendations

In launching a website this year, which we hope will become the 'go to' resource for schools keen to increase the impact of residential learning, we are promoting the concept of 'Brilliant Residentials'. These are residentials which are led by teachers, co-designed with pupils and fully integrated into the curriculum. The website is already populated with a wide range of case studies and information, which will be complemented in Autumn 2014 by a comprehensive set of guidance materials on a range of relevant themes.

Our Learning Away strategy includes an emphasis on building key partnerships with organisations that can help further our goals. A new link with Historic Royal Palaces came to fruition this year and resulted in 80 Year 10 students from the Canterbury Academy in Kent attending the very first residential visit at Hampton Court Palace.

With GEM, the Group for Education in Museums, we are working now to encourage other heritage venues to host overnight visits from school groups. Key networks of residential centres are also taking our recommendations on board and seeking to work more collaboratively with schools to design their programmes and activities.

What works? Student retention and success

Developing student engagement in higher education
£14,062 in 2013/14

Since 2008, we have increased knowledge about nurturing student engagement within the higher education sector as a key strategy to increase student retention and success.

Our initial research, drawing on the experiences of 22 universities, demonstrated that students are most likely to feel like they belong to their particular discipline group. Their sense of belonging generally decreases at departmental, school and institutional levels. In addition, many students do not use central academic development and pastoral support services. As a result, engagement and belonging must be nurtured through activities in the academic domain and, in particular through high-quality, student-centred learning and teaching.

The findings and recommendations of this first phase of *What Works?* (2008–11) have continued to influence policy and practice across the higher education sector this year, with the Office for Fair Access advising institutions to take our work into account in planning their Access Agreements. Our work has also had extensive citations in the National Strategy for Access and Student Success Interim Report and in the new National Strategy, published in April 2014.

Thirteen institutions are participating in the second phase, a three-year institutional change programme with a retention and success focus, being delivered by the Higher Education Academy. Through this, we aim to build strong evidence of impact and demonstrate how our

recommendations can be implemented successfully at departmental and institutional levels, across a range of universities, to significantly improve student retention and success.

What Works? has benefited greatly from the expertise and networks of our key partners – the Higher Education Funding Council for England and the Higher Education Academy and Action on Access. This has enabled extensive dissemination activities through regular conference presentations and briefings across the sector. The work undertaken through the initiative has also informed a special issue this year of the *Widening Participation and Lifelong Learning* journal.

Musical Bridges: Transforming Transition

Supporting music learning during the transition from primary to secondary education

£141,924 in 2013/14

This initiative, launched in 2010, aims to help primary and secondary schools work together to improve pupils' experiences of school transfer, with a particular focus on music. The Musical Bridges team has designed and field-tested teaching resources that have helped over 100 cross-phase partnerships to support pupils.

Musical Bridges stresses the importance of joining up administrative transfer arrangements, along with a need for high-quality pastoral support for pupils. It also highlights the need for continuity between primary and secondary school and how best practice is enhanced when teachers share their approaches to teaching and learning. Our 'Five Bridges' framework (Galton, Gray and Ruddock, 1999) also emphasises the value pupils attach to their musical experiences, in particular demonstrating their skills as young leaders. These experiences can provide significant practical, social and emotional 'bridges' to support integration into their new secondary school.

During 2013/14, we ran a national Awards Scheme to find the most inspiring music collaborations that are supporting pupils' transition from primary to secondary school. Our prize winners, the East Riding Schools' Music Service, Bishop Justus Church of England School in Kent, Dawling Learning Partnership in Telford and the North Downs Schools' Partnership in Surrey provided fantastic examples of the Five Bridges in action.

As our programme of work for Musical Bridges draws to a close, we have been developing a website to ensure that our learning remains accessible and influential, contributing to an ongoing legacy from the initiative. The network of 122 music education hubs, charged with supporting schools-based music, represents a significant route for Musical Bridges to stimulate improved transition practice. A national survey of hubs by York Consulting showed high levels of awareness of Musical Bridges, with 96 per cent of respondents stating that transition is either a priority or an emerging priority.

Social Justice

Right Here

Youth Mental Health Special Initiative in partnership with the Mental Health Foundation
£248,834 in 2013/14

The five-year Right Here initiative aims to support youth and health sector organisations to work together in support of young people's mental health. It has worked with young people, youth charities and mental health agencies in Brighton and Hove, Fermanagh, Newham and Sheffield in a unique combination of youth participation and co-design, prevention, early intervention, resilience-building and anti-stigma activity, as well as local influencing.

Highlights of the year include the publication of a young person's guide to self-harm and a guide for parents and carers by Right Here Brighton and Hove, building on the success of its good practice guide for GPs, published last year.

In Fermanagh and Sheffield, the projects continued to advocate for the role of youth work in early intervention, drawing on the views of young people and research evidence, including the evaluation by the Institute of Voluntary Action Research (IVAR). YouthAction Northern Ireland, for Right Here Fermanagh, produced a substantial policy briefing, *Young People and Mental Health, Policy and Research Review*, arguing for a radical shift from crisis interventions towards earlier approaches in order to build better mental health and wellbeing among young people. *'On the Edge', Right Here Sheffield 2010–2013*, recommends a new approach to mental health service design and delivery, emphasising emotional wellbeing, mental health prevention and early intervention, as well as young people's participation.

Right Here Newham secured funds to participate in a number of new initiatives in the London Borough of Haringey, including Wellbeing Champions Programmes with Tottenham Hotspur Football Club.

Interim results from IVAR's evaluation of the projects demonstrate that they had benefited local policy and practice, the organisations leading the work, and the young people participating. For instance, the organisations were better equipped to engage with public health and to extend the reach of their work to more and different groups of young people. Young people developed confidence, acquired skills for handling changes in their emotions, improved relationships with family members and peers, and felt able to forge relationships with others. Many also came to realise that 'everyone has mental health' and that there is less difference between those who are 'well' and 'unwell' than they first thought.

At a national level, we focused on distilling the learning from the projects and sharing their most successful approaches. We produced case studies to demonstrate the range of approaches developed and the evidence that underpins them. We participated in a number of high-level conferences and commissions, including the annual International Youth Mental Health Conference and the Independent Commission on Youth Work in Formal Education. A new partnership with the Foyer Federation also enabled us to take the Right Here learning to a wider audience, with young volunteers from Right Here helping other young people to develop health-promoting activities and to influence health services for young homeless people.

In September, Doc Ready, www.docready.org, the first of seven digital products from the Innovation Labs process (jointly managed with Comic Relief and Nominet Trust), was launched. Doc Ready is a website and app that aims to help young people get the most out of their mental health-related GP visits.

As the initiative draws to a close, we will be publishing a series of 'How to...' guides, to bring together learning from our work. Each guide will focus on a particular theme arising from the work and will provide practical suggestions to support the development of innovative and effective responses to the mental wellbeing of young people. The final evaluation of Right Here will be published at the end of 2014.

Supported Options Initiative

Support for undocumented children and young people, in partnership with Unbound Philanthropy £98,251 in 2013/14

Supported Options encourages and supports innovation in helping children and young people with irregular immigration status to live full lives. It is estimated that there are 120,000 children and young people in this situation in the UK, including many who were born here. They can be extremely vulnerable and in need of assistance to address their legal status. The initiative seeks to understand their experiences and share practical responses with wider audiences, including those who influence and shape policy.

Through Supported Options, we fund charities and law centres to collaborate with others in designing and operating new approaches. We also seed-fund new ideas and commission research on knowledge gaps. Learning is shared through reports, blogs and web resources, and through a practitioner network.

This year, our seven funded projects, operating in children's charities, migrant community organisations and law centres, delivered direct support to over 400 young people. Young people were able to secure legal status in the UK, access housing, education and peer support and get advice on leaving the UK. Grantees increased their reach through training a wide variety of faith, health, welfare and advice organisations.

Projects met regularly to develop ideas and skills, including undergoing training on using the law to defend family rights. In September, we hosted training on registering children as British citizens, attended by charities, housing associations, lawyers and social workers.

In October 2013, grantees, funders, evaluators and commissioned projects joined in a 'review café' to reflect on the most effective approaches to supporting young people and share ideas for future development. The interim evaluation, by the Institute for Voluntary Action Research, helped to inform these discussions.

In April 2013 there were severe cuts to legal aid funding, leaving many young people without access to lawyers to resolve their immigration problems. We supported grantees as they began to adapt their approaches, responding to this difficult environment. Strategies have included improving legal skills among youth workers, using peer-support groups, providing *pro bono* sessions and mounting a legal challenge to the withdrawal of legal aid.

During the year we commissioned a report to consider how low-cost loans could help young people to finance their legal representation. The findings have led to further work to identify how support can be streamlined, working alongside schools. This work will continue next year.

As new immigration legislation was considered in 2013, there was public debate about the situation of those without legal status in the UK. Against this backdrop, the initiative has helped bring to life the experiences of young people in a number of ways.

'Life without papers', a blog capturing the experiences of young people commissioned by Supported Options, won 'Best Writing' in the Blog North awards and was shortlisted in the prestigious Amnesty International media awards in June. The story of 'Ruth', one of the young women in the blog, was featured in the *Daily Mirror* in January, and images were displayed in a pop-up exhibition outside Manchester Museum in November.

Young people, supported by the 'Right to Dream' project at Praxis Community Projects, developed their 'Cost of Waiting' campaign this year. Highlighting the negative impact on young people of waiting for months or years for government decisions about their cases, they launched a report and two short films in July 2013. Both can be viewed on our website.

'Growing up in a hostile environment' was published in November 2013 by grantee, Coram Children's Legal Centre. Using evidence from the casework and legal analysis funded by the initiative, the report describes young people's experiences and sets out the policy changes required to meet their needs.

