

# Paul Hamlyn Foundation

Trustees' Report and Financial Statements

2016/17

Company Number: 05042279



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# Paul Hamlyn Foundation Trustees' and Directors' Report for the year ended 31 March 2017

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## Chair's Statement

In 2016, I was very pleased to welcome three new trustees to Paul Hamlyn Foundation (PHF), Charles Leadbeater, Jan McKenley Simpson and Claire Whittaker. Each of them is a leader in their field, and they have brought energy and expertise to us at a moment in time when our support for those that we fund could not feel more relevant.

As trustees, we have asked searching questions about how we are addressing our mission, particularly, in the aftermath of the decision to leave the European Union (EU), we have asked whether we are doing enough to improve and enrich the lives of those who are experiencing disadvantage or are in some way excluded, especially young people. I know that the team is working hard to reach out across the country and to spot and encourage applications from those we have not funded before. We have always supported innovators, both within organisations and as individuals, and we are redoubling our efforts to be ground-breaking in this work. And we are encouraging ourselves to be bold – charitable foundations have the opportunity to think and invest long term and to take risks in terms of the new and untested, and both considerations are at the forefront of our decision making at home and in India.

Saying goodbye to staff members always brings mixed emotions. We hope to be an excellent employer and have done much this year to move that ambition forward, developing a professional development programme for our people at all levels of the organisation, and embracing the expressed desire to be a 'learning organisation', which we hope makes this an attractive place to work. Yet we recognise that it is also right that people do move on - we can only hope that when they do so, it is with a positive sense of what they are moving on to. Maria Karska retired after 30 years with the Foundation. She had been with my father since the very earliest days, and her knowledge of our beginnings and our growth was second to none. Our Director of Strategy, Rob Bell, left after eight years to pursue his important work in the social justice field, and both Susie Dye and Bhakti Mistry went to more senior posts, the former at Trust for London and the latter at Comic Relief. Eve Dallas relocated to Glasgow with her family after the birth of her second child. We wish them all well.

As always, I would like to thank all the staff and trustees for their contributions to the Foundation's work. Demand is high for funding, especially during this period of austerity, and it is a measure of their commitment and the excellent stewardship of our Investment Committee that we have been able to respond. The only thing that is certain in a changing world is that we will be asked to do the same in the coming year.

**Jane Hamlyn**  
Chair

## Chief Executive's Statement

Two years in and I feel secure in my understanding of my role and of the Foundation's work and purpose, which is timely, given the societal change that we are facing. The issues have been well rehearsed by others – political flux and the rise of populism, the closing space for civil society and continuing economic challenge are all bearing down on our grantees and the people they seek to serve. Perhaps less well thought through is how trusts and foundations, as increasingly significant players in a complex environment, should respond.

In 2015, we launched a new strategy and in 2016/17, we consolidated all that work and thinking, and instigated an annual planning process, to allow us the time and space to reflect on the strategic plan, in order to make sure it feels current in the context of what is happening around us and to take stock of our achievements and areas for development.

To my mind, the strategy is entirely relevant. Our mission is strong. The golden thread of social justice, which runs throughout, is one we should be very proud in espousing. The guiding principles we use to underpin our approach – to give people a voice, to work with others, to think long term, to be open – are values based and important. Our backing of young people who migrate and of receiving communities to support better integration could not be more critical, given the news from around the globe. The focus on young people is pertinent, given that many currently feel unheard, and we are as pleased with our support of the *Undivided* campaign (which places young people's voices at the heart of post Brexit negotiations) as we are with our funding for infrastructure bodies such as Just for Kids Law. The power of arts and culture as a force for change, able to connect people at a time when many feel disconnected, has been ably demonstrated, perhaps none more so than in Jeremy Deller's Battle of the Somme commemoration, *We're Here Because We're Here*, which PHF helped to make happen in July 2016. And the relationship between, and potential for, collaboration in our grant-making and our knowledge exchange work are becoming clearer.

What is also crystallising is the approach we, as a Foundation, take to achieve everything we want. This is informing a set of metrics we are developing to judge our own efficacy: how well we manage the endowment to create a return that we can use for social good; how we harness our resources to ensure we make the most of them – people, buildings, digital assets – and ensure that we are legally and financially accountable; how well we execute our grant-making; ensuring that we are balancing the capacity of our administrative base against the demands of the sector; that we are always paying attention to the needs of our grantees; and how we can demonstrate an understanding of the fields in which we operate and create an evidence and research base that we can share with others and that advances thinking in some of the areas we care about.

To do all this well, we need to be open to the idea of partnership and collaboration, which we talk more about in this annual report. There is real value in funders collaborating to make the most of opportunities for the charity sector to transform, and it is an area in which I would like to see PHF lead. In 2016/17, we have been pleased to work alongside others, most

especially Comic Relief and CAST (the Centre for Acceleration of Social Technology), to explore the potential for technology to bring innovative solutions to long standing social problems, to develop our own knowledge and to support this capability in the charitable sector more generally. A consideration of how best to sustain a thriving civil society has been a consistent theme in our grant-making and our investment of people's time. In this, we know that we are not alone, and I am grateful for the support of other funders and champions joining us in this endeavour.

It is the Chair's prerogative to thank the trustees and staff for their hard work, and mine to thank them and her for the support and good counsel I have received. I know, because I have read the feedback, that we attract people to the Foundation, for whom the mission and values are fundamental. What is humbling and gratifying is that they, in turn, bring their complete commitment and insight into helping us turn our aspirations into action.

**Moirá Sinclair**  
Chief Executive

# Trustees' and Directors' Report

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## Objectives and Activities

PHF was established for general charitable purposes in 1987 by Paul Hamlyn, an entrepreneurial publisher and philanthropist committed to offering new opportunities and experiences for less fortunate members of society. During his lifetime, and because of his experiences, he had a particular interest in social justice, challenging prejudice and opening up the arts and education to everyone, but particularly to young people.

Paul died in August 2001, however his bequest enables us to be independent and bold in honouring his beliefs and aims. PHF, in its current form, was incorporated in February 2004 and the Objects of the Charity are to further such charitable purposes and to benefit such institutions as the trustees think fit. We do this through grant-making, by supporting research and related charitable activities, and increasingly by deploying our people and our building to assist our grantees in achieving their goals, thus supporting knowledge exchange and the collection of better evidence. We employ 38 staff in London, and have a second office in Delhi with two staff, all of whom bring a mix of grant-making, investment, finance, communications, data analysis and management expertise to the Foundation. Our total expenditure in furtherance of our charitable purpose in 2016/17 was £24.4 million and there were 545 live grants in our portfolio, 242 of which we made in this year.

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 here, are in alignment with the public benefit requirements of the 2011 Charities Act. The Trustees' Report demonstrates the activities of the Foundation and how they meet the principles as defined in the Act.

Our long term mission is to help people overcome disadvantage and lack of opportunity, so that they can realise their potential and enjoy fulfilling and creative lives. We have a particular interest in supporting young people and a strong belief in the importance of the arts.

Our enduring values draw on the beliefs and instincts of our founder, Paul Hamlyn, and social justice is the golden thread that links all our work. We hope, therefore, that our work will help particularly to improve and enrich the lives of those who are experiencing disadvantage or who are in some way excluded. We seek to reflect these values throughout the areas of activity we support, in the grants we make which focus on need and in all the ways in which we work.

As an independent, endowed foundation, we have been able, and have chosen, to support work that others found challenging or that required long-term solutions. This continues to be important to us.

In our current strategy, adopted in June 2015, we identified six strategic priorities relating to changes we wish to see in the UK. Each builds on our previous experience, but has been

identified due to current need, perhaps because in economically challenging times, it has been hard to attract funding to their cause or because the context is a complex one that requires a long-term approach to have real effect. It might also simply be that talented individuals are finding it increasingly difficult to attract funding for an unproven but great idea to deliver much wider public benefit.

In 2016/17, we introduced a detailed annual planning process that seeks to articulate what the shorter term measures of success might be for each area of our work for example, the number of grants we might make for specific programmes or the process of reviewing feedback from grantees. The trustees will receive a report on progress at their July meeting.

Our strategic priorities are to:

***1. Support the creation of exciting ideas by helping imaginative people nurture them.***

There are limited opportunities to access financial support in the UK for individuals with bold ideas for achieving social impact, but who operate outside of an established organisational context. It is particularly difficult for people with new ideas to secure funding to support the earliest stages of ideas development – i.e. scoping and exploratory work, ideas generation and the necessary development work prior to the launch and testing of a new approach or venture. For over 20 years, we have supported individuals whose ideas and pioneering work have often been transformative and delivered real public benefit.

Our work under this strategic priority includes:

*Ideas and Pioneers Fund:* This fund supports people to develop ideas that are of unusual promise in responding to our mission – ideas that could deliver social change and improve the life chances and opportunities of individuals and communities.

*Awards for Artists:* Set up in 1993 to support artists by providing them with financial assistance at critical points in their careers, the aim of Awards for Artists is to give artists the freedom to develop their creative ideas and to contribute to their personal and professional growth. Many of those in receipt of this award have gone on to greater public recognition.

*Breakthrough Fund:* The Breakthrough Fund was set up in 2008 to respond to the drive, talent, vision and determination of exceptional individuals in the role of ‘cultural entrepreneur’ – a role not previously the focus of a funding initiative of this kind – and to offer backing for what they are trying to do. Through committed, responsive and flexible support, we hope to enable significant developments that would not otherwise come about and, in doing, so see transformational impacts for these individuals and the organisations they run. The next round of the Breakthrough Fund, which is by invitation, will be delivered in 2017/18.

## **2. Widen access and participation in the arts.**

We believe in the enduring power of the arts as a force for change that enriches people's lives and communities. Our objective is to support organisations that have ambitious plans to widen access to and deepen participation in the arts. It will not be enough simply to increase numbers: our emphasis is on addressing inequalities of opportunity.

Our work under this strategic priority includes:

*Access and Participation Fund:* Grants will enable organisations to research, test and pilot different approaches to widening access and deepening participation, and to extend their reach and impact. We want to create an environment in which learning about these approaches can be shared with others who may benefit and we expect that some projects that we support will demonstrate the potential to be developed further.

*Circuit:* Launched in December 2013 and running until the end of 2017, Circuit is a programme designed with and for young people that aims to reach 80,000 young people aged between 15 and 25 years and to create a national youth network for the visual arts. It is led by Tate and funded by £5 million given as part of our 25th anniversary gift series. Circuit provides opportunities for young people to steer their own learning and cultural activity across art disciplines. The network spans 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).

*Paul Hamlyn Clubs:* As part of our 25th anniversary celebrations, five theatres and concert halls (in Truro, Cardiff, Glasgow, Leeds and Liverpool), were each given £500,000 over five years to widen audiences, with a particular focus on building sustainable relationships with community partners in their local areas. Through the awards, which run until 2018, the venues will develop models that have a long-term impact on diversifying audiences and sustaining involvement and interest.

*Reading Hack:* As a 25th anniversary gift, The Reading Agency was awarded £1 million over five years in 2013 to develop its Reading Hack programme. The programme aims to use reading and libraries as a springboard for community activism, engaging with young people to develop inspiring reading, writing and volunteering opportunities in deprived communities, whilst helping them to develop their skills, confidence and employability.

## **3. Improve people's education and learning through the arts.**

The arts play an important role in enriching young people's learning and educational experiences. Learning through the arts can engage and inspire young people, support key educational outcomes and develop skills that prepare young people for life beyond school. For many young people, particularly those experiencing the most disadvantage, the only opportunity to gain access to arts education is at school.



We are responding to teachers' interests in increased opportunities to develop their skills and professional practice in arts teaching. We are building on our experience of supporting work to address different educational issues affecting young people. In our strategic plan, we have sharpened our focus to have a stronger impact. Our funding supports the arts in educational settings to enhance the lives and achievements of young people.

Our work under this strategic priority includes:

*Arts-based Learning Fund:* This fund encourages the development, use and sustainability of effective arts-based activities in education, supporting arts organisations to work with schools, colleges and teachers. We are interested in pilots, in projects that evaluate and improve approaches, and in exploring innovation. We are also interested in helping cultural organisations and schools to build lasting and effective partnership working that has a growing impact on young people's learning and development.

*Teacher Development Fund:* This fund helps teachers to develop their skills to deliver arts in schools and to maximise the potential impact of the arts on young people. We are supporting school based projects to develop and spread good practice in teaching and learning in the arts.

*Inspiring Music:* The opportunity for young people to enjoy a range of music-making activities and to attend performances was an early focus for Paul Hamlyn. In early 2014, we published *Inspiring Music for All*, a review of music in schools, and agreed to adopt a key recommendation, to produce practical guidance on how to improve school based music teaching and provision. This programme came to its conclusion in 2016/17.

#### **4. Show that the arts make a difference to people's lives.**

Over the years, the Foundation has provided millions of pounds of funding to arts and cultural organisations. We have a firm belief that the experiences the arts provide can be a force for change in individuals, encouraging creativity, reducing exclusion and assisting social and personal development. We want to help to build the evidence base so that others, including government, can understand the difference the arts make to people's lives and communities. Over time, we hope to widen our focus on impact evidence into other social policy fields.

Our work under this strategic priority includes: supporting grantees to capture and use better evidence; filling some evidence gaps and collating existing evidence in areas where we think we can most add value; and disseminating evidence that helps people to understand the value of the arts.

## **5. Support and strengthen the work of organisations working with young people experiencing disadvantage.**

Much of our work aims to benefit young people, but it is those who work directly with them who often make a difference to their lives, especially if they are vulnerable or face complex transitions to adulthood. We want to help organisations at different stages of development to improve, consolidate and spread those good practices that endeavour to make young lives better. Our aim is to improve the quality and quantity of support available for the most vulnerable young people, by allowing promising innovative approaches to be sustained and grown and/or replicated. We prioritise work with young people that starts by recognising and building on their strengths, and concentrate on those in the most precarious positions.

Our work under this strategic priority includes:

*Youth Fund:* This fund helps organisations to become better prepared for achieving more by providing funding to cover some core operating costs. This is a direct response to feedback from the voluntary sector – that, in order to achieve the greatest positive impact on the lives of young people, organisations need to achieve a balance of stability, continuity and flexibility.

*Growth Fund:* This fund provides non-monetary expert support and longer-term funding to help organisations within the youth sector and outside to identify and implement practical steps to growth. This might involve, for example, replicating a programme or service, or widening the reach of an idea or innovation, perhaps using new technologies to advance policy or enhance implementation. This fund is by invitation only.

## **6. Improve support for young people who migrate and for receiving communities to support better integration.**

Migration is a global phenomenon, generating opportunities for social, economic and cultural enrichment. It also creates challenges for those who have moved or been displaced, and those experiencing changes in their communities. We have long experience of grant-making, research and collaborations around migration – mainly focused on help for young people for whom migration has brought vulnerability and hardship.

Our view is that societies are more likely to live well together if exclusion is addressed and connections deepened. We want to use our funding to help build 'shared ground' with the aim of a more socially equal society.

Our work under this strategic priority includes:

*Shared Ground Fund:* This fund helps to explore new approaches to supporting young migrants in greatest need and/or communities experiencing high levels of migration, particularly in response to new challenges and opportunities arising as a result of policy and practice changes.

*Supported Options:* This work was launched in 2010 and is delivered in partnership with US-based funder, Unbound Philanthropy. The programme encourages and supports practice innovation by grant-funding a small number of charities and law centres to design and operate new approaches to support young undocumented migrants. It also seed-funds new ideas and commissions research on knowledge gaps. It shares learning through reports, online blogs and web resources, and supports a practitioner network. The programme, as currently constituted, comes to an end in March 2017 and we reflect on the learning from it and future for it in the report on achievements and performance.

## India

PHF has been funding development work in India since 1992. It is the only place we work outside the UK and we seek to be a small but significant donor organisation in India. We give grants to local NGOs for health, education, support for people with disabilities, shelter and other social development activities. Grant assessments and relationships are managed by a small and expert team based in India, and trustees visit annually to meet advisors and see the work being supported.

Our mission in India is closely aligned to the Foundation's overarching strategy and is "to improve the lives of the poorest and most vulnerable communities in India in a manner that assists them to make efforts to improve their own conditions, ensuring that they have access to their entitlements, creating and providing appropriate opportunities and also by helping influence change in the context within which they live".

In December 2012, we published a new strategy that set out to achieve three key aims for the programme over the five years from 2013-18. These are:

- To enable vulnerable communities living in priority geographic areas to improve their lives.
- To enable especially vulnerable people living anywhere in India to improve their lives.
- To develop the capacity of organisations and people who facilitate the first two aims.

Trustees considered the recommendations of a mid-term review of the strategy that was conducted in 2016/17, and we reflect on that in more detail below.

Of course, the Foundation does not, in itself, deliver change. Our most important partners are the organisations and individuals whom we fund and whose work results in a better quality of life for those they serve. Our role is not to manage their programmes or stand in their way, but we can, when appropriate, offer support and advice alongside our grant-making and to do so, we value the contribution of the people who work for the Foundation – staff, advisors and trustees – all of whom bring experience and skills to our activities.

We champion transparency across the philanthropic sector and have taken the 360 degree giving pledge to publish information on all our grants in an accessible format.

And we recognise that we need to do much more than that – to become truly reflective and communicative about the work we support, why we support it, and its impact on individuals and communities. So we have made a commitment to learn from the work we support, and to share our knowledge and understanding more widely and effectively. More details about our programmes, our impact and current recipients can be found at [www.phf.org.uk](http://www.phf.org.uk).

# Trustees' and Directors' Report

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## Strategic Report

### Achievements and Performance in 2016/17

#### *A year of internal consolidation and external upheaval*

Having launched our new strategy in June 2015, 2016/17 was the first year of full operation for our grant programmes. The total of grants awarded for 2016/17 was up from £12.8 million to £20.5 million. This is much closer to the intention and figure of £23 million that we had articulated in last year's report, but it fell a little short - mainly because we reviewed some of the new grants programmes and put decision making on hold while we did that, or because it took longer than we thought to finalise the details and get the fund launched. The reasons are outlined below, as is the way in which we are addressing them, but we feel that our ambition of awarding £25 million per annum in the future will be achievable.

The year was one of internal consolidation for the Foundation. The completion of our staff restructure introduced a new post of Director of Policy and Communications, emphasising our commitment to better sharing of expertise and experience and to developing a proactive 'grants plus' approach. This will include knowledge exchange mechanisms, organisational development and evaluation support, in order to provide an improved service and support for applicants and grantees.

Support costs for us are those that enable our staff and trustees to take forward charitable activities, such as grant-making or working with grantees. The largest element is salary costs, but also included are areas such as the running costs of Leeke Street, IT provisions, and costs of staff training and development activities. In addition, we also include in support costs some expenses that enable our staff to deliver charitable activity such as travel to visit grantees and the outlay in providing meeting facilities at Leeke Street for organisations we work with, both of which we consider to be critical in our being a good and effective foundation. Support costs have increased only slightly - by 1.9% - when compared with last year, despite our expansion of grant-making.

The Foundation's staff became much more active in developing partnerships and informing consultations in relation to our areas of interest: for example, in attending a roundtable to help inform Arts Council England's thinking about the best way to support individual artists; and in building a relationship with the National Trust, where we found a significant interest in our approach to community agency and in the findings from the Our Museum programme.

The refugee crisis and the decision by the UK to leave the EU had an immediate and direct impact on our support for those working in the migration and integration field, with many of the Foundation's grantees facing operational pressure and external scrutiny. We made the most of our membership of networks such as Ariadne, a European peer-to-peer network of more than 500 funders and philanthropists who support social change and human rights.

Their annual meeting, held in Tallinn, focused on the refugee and migrant situation in Europe and was an excellent opportunity to hear from colleagues, to understand the context and to strengthen partnerships around an area of key strategic priority for PHF.

Our partnership with Unbound Philanthropy was renewed in 2016/17, with both organisations committing funds for the next three years to continue work to support undocumented young migrants in the UK. This work, previously known as the Supported Options programme, will be consolidated into our Shared Ground Fund, which considers the needs of communities experiencing high levels of migration and new approaches to supporting young people who migrate in greatest need.

Charities continued to be under scrutiny and the Foundation responded to support our grantees and the wider voluntary sector. We worked with partners to inform the thinking behind the Inquiry into the Future of Civil Society, which we are helping to fund. We also worked with Clore Social Leadership and the Cabinet Office to consider innovation to boost the sector, and to enable the Clore Leadership Programme to examine and make recommendations about governance in cultural organisations.

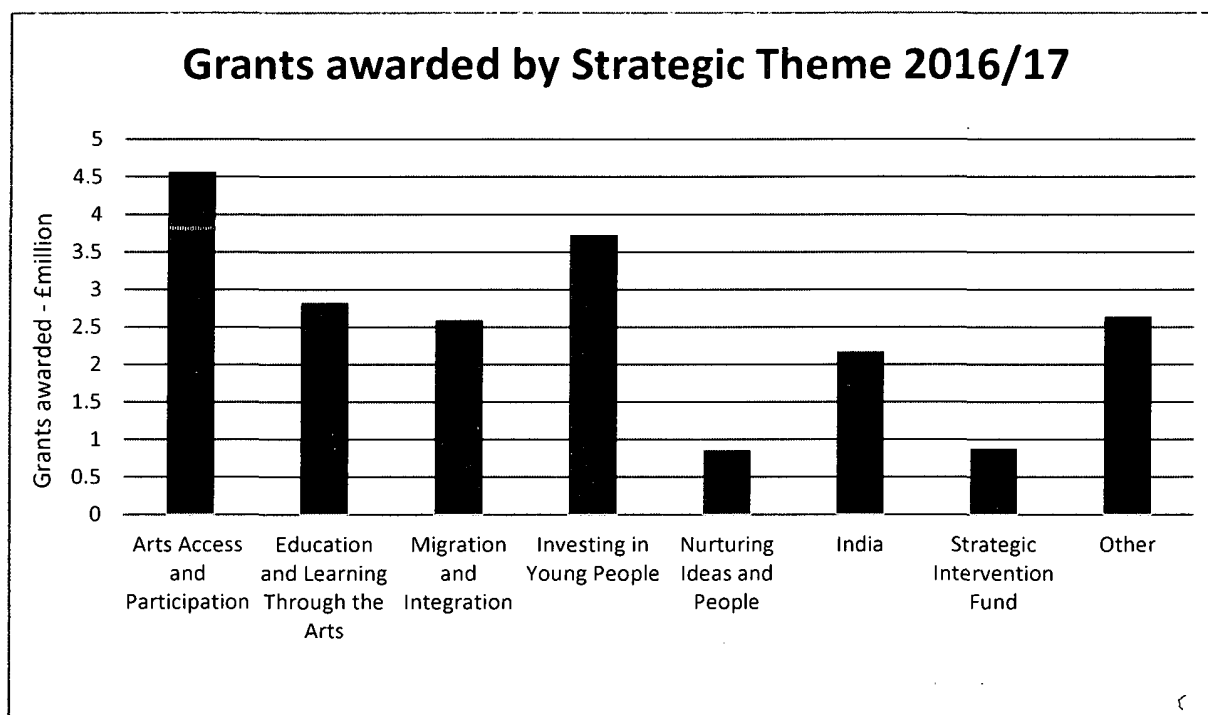
### ***Grant-making 2016/17: Learning and data***

In total, across all our grant programmes this year, we received 1,169 applications, requesting £67 million.

This is significantly less than in the previous year, when we described “an unprecedented level of demand, which placed enormous demands on the team”. We recognised that this was unsustainable for us as an organization, and also that an approval rate of 11% was frustrating and undermining for applicants to us. We have tried a number of approaches, such as providing more clarity in our grant programme criteria for 2016/17, and we have started to populate the website with case studies to give applicants a better sense of what we are looking for and offering surgeries. This appears to have had an impact, with the 2016/17 approval rate increasing to 16.4% (70.3% of applications were ‘declined’ and 13.3% were ‘pending’ a decision at the financial year end).

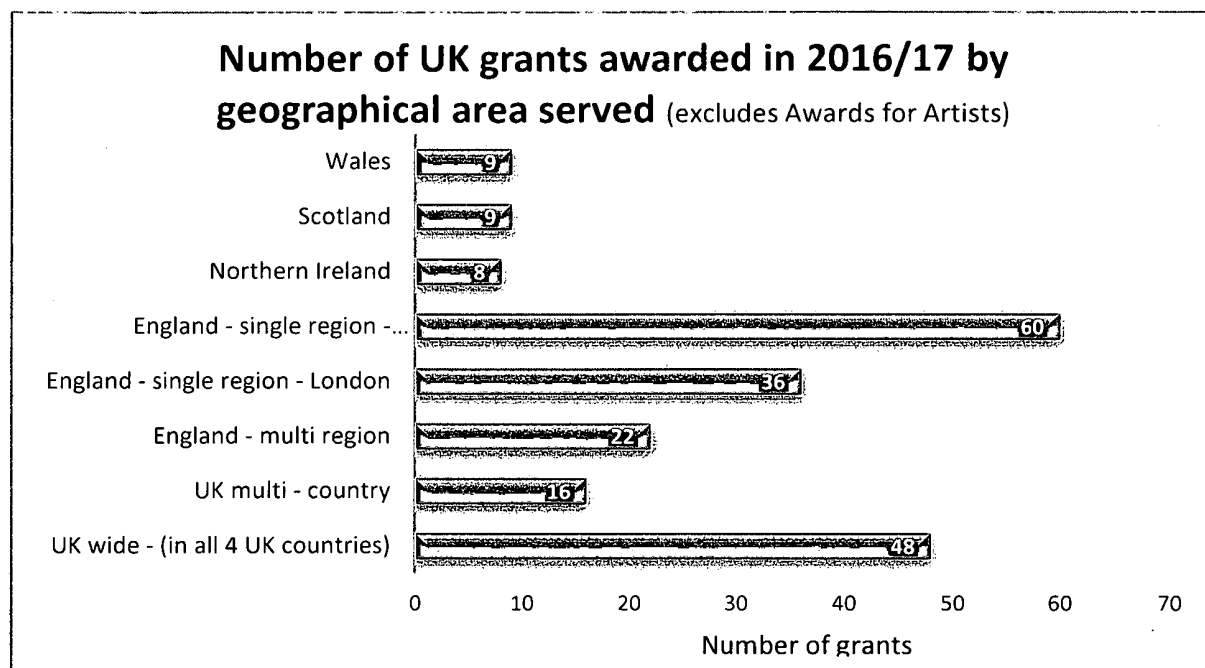
In 2016/17, 242 grants were approved and the chart below shows how the amounts awarded were split between our different strategic priorities. The full list of grants is detailed on pages 37-49.