Other grants

25th anniversary gifts

Paul Hamlyn Club Awards

A five-year access and audience development scheme for hard-to-reach people who do not attend live performing arts events

£2,517,567 in 2013/14

In May 2013, we announced £2.5m of awards to five performing arts venues, as one of the Foundation's 25th Anniversary gifts. Sherman Cymru (Cardiff), Citizens Theatre (Glasgow), Opera North (Leeds), Royal Liverpool Philharmonic Orchestra and Hall for Cornwall (Truro) were each awarded £500,000 over five years to expand and sustain their audiences, with a particular focus on disadvantaged people and communities who do not attend events at these venues.

All five organisations have started to develop their plans through a research and development phase – considering carefully who to target, the nature of the barriers that prevent people from attending, and which community organisations to work with. During this initial phase, potential target groups and local community partners started to emerge.

Ticketing schemes are central to all the Clubs, where free or significantly reduced tickets are made available to members of the target groups, and several approaches and mechanisms have been tested to date.

In December 2013 and March 2014, the members of staff from the five organisations coordinating the Paul Hamlyn Clubs came together – first in Liverpool and then in Truro – to compare notes on their experiences so far. The five Clubs are supported by an evaluator, Annabel Jackson and consultant, Kate Tyndall.

The Reading Agency

Support towards additional digital capacity and the Reading Activists programme

£1,000,000 in 2013/14

We announced our final 25th anniversary gift, of £1m to The Reading Agency, in July 2013. The Reading Agency works to inspire people to read more. It believes that confident and skilled readers have greater aspirations and opportunities and that reading brings enjoyment and increases wellbeing. Our gift was to expand and develop the Reading Agency's digital capacity and its Reading Activists programme, which enables young people to volunteer through their local libraries to encourage other young people to read more.

The Reading Agency is in the process of developing a new digital strategy and improving the content and capacity of its websites to engage with readers for its Summer Reading and Six Book Challenges. In partnership with libraries, the Summer Reading Challenge helps to motivate primary age children to read for pleasure during the summer, helping to prevent the summer dip in literacy skills noted by teachers. The Six Book Challenge aims to build the reading confidence and motivation of adults who struggle with reading.

The Reading Activists programme uses reading and libraries as a springboard for community activism. The Reading Agency supports young people (aged 11–24) from deprived communities to set up reading and writing groups. The aim is to build an enjoyment of reading among people of all ages, through organising creative events and participating in social action. Through volunteering, the Activists develop their own skills, confidence and employability. In 2013/14, our funding has enabled the Reading Agency to research and design a new Reading Activists Challenge and specific website to increase its engagement with young people. These will be launched during 2014.

Circuit

A national programme connecting 15 to 25-year-olds to the arts in galleries and museums, working in partnership with the youth and cultural sectors.

Circuit was launched through an anniversary gift of £5m made in 2012/13.

Led by Tate, Circuit provides opportunities for young people to steer their own learning and create cultural activity across art disciplines in eight locations across the UK. These include Cambridgeshire (Wysing Arts Centre and Kettle's Yard), Colchester (firstsite), Liverpool (Tate Liverpool), Llandudno (MOSTYN), London (Tate Britain and Tate Modern), Manchester (Whitworth Art Gallery), Nottingham (Nottingham Contemporary) and St Ives (Tate St Ives). It is designed with and for young people.

The core values of the programme are about making a positive difference for young people, allowing them to develop ownership, agency and authenticity in the work they do, and promoting social, cultural and creative diversity.

Its aims are to work with and for young people to: increase cultural access and opportunities; to build sustainable partnerships between the arts and youth sector; to change practice within and across cultural organisations; and to improve attitudes and behaviour towards young people.

Research and evaluation are crucial to Circuit's aims and a range of data has already been captured to improve understanding of the profile, motivation, demographic, satisfaction and learning experiences of participants and audiences.

Fourteen staff have now been recruited across the Circuit sites to work on this four-year £5m programme. Key achievements in 2013/14 include 244 young people developing projects and events for other young people, the Circuit website going live, and 108,803 participants engaging through digital programmes. A total of 21,251 audience members engaged in Circuit events, with 13,696 people participating directly through projects, workshops and events steered and developed by young people. Circuit now has 87 youth and cultural organisations involved in research, dialogue and delivery.

Other

The Helen Hamlyn Trust
£2,000,000 in 2013/14

The Helen Hamlyn Trust is an independent grant-making Trust. It focuses on the initiation of medium and long-term projects linked to shared interests of Lady Hamlyn and her late husband Lord Hamlyn.

The Trust's core ethos is to develop innovative projects that aim to effect lasting change, improve quality of life and create opportunities to benefit the public. The Trust establishes lasting relationships with leading organisations and individuals to enable new areas of work to develop. Small grants of up to £10,000 are given to local and regional charities that meet the Trust's strict criteria.

This year, among other projects, the Trust has continued its work with:

The Hamlyn Centre for Robotic Surgery and The Paul Hamlyn Chair of Surgery at Imperial College London

The University of Oxford Bodleian Libraries supporting the Helen Hamlyn Trust Treasury in the Weston Library

The Open Futures Trust (www.openfutures.com). Open Futures is an enquiry- and skills-based learning strategy for schools. The programme integrates inspiring, practical and relevant experiences into the heart of the school curriculum. Throughout our school network we have seen improved attainment, behaviour, attendance and physical and emotional well-being.

The Helen Hamlyn Centre for Design at the Royal college of Art, (now enshrined within the RCA's constitution in perpetuity)

Helen Hamlyn Chair of Design at the RCA

Research into Optic Nerve Repair and Regeneration to Restore Sight at Moorfields Eye Hospital

The LSO/Panufnik Composition Scheme

The Paul Hamlyn Christmas Family Treat at the Royal Opera House

Setubal Music Festival, Portugal – a partnership with the Municipality of Setubal, bringing together young people from different ethnic communities through a music development programme

INTACH - the Reuse of Reis Magos Fort, Goa

Cultural Development at Nagaur Fort, Rajasthan

Reference and administrative details and audit report

The annual report (which comprises pages 1-63 and the list of trustees, staff and advisers) and financial statements are prepared on a combined basis for:

- The Paul Hamlyn (1987) Foundation (the Trust) established on 15 April 1987 by Trust Deed which has been amended in subsequent years. Registered charity number 327474.
- Paul Hamlyn Foundation (the Company), formed on 12 February 2004 as a charitable company limited by guarantee and not having a share capital. Company number 5042279 (registered in England and Wales). Registered with the Charity Commission on 29 March 2004, registered charity number 1102927.

On 6 May 2004, the Trustees of the Trust transferred the activities and the majority of the assets of the Trust to the Company. A further transfer took place in 2010/11. On 31 March 2014 the assets of the Trust stood at £11m and these are included within the financial statements shown on pages 54 -63.

The principal office of both the Trust and the Company is 5-11 Leeke Street, London WC1X 9HY, which is also the registered office of the Company.

If the Charity is wound up, each member (or ex-member whose membership has ceased within the previous year) has agreed to contribute an amount not exceeding £1 for the payment of the Charity's debts and liability and costs of winding up.

Structure, governance and management

The Board of Trustees, comprising not less than three and not more than eleven members, meets at least four times a year to agree the broad strategy and areas of activity of the Foundation, including consideration of grant-making, investment, reserves and risk management policies and performance. The list of Trustees who were in office during the year can be found on page 64. The Board considers grant applications above £150,000.

The principal committees, which all report to the Board of Trustees, are:

- Arts, Education and Learning, India and Social Justice Programme Committees (each comprising three trustees and up to four external advisory members) meet at least quarterly to consider applications up to £150,000. Decisions on applications to the UK programmes up to £10,000 may also be taken by staff committees and are reported through the Programme Committee to the Board of Trustees.

- Finance and Investment Committee, comprising five trustees and three or four external advisory members, meets quarterly to consider investment strategy, manager appointment and performance, and two or three times a year to consider financial matters.
- Remuneration Committee, comprising the Chair and the Chairman of the Finance and Investment Committee and at least one other trustee, meets at least once a year.

The day to day management of the Foundation is delegated by the Board of Trustees to the Director.

The Board keeps the skill requirements for Trustees under review. The Trustees create a long list of appropriate people to meet identified gaps. A sub-committee interviews a shortlist of candidates. Trustees are initially appointed only until the next AGM by the Appointor provided for in the Articles of Association. The renewal of appointments (for a period of up to three years) is made by all trustees acting as members of the company. The current Appointor is Jane Hamlyn, who was designated so under Paul Hamlyn's will. The induction process for any newly appointed trustee comprises a meeting with the Chair, and meeting(s) with the Director and other staff, together with receipt of a pack containing copies of the Memorandum and Articles of Association, the annual report and financial statements, board and committee minutes and Charity Commission guidance notes.

Trustees have identified and considered the major strategic, operational and financial risks to which the Foundation is exposed. They are satisfied with the procedures which have been established to review these risks regularly, and with the actions taken to mitigate exposure to them.

Trustees have considered the Charity Commission's guidance on public benefit and confirm their view that the Foundation's objects and aims as set out on pages 2-3 are in alignment with the public benefit requirements of the 2011 Charities Act. The Trustees Report on pages 4 -31 demonstrates the activities of the Foundation and how they meet the principles as defined in the Act.

Statement of trustees' responsibilities

The trustees (who are also directors of Paul Hamlyn Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report, including the Strategic Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;

- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Independent auditors' report to the members of the Paul Hamlyn Foundation

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charity's affairs as at 31 March 2014 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by the Paul Hamlyn Foundation, comprise:

- the balance sheet as at 31 March 2014;
- the statement of financial activities for the year then ended;
- The cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Paul Hamlyn Foundation's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Charities Act 2011 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

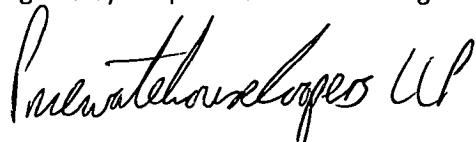
Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 33-34, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 24 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10th July 2014

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011

Strategic Report and Financial Review

Overview

The Foundation's operational model is to use the return from its endowment fund to support its grant making and related activity. The Endowment Fund represents the original gifts by Paul Hamlyn, both in his lifetime and under the terms of his will, together with net gains from related investment assets.

The Foundation's investment policy is set out below along with a review of the performance of the investment portfolio and summary of the year end position of the endowment fund and patterns of grantmaking and expenditure during the year.

Investment Review

In terms of markets, we are, to a certain extent, in uncharted waters. Since 2009 Central Banks have injected unprecedented amounts of money into the world's economies to help stimulate growth. We are beginning to approach the point when it is becoming likely that interest rates may start to normalise. The liquidity tap is being turned off.

After the strong returns in 2012 and into 2013, this year markets reacted differently to this prospect. There was a bifurcation in market returns between the developed economies that overall made forward progress and the markets of the developing world that were in sharp retreat. At Paul Hamlyn Foundation we continued with our policy of being cautiously invested and as a Committee we thought carefully about not only trying to maximise returns but also about our overall risk budget. For every unit of return the portfolio was likely to earn we understood what we stood to lose and we run a relatively low risk portfolio allocation versus our peers. ("Comparative Asset Allocation and Total Return" UK Foundations and Endowments. Cambridge Associates December 2013)

The PHF Investment Committee, who under specific terms of reference is charged by the Trustees with managing our endowment portfolio, continues to position the investments with a broad but carefully honed list of externally managed portfolios. The total size of the fund was £615.5 million at 31st March 2014.

The Foundation has wide investment powers which are specified in its Memorandum of Association. All Trustees are involved in setting investment policy, but authority to decide strategy is delegated to the Finance and Investment Committee. The Finance and Investment Committee, with input from senior staff, consultants and Paul Hamlyn Foundation's own Investment Director Richard Robinson who has been in post these last 5 years, sets asset allocation and engages professional managers running its multi-asset, multi-manager portfolio. Most of the managers have discretionary mandates although use of advisory and passive strategies is made for reasons of efficiency and cost saving.

The Foundation's investment policy is to:

- Maintain in the long run the real purchasing power of the Endowment fund.
- Invest in a diverse range of assets which are most likely to give good total returns in the long term, in order to maximise the total real value of the amounts available for grant-making and other work.

- Manage volatility as far as possible, while accepting that a degree of volatility is concomitant with seeking high returns.

Three years ago Trustees accepted the recommendation of the Investment Committee, that after a detailed review, that real spending at 3.5% - 4% pa would be reasonable in the medium term although demanding in an era of low nominal returns. Review of this work is ongoing, particularly if markets prove to be unrewarding over a period of years, although any decision to alter the agreed level of spending would not be taken lightly.

In terms of overall portfolio shape the Finance and Investment Committee continue to run a highly diversified portfolio with significant equity orientation. Over the medium and long term, sharing in the returns from business by owning equity in well managed global companies has been a reliable way of maintaining the real value of any portfolio. At Paul Hamlyn Foundation we also focus on absolute return funds together with assets that do well in both inflationary and deflationary periods in the attempt to build a conservative asset mix not overly dependent on any single economic scenario or asset class.

We did, however, during the summer of 2013, carry out a major investment review. At this we looked at both short, medium and long-term performance, both in absolute numbers and against peers; we looked at the pros and cons of the classic 'Endowment' multi-asset model, what it costs and how it behaves; we looked at our existing roster of investment managers and at some possible changes; we looked at our supplier partners and advisors including our lead consultant firm and we looked at what we do and how we do it from the perspective of our Governance structure

Portfolio developments in the past year were as follows:

- We sold the last of our UK index linked bonds as they had become very richly priced. Our conventional fixed interest portfolio is run by PIMCO on an absolute return basis.
- We continued to fund our commitment to private equity, including venture. This is beginning to return cash, and our policy of backing the Chinese economy through unlisted equity, rather than through the public markets, looks a good decision. Our US venture managers had pretty decent returns, although the overall portfolio is still young.
- Our listed equities bias continued to be weighted towards the largest capitalisation companies and in addition we initiated a small holding in the Japanese stock-market through a buy and hold strategy. Again, on this market we focussed on companies of the best quality and least leveraged. Overall we made two changes of manager amongst our long-only portfolio, which was more than usual and reflected the strategic review.
- In property our core holding in the sector remains the specialist 'Charity Property Fund', which had another solid year. We managed to find liquidity for one of our small European closed end property funds which have been disappointing from the outset.
- Our Hedge fund portfolio continued to prosper, outperforming its medium term benchmark. The Foundation continued to build out its exposure, and we changed three managers.
- In a year when sterling trended stronger pretty much all year, we held too many US dollar denominated investments and this modestly hurt our overall return for the year. We reviewed currency management strategy and operating procedure.

- European equity manager Rod Jack joined our Investment Committee as a special advisor, sitting alongside Simon Gillis, Paul Woolley and Lord Gavron.

In terms of asset allocation the Endowment fund was positioned as follows during the year:

- Overall exposure to equities was 47% versus last year 51%. This includes shares listed on stock exchanges both in the developed and emerging markets. We regard this equity-focussed part of the portfolio as the major return driver for the Foundation over the long term.
- Alternative investments currently stand at around 28% of the portfolio versus 22.8% last year. This includes both hedge funds, private equity and venture funds as well as some absolute return type strategies. The Foundation receives expert guidance on these asset classes from Cambridge Associates as it continues to build out its long-term programme of diversification.
- Because we fear inflation and the ravages of its effects on the real value of our portfolio, we have about 9% of the portfolio in investments which are usually good performers in such times, property and index linked bonds versus 10% last year.
- Conventional bond exposure is low at 7% unchanged from last year.

The balance of the portfolio, 9% the same as last year, is held in liquid investments on deposit with leading banks, or in specialist emerging currency funds benefitting over the longer term from strength in the currencies of the developing world. Our main investment bankers continue to be C Hoare & Company.

During the year, the Foundation decided to offer a loan to one organisation which is also a current grantee – Beat Bullying – and this is reported as a programme related investment in the balance sheet. As part of its strategy review, the Foundation is considering if it wishes to pursue programme related investment in a wider way.

The Foundation's Endowment investment portfolio rose by +4% for the financial year to 31st March 2014. Over the last 5 years to 31st March 2014 Paul Hamlyn Foundation has advanced by +56.3% versus an advance of our putative benchmark, (UK Retail Prices Index plus 4% pa) of +45.7%

Grantmaking and other expenditure

Grants awarded before adjustments fell by 26% compared with 2012/13 but 2012/13 was an exceptional year as it included c£11m of grants to mark the Foundation's 25th anniversary. When 25th anniversary gifts are excluded in both 2012/13 and 2013/14 the year on year change in grants awarded is an increase in expenditure of 2% (£378,000 approx) in 2013/14. Open grant spend has reduced by £1.5m compared with 2012/13 but special initiative expenditure increased by £1.8m, largely due to the launch of round 2 of the Breakthrough Fund in 2013/14.

Support costs have reduced by 3% (£85,000) when compared with 2012/13 largely due to some cost savings and changes in patterns of expenditure.

Principal risks and uncertainties

The principal financial risks facing the Foundation relate to its investment portfolio and are in line with similar long-term endowment funds in the sector. Overall investment risk management is predicated on running a diversified portfolio of high quality assets across a wide variety of asset classes and markets. The longer term strategic asset mix is set by the Finance and Investment Committee, with input from Cambridge Associates and others. Individual investment mandates are awarded to specialist managers after scrutiny by the Finance and Investment Committee with input from various sources. The Trustees consider the Foundation's risk profile on a regular basis.

The primary operational risk facing the Foundation is the risk that funding is not used effectively to achieve the highest impact. The trustees have placed a renewed emphasis on evaluation and learning from the Foundation's work in recent years, including the appointment of a head of impact and evaluation, and continue to introduce a range of measures to inform grant-making and develop learning. In common with other similar foundations, PHF has also identified operational risks around the possibility of fraud by grantees, and internal operational risks including risks associated with having a small staff team where knowledge is concentrated in a few individuals. The Foundation seeks to mitigate these risks by a range of procedures and policies.

Trustees have also considered external uncertainties which could affect the Foundation. These include the potential loss of good quality grantees/applicants due to the impact of the current financial climate on charitable bodies and the possibility of regulatory changes which could inhibit the ability of the Foundation to operate in ways the trustees consider most appropriate.

Unrestricted fund and reserves

The Foundation's unrestricted fund is used to finance the Foundation's tangible fixed assets and working capital and to provide a short term buffer for grant making and other costs. The unrestricted fund is financed by returns on investments, including investment income and transfers from the endowment fund. During the year, £8.6m was transferred from the endowment fund and at 31st March 2014 the unrestricted fund had a zero balance. The Finance Committee has agreed to manage its reserves by ensuring a sum equivalent to at least six months of working capital commitments (including grant commitments) is held in readily accessible liquid assets to ensure immediate commitments can be met. This policy is reviewed annually. At the end of 2013/14, investment holdings in cash and other liquid deposits were approximately £74m and six months of commitments are estimated at approximately £14m.

The restricted fund comprises grant income from partners jointly funding some of the Foundation's special initiatives. At the end of the year, the fund stood at £50,832.