‘Other’ in the chart below includes a grant to the Helen Hamlyn Trust, grants in furtherance of our strategic priority to build an evidence base for the arts, and grants to support partnership building and working, and knowledge exchange that cut across our strategic priorities.



A good spread of grants across the UK continues to be important to us in addressing our mission to help people overcome disadvantage and lack of opportunity. We have made a concerted effort to visit and to encourage applications to us from areas outside of London and this has paid some dividends, although we know we have some way to go in achieving what we would see as a reasonable spread. There was a slight increase in the number of grantees that planned to work solely in Wales or Northern Ireland between 2015/16 and 2016/17 (from 3% to 4% and 2% to 4% respectively) and as percentages of our grant-making, these figures are broadly in line with UK population estimates. Four per cent of grantees planned to work solely in Scotland, which is not representative of the UK population, and we will need to continue to closely monitor our efforts with regards to this issue.

The chart below shows the number of grants that were awarded across 2016/17 in the UK by the geographical area/s that they planned to serve. These figures exclude our grant-making in India, and Awards for Artists, as these are about personal development and support and do not serve a geographic area.



A number of the grant programmes that we had trialed in launching our new strategy started to deliver in 2016/17 and we also used time this year to reflect on and amend some of those we had initiated previously.

*Teacher Development Fund:* The first grants were made this year to help teachers to develop their skills to deliver arts in schools and maximise the potential impact of the arts for young people. From 25 expressions of interest (following a series of round-tables across the country to present the programme) we asked 12 applicants to present a second stage application and made seven grants as a result in May, to:

- The British Council, acting as consortium lead for BBC National Orchestra of Wales (BBC NOW), University of Wales Trinity Saint David and Ein Rhanbarth ar Waith.
- Into Film, a UK-wide film education charity, working with the Nerve Centre, Northern Ireland's leading creative media arts centre.
- Creative Scotland, which is the lead applicant but the project has been jointly developed with Education Scotland and Creativity, Culture and Education (CCE).
- Hotspur Primary School which is in Newcastle and is part of the Ouseburn Learning Trust. Its Head Teacher, will lead this project. The project will work in partnership with Sing for Pleasure and Sage Gateshead
- A joint bid between CapeUK and the Royal Shakespeare Company to work in Hull.
- A joint bid from the Royal Society of Arts and Arts Connect (Bridge Organisation for West Midlands), with further partners including Birmingham Education Partnership, Birmingham Repertory Theatre, The Play House, and Birmingham City University.
- 5x5x5=creativity, an arts charity that links schools, artists and cultural organisations, bringing its Schools Without Walls approach to the Egg Theatre, Bath Festivals and Mentoring Plus.



Each consortium will work with at least 10 schools and we were able to cover the four UK nations in this pilot phase. We expect to run this programme in future years, informed by the valuable learning so far and from feedback from these first cultural organisations and schools.

*Growth Fund:* This fund is designed so that organisations with growth potential can realise their plans to increase their impact by: growing their influence in terms of practice and/or policy; spreading and increasing take up of new approaches, skills or technology; and looking to replicate service delivery.

It is only aimed at organisations whose mission, values and vision align well with that of the Foundation in terms of impact; particularly those with strong leadership and offers a bespoke package of support tailored to the needs of each organisation that supports their ambition for impact.

From an initial group of eight organisations invited to apply, we made two grants for a full package of support to Leap Confronting Conflict and Just for Kids Law, and six smaller grants to Fight for Peace, Fixers, MAC UK, RECLAIM, The Mix and Move On Ltd.

As we continue to learn and develop the Growth Fund throughout the pilot phase, we will continue to work on the description, process and funding options. We will also develop our approach in terms of this being an 'investment opportunity' for organisations. In particular, we have been careful to stay true to the fund's ambitions and avoid it drifting into a core support fund. We have already noted some areas of learning and will continue to act on these as we move forward.

*Youth Fund:* Our external evaluators, Renaisi, have been investigating several key features of the fund to focus activity and deepen our understanding of what we are aiming to achieve. Issues for continuing discussion include the provision of core funding, the focus on asset-based approaches and our understanding of growth and impact.

As a result of discussions, we have made small refinements to the application form to ensure that there is greater focus on the applicants' ambition to grow their impact. This should allow us to ensure that we have a clearer understanding of the changes that we can expect to see during the period of funding in particular, as well as regarding the longer-term change ambitions that would be expected beyond the grant period.

Grantee convening has demonstrated the appetite for sharing practice, learning and networking. In particular, grantees have found sessions focused on evaluation and impact useful. We will continue to support convening both physically and virtually; and will use these opportunities to build our glossary of terms relating to asset-based working in particular. We have updated the website guidance to describe the approach to increase clarity for applicants.

*Ideas and Pioneers Fund:* We launched in July 2015, with a pilot phase made of three decision-making rounds in the latter part of 2015. Following these three initial rounds, we closed the fund, as planned, to new applications in order to review it. We thus undertook: a

series of conversations to discuss the strengths and weaknesses of the fund; an analysis of data from all applications; an analysis of the data from the equalities monitoring online survey, completed by all lead applicants; and an online survey of staff who took part in the process for rounds two and three.

The review highlighted a number of areas where things had worked well and where there were opportunities to refine the approach. These related to: information about the fund and grants available; recruitment of suitable applicants/applications; and our processes for assessing and making decisions. As a result of the review and a discussion at their meeting, trustees agreed on a series of recommendations, that included: reducing the upper limit for individual grants from £30,000 to £10,000, with the possibility of going up to £15,000 for exceptional people and ideas; and the development of strategic relationships with key organisations to build a network of third-party referees who could point potential applicants in the right direction. We are continuing to watch this fund closely and expect that further adjustments will be made in the next year of operation to make sure we get the reach we want and intervene early enough in the development and trialling of ideas.

*India:* A mid-term review of the current grant-making strategy (conducted by an external consultant Praxis) was discussed in detail when trustees and advisors met in September 2016. The value placed on strong relationships between the India team and potential and eventual grantees was noted and welcomed, as was the strength of support for the open grants programme and its role within the wider funding ecology, and for grants to small and grassroots NGOs. Overall, trustees felt that the overall strategy continued to be valid.

Four key issues were picked up for discussion. As a result, trustees confirmed that the geographic priority areas would remain as the substantial areas of operation for the PHF India grant programme. There was a detailed conversation about whether the current thematic approach had created too much expectation, given the resources available, and whether it was too constraining. It was agreed to move all the grant-making to an open grants category, with the potential to cluster as similar types of grants emerged. There was an intention to do more with the knowledge and data generated by PHF grant-making, in order to enhance the capacity of organisations and of people in the sector and also to inform the wider funding and donor environment. It was also recognised that there had been limited capacity internally to make real the intention and it was agreed to give more weight to this work in the future, for example by engaging with suitable research institutions.

*Supported Options:* During the 2016/17 financial year, the majority of the current cluster of commissions and grants in the programme drew to a close and external evaluators were commissioned.

Among their findings were that, in phase two of the programme, 82 children and young people were registered as British citizens. In total, 414 young people were helped to access a lawyer, 758 received legal advice and 237 received legal representation. More than 7,545 young people and families received some kind of general awareness-raising support on their rights and entitlements. The evaluators estimated that around 1,000 people have received formal training funded by the programme and a further 1,300 training influenced by learning

from it. Participants also contributed to around 30 strategic litigation cases. As a result of these findings and on meeting with representatives from Unbound Philanthropy, trustees agreed to continue the partnership in July and to wrap this work into our wider Shared Ground Fund, committing a further £500,000 per annum for the next three years to it.

### ***Grant-making 2016/17: Strategically significant grants***

All of our grant-making is made in furtherance of our strategic priorities and charitable objectives, but some are more substantial, or are made in partnership, or feel more significant because of the time in which they were made. From among the 242 grants that we made, we would highlight the following:

*Cultural Learning Fund:* We are contributing to a programme led by the Royal Society of the Arts (RSA) and the Education Endowment Foundation (EEF) to evaluate the impact of four different arts/cultural interventions in schools. Our grant of £250,000 from the arts evidence strategic priority, is part of a £2.8 million programme to test the hypothesis that cultural learning can reduce barriers to attainment for disadvantaged students, by developing meta-cognitive skills and a range of non-cognitive skills such as motivation and self-efficacy.

As with all rigorous evaluations using randomised control trials, this is an expensive programme. The largest funding contribution comes from central government (DCMS), with EEF also making a substantial contribution. The programme offers the potential to make a significant contribution to PHF's strategic aims for arts evidence and education and learning through the arts.

*Undivided:* In September, trustees agreed to a grant of £300,000 to support an online platform, Undivided, to allow up to one million young people to define their priorities in a new political landscape and to ensure their voices were heard in the EU negotiation.

Among the highlights were that 8,936,667 people were reached on social media in total, 3,288 demands were submitted and 273,327 votes were submitted against those demands, with 470 of the 650 Parliamentary constituencies represented in the votes on demands. Undoubtedly, one of the most successful elements of the campaign was the positive media coverage of the campaign and of the leadership team. The PR reach of the Undivided campaign was estimated at 37,844,020. In terms of youth leadership, a core team of 23 young people drove forward the Undivided campaign, and, through this, developed their individual skill sets. A wider activation team of 50 young people promoted the campaign.

Undivided was invited to sit as a permanent member of the newly established All Party Parliamentary Group (APPG) on a Better Brexit for Young People to represent youth voice, and is a lead contributor in a Parliamentary report being developed by the London School of Economics and Political Science called 'A Better Brexit for Young People,' which will be delivered in June 2017. An interim report was delivered in March 2017 to coincide with the triggering of Article 50.

*Tech for Good:* PHF continued to develop an interest in supporting digital innovation and came together with Comic Relief to create a £580,000 Tech for Good Fund – our contribution equating to four grants of up to £55,000, of which £3,500 must be spent on purchasing technical expertise. We also supported a research and mapping exercise by consultancy Shift, with a consortium of funding partners, to which we contributed £7,500 to strengthen the UK's social technology sector and help articulate and build consensus around the funding pipeline.

Out of the about 150 applications received overall, an initial long-listing yielded 50 proposals that were then listed on the Tech for Good website, from which the shortlist of 20 were selected. PHF staff were closely involved in the selection processes and in the interviews of the 20 shortlisted applicants, which was a good learning opportunity, given that it is a relatively new area for us.

The final 10 grants in the portfolio cover a wide range of issues, with projects seeking to create technology solutions that target drug and alcohol abuse, homelessness, food poverty, disability and issues affecting young women.

### ***Grants plus activity***

We would describe 'grants plus' as the additional support we provide, in addition to grant money. Within this bracket we would consider:

- The use of our London building.
- The connections we can make to other organisations that we fund or to other funders.
- Tailored expert advice, support and training to help individuals and organisations at a difficult or opportune moment, delivered either by our staff or by consultants that we know and trust.
- Training, networking and learning events to which we invite those that we fund.

We started to capture this support in 2015/16, and the 2016/17 information shows that PHF continues to make the most of its London offices.

Approximately 25 grantees made use of the space free of charge for everything from small team meetings to Board meetings, steering groups, seminars, away days and workshops across 2016/17.

There were also around 20 Working, Steering and Advisory Group meetings, relating to our Special Initiatives and funded programmes work, for example, the Our Museum Steering Group, which met to sign off the evaluation work at the end of the programme, and the What Works? Advisory Group, which steered the programme of work on student retention and success to its conclusion in April 2017.

We hosted a number of events, meetings and delegations to facilitate knowledge exchange and networks. For example, we welcomed the International Society for Music Education

(ISME) Research Commission's pre-conference, which was attended by approximately 30 delegates. PHF also convened an organisational development roundtable event. This was attended by 25 people representing a wide range of other funders to share knowledge and learning and to find ways of working together.

PHF provides use of the building for external organisations to host events themselves. For example, Migration Exchange, a network of independent funders that aims to improve the lives of migrants and receiving communities in the UK, ran an event that 60 people attended. Fixers, an organisation supporting young people's voices, brought together representatives of the youth and arts sectors to explore the potential for partnering and to discuss alignment across their work. Ministry of Stories convenes a group of other organisations working on creative writing with young people in order to develop a shared approach to evaluation.

In total, we estimate that there have been 1,383 attendees for 69 events in the last year. The number of attendees is slightly down from last year, mainly because we did not host the large launch event as we had done in 2015. The figure of 69 events has stayed broadly the same and feels manageable to us, given our physical and staff resources. We would expect to see it rise a little once work is completed on our new building.

As our external presence develops, we are paying close attention to how we can amplify the work of our grantees to make their practice and experience more visible to a variety of audiences.

We continue to sharpen our focus in digital communications, both as a funder interested in investing in technical innovation and as an organisation maximising our messaging through online channels. We currently have around 12,000 Twitter followers, a 23% increase since the same point last year, and our Facebook posts regularly reach over 1,000 people. We receive approximately 15,000 visits to our website each month. This is down from last year when we launched the new strategy and generated a very large footfall, so we would like to sustain and build numbers from this new base. We have recently made improvements to our website to improve clarity and navigation, and are currently reviewing the fund pages to improve user experience.

Over the last year, we have taken steps to improve our messaging through social media, by making our interactions more meaningful and giving these more prominence through our website. We have also started more actively tweeting from our events, using hashtags and online storyboards such as *storify* to share our work more openly with our stakeholders. We are increasingly encouraging grantees and staff to share their experiences through blogs, images and through capitalising on the communications collateral of trusted networks that together reach more diverse audiences than any one agency can reach alone.

As well as our efforts to bring people together online, we continue to look at ways in which we can convene our stakeholders to share experiences and challenges. During the year, we have hosted gatherings of grantees, including in the Youth Fund, the Ideas and Pioneers Fund and the Teacher Development Fund, to share approaches. Analysis across our portfolios and the wider landscape in which we fund is helping us to see the areas where

collaborations can bring added value. In the future, we hope our developing voice will help to build bridges across our communities of interest.

### ***2016/17 highlights and learning from grantees***

*Turner Contemporary in Margate:* The gallery celebrated in June, welcoming its two millionth visit, an incredible milestone, especially given that it opened little over five years ago. The PHF-funded *Art Inspiring Change* project at Turner Contemporary (£100,000 in 2014) enables primary school children to take the lead in transforming their town and community. Begun in January 2016, Art Inspiring Change involves 80 pupils from four Margate primary schools who are each regenerating a disused area close to their school through the creation of a new installation. A town-wide public celebration will mark its completion in July 2017.

*The APPG on Arts, Health and Wellbeing:* An Inquiry was launched in February 2016 to develop policy recommendations and inform a vision for future leadership in the field of arts, health and wellbeing. The Inquiry is led by one of the Co-Chairs of the APPG, Lord Howarth of Newport, and Alex Coulter, Director of Arts & Health South West, who provides the secretariat for the APPG on behalf of the National Alliance for Arts, Health and Wellbeing and funded by PHF and the Wellcome Trust. A series of roundtables were held in 2016/17 with parliamentarians, research and evidence experts, practitioners and civil society organisations. They considered various topics, including cultural commissioning by the health sector; the effect of devolution on arts and health policy, and 'arts on prescription'. Several PHF grantees contributed to the roundtable on young people, mental health and the arts. The Inquiry will make its policy recommendations in mid-2017.

*Learning Away:* This was a £2.25 million PHF special initiative, aiming to support schools to significantly enhance young people's learning, achievements and wellbeing by using innovative residential experiences as an integral part of the curriculum. In December 2015, PHF agreed to provide a further two years of Learning Away 'legacy' funding to help ensure that all of the work achieved so far could be disseminated and shared more widely with schools, and therefore have a greater and longer lasting impact.

In July, the programme received widespread coverage on BBC News, as they launched a toolkit to help schools develop their own 'brilliant' residential. Girl Guiding UK & Education Scotland have now joined the consortium and a group of Scottish organisations have agreed to work with the consortium to champion Learning Away north of the border.

*Royal Shakespeare Company (RSC):* In July, the RSC held a symposium celebrating 10 years of the Learning Performance Network, seven of which have been supported by PHF with two grants totaling £500,000. Over the 10 years, 507 schools have been involved, including 1,320 teachers and nearly 700,000 students, as well as 11 regional theatres. The event included a speech by Arts Council England Chief Executive, Darren Henley, and a panel discussion chaired by George Alagiah. Although there were several discussions about the challenges faced by schools, including the impact of the EBacc on take up of arts subjects and the damage of cuts on the opportunities to see work, there was a huge energy and enthusiasm for what can be achieved.

*What Works? in student retention and success:* This was a PHF special initiative. In October, we hosted two lunches at which the What Works? advisory group discussed emerging findings and recommendations with, respectively, university vice chancellors and their delegates and with policy makers in higher education and senior figures from cross-sector bodies in the field. The lunches appear to have been successful in increasing awareness of the work, hearing timely advice on the presentation of the findings in the current policy context, and securing some offers of help with dissemination. The second phase of this will conclude with a conference and report launch in April 2017.

*Refugee and Migrant Centre:* In November 2011, we started a discussion with Barrow Cadbury Trust and Big Lottery to see whether we might develop a coordinated approach to the expansion of the Refugee and Migrant Centre (RMC) in Wolverhampton to respond to the evidenced gap in immigration advice. PHF and Barrow Cadbury Trust each awarded £170,000 in early 2016 (£70,000 in year 1, reducing to £50,000 in years 2 and 3), continuing to discuss with Big Lottery their contribution. In January, we received news that Big Lottery have awarded the RMC £500,000 over five years, securing this service in Birmingham for the foreseeable future.

*Circuit:* As Circuit draws to a close (grants will finish soon, whilst the evaluation, gathering of learning and knowledge transfer will continue for the whole of 2017/18), the strategy to disseminate findings from the programme is being developed and implemented. Five key learning points have been identified from the programme, which will act as a focus to inform and influence the youth and cultural sectors.

Key findings will be shared through publications, a film, research papers, online content and a conference. It will provide a series of opportunities for youth and cultural sectors to come together to plan future actions and to influence organisations and policy makers.

*Our Museum: Communities and Museums as Active Partners:* Between 2012 and 2015, we supported a number of museums and galleries through a process of organisational change, through which they place collaborative work at the heart of their organisations, building sustainable partnerships with communities and involving them in decision-making. Our focus was on facilitating organisational change so that participatory work becomes core, embedded, sustainable and less at risk of being marginalised when specific funding streams run out.

By the end of the programme, all the museums/galleries had addressed some or all of their strategic change objectives. They had generated examples of exemplary practice and shared learning about what does not work. None had, or would claim, to have completed the process of creating organisational change, although they had developed much greater understanding of the process and challenges of fundamental organisational change. Achieving this kind of systemic, embedded and profound change will require the focused attention of trustees, senior managers and staff and continued strategic planning for the long term. In late June, we launched:

- The final report by the Project Director, Dr Piotr Bienkowski, which highlights key advice on 'How to change into a participatory museum and gallery'.
- A summary report on the progress and outcomes of Our Museum work in the participating institutions.
- A summary report of a review we commissioned to help those involved in Our Museum to reflect on what they had learnt about the strengths and weaknesses of the Our Museum structure and ways of working together.
- A stand-alone web resource comprising over 200 pieces of material (including over 100 films and animations) organised thematically to help museums and galleries who are curious about how to start increasing community participation meaningfully.

Using the publications as a springboard, we started a programme to share learning and to influence future practice.

We built on the conversations already started with the key strategic sector bodies, including all four Arts Councils; the Museums Archives and Libraries Division (Wales); Museums Galleries Scotland; DCMS; the Museums Association; the National Archives; the National Trust; Heritage Lottery Fund; Northern Ireland Museums Council; National Museum of Northern Ireland; National Museums Scotland; the Esmée Fairbairn Foundation and the Calouste Gulbenkian Foundation. We also hosted a breakfast session at the Museums Association annual conference.

We supported the embedding of the Our Museum learning into a Museums Association's development programme for museum professionals called 'Transformers: Radical Change in Museums'. A pool of around 150 mid-career professionals (15 to 20 from each region of the UK) will attend intensive learning days with content that includes the Our Museum resources on embedding participation. They are expected to make a change in their organisation and beyond, embedding participatory practice and social impact. As a cohort, they are expected to deliver an event for their region. This programme will run for 18 months (autumn 2016 to the end of March 2018), with co-funding from Arts Council England; Museums Galleries Scotland; Museums Archives and Libraries Department (Wales); and the National Museum of Northern Ireland.

It is our intention to keep in touch with the progress of the Our Museum participants in sustaining community participation beyond the end of the Initiative. We will ask them to update us in one year and in two years' time.

*Hull City of Culture:* The 2017 programme, which PHF funded last year with a £350,000 grant, kicked off on 1 January with a spectacular firework display and a series of public art commissions. Overall the programme is going well, with positive energy generated locally and nationally and attendances exceeding all expectations. Work is progressing on putting the evaluation arrangements in place. These include the collection of baseline data of residents' levels of participation in arts and culture and surveys of residents' and non-residents' perceptions of Hull as a city. They have developed plans to track the changing perspectives of other stakeholders and participants, including businesses, volunteers and those involved in various professional roles in the city and in the delivery of programmes.



There will be more reflection for PHF about the nature of place based and focused funding in subsequent annual reports.

## **Plans for the future**

Building on the momentum of our strategy and the energy generated by the staff structure that is bedding in so well, we will continue to explore what it means to be a good and effective Foundation in the 21<sup>st</sup> century, one where the balance between grant-making, building field knowledge, advocacy and learning is recognised and valued both internally and externally. It is our intention to continue to build our staff capabilities, investing in their professional development to ensure they can add value to our grantees' work. And we will ensure that we listen to external voices to continually refresh our understanding of context, ensuring that our programmes and approach are relevant.

We are budgeting to award grants of £25 million next year, which is up on the figure for 2016/17. This reflects the decisions taken by trustees during the year, for example they agreed to additional spending on our migration work, recognising the ongoing partnership with Unbound Philanthropy. After a period of stasis, we have increased our Awards for Artists from £50,000 to £60,000 per person and, from 2017 onwards, acknowledging the demand from the sector for this unique 'no strings attached' support, we will make an additional two awards to composers, bringing the numbers benefiting from this exceptional scheme to 10 per annum. The budget also recognises the cyclical nature of some grant programmes, for example the Breakthrough Fund will make grants in early 2018.

Alongside our core work, there are a number of areas, identified in the annual planning for 2017/18, that will take up some time and resource.

PHF was the first UK foundation to commission an independent survey of grantees from the Center for Effective Philanthropy (CEP) in 2009. We did so again in 2013, when we also commissioned a survey of unsuccessful applicants. The summaries of their findings are available on our website here: <http://www.phf.org.uk/publications/grantee-applicant-perception-report-2013>. As part of our continuing commitment to seeking and using feedback from those we work with in order to improve the services we provide, we have asked CEP to carry out both surveys for us again in September 2017. At that point we will be two years into grant-making under our new strategy and will be able to assess applicants' and grantees' responses to our new ways of working.

A review of our digital capacity has thrown up some challenges that we will seek to address in the coming year to ensure that we have the capacity to respond to a rapidly changing environment and to deliver on our promise to share knowledge effectively. We have made provision within our budgets and will expect to see new approaches to data capture, administrative provisions and content creation and presentation.

In October, trustees agreed to purchase no. 13, Leeke Street, a cost that is included in these accounts. This purchase aligns with the case we made in our strategy that we should make

the most of all the assets that we have in order to create the most value for our grantees. Access to space was becoming increasingly important in this regard. It allows our grantees to bring together and be introduced to other potential funders and partners. We can convene where we see themes or issues emerging across the grantee cohorts and we can offer training and knowledge exchange. It facilitates collaborative working among funders. And providing a central London meeting space for Board meetings etc. is a contribution to the bottom line of many of our grantees as hiring space is so expensive.

Although no. 13 is not very big, it is well converted and, since it adjoins us, can be connected relatively easily to provide space for grantees. It also has potential to provide some quiet space for staff and trustees, as the existing building as it currently operates now feels at capacity. We will work with architects, surveyors and staff to realise best value for this investment in the coming months.

# Financial Review

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## Overview

The Foundation's operational model is to use the return from its endowment to support grant-making and charitable activities.

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 trustees have the discretion to make disbursements from the endowment fund in circumstances they consider appropriate. The trustees have stated their intention to preserve the real purchasing power of the gifts from Paul Hamlyn's Estate.

The unrestricted fund is used to finance the Foundation's tangible fixed assets and working capital. It is financed by returns on investments, including investment income and transfers from the endowment fund - in 2016/17 the trustees agreed to transfer £10,055,959.

The restricted fund comprises grant income from partners jointly funding some of the Foundation's initiatives.

The Foundation reports on a combined basis and details of the movements in funds are provided in note 15.

## Investment Review

### *An unexpected turn of events*

2016/17 was a year of surprises, reformed political directions and economic turbulence. Around the world, electorates voted for change. In Britain the country voted to sever the ties of 40 years with the EU. Trump's arrival confirmed the sense of populism. Italy voted against the political status quo. Commentators globally are still trying to understand what this means. It all casts a long shadow over the coming electoral uncertainty in other parts of the European continent as 2017 unfolds.

As last year's fiscal 2015/16 ended in March 2016, the world stock-exchanges were beset with worries about fading economic momentum. But, as 2016 moved into 2017, fragile market confidence grew stronger. Indeed, after the US election in November many investors chose to interpret the campaign promises of the newly elected president as indicative of a sharply improved domestic economy and this set the markets on a strong rise. This was on the back of both the perception that there could be sharply increased infrastructure and defence spending coupled with the chance of currency boosting policies of tax reform, with the American domestic tax policy encouraging the repatriation to the US of a huge quantity of companies' profits held offshore in lower tax jurisdictions. We are cautious of the durability of this move upwards in share values.

Because we are, as a UK based endowment, denominated in sterling and invest largely overseas, with the worries about Brexit, there has been a sharp fall in the value of our domestic currency and this has flattered returns from our investments over the last 12 months. When, in June 1940, after Dunkirk, Churchill explained to a shocked Parliament how, in the face of expectations, four fifths of the British Expeditionary Force had actually been repatriated to this country, he used these words: "we must be careful not to ascribe to this defeat the qualities of a victory..." Similarly for PHF, in terms of the return on our investments, we had a good year. Putting on one side the longer term pros and cons, and the fissile nature of the debate between 'leavers' and 'remainers', it is worth reflecting that a large sterling return that derives from a sharp fall in the value of one's home currency needs to be regarded as something of a pyrrhic victory.