Tim Bunting
Chairman, Finance and Investment Committee

Arts programme

Grants awarded in 2013/14

Special Initiatives

ArtWorks: Developing Practice in Participatory Settings

Anna Lopez	Funding to test 'Street Artist', a pilot vocational course in FE that is practical and highly contextualised in the local community, with a view to further application in other FE colleges.	£3,500
Beavers Arts	Support for 'Social Agents', a project looking at how Staffordshire University can embed participatory arts experience in undergraduate courses that are not focused on participatory art.	£3,500
Heads Together Productions Limited	An action research project to investigate opportunities for training in participatory arts from a young person's point of view.	£3,500
Melaneia Warwick	Funding for 'Participatory Arts Connect' (PAC), a pilot national network to link practice and training, offering students access to 'real time' participatory projects.	£3,500
Royal Scottish National Orchestra	To pilot a three-day retreat for artists working in participatory settings to share practice across art forms.	£3,500
Trinity Laban Conservatoire of Music and Dance	Research project focused on the role and skills of arts project managers in supporting the continuous professional development needs of their freelance workforce and strengthening the infrastructure for artists working in participatory settings.	£3,500
University of Hull	A pilot project to build a sustainable continuous professional development programme at University of Hull. A web resource of artists' reflections on skills and career development will be produced.	£3,500
Support costs		£243,156
		£267,656

Awards for Artists

Eight awards to individual artists of £50,000 payable over three years.

Composers: Emily Hall, Bryn Harrison & Chris Watson	£150,000
Visual arts: Margaret Harrison, Stewart Home, Torsten Lauschmann, Cally Spooner & Ian White*	£250,000

*As Ian White sadly passed away before we could announce he was a recipient, we are following his wishes and will use part of his Award to support a group of seven artists who he designated in his lifetime and another part to contribute to an on-going legacy of his work.

Support costs	£52,858
	£452,858

Breakthrough Fund -supporting cultural entrepreneurs

Untitled Projects	Additional core salary support for up to a year at the end of an earlier Breakthrough Fund grant	£35,000
David Agnew/Bury Metropolitan Arts Association	David is currently Director of the Bury Metropolitan Arts Association (The Met), on the outskirts of Manchester. Having revitalised the venue, making it financially viable and artistically sound, he wants funding to set up his own producing company – So It Is – to support and develop music (and theatre) provision in Lancashire and Southern Cumbria.	£180,000
Emma Jordan/Prime Cut Productions	As Prime Cut's Executive & Artistic Director, Emma has recently collaborated with Bosnian theatre-maker Haris Pašović, creating with him <i>The Conquest of Happiness</i> for the Derry/Londonderry 2013 Capital of Culture programme that toured to Mostar, Sarajevo, Ljubljana and Belfast. Funding will enable her to develop a talent lab for emerging artists across Northern Ireland, building a light-touch infrastructure for CPD that is currently missing, as well as a series of creative encounters with artists from various art forms.	£295,000
Magdalena Schamberger/Hearts & Minds Ltd	Magdalena is CEO and Artistic Director of Hearts & Minds, the organisation responsible for the Clown Doctors (working in hospitals) and the Elderflowers (for people with dementia). Funding will enable her to explore other art forms to re-invigorate her practice; develop a new performance style that will enable dementia-sufferers and their families/carers to build common experiences; and pilot a training process (<i>Instant Ageing</i>) to help artists and staff understand what it is to be old.	£250,000
John Rostron / Swn Festival	John founded the Cardiff-based music festival Swn (pronounced 'soon') in 2007. It has grown into a successful four-day event, recently winning an NME award for best small festival. Funding will allow John to develop his vision – and an accompanying business and strategic plan – for a renewed organisations, with a more national brief.	£300,000
Jimmy Akingbola and Fraser Ayres/TriForce Promotions	Jimmy and Fraser founded their company ten years ago to create a network for actors and professionals in the performing arts, particularly young people who have not taken traditional routes into the arts. The company has successfully developed showcasing events and creative projects that are beginning to change how the casting process and industry work. Funding will enable the two founders and their colleague Minnie Crowe to be paid a salary for the first time and to extend the company's work	£250,000
Zeon Richards/Renowned Group	Zeon set up and runs his own successful artist management company, working in music, spoken word and film. He has achieved significant profile and commercial success through his own means and resources. Funding will allow him to carry out a feasibility study for a new company, uConnect – a social enterprise that would work alongside Renowned to promote social mobility for young people aged 16-19 by giving them mentors within the music industry.	£246,000

Lizzie O'Neil/Z-arts	Lizzie is CEO of Z-arts, Manchester's venue for children and families. She successfully turned around the organisation, making it commercially and artistically stable and connecting well with increasing audiences. Funding will allow her to explore ideas about what family theatre means today.	£255,000
Support costs		£49,397
		£1,860,397
Our Museum: Communities and Museums as Active Partners		
Museum of East Anglian Life		£49,500
Support costs		£356,535
		£406,035
Special Initiatives total		£2,986,946
Open Grants		
AV Festival	The implementation of a new traineeship, volunteer and associates programme, supported by a new part-time post of Volunteer and Training Manager.	£75,000
Capsule Events Ltd	Funding to replace the short-term Festival Co-ordinator contract with a new year-round post and to review the Supersonic Festival, choosing a new venue and format.	£64,000
Clore Duffield Foundation	To underpin 50% of core costs of the Cultural Learning Alliance to ensure that children and young people are able to actively engage with the creation and enjoyment of arts and heritage across the country.	£61,000
Glasgowbury Music Group	To develop, promote and provide positive and creative opportunities to people of all ages while being an essential part of Northern Ireland's musical future.	£50,000
The Hepworth Wakefield	To create long-term opportunities and progression routes for NEET young people. Enabling them to access art-based activities to develop their employability, social and life skills.	£95,000
Multi-Story Music	Funding for core staff costs for the Orchestra Project's organisational development.	£54,000
Writing West Midlands Ltd	To fund a collaboration between writing agencies in the east and west Midlands to improve and offer greater coverage of youth literature activities.	£86,000
National Youth Theatre	Core funding support, over two years, to underpin the continuing strategic re-focus of NYT's activities.	£200,000
Leisure in the Community	An additional grant to enable consultancy support for evaluation and research of the LOV X Change Programme Evaluation Review.	£7,000
Community Foundation for Northern Ireland	Funding for the Inspire Project, which provides bursaries and mentor support to at least 30 individuals with learning difficulties for development through the arts.	£75,000
Derby Theatre	One year of core support for the Learning Theatre pilot, with the option of two further years, to underpin the development of a community and participation programme.	£150,000
FACT	Support to develop FACT's programme for artists and veterans and to create a model of good practice that can be rolled out across a range of arts sectors.	£90,000
The Poetry School	A poetry education programme, using collaborative learning and digital platforms, to increase participation for individuals from disadvantaged backgrounds.	£60,000

Project Ability	To develop, structure and evaluate, 'Collaborators' an arts programme bringing together artists with disabilities and contemporary visual artists to share and learn from each other.	£61,000
The Reading Agency	Core support for World Book Night over 12 months to underpin the salary of the Chief Executive and develop new evaluation and research.	£50,000
Rugby League Cares	A programme of community and professional dance activity within the Rugby League World Cup 2013 Tournament and subsequent season.	£82,000
Siobhan Davies Dance	Funding for Next Choreography, a project engaging young people in the arts through choreography.	£150,000
Site Gallery	Funding over 30 months to establish a participation programme for young people to take the lead in commissioning visual arts projects.	£70,000
ATMA Dance	To undertake a period of organisational development in order to develop a robust business strategy to realise the artistic ambitions of the organisation.	£8,500
Tonic Theatre	To work with the Artistic Directors of 10 theatres to identify institutional barriers affecting women and devise imaginative and practical ways to overcome them.	£10,000
The Bluecoat	Funding for five art clubs, with activities linked to gallery programming, for children aged 6-11, supported by learning disabled artist volunteers.	£90,000
Cardboard Citizens	Core support for three years towards the development of a Centre of Excellence for engaging excluded groups in transformative theatre.	£150,000
Counterpoints Arts	Core support for this hub of creative arts and cultural projects exploring refugee and migrant experiences through participatory arts and media projects.	£80,000
Create Gloucestershire	An action research project, 'Making Culture Work', to design and pilot a collective 'prove and improve' framework for the arts and cultural sector in Gloucestershire.	£50,000
Arts Migrations CIC	To develop the presentation of high profile international contemporary dance performances, with and for communities and audiences in Wales.	£90,000
Punchdrunk	Core costs for Punchdrunk's Enrichment programme, delivering participatory theatre projects in schools and wider communities.	£150,000
Sound and Music	Support to create a national programme 'Composer-Curator': a series of performances and festivals curated and produced by composers, offering new ways for audiences to experience new music.	£60,000
Talawa Theatre Company	Funding for a Literary Associate post and creation of a Black Writers' Development Network to help Black writers overcome the barriers they face.	£75,000
Tinderbox Theatre Company	Support for the CONNECT Programme to develop collaborative approaches to creating and delivering community-based theatre arts projects in Northern Ireland, involving participants at every stage and level of activity.	£112,000
Urban Development Music Foundation	Action research programme into business development options, 'Dare to Dream Pathways - Growth Options for UDMF'.	£99,000

Vortex Jazz Foundation	Core funding over the next two years to allow development of 'Vortex Squared, Dalston included Programme', to work more strategically and develop the club's external programme in Gillet Square.	£40,000
Belarus Free Theatre	Core support for the organisation to develop its research-based documentary theatre practice in the UK.	£50,000
Hackney Music Development Trust	The next stage of supporting a unique jazz programme headed by Julian Joseph, which develops opera, dance and instrumental projects for young people, inspired by the historical roots of jazz.	£45,000
Clore Duffield Foundation	Additional funding to support a review process and strategy away-day for the Cultural Learning Alliance Review.	£9,000
Fevered Sleep	Funding to support the evaluation of Future Play, a new touring model for performance for children under seven .	£6,000
Beating Wing Orchestra	An action research programme developing a coherent approach to work with refugees and asylum seekers through music in the North West region.	£10,000
Carousel Project	Funding for Creative Minds, a conference about assessing quality in learning disability-led arts, performance and film.	£9,500
Chisenhale Gallery	To support a mapping exercise examining artists' professional development programmes and gallery member initiatives within UK and international arts and cultural organisations. A case study will be published.	£10,000
National Theatre Wales	Developing the TEAM model of local community leadership, deepening it within the organisation, expanding the network and sharing the model internationally.	£260,000
Contemporary Art Society	Funding for the National Programme of Artists' Talks in regional museums.	£10,000
Grizedale Arts	To commission consultants to undertake an independent study to help shape a new future for Grizedale Arts.	£10,000
Open Grants total		£2,914,000
Arts programme total		£5,900,946