In an uncertain environment like this, we continued to think hard about how much risk we were prepared to take in the portfolio. Rejoicing in just the amount the portfolio went up in value without controlling, along the way, the amount of risk we are undertaking to achieve such a gain, is foolish and ill advised. At PHF the Investment Committee thinks very hard about all the risks we run. This takes various forms, investment risk, liquidity risk, counter-party risk, valuation risk, currency risk etc. For this reason, we have a meeting structure that allows us, in addition to the 24/7 monitoring of risk by the investment team, detailed and considered reflection on the various risks we run, including a formal annual impairment review that is focused on assessing the accuracy of all portfolio valuations utilised.

Looking at investments, for the endowment portfolio, we decided to reduce some of the investment exposure 18 months ago, as we feared more testing markets ahead. Towards the end of an economic expansion, it is usually appropriate to take a conservative approach with a less fulsome weighting to risk assets. For the 12 months following this, it looked like a very sensible move to have made, but with the recent market strength post Trump, it has held back returns. We are not unduly concerned about this, as we do not share the markets' confidence in this recent upward rally.

In summary, in a volatile year for markets and a period of pretty persistent UK pound weakness, the total value of the PHF endowment fund at 31 March 2017 stood at £758 million. For the financial year ending 31 March 2017, the Foundation made gains of £103 million from the portfolio.

The Foundation has wide investment powers that are specified in its Memorandum of Association, and it regularly updates its Investment Policy Statement, which lays out the guidelines employed, as recommended by the Charity Commission in its useful circular CC14. All trustees are involved in setting investment policy, but the authority to decide strategy is delegated to the Investment Committee. The Finance and Investment Committee, with input from senior staff, consultants and PHF's own Investment Director, Richard Robinson - 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.

Review and scrutiny of the governance of the operation of the investment function, both within and outside of the Foundation, is ongoing. Annually at the September Board of Trustees meeting, both governance and performance are formally reviewed by the trustees.

The Foundation's stated investment objective is to:

- Maintain, in the long run, the real purchasing power of the endowment fund.
- Invest in a diverse range of assets that 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.

After considerable review and research in 2011, trustees accepted the recommendation of the Investment Committee that real spending at 3.5% to 4% per annum would be reasonable in the medium term, although demanding in an era of low nominal returns. Review of this work is due, particularly as the outlook for markets may prove to be unrewarding over a period of future years, although any decision to alter the agreed level of spending would not be taken lightly.

In terms of overall portfolio shape, the Investment Committee continues to run a highly diversified portfolio with significant equity orientation. As stated, 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. But at PHF we also focus on absolute return funds for periods when market returns are low or negative, as well as structuring the portfolio in a way that takes into account that there are periods of both inflation and deflation. The intention is to attempt to build a conservative asset mix that is not overly dependent on any single economic scenario or asset class.

Furthermore, we recognise the growing importance and prominence of environmental, social and corporate governance issues in the selection and management of investments within our portfolio. In June 2015, we became signatories to the United Nations 'Principles of Responsible Investment', as well as the Carbon Disclosure Project. We will be making steps in the coming years to reflect more of these values within our investment portfolio, although the Investment Committee notes that this is a direction of travel, not a destination in itself. In November 2015 we signed up with the organisation ShareAction, specifically the 'Charities Responsible Investment Network' that lends weight and energy to certain campaigns to reach the Sustainable Development Goals as laid out in the 'Sustainable Development Summit' in New York in September 2015. We are working increasingly closely with this group.

The modified guidance from the Charity Commission for England and Wales, our regulator, in circular CC14 is helpful in assisting in the decision making for what are termed 'mixed motive' investments. As yet, the Foundation has mainly kept grants and investments separate and we have not developed a specific 'social investment' programme. These Charity Commission guidelines are being revised again this year.

As we have written before, it is axiomatic to state that over time good investment is, as often as not, about resisting the temptation to meddle with a well-constructed portfolio. During the 12 months under review, we have made few changes:

- We have maintained our bias towards the largest capitalisation companies and kept our overall equity weighting broadly the same as last year.
- We have maintained both the alternative and macro investment funds that historically have profited during periods of market reverse.
- We continued to fund our long-term commitment to private equity, particularly to the US and some Asian countries.
- In property, our core holding in the sector remains the specialist Charity Property Fund, which had another solid year.
- This year was a slightly disappointing year for returns in our hedge fund portfolio. The Foundation continued to build out its exposure.
- We continued to favour the US dollar all year and this was the right stance to have taken. We run our currency exposures on a 50% sterling/50% non-sterling neutral position and can move to 70/30 or 30/70 when it feels appropriate. We are aware that currency plays a key role in investment returns, and we monitor our positions and decision making carefully. The currency decision in its magnitude of move can, on occasion, dwarf other portfolio variables in terms of impact and we continue to watch foreign exchange markets closely.

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

- Overall exposure to listed equities was 41%. This includes shares listed on stock exchanges both in the developed and emerging markets. We regard this equity-focused part of the portfolio as the major return driver for the Foundation over the long term.
- Alternative investments currently stand at around 43% of the portfolio. This includes both hedge funds, private equity and venture funds. The Foundation receives expert guidance on these asset classes from Cambridge Associates as it continues to build its programme of diversification.
- Because we fear inflation and the ravages of its effects on the real value of our portfolio, we have about 8% of the portfolio in investments that are usually good performers in such times i.e. property and index linked bonds. This is lower than last year and reflects some profit taking in this area.
- Conventional bond exposure is low at 4% and, with cash of 2%, totals 6% in the most defensive investments.
- The balance of the portfolio, 2%, is held in a non-directional diversified fund.

The Foundation's endowment investment portfolio rose by +17.6% for the financial year ended 31 March 2017, making an overall cumulative advance over the last three years of approximately +38%. At the end of the year, the value of the endowment was well in advance of the trustees' target of preserving the real value of its purchasing power. This

calculation is made by adjusting Paul Hamlyn's bequests over time for RPI, net of grants.

## **Fundraising Activities**

Although we do not undertake fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes". Such amounts receivable are presented in our accounts as voluntary income and include legacies and grants from others.

In relation to the above, we confirm that any fundraising is managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the Senior Leadership Team, which is accountable to the trustees.

The charity is not bound by any regulatory scheme in relation to fundraising and the charity does not consider it necessary to comply with any voluntary code of practice due to the limited scope of its fundraising operation.

We have received no complaints in relation to fundraising activities.

## **Grant-Making and Other Expenditure**

Grant and other direct charitable expenditure at £24.4 million has increased by over 40% when compared with 2015/16, reflecting the first full year of implementation of the new strategy, and in line with expectations.

Overall support costs increased by 1.9% year on year, again reflecting the increased activity associated with a first full year of implementation, but remain a low percentage of our overall spend and in line with our expectations. The largest area of increase is in payroll costs as our full staff team has been put in place.

## **Risk Management**

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 Investment Committee, with input from Cambridge Associates and others. Individual investment mandates are awarded to specialist managers after scrutiny by the Investment Committee with input from various sources. Impairment and liquidity risk are considered by

the investment team and the Investment Committee as described above. The trustees consider the Foundation's risk profile on a regular basis.

The primary operational risks facing the Foundation are: that we do not fulfil our mission; that of poor governance; and reputational risk. The introduction of a revised strategy in 2015/16 that clarifies objectives and focuses on measuring impact is the principal approach to ensuring we fulfil our mission, although trustees recognise that, as the Foundation is in the early days of implementing the strategy, some degree of residual risk in this area remains. The new strategy also required new governance arrangements and the trustees have also acknowledged that, although the needs of the Foundation and new arrangements have been considered in some depth, they must ensure that these bed in effectively. Given the recent scrutiny of charities, trustees have also considered reputational risk in depth and have been reassured by the clear framework for assessment and decision making on grant applications and programme work, which seeks to identify risk areas, internal policies (particularly on areas such as conflict of interest or anti-bribery) being in place, and the development of an advocacy and communications strategy that will be signed off in 2017.

The trustees consider strategic risk at least annually and delegate detailed consideration of the risk register to the Finance Committee. The Senior Leadership Team is responsible for reviewing the operational risk register on a regular basis and ensuring the approaches identified to manage risk are effectively implemented.

## **Reserves Policy**

The Foundation funds are held as an expendable endowment and, as such, the risk associated with not having adequate reserve balances is judged to be low. The implementation of the short term and long term financial objectives is managed through the grant-making and investment policies.

Within this context, 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. This is reviewed annually.

At the end of 2016/17, total funds held amounted to £747 million. Of these, £0.02 million are restricted and not available for general purposes of the Foundation at the end of the reporting period. No designated funds are held by the Foundation and no material amounts have been committed at the end of the reporting period.

Amounts that can only be realised by the disposing of tangible fixed assets or illiquid fixed assets investments amount to £462 million. Investment holdings in cash and other liquid deposits were approximately £303 million and six months of commitments are estimated at approximately £17.6 million. Therefore, the level of liquidity in the holdings is deemed to be adequate.



## **Statement of Trustee's responsibilities**

The trustees are responsible for preparing the Strategic report, the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting 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.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Reference and Administrative Details

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PHF is a charitable company limited by guarantee and does not have share capital. The company was formed on 12 February 2004 – company number 5042279 (registered in England and Wales) and registered charity number 1102927.

The principal office of the Foundation is 5-11 Leeke Street, London WC1X 9HY which is also the registered office of the company.

At 31 March 2017, the trustees of the Foundation were:

Jane Hamlyn (Chair)  
Michael Hamlyn  
Tim Bunting  
Tony Hall  
Charles Leadbeater (from 5 July 2016)  
James Lingwood  
Jan McKenley-Simpson (from 5 July 2016)  
Anthony Salz  
Claire Whittaker (from 20 September 2016)  
Tom Wylie

## Structure, Governance and Management

The Foundation's governing documents are its Memorandum and Articles of Association.

The Board of Trustees comprises not less than three and not more than eleven members. Three new members joined in 2016/17, bringing much appreciated experience in innovation, education and leadership development. The Board meets at least four times a year and agrees the broad strategy and areas of activity of the Foundation and considers policy and performance around grant-making and other charitable activity, investment, reserves and risk management. In 2016/17, the Board also considered significant (above £400,000) or strategic grant applications.

The Board keeps the skills requirements for trustees under review and this informs trustee recruitment. Trustees are appointed initially by the Appointer as set out in the Articles of Association (currently the Chair of the Foundation). The appointment is subject to a resolution at the next Annual General Meeting of the Foundation. The maximum term of office for a trustee is three years except in the case of family trustees (Jane Hamlyn and Michael Hamlyn) who have no maximum term. Renewals of appointments are considered at AGMs and voted on by all trustees acting as members of the company. A comprehensive

induction is designed for each new trustee by the Chair and Chief Executive – the contents depend on the trustee's skills, experience and background but will include at a minimum:

- Briefing on Charity Commission and Companies House guidance and requirements.
- Meetings with fellow trustees and senior staff to discuss strategy, policies and procedures, and current priorities.
- A comprehensive briefing pack including relevant information such as Memorandum and Articles of Association, strategy documents and financial statements.

A new governance structure for grant-making was agreed at a full Board meeting in March 2016 and was introduced in the 2016/17 financial year. Trustees reviewed its operation at six months to ensure they were content and, at this meeting in December 2016, they also agreed to the establishment of an Evidence and Learning Advisory Group. In 2017, we will explore the potential for a similar group to support our communications and advocacy work. The Finance and Investment Committee terms of reference were updated in March 2017, at which point this committee was split to become two entities.

The principal committees of the Foundation are:

- Arts and Education Grants Panel, comprising three trustees, up to three advisors and one member of Senior Leadership Team. Meets five times per year.
- Migration and Youth Grants Panel, comprising three trustees, up to three advisors and one member of the Senior Leadership Team. Meets five times per year.
- Explore and Test Grants Panel, comprising two trustees, one adviser plus one member of Senior Leadership Team. Meets eight times per year.
- Ideas and Pioneers Grants Panel: comprising two trustees, one adviser and two members of staff. Meets eight times per year.
- India Programme Committee, comprising three trustees and up to four external advisory members. Meets twice per year.
- Finance Committee, comprising between three and five trustees. Meets three times a year to consider financial and resource management issues.
- Investment Committee, comprising between two and five trustees and advisers as considered appropriate. Meets up to five times a year to consider investment strategy, manager appointments and performance.
- HR Committee, comprising the Chair, the Chair of the Finance Committee and at least one other trustee. Meets at least once per year.

The day to day management of the Foundation is delegated by the Board of Trustees to the Chief Executive, who works with the Senior Leadership Team comprising of the Director of Finance and Resources, Director of Grants and Programmes, Director of Evidence and Learning, Director of Policy and Communications and the Investments Director. The organisational structure of the Foundation is that each Director leads a team focusing on the relevant functional area. The Grants and Programme team is organised to reflect the strategic priority areas of the Foundation.

## Key Management Personnel and Remuneration Arrangements

The Foundation defines its key management personnel as the Senior Leadership Team. The following post-holders were in place during 2016/17:

Chief Executive – Moira Sinclair

Director of Finance and Resources – Lucy Palfreyman

Investments Director – Richard Robinson

Director of Evidence and Learning – Jane Steele

Director of Grants and Programmes – Régis Cochefert

Director of Policy and Communication – Faiza Khan

Remuneration arrangements for all staff, including key management personnel, are decided by the Foundation's HR Committee, which is a sub-committee of the Board of Trustees.

The HR Committee meets on an annual basis. It considers performance, benchmarks with comparator organisations, inflation levels and changes in responsibility levels as well as affordability of any pay awards to the Foundation. Any annual pay awards are at the discretion of the HR Committee and usually apply with effect from 1 April each year. The award of an increase in one year does not create an entitlement in any subsequent years. The Foundation is a London Living Wage employer.

The Foundation draws on expert advice to supplement the expertise held by staff and trustees. In 2016/17, independent advisers were used to provide support to the main committees and panels of the Foundation. In addition, the Foundation has called on professional advice from lawyers, its auditors and investment consultants, the details of which are provided below.

### Independent Auditors

BDO LLP, 55 Baker Street, London. W1U 7EU

### Solicitors

Withers LLP, 16 Old Bailey, London EC4M 7EG

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

### Bankers

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

### Investment Advisers

Cambridge Associates LLC, 80 Victoria Street, 4<sup>th</sup> Floor Cardinal Place, London SW1E 5JL



Tim Bunting

4/7/17



Jane Hamlyn

4/7/17

# Grants Awarded and Direct Charitable Expenditure in 2016/17

## Arts Access and Participation

### Open Grants

#### Explore and Test

Action Transport Theatre Company Ltd	To develop a digital arts outreach programme, using technology such as mobile phones and tablets.	£56,600
An Talla Solais (Ullapool Visual Arts)	To use reflective practice to push the boundaries of curation by using group exhibition and a peer mentor.	£30,000
ARC Stockton	To develop a free ticket scheme for primary school aged children.	£60,000
Arnolfini	To support artist led action research, exploring topics affecting lower socioeconomic and or BAME communities in Bristol.	£60,000
Camden People's Theatre	To test an artist-led approach to increasing theatre attendance among people from BAME backgrounds, and to gain a better understanding of some of the barriers that exist.	£41,500
Freedom Festival Arts Trust	To test ways of working with new communities in Hull.	£60,000
Grizedale Arts	To underpin two years of action-research partnership between Grizedale Arts, the Coniston Institute and the Ruskin Museum.	£59,000
Horniman Museum and Gardens	To explore the benefits that participatory practice brings to community partners and artists, collaborating in a museum setting.	£60,000
Oily Cart Company Ltd	To research, pilot and evaluate performance approaches to better engage with deafblind children as people in audiences.	£60,000
Phoenix Dance Company	To provide weekly dance classes with 80-120 boys aged 8-19 from Leeds and Bradford.	£60,000
Prison Arts Foundation	Support for a pilot project to address the transition from custody to community through an arts-mentoring scheme.	£60,000
Royal Court Theatre	Support for a three week programme of plays, workshops and special events curated by young people.	£25,000
Scene & Heard	Delivery costs for the development and pilot of the Writeback course	£28,000
Shubbak: A Window on Contemporary Arab Culture	Funding for a series of workshops and residencies showcasing artists from the Middle East.	£56,000
The Bush Theatre	Community Associates will work with NEET (Not in Employment, Education or Training), young men and invite two local community organisations to become associate companies.	£52,000
The Customs House Trust Limited	To pilot a sustained visual arts offer for 14-19 year olds, exploring how best to engage them in the gallery programme.	£31,400
The Irene Taylor Trust	To pilot creative music programmes alongside practitioner training, to engage 10-15 year olds experiencing educational and economic disadvantage.	£59,817
Ulster Orchestra Society Ltd	To test the impact of a 'relaxed' music performances for people with autism and learning disabilities.	£52,360
Volcano Theatre Company	Support for 'Spiked' a partnership examining how arts organisations can work with the socially-excluded.	£40,000
Vortex Jazz Foundation	To explore the best ways in which to support access to art activities for disadvantaged local communities.	£60,000
		<b>£1,011,677</b>

### More and Better

14-18 NOW Imperial War Museum	Support for a public art event created by Jeremy Deller to commemorate the first day of the Battle of the Somme.	£30,000
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ACTA Community Theatre Limited	Support ACTA's core programme and Foundation initiative.	£155,000
Arts Derbyshire	To develop a dementia-friendly film programme across the country.	£175,000
Attitude is Everything	To grow and diversify its team of 'Mystery Shoppers' who rate music events for accessibility.	£279,000
Community Music Wales	To deliver a Wales-wide training programme for musicians wanting to become community practitioners.	£189,000
Fun Palaces	Support the organisation to deliver their core campaign and annual weekend of action.	£210,000
Geese Theatre Company	To deliver three years of activity developing theatrical and personal skills focussed on raising participants' self-esteem and increasing wellbeing.	£215,000
Loud In Libraries CIC	To run a two year programme of live music, digital media and learning events for young people.	£73,000
Manchester International Festival	To further develop local community engagement.	£200,000
Ministry of Stories	To roll out a creative writing programme for disadvantaged children based on the Ministry of Stories model, but with strategies for a substantially increased impact.	£60,000
Multi-Story Music	To expand its activities outside London.	£154,000
National Museum Wales	To change the delivery of exhibitions to break down barriers experienced by those facing disadvantage.	£199,775
Oh Yeah Music Centre	To expand a live music events mentoring programme to young people in areas of social disadvantage.	£347,000
Outside In	To support the first two years of Outside In's operation as an independent charitable body.	£126,000
Paines Plough	To develop a sustainable small scale touring model that connects with young audiences and to provide training to a new and diverse generation of artists.	£189,000
People United	To expand their impact nationally and to continue to evaluate and share research findings.	£150,000
Serious Events Limited	Support regional venues in programming high quality and diverse music and initiate audience development.	£128,000
Site Gallery	To deliver On the Road: a four year programme to expand youth audiences and work with local young people.	£322,000
The Lightbox	Legacy grant for the Our Museum initiative.	£70,000
Young Vic	Supporting Growing Communities, a new programme engaging with hard to reach communities in Lambeth and Southwark.	£220,000
		£3,491,775
<b>Open grants to organisations total</b>		<b>£4,503,452</b>

## ArtWorks: Developing Practice in Participatory Settings

Foundation for Community Dance	ArtWorks Legacy grant to develop a website presence and archive resources.	£36,834
University of Sunderland	Funding will support ArtWorks North East to continue to offer networking opportunities and consolidate activity.	£5,350
Welsh National Opera Ltd	Funding will support the ArtWorks Cymru partnership to develop the next phase of activity.	£5,000
Direct charitable expenditure		£22,160
		£69,344

## Our Museum: Communities and Museums and Active Partners

Museums Association	Funding towards the Transformers special initiative.	£20,000
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Direct charitable expenditure		£125,400
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£145,400

### Paul Hamlyn Clubs

Direct charitable expenditure		£48,221
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### Arts Access and Participation total

£4,766,417

## Arts Evidence

### Open Grants

Ministry of Stories	To set up a roundtable group to share findings from a three-year evaluation by the Institute of Education.	£4,800
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Royal Society of Arts	To evaluate the impact of cultural learning on young people's academic and non-cognitive development.	£250,000
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Sistema Scotland	Support the continued evaluation of Big Noise Raploch.	£50,000
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Tate Gallery	Support a 12 month programme of activities to examine of best practice in participatory arts.	£70,000
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Direct charitable expenditure		£38,274
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### Arts Evidence total

£413,074

## Education and Learning Through the Arts

### Open Grants

### Explore and Test

Akademi South Asian Dance UK	To deliver dance and movement workshops to students with autism to explore how such mediums can support physical and communication needs.	£53,815
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BOM (Birmingham Open Media)	To test the teaching of science through art in a secondary school for students on the autistic spectrum.	£60,000
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Bristol Music Trust (BMT)	To investigate how schools can work together to commission a coherent, quality local cultural curriculum.	£60,000
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DanceEast	To test blended learning models in seven primary schools.	£60,000
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Darts Doncaster Community Arts	Two artists to deliver weekly sessions in primary schools to benefit pupils at risk of exclusion.	£50,500
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Scarabeus Theatre	To test and evaluate an innovative way of teaching physics to primary school children through aerial dance.	£46,000
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The Forge	Support for a two-year project providing participatory arts with Year 6 children transitioning to Year seven.	£41,100
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Whole Education Ltd	To explore an approach to out-of-the-classroom learning using digital resources.	£60,000
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£431,415

## More and Better

Imagineer Productions Ltd	To work with 450 children to design and prototype mechanical milestones for a new Coventry cycle trail.	£295,000
KIT Theatre	To expand the programme of Inspiration Days and establish a regional delivery infrastructure.	£65,000
Pop Up Projects CIC	To deliver better and deeper continuing professional development and learning (CPDL) for teachers in relation to improving writing culture in schools.	£325,000
Royal Liverpool Philharmonic Society	To expand the In Harmony Liverpool Programme, with a focus on early years provision and teacher training.	£329,000
Royal Opera House Foundation	To expand its Creative Writing through the Arts programme over a three year period.	£237,000
Sistema Cymru	Development and growth of this new organisation providing learning through music in two primary schools.	£53,000
YDance	To deliver dance activities to teach academic subjects in 12 primary schools over four years.	£298,000

£1,602,000

### Open grants to organisations total

**£2,033,415**

## Inspire Music

Direct charitable expenditure

£121,518.57

## Teacher Development

5x5x5 - Creativity	Support for the Schools without Walls programme which seeks to embed learning through the arts in the curriculum.	£123,000
Cape UK	Teacher professional development to teach Shakespeare in primary schools.	£125,000
Creative Scotland	Training to increase teachers' confidence in using arts-based approaches in teaching and learning.	£119,000
Film Nation UK	To deliver a literacy and numeracy intervention based around film-making and analysis.	£125,000
Hotspur Primary School	Support 16-20 schools to develop teachers' skills and confidence to lead singing in their schools.	£100,000
Royal Society of Arts	Working with teachers to co-design drama-based interventions to improve pupils' writing.	£90,000
The British Council	Teacher training to increase confidence in using music to teach languages.	£111,000
Direct charitable expenditure		£145,321

£938,321

### Education and Learning through the Arts total

**£3,093,255**

## Investing in Young People

### Open Grants

### Youth Fund

Beatfreeks	To develop organisational management and infrastructure to improve long-term outcomes.	£52,000
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Clore Social Leadership Programme	Support for a youth sector leadership programme.	£60,000
Empire Fighting Chance	To expand its method in other regions and sharing learning.	£60,000
Football Beyond Borders	To part-fund the salary of the Head of Delivery to double the reach of its Schools Programme in London.	£49,200
Fully Focused Community Trust	To enable the organisation to employ a new Youth Participation Officer and a new Content Manager, as well as secure its own office space.	£55,880
GASP Motor Project	To part-fund the salaries of staff in order to expand a programme of delivering hands on learning to young people not in education, employment or training.	£40,000
Kidscape Campaign For Children's Safety	Funding for a Director of services to widen the reach of a programme supporting victims of bullying.	£60,000
Mancroft Advice Project (MAP)	Salary support for the CEO and the Development Manager to focus on MAP's role as an influencer.	£60,000
Mental Health Foundation	Support for salaries for staff on the Children and Young People's Mental Health Coalition.	£60,000
Northern Ireland Youth Forum	To fund the Director to fundraise for and develop existing and new collaborations and programmes.	£60,000
Only Connect UK	To develop a more sustainable business model and the conversion of its office space.	£60,000
Oxfordshire Youth	To contribute to the funding of staff positions in order to roll out an income generation programme.	£60,000
Partnership for Young London	To develop strategy, evaluation and dissemination in order to increase the profile, impact, and reach.	£60,000
Project Oracle	Support as it transitions to becoming an independent charity and expands its reach and impact.	£60,000
Release	Support for salaries as Release rolls out the Y-Stop campaign, educating young people about police stops and search powers.	£50,000
Sheffield Young Carers (SYC)	Funding for two senior staff members to develop SYC's training offer for statutory organisations.	£59,169
Spark Inside	Funding for the salary of the CEO as the organisation expands its work with young offenders.	£60,000
StreetDoctors	Supporting growth to be active in 18 cities by 2018, through supporting the salary of the Medical Director sabbatical position.	£60,000
Switch Up CIC	Funding for staff salaries and core costs for the expansion of the organisation and renting costs.	£60,000
Sylfaen Cymunedol Cyf	Core funding to replicate the Sustainable Livelihoods programme.	£60,000
The Big House	Funding a new post of Operations Manager to continue work with at-risk young people.	£60,000
The Centre for Youth Impact	Support to extend the early adopter network.	£60,000
The Junction - Young People Health & Wellbeing	Funding towards the salary of a Director as the organisation seeks to replicate its "nested service provision" model.	£60,000
The Open Door Centre	Support for the salary of the Centre Manager as the organisation expands its Corporate Community Partnerships Programme.	£30,000
The Warren of Hull Ltd	To part-fund a new strategic post to help grow the social enterprise arm.	£60,000
The Wharton Trust	To part-fund salaries of two staff members to help establish a sustainable Hartlepool Young People's Foundation.	£60,000
The Winch	Support for core salaries and staff development during a period of growth and consolidation.	£55,200
UpRising	To support the central management team in preparation for growth in the reach and the rolling out of the Find Your Power programme.	£60,000
Vi-Ability Educational Programme	Support for salaries as the organisation trials new income generation strategies and expands its reach geographically.	£60,000
Wac Arts	To fund a new strategic post to facilitate organisation growth.	£60,000

Xplode Magazine	Core funding for expansion of the organisation across Greater Manchester.	£60,000
YMCA Crewe	Funding for senior staff salaries to develop YMCA Crewe's Life Academy programme and to prepare for replication.	£60,000
Young Roots	To recruit a part-time Director and expand its activity into a third London borough.	£59,801
Young Scot	Strengthening co-design in three Scottish localities.	£60,000
Youth At Risk Ltd	To support the delivery of community based programmes and training to professionals to transform individuals, organisations and systems to the benefit of young people and the adults and communities around them.	£60,000
Youth Focus North East	Support for the salary of Programme Director as the organisation expands its co-produced mental health and employability programmes.	£60,000
YouthAction Northern Ireland	To grow YouthAction's capacity by testing a collaborative research hub to exchange and recommend policy and practice that can improve young people's lives.	£60,000
		<b>£2,131,250</b>