Education & Learning programme

Grants awarded in 2013/14

Special Initiatives

Learning Away

Support costs - Development and evaluation, events and school support costs	£210,579
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Musical Bridges

Support costs - research and evaluation, advocacy and dissemination, events and consultancy costs	£141,924
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Musical Futures

Support costs - development, advocacy, dissemination, teacher CPD and school support costs	£365,917
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What Works

Support costs - Co-ordination dissemination and evaluation costs	£14,062
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Special initiatives total

£732,482

Open Grants

Child-to-Child Trust	Funding for 'Hearing All Voices', a project to develop speaking and listening skills of refugee and asylum seeker students to empower them and promote their inclusion in schools and FE colleges across London.	£149,955
Demos	A pilot to measure the impact on exclusion, truancy and educational performance of disadvantaged young people involved in pupil-led educational outcome setting and co-production.	£119,250
Youth at Risk Ltd	Two-year development and wider piloting of 'Aspire', a programme of school-based personal development and coaching for students at high risk of exclusion.	£77,132
Association of Northamptonshire Supplementary Schools	To establish and support the development of three supplementary/mainstream school clusters working across Northamptonshire.	£158,064
Big Community	To develop 'Learning to live', a project providing therapeutic support for children and young people with emotional and behavioural difficulties in Birmingham.	£150,000

The School and Family Works	A three-year project, 'Changing Perceptions', to change the way schools and services interact with families facing multiple disadvantage in Hounslow.	£227,499
Black Families Education Support Group	Funding for the 'Supplementary Education Hub', a partnership of supplementary and mainstream schools, colleges and universities to improve educational provision and outcomes for minority ethnic pupils.	£127,120
Canterbury Academy	Support for the Riverside Youth Centre Engagement Programme, supporting young people at risk of permanent exclusion to make successful transitions into post-16 education and training.	£57,246
Co-Operation Ireland	To develop young people's speaking and listening skills and improve communication across communities and reduce segregation.	£68,292
NEAD	Funding for the development of Eco Team Challenge, a network of trained youth workers supporting 480 disadvantaged young people in Norfolk and north Suffolk to improve their employment prospects.	£149,802
Peace Child International	Support for 'Work the Change', which trains young people (aged 16-19) and school staff to work with pupils who are at risk of becoming NEET.	£115,869
TLG The Education Charity	Scaling up an early intervention programme to provide behaviour coaching for children at risk of truancy and exclusion.	£81,280
ARC Theatre	Raised Voices will develop young women as leaders through film and public speaking, to give them a platform and voice in issues such as youth violence and gangs.	£165,000
National Numeracy	Funding for scoping and developing the 'Firm Foundations and Parental Engagement Project'.	£149,431
Aqoon School-Home Support Services	Support for 'Complements to 4', a pilot supplementary education programme, to develop confidence and study skills of ten-year-olds who are not working at the expected level in English and Maths.	£51,860
Archaeology Scotland	The Heritage Heroes Intergenerational Project will work with a local heritage group and community to deliver a collaborative archaeology learning project.	£24,604
Conflict Resolution Education	An action research project exploring effective peer mediation in conflict resolution for 11-18 year-olds in secondary schools.	£87,086
Education for Employability	Funding to work with teachers, employers and students to develop, trial and modify materials to improve students' speaking and listening skills in work experience programmes.	£49,780
Enabling Enterprise	Support for 'Active English', a two-year pilot developing pupils' speaking and listening skills by linking the classroom with the world of work.	£44,000
Leap Confronting Conflict	To help young people develop communications skills to manage conflict effectively and mediate between peers, improving the school learning environment and modelling leadership.	£136,598
London Borough of Hammersmith and Fulham	To develop 'Time for Change', a project that provides transition support to 200 young people in Year 11 who are most likely to become NEET, helping them to become more engaged and move forward.	£143,480

Louise Da-Cocodia Education Trust	For the Getting A-Head supplementary education programme which motivates and empowers young people to make positive decisions about their future education, training and employment options.	£117,913
National Institute for Adult Continuing Education	To develop and pilot new ways of delivering family numeracy programmes, underpinned by digital learning.	£149,950
Byron Wood Primary School	To pilot the Language Futures Primary School programme of innovative language learning activities. A Saturday Club will be established and language learning embedded in a range of other clubs.	£10,000
Global Education Derby	Funding to work with seven schools over three years on 'Other Voices', a peer education project. It brings together communities divided by difference to develop speaking and listening skills.	£103,950
South London Refugee Association	To fund 'Getting the Grades', a project to deliver supplementary education classes in Maths and English for young refugees to improve their levels of attainment.	£77,980
Eighteen And Under	For Youth Listening to Youth, a project to train and support NEET young people to develop their communication and conflict resolution skills and provide peer support to other young people at risk of exclusion.	£152,068
IntoUniversity	To provide direct support to supplementary schools in three cities and wider training and guidance on enabling young people from disadvantaged backgrounds to gain entry into HE.	£297,866
The BeatBullying Group	For a project supporting children through the transition between primary and secondary schools with online and offline mentoring, advice and counselling.	£140,596
FOCUS Charity Limited	Contribution to core salaries and capacity building support to develop a new business model.	£60,000
My Voice London	Provision of core support to sustain the organisation during a strategic review.	£20,000
Open Grants total		£3,463,671
Education & Learning programme total		£4,196,153

Social Justice programme Grants awarded in 2013/14

Special Initiatives

Girls in the Criminal Justice System

Support costs		£18,294
Right Here		
New Choices for Youth Trust	Right Here - extra support for period January-April 2014	£4,500
Sussex Central YMCA	Right Here - extra support for period January-April 2014	£4,500
YMCA White Rose	Right Here - extra support for period January-April 2014	£4,500
YouthAction Northern Ireland	Right Here - extra support for period January-April 2014	£4,500
Support costs	Salaries for programme leadership; research and evaluation; capacity-building through consultancy and mentoring of young people.	£230,834
		£248,834

Supported Options Fund

The Children's Society	Funding to document the need for vulnerable children to have access to free legal representation on immigration matters. Research to be used as a 'witness statement' in a legal challenge to restore immigration legal aid to children.	£9,947
Support costs		£88,304
		£98,251

Special Initiatives total

£365,379

Open Grants

Forum for Discussion of Israel and Palestine	To develop 'Women's Voices', a cross-communal project in Manchester, run by young women, using examples of co-operative initiatives involving Jewish, Christian and Muslim women in Israel.	£48,850
University of Kent	To develop 'Keep Safe', an accessible, group treatment programme for children with learning disabilities and harmful sexual behaviour.	£84,391
Barrow Cadbury Trust	Contribution to a study exploring experiences and learning of foundations involved in initiating and supporting new, sustainable organisations.	£15,000
Coram Voice	Supporting Coram Voice with core costs for three years to strengthen the organisation through a period of organisational change.	£120,000
Detention Action	To fund a pilot, testing a community-based alternative to long-term immigration detention for young ex-offenders.	£90,000
Institute for Public Policy Research	To use community-based research to improve understanding of how integration occurs in communities leading to changes in local and national policy and practice.	£46,500

On Road Media	To fund 'All About Trans: Patchwork' testing how young people can influence the way the media reports trans issues and stimulating a wider youth-led movement.	£57,667
The Royal Society for the Arts	To support 'Being and Becoming: The Hidden Wealth of Adolescence', a scoping review to help us think about a wider inquiry into 'the condition of youth'.	£20,000
Sheffield Methodist District / Who Is Your Neighbour	To conduct safe space dialogues about difficult issues and difference among communities being targeted by far right groups.	£67,000
Kinship Care Northern Ireland	Core funding to help and support children and young people in kinship care, informing public policy and practice and building organisational capacity.	£181,810
UpRising	To run leadership programmes for talented young adults to equip them with the attributes needed to transform themselves and their communities for the better.	£200,000
Chance UK Limited	Funding the post of Quality and Evaluation Manager and to strengthen the evidence base for Chance UK's early intervention mentoring model.	£75,000
Council for Wales of Voluntary Youth Services	To fund joint social action projects to promote collaboration in the Welsh voluntary youth sector.	£63,780
The Migration Observatory at the University of Oxford	Public dissemination of data, analysis, and original research on UK migration.	£145,000
Student Action for Refugees	Support for STAR Students of the World's core educational activities and to expand the involvement of young refugees across the organisation.	£150,000
Fight for Peace UK	A programme to spread Fight for Peace's diversionary youth sports programme across the UK.	£240,000
Birmingham Leadership Foundation	To research the wide-ranging leadership provision in Birmingham, to identify gaps, reduce duplication and increase access and progression for young leaders.	£9,000
CanDo Coffee	Funding core costs to lead this expanding coffee selling social enterprise into a growth phase.	£150,000
Grandparents Plus	Funding for research into the outcomes of young people growing up in kinship care in England through to the transition to adulthood.	£124,716
The Federation of London Youth Clubs	To improve the quality of community-based youth work across London through professional development for youth leaders.	£78,051
Transform Justice	Funding work in partnership with the Criminal Justice Alliance and the Standing Committee of Youth Justice to improve the campaigning and influencing effectiveness of the criminal justice sector.	£74,500
User Voice	Support for infrastructure capacity building and core costs.	£120,438
Project Art Works	Core costs for three years to support the organisation to widen its funding base while also increasing its profile and wider influence, through communications and marketing.	£209,991
Music in Detention	Core funding to improve communications, and implement a new fundraising plan that targets individual donors.	£110,000
Dance United	Core funding to support a transition to new leadership and developing a secure funding base.	£45,000
The Runnymede Trust	Supporting the managed closedown of the organisation over six months.	£30,000
Open Grants total		£2,556,694
Social Justice programme total		£2,922,073