## Growth Fund

Fight for Peace UK	To utilise their 'innovate and scale' approach to deliver an intensive programme of training targeting young people in prisons and young offender institutions in partnership with Second Chance.	£10,000
Get Connected - T/A The Mix	To fund organisational development to facilitate growth.	£80,000
Inspiring Scotland	Funding for the 14-19 Fund to support young people transitioning from school to work and further education.	£300,000
International Centre for Social Franchising	Support for the Scale Accelerator which assesses organisations' readiness for expansion and growth.	£80,000
Just for Kids Law	Core funding to support strategic and operational growth, particularly to grow impact through policy and influencing work.	£500,000
Leap Confronting Conflict	Core funding to support strategic and operational growth, including to grow influence through professional training (including a digital training offer).	£500,000
MAC-UK	To fund capacity building measures so that MAC-UK can support other organisations to adopt their evidence based approaches.	£10,000
Move On Limited	To contribute to growth plans aimed at diversifying income and developing their offer.	£30,000
Public Service Broadcasting Trust	To fund growth aimed at positioning their approach at the heart of society.	£10,000
Reclaim Project Ltd	To support strategic planning and operational development to support growth ambitions.	£80,000
Direct charitable expenditure		£6,857
		<b>£1,606,857</b>

## Investing in Young People total

**£3,738,107**

## Migration and Integration

### Open Grants

### Shared Ground Explore and Test Grants

Bolton Lads and Girls Club	To trial a new approach to supporting and integrating young refugees.	£60,000
brap	To explore group facilitation techniques to engage communities in areas of high inward migration.	£30,000

Center for Global Development (CGD)	To explore new migration and integration policy options for the UK Government in the context of Brexit.	£20,000
Counterpoints Arts	Support for integration activities in areas of high inward migration.	£59,500
Family and Childcare Trust	To explore if the Parent Champion programme can be used to help families from new migrant communities to integrate.	£60,000
Greater Manchester Immigration Aid Unit also known as GMIAU	To co-design an advocacy service model with unaccompanied migrant children, young people and service providers.	£60,000
Project 17	To test an integrated model of crisis intervention.	£60,000
Refugee Youth	To support the role of a part-time coordinator.	£5,000
Right to Remain	Mobilising communities to campaign for community based alternatives to detention.	£59,000
Voluntary Action Sheffield	To test if a city-led cohesion strategy featuring a cross-sector partnership can influence policy, helping to incorporate welcoming approaches to migration in Sheffield.	£60,000
		£473,500

## Shared Ground More and Better Grants

British Future	To promote social integration and more connected communities by finding new ways to talk about integration so as to bridge community divides.	£96,500
British Red Cross	To develop a collaborative and co-ordinated response to the increasingly restrictive policies and practice relating to refugee and migrant family reunion.	£200,000
Cardinal Hume Centre	Support for the Immigration Advice Capacity Network.	£150,000
Centre on Migration Policy and Society (COMPAS) University of Oxford	To work with five UK cities to achieve a step-change in their approach to migrant integration.	£221,000
City of Sanctuary	Support for the Ordinary People Extraordinary Lives Project.	£150,000
Institute for Public Policy Research	To work with local authorities in three areas to gain a deeper understanding of concerns about immigration.	£194,000
Islington Law Centre	Support for the Migrant Law Project to build upon its successful court case to allow refugee young people from Calais to join relatives in the UK.	£150,000
Migrants Organise Ltd	To trial a new model of community organising in four regions of the UK.	£180,000
Migration Museum Project	To employ a curator to develop its exhibitions and events outside of London and work towards a permanent museum.	£165,000
Overseas Development Institute	Core support to enable migration to remain a central strategic focus in the organisation.	£200,000
Refugee Action	To increase access to immigration advice for migrants.	£150,000
The Refugee and Migrant Centre Ltd	Support to expand the delivery of immigration advice to refugees and migrants in Birmingham.	£170,000
		£2,026,500

### Open grants to organisations total

**£2,500,000**

## Supported Options Fund

Bristol Refugee Rights (BRR)	BRR will convene sessions in Bristol to explore thinking and discussion around the issues facing young people who are subject to immigration control with the aim of progressing thinking on this issue at the city level.	£5,000
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Campaign Bootcamp	Funding for five scholarship places for campaign training and a year of mentoring and community support.	£17,000
Core Cities UK	To undertake an enquiry into current and potential future approaches to migration across areas covered by Core Cities UK, through roundtables, interviews and analysing available data.	£15,000
Praxis Community Projects	Delivery and future development of Brighter Futures and WINGS supporting young migrants.	£42,425
The Refugee and Migrant Centre Ltd	To fund work that will research the gaps and opportunities relating to migration and integration infrastructure in the West Midlands.	£5,000
The Social Change Agency	Supporting a small cohort of PHF grantees to develop thinking on organising and service provision.	£12,000
Support costs SOI and Unbound		£134,216
		£230,641
<b>Migration and Integration total</b>		<b>£2,730,641</b>

## Nurturing Ideas and People

### Open Grants

### Ideas and Pioneers Fund

Amy Martin	Feasibility study on "Children's Hub": an arts venue focusing on childhood in Birmingham.	£12,700
Amy Win - Cook Inspire Change (CIC)	To produce e-learning tools to prepare young people facing challenging circumstances for entry-level jobs in the food industry. To produce online resources to support young people to set up their own food businesses.	£14,400
Bidean Co-design	To develop and deliver design workshops, during which mental health service users co-design products that help with their symptoms.	£12,075
CanDo Coffee	To fund an Operations Director to facilitate expansion. CanDo Coffee enables disadvantaged people to forge their own path in employment.	£50,000
Christopher Hartworth	To produce an online, peer-to-peer resource for people living with chronic conditions.	£15,650
Commons	Top-up for the original grant to set up the first not-for-profit cooperative law firm offering services to vulnerable people.	£1,875
Commons	To set up the first not-for-profit cooperative law firm offering services to vulnerable people.	£10,125
Deborah May	To curate a series of food events with local refugee and migrant chefs and set up permanent community canteens.	£10,325
Eamonn McCarron	To develop a new and innovative learning model where people with learning disabilities teach percussion, singing and dance to young children and higher-need learners.	£14,640
Elly Hargreave	To explore the benefits and possibility of placing nursery child care within care homes for older people, drawing on international practice.	£15,160
Freya Morgan	To research the barriers to accessing funding and develop a user-friendly online platform.	£5,225
Games for Life (CIC)	To test Biofeedback Training with young people at Thamesmead Isis Youth Offenders Institute.	£15,150
Ignition Brewery Ltd	To trial a training programme for employees with learning disabilities.	£11,150
Iridescent Ideas (CIC)	To complete a feasibility study on a community-owned tidal renewable energy generation in Plymouth.	£10,650
Juno Roche	To highlight the sexual health needs of trans people and develop training resources.	£10,575

Kim Furnish	To pilot a programme to reduce child-to-parent violence using internet teleconferencing.	£6,400
Little Village	A community enterprise to support local families in need, providing amenities for children aged 0-5.	£15,650
Martha Hilton and Terry Manyeh (through Reclaim)	To finalise the Educating All study aimed at improving recruitment and retention of working class students at universities.	£15,243
Michelle Corrigan	To create a peer support network to build young women's confidence and self-esteem.	£15,700
Muscle Owl	To increase the reach for the organisation which is dedicated to changing attitudes to disability.	£10,200
Nikki Giant	To create a centre of excellence for girls and young women in Wales.	£9,190
Offploy C.I.C	To undertake research and development work to consider models of service provision to support people with convictions moving into meaningful work, and to support employers to become ex-offender friendly.	£1,500
Paul Bannister	To conduct a feasibility study for a peer support programme for men with depression.	£15,400
Peer Power	To test 'Positive Psychology': workshops to increase well-being among excluded young people in the criminal justice and care systems.	£10,943
Rachael Gibbons (through Reclaim)	To create a leadership development programme for working class young pioneers.	£15,146
REIGN Pioneers	For 18-25 year old survivors of child sexual exploitation to provide training to front-line workers such as social workers, teachers and police officers.	£12,920
Richard Good	To implement an innovative model to address employability barriers for prison leavers.	£15,825
Riverside Stourbridge Community Interest Company	To provide practical skills activities, based around the conservation and preservation of the Riverside House site, for adults with health and social care requirements.	£15,200
Robert Allen	To design and deliver a radically inclusive start-up accelerator/incubator for people with no or low income.	£12,200
Rosie Havers	To pilot a programme of food growing in the school curriculum in five primary schools in Cardiff.	£10,325
Siobhan Pyburn	To develop training resources for her survivor-led approach to recovery from child sexual abuse.	£8,075
Speak Street	To establish a permanent community hub that brings migrants together with English speaking neighbours.	£13,000
Steven Shaw	A website and mobile app to enable people with chronic fatigue/ME to share experiences of achieving improvements in their health.	£10,075
The Postvention Trust CIC	To work with partners to conduct research in areas of the country with high suicide rates, produce an awareness raising video and begin developing the provision of suicide bereavement support to young people.	£15,200
Upstarter	To prototype four new financial services for under-served or excluded members of the community.	£11,150
Your Own Words CIC	To pilot a project working with people in the care aged 15-18, to reduce the potential of them falling into the criminal justice system.	£9,850
Direct charitable expenditure		£39,649
<b>Ideas and Pioneers total</b>		<b>£498,541</b>

## Awards for Artists

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

<b>Composers:</b> Daniel Kidane, Heather Leigh Keenan, and Ailís Ní Ríain	£150,000
<b>Visual arts:</b> Lucy Beech and Edward Thomasson, Sonia Boyce, Rachel Reupke, Lucy Skaer and Cara Tolmie	£250,000
Direct charitable expenditure	£73,241
	<b>£473,241</b>

## Breakthrough Fund

Direct charitable expenditure	£6,328
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### Nurturing Ideas and People total

**£978,110**

## India

### Open Grants

Anjali	To grow a programme aimed at building the capacity of the former patients of Pavlov Mental Hospital to work towards their social inclusion and reintegration.	£59,209
Association for Social and Human Awareness	To fund the second phase of a project aimed at addressing the issues of trafficking and safe migration.	£86,802
Dang Vikas Sansthan, Karauli	To improve working conditions and find alternative livelihoods for mine workers in the Karauli region.	£77,722
Digdarshika Institute of Rehabilitation and Research	To support a collaboration with Parvarish to expand their inclusive education programme in rural areas of Gwalior.	£79,101
Gramin Adivasi Samaj Vikas Sansthan (GASVS)	To develop a community based approach to supporting people experience mental health problems.	£112,574
Gramin Samassya Mukti Trust	To fund phase two of a forest conservation programme.	£68,657
Gramin Vikas Sansthan	To fund phase three of a project to develop sustainable organic farming practices.	£88,939
Gramya Vikas Trust	To support the constitution of women's federations as sustainable, self-reliant organisations.	£34,863
Institute for Psychological Health	To support the rehabilitation of patients living with schizophrenia.	£68,667
Iswar Sankalpa	To fund support for homeless people living with mental health conditions.	£138,895
Jan Sahas Social Development Society	To support strategic organisational planning and mentoring.	£76,630
Jana Sanskriti Centre for Theatre of the Oppressed	To create theatre addressing issues of child-marriage, trafficking and girls leaving education early.	£57,896
Khoj - A Quest for Knowledge Hope Opportunity and Justice	To support work in 23 villages undertaking forest conservation and expand the participation of women, leading to sustainable production that will increase the income of the villagers.	£66,822
Nedan Foundation	To set up an adolescents' club, survivors' network and to work with police to intervene and counter trafficking.	£48,802
New Alipore Praajak Development Society	To continue work demonstrating the viability of the open shelter model for children living on railway platforms.	£119,357
North East Network	To fund a fellowship programme for youth from the North East to learn filming, biodiversity and conservation.	£58,015
Safe Society	To support positive interventions to increase the safety of children on railway platforms.	£83,054
SAHAJ—An Organisation for Women's Development	To support design and product development and the creating of a design department.	£18,311

Samarpan	To support the growth of a strategic plan to tackle poverty, marginalisation and exploitation.	£83,258
Samavesh Society for Development and Governance	To enhance an already existing education project to include community involvement in school management and interventions at the pre-school level.	£57,096
Sangini Mahila Kalyan Samiti	To develop a pool of leaders within the domestic workers' collective to take the organisation forward.	£84,602
Sathiya Welfare Society	To fund a sports centre for boys and girls that is gender and caste neutral.	£53,302
Society for Rural Urban and Tribal Initiative (SRUTI)	To expand its fellowship programme focusing on empowering marginalised people across 10 states.	£181,406
The Banyan	To work towards the successful transition of 300 people recovering from mental illness from care institutions to shared homes.	£182,791
Training Awareness and Behaviour Change about Health and Rehabilitation Society	To help organisations work with government departments to increase understanding of issues relating to child protection.	£101,289
YUVA—Youths Union for Voluntary Action	To fund the next stage of a programme supporting children who pick from coal mines by continuing children's clubs, and providing training for teachers and others.	£82,651
		£2,170,711
Exchange rate differences		£265,482
<b>India total</b>		<b>£2,436,192</b>