India programme

Grants awarded in 2013/14

Themes

Runaway Children and Child Labour

National Institute of Women, Child and Youth Development (NIWCYD)	Child protection initiative on railway platforms of Madhya Pradesh - Theme Lost Childhood	£97,850
New Alipore Praajak Development Society	Muktangan - Open Centre for Children on Railway Platforms	£93,496
Training Awareness and Behaviour Change about Health and Rehabilitation Society	Initiative to strengthen the child protection mechanisms in Rajasthan	£59,214
		£250,560

Open Grants

Chetna Vikas	Providing supplementary classes for children to help them cope with school and accelerate learning in a remote, rural area with tribal communities.	£58,848
Ekta Parishad Trust	To strengthen a women's collective in Sabur through training in leadership skills and awareness of key laws and entitlements.	£20,897
Jan Chetna Manch, Bokaro	Continued funding to mobilise women's self-help groups to link with Panchayats so that they can become more responsive.	£60,053
ODR Collaborative	Facilitating a community-led approach to reconstruction and rehabilitation in Uttarakhand	£48,103
Resource and Support Center for Development	For the continued mobilisation and training of elected women representatives so that they can overcome barriers to playing active roles in Panchayats.	£74,294
Ruchika Social Service Organisation	Continued support to provide supplementary education and to work with communities to make the Right to Education Act a reality for children living in the slums of Bhubaneswar in Odisha.	£97,122
Society for Rural Urban and Tribal Initiative	Ongoing support for a Fellowship Programme for people leading rural people's movements for justice.	£122,889
Spandan Samaj Seva Samiti	Funding to address the structural cause of hunger, revive traditional crops and improve livelihood security among the Korku, a tribe of traditional hunter gatherers.	£21,252
Stree Mukti Sanghatana	To organise women waste-pickers into self-help groups so that they can access micro-credit and be recognised as a business entity.	£16,568
YUVA - Youths Union for Voluntary Action	To reintegrate children from poor families, forced to work in Jharkhand coal mines, back into school.	£11,724
Community Development Centre	To scale up the experience of promoting horticulture at a larger level and demonstrate its success as an alternative livelihood for communities in protected areas.	£30,992
Comprehensive Rural Health Project	To create a community-based infrastructure that provides for and supports mental health.	£22,500
Gopabandhu Seva Parisad	Continued funding for the protection of children from the Penthakotta slum community from child sex tourism on the Puri beach.	£62,197
Goranbose Gram Bikash Kendro	To address the issue of trafficking and other forms of sexual violence and exploitation. To increase rate of convictions and to initiate a range of preventative measures.	£29,952

Gramya Vikas Trust	To create a local women's institution with the ability to provide financial and technical support for livelihoods and give women the support and reassurance of collective action.	£27,316
Iswar Sankalpa	To identify homeless people with mental health issues in Kolkata, work on a treatment and self-care regimen and involve support programmes for rehabilitation.	£90,000
Jai Baharati Shiksha Kendra	To create a local women's institution with the ability to provide financial and technical support and help them to break away from traditional moneylenders.	£10,020
Kolkata Sanved	Continued support for the establishment and use of Dance Movement Therapy in rehabilitation in government shelter homes. Funding for evidence collection.	£73,345
North East Research and Social Work Networking (NERSWN)	A final grant to consolidate work on community health and use the community platforms created to work on building peace between the communities.	£64,094
Research Academy for Rural Enrichment	To undertake rehabilitation of people with disabilities and make the community and government systems sensitive and responsive to disabled people.	£70,527
Sangini Mahila Kalyan Samiti	To advocate with government, to enact laws that give recognition and dignity to paid domestic work as labour.	£52,316
Gramin Vikas Sanstha	To continue the development of a process to simplify and ease access to funds for asset development and help families develop sustainable livelihoods.	£44,513
Open Grants total		£1,109,522
India programme total		£1,360,082

Other grants

Grants awarded in 2013/14

25th Anniversary grants

Paul Hamlyn Clubs

Citizens Theatre Limited	Paul Hamlyn Club Programme	£500,000
Hall for Cornwall Trust	Paul Hamlyn Club Programme	£500,000
Opera North	Paul Hamlyn Club Programme	£500,000
Royal Liverpool Philharmonic Society	Paul Hamlyn Club Programme	£500,000

Sherman Cymru	Paul Hamlyn Club Programme	£500,000
Support		£17,567
Total - Paul Hamlyn Clubs		£2,517,567

The Reading Agency	25th Anniversary gift for the Reading Activists Challenge Concept	£1,000,000
All 25th Anniversary grants		£3,517,567

Other

New Philanthropy Capital	Towards the 'Inspiring Impact' initiative, which works towards improving evaluation throughout the third sector	£10,000
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The Helen Hamlyn Trust	Support for the Helen Hamlyn Trust 2013-2014	£2,000,000
Exchange rate adjustments		(£34,341)

Other grants total	£5,493,226
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Total Grants Awarded & Special Initiative support	£19,872,480
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Statement of Financial Activities for the year ended 31 March 2014

(Incorporating Income and Expenditure Account)

	Notes	2014 Unrestricted fund £m	2014 Restricted fund £m	2014 Endowment fund £m	2014 Total £m	2013 Total £m
Incoming resources from generated funds						
Investment income	2	17.829	-	-	17.829	15.999
Grants receivable	16	-	0.090	-	0.090	0.181
Other incoming resources	17	0.016	-	-	0.016	0.045
Total incoming resources		17.845	0.090	-	17.935	16.225
Resources expended						
Investment management	3	4.387	-	-	4.387	4.006
Charitable activities including grant-making	4 & 16	22.006	0.154	-	22.160	29.336
Governance costs	7	0.041	-	-	0.041	0.069
Total resources expended		26.434	0.154	-	26.588	33.411
Net outgoing resources before transfers		(8.589)	(0.064)	-	(8.653)	(17.186)
Transfers between funds	16	8.589	-	(8.589)	-	-
Net expenditure		-	(0.064)	(8.589)	(8.653)	(17.186)
Other recognised gains and losses						
Realised and unrealised gains on fixed asset investments	9	-	-	8.381	8.381	58.044
Net movement in funds		-	(0.064)	(0.208)	(0.272)	40.858
Funds balances brought forward at 1 April 2013		-	0.115	600.303	600.418	559.560
Funds balance carried forward at 31 March 2014		-	0.051	600.095	600.146	600.418

The Statement of Financial Activities includes the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses.

All amounts relate to continuing operations. All gains and losses recognised in the year are included in the Statement of Financial Activities.

There are no material differences between the net income/expenditure for the year and their historical cost equivalents.

The notes on pages 57 to 63 form part of these financial statements

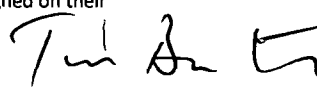
Balance Sheet at 31 March 2014

	Notes	2014 Total £m	2013 Total £m
Fixed assets			
Tangible assets	8	6.090	6.119
Investments	9	613.345	611.881
Programme related investments	10	0.238	-
Total fixed assets		619.673	618.000
Current assets			
Debtors	11	0.677	1.819
Other investments	12	1.035	1.653
Cash at bank and in hand		1.134	1.483
Total current assets		2.846	4.955
Creditors - amounts falling due within one year	13	(12.128)	(13.607)
Net current (liabilities)/assets		(9.282)	(8.652)
Total assets less current liabilities		610.391	609.348
Creditors - amounts falling due after one year	14	(10.245)	(8.930)
Net (liabilities)/assets		600.146	600.418
The funds of the charity		600.146	600.418
Represented by:			
Restricted Funds	16	0.051	0.115
Endowment Funds			
- Investment revaluation reserve		116.300	151.837
- Other endowment funds		483.795	448.466
Total Charity Funds		600.146	600.418

The notes on pages 57 to 63 form part of these financial statements

The financial statements on pages 54 to 63 were approved by the trustees on 8th July 2014 and were signed on their behalf by:

Jane Hamlyn
Trustee



 Tim Bunting
Trustee

Paul Hamlyn Foundation

A company limited by guarantee registered in England and Wales - number 5042279

Cash Flow Statement for the year ended 31 March 2014

	2014	2013
	Total £m	Total £m
Net outgoing resources for the year	(8.653)	(17.186)
Less investment income earned	(17.829)	(15.999)
Add back investment management charges	4.387	4.006
Less other income	(0.016)	(0.045)
Less grants receivable	(0.090)	(0.181)
Add back depreciation	0.170	0.155
(Increase)/decrease in debtors	(0.078)	0.027
(Decrease)/increase in creditors due within one year	(1.419)	1.146
Increase in creditors falling due after more than one year	1.315	2.075
(Increase) in PRI debtor	(0.238)	-
Net cash outflow from operating activities as defined by FRS 1	(22.451)	(26.002)
Returns on investment		
Investment income received	19.049	14.651
Investment management charges paid	(4.447)	(3.926)
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(0.143)	(0.127)
Sale of tangible fixed assets	0.002	0.011
Purchase of fixed assets and other investments	(160.921)	(97.294)
Sale of fixed assets and other investments	168.456	113.896
(Decrease)/increase in cash for the year before financing	(0.455)	1.209
Financing		
Other income	0.016	0.045
Grants receivable	0.090	0.181
(Decrease)/increase in cash for the year	(0.349)	1.435
Movement in cash and short term deposits		
Cash and short-term deposits at 1 April 2013	3.136	6.288
Decrease in short-term deposits	(0.618)	(4.587)
(Decrease)/increase in cash	(0.349)	1.435
Decrease in cash and short-term deposits	(0.967)	(3.152)
Cash and short-term deposits at 31 March 2014	2.169	3.136

Notes to the financial statements for the year ended 31 March 2014

1. Principal accounting policies

The financial statements have been prepared on a going concern basis and in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice for Charities (2005) the Companies Act 2006 and the Charities Act 2011. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

The financial statements are prepared in accordance with the "Statement of Recommended Practice Accounting and Reporting by Charities" issued in March 2005, and the historical cost convention as modified by the revaluation of fixed asset investments.

The foundation has three funds (endowment, unrestricted and restricted), and their operation is explained on pages 32 to 33.

In June 2005, the Charity Commission issued a uniting direction for the Paul Hamlyn Foundation (Charity No.1102927) and the 1987 Foundation (Charity No. 327474) made under s.96(6) of the Charities 1993 Act. It is purely an administrative and accounting linkage. The subsidiary 1987 Foundation has been transferred to the registration number of the main charity Paul Hamlyn Foundation and its old registration removed. Details of both entities which are included in these financial statements are given in the reference and administrative details on page 32.

(b) Incoming resources

All incoming resources, including grants, are included in the Statement of Financial Activities when the Foundation is legally entitled to the funding and the amount can be quantified with reasonable certainty. Investment income from the endowment fund is treated as income in the unrestricted fund.

Restricted funds have restrictions imposed by donors and can only be applied for the particular purposes specified by donors. The funds are not available for work performed by PHF other than that specified by the donor.

(c) Resources expended

Resources expended are the cost of generating funds, charitable activities which are largely grant-making and governance costs.

Investment management fees and internal investment management costs are the only cost of generating funds.

Grant-making represents the costs of activities in furtherance of the Foundation's objects and includes the grants awarded by the Foundation, and the support costs associated with them. Where they cannot

be directly derived, support costs are allocated between grant-making activities on the basis of the value of grants awarded. Direct charitable activities represents non grant-making activity in support of the Foundation's beneficiaries.

Governance costs are the costs associated with the strategic direction and corporate management of the Foundation and include the cost of providing the infrastructure which allows the Foundation to operate and to generate information required for public accountability.

The full value of charitable grants are recognised in the year in which the grant commitment is awarded and the grantee has been informed and is shown as a long or short term creditor as appropriate.

(d) Tangible fixed assets

All of the tangible fixed assets are held for charitable use.

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition and any costs directly attributable to bringing the asset into working conditions for its intended use. Tangible fixed assets with a cost of less than £500 are not capitalised.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal useful economic lives used for items depreciated in the 2013/14 financial statements are as follows:

	No of years
Furniture and fittings	4
Computer equipment	4
Freehold building	50

(e) Fixed asset investments

Listed investments are stated at their market value at the year end. Alternative accounting rules are applied for the revaluation of fixed asset investments. Realised and unrealised gains and losses are recognised through the other recognised gains and losses line on the SOFA.

Pooled property investments are stated at net asset value as calculated by the various managers.

The carrying value of unlisted investments is the trustees' best estimate of the market value at the balance sheet date.

(f) Foreign currencies

Income denominated in foreign currencies is recorded at the rate of exchange ruling on the date of receipt. Foreign currency investments are valued at their year-end market value translated into sterling at the year-end exchange rate or at the contract rate where foreign currency investments are subject to an underlying hedge. All gains or losses on translation are taken to the Statement of Financial Activities in the year in which they occur.

(g) Pension costs

The Foundation makes payments to the defined contribution personal pension plans of all its employees. The payments are based on a salary percentage and are charged to the Statement of Financial Activities in the period to which they relate.

(h) Taxation

Irrecoverable VAT is included as part of the expenditure to which it relates under 1c) resources expended.

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, if these profits are applied solely for charitable purposes.

(i) Transfers between funds

Under the terms of Paul Hamlyn's will, the endowment of the Foundation is expendable although the current policy of the trustees is, where possible, to invest the assets of the Foundation to retain the real value of the endowment whilst also generating sufficient return to fund grant-making. In 2013/14 the trustees agreed to transfer a proportion of consolidated endowment funds to fund in year expenditure and this is shown on the statement of financial activities.

(j) Impairment policy

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

(k) Provisions and contingent liabilities policy

Provisions are recognised where there is a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision is recognised. However, contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of a transfer of economic benefits is remote.

(l) Programme related investments

The Foundation only holds programme related investments that are loans. These are accounted for at the outstanding amount of the loan less any provision for unrecoverable amounts.

(m) Forward currency contracts

Where the Foundation uses forward currency contracts to reduce currency exposure in its investment portfolio, the fair value of these forward exchange contracts is estimated by using the gain or loss that would arise from closing the contract at the balance sheet date and the resulting unrealised translation losses/gains are included within the overall value of the investments listed in the notes.

2. Investment income

	2014	2013
	£m	£m
UK equities	2.858	2.433
Overseas equities	5.041	5.468
Fixed interest securities	0.809	1.318
UK investment property	1.613	1.809
Term deposits	0.250	0.216
Unlisted investments	7.258	4.755
Alternatives	-	-
Total	17.829	15.999

3. Investment Management Costs

	2014	2013
	£m	£m
Investment management fees and consultancy	4.288	3.910
Internal investment management costs	0.099	0.096
Total	4.387	4.006

With respect to investments in hedge funds and some private equity funds, the management agreements of the underlying funds provide for compensation to the respective managers in the form of management and performance fees determined as a percentage of net assets.

Fees in these cases are deducted from the funds' assets and are reflected in the net asset values reported. Internal investment management costs include a part-time Investments Director.

4. Charitable activities: Grant-making

During the year ended 31 March 2014, the following charitable donations were awarded by the Foundation:

	2014	2014	2014	2014	2013
	Grants awarded	Support costs	Direct charitable activity	Charitable activities including grantmaking	Charitable activities including grantmaking
	£m	£m	£m	£m	£m
Grants awarded by value					
Arts	5.901	0.806	-	6.707	4.860
Education and Learning	4.196	0.564	0.140	4.900	4.966
Social Justice	2.922	0.395	0.004	3.321	4.292
India	1.326	0.360	-	1.686	2.105
Other Grants	2.009	0.264	0.231	2.504	2.391
25th Anniversary	3.518	-	-	3.518	11.011
Sub Total	19.872	2.389	0.375	22.636	29.625
Adjustments:					
Returned Grants/Adjustments to previous years awards	(0.340)	-	-	(0.340)	(0.282)
Exchange rate adjustments for awards in previous years	(0.136)	-	-	(0.136)	(0.007)
	19.396	2.389	0.375	22.160	29.336
Number of grants awarded					
Arts			65		58
Education and Learning			31		38
Social Justice			31		32
India			26		47
Other Grants			8		5
			161		180

A schedule of the grants awarded in each programme area is given elsewhere in this report. All grants were awarded to organisations with the exception of £0.40 million (2013: £0.40 million) awarded to 14 (2013: eight) individuals. £0.154m of these costs relate to activity funded by restricted funds (see note 16).

5. Support costs

	2014	2013
	£m	£m
Payroll and related costs	1.540	1.568
Operations support	0.298	0.335
Property expenses	0.073	0.088
Communications	0.043	0.046
Office expenses	0.265	0.282
Depreciation and loss on disposals	0.170	0.155
	2.389	2.474

Support costs reflect the management structure of the organisation. Operations support includes the costs of temporary staff and recruitment. Where they cannot be directly derived, support costs are allocated between grant-making activities on the basis of the value of grants awarded.

6. Total Staff Costs

	2014 £m	2013 £m
Wages and salaries	1.263	1.269
Social security costs	0.132	0.133
Other pension costs	0.159	0.157
Other employment costs	0.085	0.104
Total payroll and related costs	1.639	1.663

The above figures include (a) a provision of £88,000 for costs relating to the end of employment for two members of staff which the Foundation has committed to pay by May 2014 (b) a prepayment of £0.001m in relation to the Foundation's pension scheme

The monthly average number of persons employed by the Foundation during the year was 32 (2013: 31).

The number of employees whose salaries were above £60,000 was:

	2014 Number	2013 Number
£60,000 to £70,000	2	1
£70,001 to £80,000	1	1
£80,001 to £90,000	1	1
£90,001 to £100,000	1	-
£110,001 to £120,000	1	1

During the year the Foundation made contributions of £78,278 (2013: £62,313) to the personal pension plans of these employees.

7. Governance costs

	2014 £m	2013 £m
Audit fees	0.020	0.020
Legal and professional fees	0.004	0.016
Office and travel expenses	0.017	0.033
	0.041	0.069

The trustees are not employed by the Foundation and do not receive any emoluments in respect of their services. Travel and subsistence expenses of £8,795.11 (2013: £25,861) were reimbursed to six (2013: ten) trustees during the year.

The trustees are the directors of the Company. During the year and up to the date of approval of the financial statements, there was a qualifying third party indemnity in place for directors as allowed by Section 234 of the Companies Act 2006.

8. Tangible fixed assets

	Freehold building & land £m	Furniture and fittings £m	Computer equipment £m	Total £m
Cost				
As at 1 April 2013	6.079	0.133	0.229	6.441
Additions	0.040	0.068	0.035	0.143
Disposals	-	(0.002)	(0.031)	(0.033)
As at 31 March 2014	6.119	0.199	0.233	6.551
Depreciation				
As at 1 April 2013	0.099	0.066	0.157	0.322
Charge for the year	0.092	0.039	0.039	0.170
Disposals	-	-	(0.031)	(0.031)
As at 31 March 2014	0.191	0.105	0.165	0.461
Net Book Value				
As at 31 March 2014	5.928	0.094	0.068	6.090
As at 31st March 2013	5.980	0.067	0.072	6.119

9. Fixed asset investments

	2014 £m	2013 £m
Market value at 1 April 2013	611.881	565.852
Purchases	160.921	97.294
Sales	(167.838)	(109.309)
Net realised and unrealised gains	8.381	58.044
Market Value as at 31 March 2014	613.345	611.881
Investments at market value comprised:		
	2014 £m	2013 £m
UK equities	76.986	47.693
Overseas equities	214.279	264.756
Fixed interest securities	93.315	103.443
UK investment property	26.866	25.433
Alternative securities	115.408	95.192
Term deposits	30.342	30.699
Unlisted investments	56.149	44.665
Total (including cash held for investment by managers)	613.345	611.881

Trustees consider that any incidental cash balance held by an investment manager is an integral part of its asset allocation and have included it in the appropriate asset class. The trustees believe that the carrying value of the investments is supported by their underlying net assets.

The historical cost of the above assets is £497.045m. The historical costs of the assets held by the Foundation in 2013 was £460.044m. The Foundation has committed, where contractual terms are made, to undertake a further £25.220m of fixed asset investment acquisitions in private equity funds in future years.

At 31st March 2014, the Foundation had an open forward exchange contract to sell some exposure to the Japanese Yen by buying Sterling which was valued at £0.167m. The settlement date for this contract was 30 May 2014. The contract was entered into to reduce the Foundation's currency risk following the greater global diversification of its investment holdings.

Investments representing over 5% of the portfolio are held by the following fund managers: GMO, PIMCO, Jupiter, Heronbridge, Lansdowne and Schroders

10. Programme Related Investment

	Market Value 1.4.13 £m	Drawn £m	Repaid £m	Market Value 31.3.14 £m
Loans	-	0.250	(0.012)	0.238
Totals	-	0.250	(0.012)	0.238

11. Debtors

	2014 Unrestricted Fund £m	2014 Restricted fund £m	2014 Endowment Fund £m	2014 Total £m	2013 Total £m
Prepayments and other debtors	0.130	-	-	0.130	0.052
Accrued investment income	0.547	-	-	0.547	1.767
	0.677	0.000	0.000	0.677	1.819

12. Other investments

	2014 Unrestricted fund £m	2014 Restricted fund £m	2014 Endowment fund £m	2014 Total £m	2013 Total £m
Cash deposits	0.985	0.050	-	1.035	1.653
	0.985	0.050	0.000	1.035	1.653

Cash deposits in 2013 included £0.241m held by investment managers.

13. Creditors amounts falling due within one year

	2014 Unrestricted fund £m	2014 Restricted fund £m	2014 Endowment fund £m	2014 Total £m	2013 Total £m
Grants payable	10.881	-	-	10.881	12.392
Investment management fees accrual	0.165	-	-	0.165	0.225
Accruals and creditors	0.267	-	-	0.267	0.135
Taxation and social security	0.042	-	-	0.042	0.037
Investment funds redeemed prepayment	-	-	0.773	0.773	0.818
	11.355	0.000	0.773	12.128	13.607

14. Creditors amounts falling due after more than

	2014 Unrestricted fund £m	2014 Restricted fund £m	2014 Endowment fund £m	2014 Total £m	2013 Total £m
Grants payable in one to two years	5.752	-	-	5.752	5.018
Grants payable after two years	4.493	-	-	4.493	3.912
	10.245	-	-	10.245	8.930

15. Special initiative expenditure

The Foundation establishes special initiatives in order to meet its aims. Periodically the trustees allocate resources to these initiatives. The current total allocations, and the amounts expended in this year and earlier years, and the amounts which may be expended in future years, are shown below.

In addition to the figures shown the Foundation may receive restricted funds from partners to fund areas of joint working on special initiatives.

	Earlier years £m	This year £m	Future years £m	Total £m
All Special Initiatives	29.599	3.935	6.929	40.463

16. Funds

a) Description of funds

- The unrestricted fund comprises accumulated income, income generated in year and transfers from the endowment fund. It is used to finance the Foundation's working capital requirements including grant making and tangible fixed assets.

- The endowment fund represents the original and subsequent gifts of Paul Hamlyn to the Foundation. The trustees manage the endowment fund to maximise returns and also have the discretion to make disbursements from the endowment fund if they consider the circumstances appropriate.

- Restricted funds have restrictions imposed by donors and can only be applied for the particular purposes specified by donors. In 2014 all restricted funds except the Diana Fund, have been received for contributions to special initiatives. Arts Council England, the Arts and Humanities Research Council, HE Academy, CC Skill and Creativity, Culture and Education are contributing to the Artworks special initiative. Unbound Philanthropy are a partner on the Support Options Fund. We received funding from the Diana Fund on their closure to enable the continuation of work of joint interest in the social justice programme.

	Balance at 1 April 2013 £m	Incoming Resources £m	Expenditure £m	Balance at 31 March 2014 £m
b) Movement in restricted funds				
Arts Council England	(0.007)	-	0.007	-
Arts and Humanities Research Council	(0.009)	-	0.005	(0.004)
Creativity, Culture and Education	(0.085)	(0.050)	0.086	(0.049)
Esmée Fairbairn Foundation	0.001	-	(0.001)	-
Unbound Philanthropy	-	(0.040)	0.044	0.004
Diana Fund	(0.007)	-	0.005	(0.002)
HE Academy	(0.005)	-	0.005	-
CC Skills	(0.003)	-	0.003	-
	(0.115)	(0.090)	0.154	(0.051)

c) Transfer between funds

The Trustees agreed to the transfer of £8.589m from the endowment fund to the unrestricted fund to meet the costs of ongoing operations in 2013/14.

d) Investment revaluation reserve

The investment revaluation reserve is calculated as the difference between the market valuation and the historic cost of the Foundation's investments. In 2013/14 a transfer of £116.3m was made (2012/13: £151.837m).

17. Other incoming resources

Other Incoming resources comprises donations and miscellaneous income. In both 2013/14 and 2012/13 this includes a refund for investment funds written off in a previous year following the liquidation of the fund.

18. Contingent liability

The Foundation is aware of the possibility of a claim against the outstanding Estate of Lord Hamlyn.

As the residuary beneficiary of the funds from the Estate, the Foundation would be required to meet the costs of a successful claim but the likelihood of success of any claim and its possible level are not possible to estimate with any certainty and no provision has been made in these financial statements.

19. Related Parties

The following staff and trustees have a controlling involvement with the organisations listed below which have received funding from the Foundation in the year. In all cases the individuals were not involved in decisions to make the award or in the direct management of the award.

Trustees

Claus Moser – Trustee of National Numeracy which was awarded £149,430 in September 2013.

Tim Bunting – shareholder in CanDoCoffee which was awarded £150,000 in March 2014.

Tim Bunting - non executive Chairman of the Kobalt Music Group. The Foundation has an investment of c£3m in Kobalt Music Royalties SICAV Luxembourg

Staff

Richard Robinson is an advisory board member of the Charity Property Fund in which the Foundation has an investment of c£25million.

Trustees, Staff and Advisors as of 31st March 2014

Trustees

Jane Hamlyn (Chair)	Baroness Estelle Morris
Tim Bunting	Lord Claus Moser
Lord Anthony William Hall	Sir Anthony Salz
Michael Hamlyn	Peter Wilson Smith
Baroness Kidron of Angel	Tom Wylie
James Lingwood	

U.K. Staff

Position

Ushi Bagga	Grants Officer, Arts
Denise Barrows	Head of Education and Learning
Rob Bell	Head of Social Justice
Susan Blishen	Right Here (Mental Health Special Initiative) Manager
Anna Booth	Communications Intern
Martin Brookes	Director (from June 2013)
Regis Cochefert	Head of Arts
Molly Courtice	Administrative Assistant, Arts
Eve Dallas	Grants Officer, Social Justice
Tony Davey	Information and Resources Officer
Sarah Jane Dooley	Grants Officer, Arts
Susan D'Sylva	Finance Officer
Susie Dye	Grants Officer, Social Justice
Mia Ferron	Chair and Director's Assistant
Noelle Gilbert	Grants Officer, Education & Learning
Dorothee Irving	Grants Officer, Arts
Maria Karska	Administration Officer
Abigail Knipe	Grants Officer, Education & Learning
Tara LaComber	Project Coordinator, Arts Special Initiatives
Nora Loewenberg	Grants Assistant/ Officer Education & Learning
Angela Melis	Catering Co-ordinator
Marcello Moro	Finance & Resources Assistant
Rizwan Muhit	Office Assistant - Apprentice
Leah Nuth	S.I Administrator, Education & Learning

Lucy Palfreyman	Finance & Resources Director, Company Secretary
Kay Patel	HR & Administration Assistant
Richard Robinson	Investment Director
Liz Scott	Accounts and IT Officer
Samantha Smallcombe	Grants Assistant, Social Justice
Jane Steele	Head of Impact & Evaluation
Juliet Valdinger	Grants Assistant, Arts
Dan Watson	Communications Manager
Faye Williams	Right Here Coordinator

India Staff

Position

Sachin Sachdeva	Director, India
Skalzang Youdon	Administrator, India

Advisors

Subject

Bridgette Anderson	Social Justice
Neera Burra	India
Sir Tim Brighouse	Education & Learning
Kate Brindley	Arts
Fiona Dawe	Social Justice
Lord Gavron	Investments
Simon Gillis	Investments
Sushma Iyengar	India
Rod Jack	Investments
Anita Kerwin-Nye	Education & Learning
Alasdair Macdonald	Education & Learning
Maureen McGinn	Social Justice
John McGrath	Arts
Donald Peck	India
Jonathan Reekie	Arts
Benita Refson	Education and Learning
Claire Whitaker	Arts
Paul Woolley	Investments

Independent Auditors

PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT

Solicitors

Withers LLP, 16 Old Bailey, London EC4M 7EG

Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH

Bankers

NatWest PLC, 3rd Floor, Cavell House, 2a Charing Cross Road, London WC2H 0NN

Investment Advisers

Cambridge Associates Limited, 80 Victoria Street, 4th Floor Cardinal Place, London SW1E 5JL

A company limited by guarantee registered in England and Wales (number 5042279) and a registered charity (number 1102927)