## Evidence and Learning

IVAR	Contribution to the third cycle of the UK Evaluation Roundtable.	£15,000
Shift	To contribute to a stronger UK social technology sector.	£7,500
Direct charitable expenditure		£109,114
<b>Evidence and Learning total</b>		<b>£131,614</b>

## Strategic Intervention Fund

Comic Relief	To run the UK Tech for Good grants programme.	£220,000
Livity Limited	Support the core campaign team for Undivided, focusing on young people and Brexit.	£300,000
Pembroke College, Cambridge	To establish a fully-funded PhD studentship in Refugee and Migration Studies, in memory of the late Jo Cox after whom the studentship will be named.	£60,000
Social Finance	To fund an Impact Incubator that will build collaborations to develop systems-changing models to entrenched social problems.	£300,000
<b>Strategic Intervention Fund total</b>		<b>£880,000</b>

## Voice, Influence and Partnership

Barrow Cadbury Trust	A short research and provocation paper looking at how funders can work together and improve their responses to citizen disenfranchisement in Europe.	£5,000
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Greater Manchester Immigration Aid Unit also known as GMIAU	Convening support.	£4,400
Sadler's Wells applying on behalf of What Next?	Core support for the What Next? movement and bursaries towards costs for a national event in October 2016.	£20,000
The Sheila McKechnie Foundation	To build knowledge and tools that can support the competencies and cultures necessary to help campaigners thrive.	£20,000
The Social Change Agency	To fund a two-day event exploring the practical realities of building a social movement fit for change.	£7,200
Direct charitable expenditure		£49,193
<b>Voice, Influence and Partnership total</b>		<b>£105,793</b>

## Other and Legacy grants

### Development Fund

Citizens UK Charity	To support DBS checked volunteers to accompany refugee children through the transfer and relocation process.	£10,000
Clore Leadership Programme	Underpin the publication of <i>ImagineNation: The Case for Cultural Learning</i> .	£10,000
Contact Theatre Company	To work with an external consultant to explore the business development opportunities for the Future Fires programme.	£10,000
Funders Collaboration on Leadership c/o Clore Social Leadership	Support for a collaboration to find solutions to problems in the charitable and voluntary sectors.	£5,000
Liverty Limited	Support the core campaign team for Undivided, focusing on young people and Brexit.	£20,000
New Philanthropy Capital	Contribution to the costs of year 4 of Inspiring Impact.	£15,000
Pallant House Gallery	Contribution to the setting-up costs of Outside In as an independent organisation.	£6,000
ShareAction	Support for core activities including shareholder activism and collaborative investor engagement with companies.	£20,000
The Big House	Support towards three performances of Knife Edge, a full scale promenade theatre production, at the Royal Court Theatre.	£5,000
The British Academy	To produce a collection of essays exploring different elements of social integration.	£20,000
The Centre for Youth Impact	Support for a core team to progress a collective impact initiative for organisations working with young people.	£20,000
The Salvation Army	To provide emergency accommodation for refugee children arriving from the Calais refugee camp.	£2,000
Transform Justice	Support for the continuing dissemination of the findings of the reframing crime and justice programme.	£9,000
UK Youth	Support for the Democratic Engagement and EU Referendum voter registration campaign.	£15,000
West London Zone	To develop a system to monitor and analyse impact data.	£20,000
<b>Development fund total</b>		<b>£187,000</b>

### Other grants

The Helen Hamlyn Trust	Support for the Helen Hamlyn Trust 2016-2017	£2,000,000
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## Legacy grants

What Works? Direct charitable expenditure	£6,047
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<b>Other grants total</b>	<b>£2,193,047</b>
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<b>Total grants awarded and direct charitable expenditure</b>	<b>£21,466,250</b>
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### **Organisations receiving more than one grant included in the listing above:**

Commons - Awarded a total of £12,000 in 2016/17 (£1,875 and £10,125 both from the Ideas and Pioneers Fund).

Greater Manchester Immigration Aid Unit - Awarded a total of £64,400 in 2016/17 (£4,400 from the Knowledge Exchange Fund and £60,000 from Shared Ground Explore and Test Grants).

Livity Limited - Awarded a total of £320,000 in 2016/17 (£20,000 from the Development Fund and £300,000 from the Strategic Interventions Fund).

Ministry of Stories - Awarded a total of £64,800 in 2016/17 (£60,000 from the Arts Access and Participation More and Better Fund and £4,800 from the Arts Evidence Fund).

Royal Society of Arts - Awarded a total of £340,000 in 2016/17 (£250,000 from the Arts Evidence Fund and £90,000 from the Teacher Development Fund).

The Big House - Awarded a total of £65,000 in 2016/17 (£5,000 from the Development Fund and £60,000 from the Youth Fund).

The Centre for Youth Impact - Awarded a total of £80,000 in 2016/17 (£20,000 from the Development Fund and £60,000 from the Youth Fund).

The Refugee and Migrant Centre Ltd - Awarded a total of £175,000 in 2016/17 (£170,000 from the Shared Ground More and Better Grants and £ 5,000 from the Supported Options Unbound Philanthropy Fund).

The Social Change Agency - Awarded a total of £19,200 in 2016/17 (£7,200 from the Knowledge Exchange Fund and £12,000 from the Supported Options Fund).

### **Restricted funding**

From the grants awarded, £25,000 relate to activities funded by restricted funds received from Unbound Philanthropy (Bristol Refugee Rights £5,000, Core Cities UK £15,000 and the Refugee and Migrant Centre Ltd £5,000) and £62,500 of grants in the India programme were funded by a donation also categorised as restricted funds.

# **Independent Auditors' report to the members of Paul Hamlyn Foundation**

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We have audited the financial statements of Paul Hamlyn Foundation for the year ended 31 March 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of trustees and auditors**

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## *Opinion on financial statements*

In our opinion the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of the charity's incoming resources and application of resources, including the income and expenditure, for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the trustees' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements and the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the strategic report and trustees' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- Certain disclosures of trustees' remuneration specified by law are not made.
- We have not received all the information and explanations we require for our audit.



*Donald Bawtree (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
5 July 2017*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Statement of Financial Activities

For the year ended 31 March 2017

(Including the Income and Expenditure Account)

		2017	2016
	Notes	Total funds (i) £m	Prior year total funds (i) £m
<b>Income and endowments from:</b>			
Donations	2	0.13	0.04
Investments	3	19.27	19.67
Other	4	0.01	0.06
<b>Total</b>		<b>19.41</b>	<b>19.77</b>
<b>Expenditure on:</b>			
Investment management costs	5	5.08	4.15
Charitable activities	6	24.37	16.02
<b>Total</b>		<b>29.45</b>	<b>20.17</b>
<b>Net income (expenditure) before investment gains/losses</b>		<b>(10.04)</b>	<b>(0.40)</b>
<b>Net gains/(losses) on investments</b>	10	<b>102.57</b>	<b>5.69</b>
<b>Net income (expenditure)</b>		<b>92.53</b>	<b>5.29</b>
<b>Net movements in funds</b>		<b>92.53</b>	<b>5.29</b>
<b>Reconciliation of funds:</b>			
<b>Total funds brought forward</b>	15	<b>654.03</b>	<b>648.74</b>
<b>Total funds carried forward</b>		<b>746.56</b>	<b>654.03</b>

(i) All restricted, unrestricted and endowment funds. In line with the Charities SORP, paragraph 4.11, PHF has adopted a single combined funds column. A summary of funds movements is included in note 15 (b).

The Statement of Financial Activities (SoFA) 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 (SoFA)

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

The notes on pages 55 to 70 form part of these financial statements.

# Balance Sheet


As at 31 March 2017

		2017	2016
		Total funds	Prior year
	Notes	(i)	total funds (i)
		£m	£m
<b>Fixed assets:</b>			
Tangible assets	9	6.44	5.89
Investments	10	753.30	660.67
<b>Total fixed assets</b>		<b>759.74</b>	<b>666.56</b>
<b>Current assets:</b>			
Debtors	11	0.51	0.47
Investments	12	3.52	4.00
Cash at bank and in hand		1.41	1.59
<b>Total current assets</b>		<b>5.44</b>	<b>6.06</b>
<b>Liabilities:</b>			
Creditors: Amount falling due within one year	13	( 12.72)	( 13.39)
<b>Net current assets</b>		<b>( 7.28)</b>	<b>( 7.33)</b>
<b>Total assets less current liabilities</b>		<b>752.46</b>	<b>659.23</b>
Creditors: Amount falling due after more than one year	14	( 5.90)	( 5.19)
<b>Total net assets</b>		<b>746.56</b>	<b>654.04</b>
<b>The funds of the charity:</b>	15		
Represented by:			
Restricted income funds		0.02	-
Endowment and unrestricted fund			
- Investment valuation reserve		248.87	179.15
- Other endowment funds		497.67	474.88
<b>Total charity funds</b>		<b>746.56</b>	<b>654.03</b>

(i) All restricted, unrestricted and endowment funds.

The notes on pages 55 to 70 form part of these financial statements. The financial statements on pages 52 to 70 were approved by the trustees on 4 July 2017 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

# Statement of Cash Flows

For the year ended 31 March 2017

	2017	2016
	Total funds (i)	Prior year total funds (i)
	£m	£m
<b>Cash from operating activities:</b>		
<b>Net cash provided by (used in) operating activities</b>	<b>( 24.06)</b>	<b>( 20.62)</b>
<b>Cash flows from investing activities:</b>		
Investment income received	19.24	19.46
Purchase of tangible fixed assets	( 0.72)	( 0.08)
Sale of tangible fixed assets	-	-
Purchase of fixed assets and other investments	( 105.39)	( 133.52)
Sale of fixed assets and other investments	115.33	140.36
Investment management charges paid	( 5.05)	( 4.15)
<b>Net cash provided by investing activities</b>	<b>23.41</b>	<b>22.07</b>
Change in cash and cash equivalents in the year	( 0.65)	1.45
Cash and cash equivalents at the beginning of the year	5.58	4.14
<b>Cash and cash equivalents at the end of the year</b>	<b>4.93</b>	<b>5.59</b>
<b>Reconciliation of net income/(expenditure) to net cash flow from operating activities:</b>		
<b>Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)</b>	<b>92.53</b>	<b>5.29</b>
<b>Adjustments for:</b>		
Depreciation charges	0.17	0.19
Gains on investments	( 102.57)	( 5.29)
Investment income	( 19.27)	( 19.67)
(Increase)/decrease in debtors	( 0.01)	0.06
Increase/(decrease) in creditors	0.01	( 5.35)
Investment management charges	5.08	4.15
Decrease in PRI debtor		
<b>Net cash provided by (used in) operating activities</b>	<b>( 24.06)</b>	<b>( 20.62)</b>
<b>Analysis of cash and cash equivalents:</b>		
Cash in hand	1.41	1.59
Current asset investments (cash and cash equivalents)	3.52	4.00
<b>Total cash and cash equivalents</b>	<b>4.93</b>	<b>5.59</b>

(i) All restricted, unrestricted and endowment funds

# Notes to the Financial Statements for the year ended 31 March 2017

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## 1. Principal Accounting Policies

### Basis of preparation

The financial statements are prepared in accordance with the Charities SORP (FRS 102) (Accounting and Reporting by Charities: Statement of Recommended Practice applicable for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)), FRS 102, the Companies Act 2006 and the Charities Act 2011.

There are no material uncertainties about the charity's ability to continue and the financial statements are prepared on a going concern basis.

The charity is a public benefit entity.

A summary of accounting policies that affect material items are provided below.

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 while also generating sufficient return to fund grant-making and other charitable activities. In 2016/17 the trustees agreed to transfer a proportion of endowment funds to fund in year expenditure and details of this are provided in note 15.

### i. Income

All income is included in the Statement of Financial Activities (SoFA) when the Foundation becomes entitled to the receipt. The income is recognised when it is probable that the economic benefit associated with the transaction will come to the Foundation and the amount can be measured reliably.

### ii. Donation income

Donations are recognised when the Foundation has been notified in writing of both the amount and the settlement date. In the event that a donation is subject to conditions that require a level of performance before the Foundation is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met or the fulfillment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the accounting period.

### **iii. Investment income**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Foundation. This is normally upon notification of the interest paid or payable by the bank.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

### **iv. Expenditure**

Expenditure is the cost of generating funds and charitable expenditure including governance costs.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Foundation to that expenditure, when it is probable that the settlement will be required and when the amount of the obligation can be measured reliably.

### **v. Cost of raising funds**

Investment management fees, including fees to advisers, and internal investment management costs, including staff costs, are the only costs of raising funds.

### **vi. Charitable expenditure**

The Foundation's charitable expenditure comprises grant-making and direct charitable activities. Grants are recognised at their full value at the point at which the Foundation has a clear obligation to make a payment to a third party and the recipient has been informed. Where the payment is planned to be more than 12 months after the reporting date of the Foundation's accounts, the Foundation reviews the present value of future payments and considers whether the effective financing cost is material to the Foundation's reporting. If so, the financing charge is disclosed in the Statement of Financial Activities (SoFA). Otherwise, the unadjusted value of the grant awarded is shown as a long-term or short-term creditor as appropriate. In 2016/17, the Foundation does not consider the effective financing cost of future payments as material and no adjustment has been made.

### **vii. Allocation of support costs**

Where possible, support costs are attributed directly to the activity, or activities, to which they related. These include support costs that relate to grant-making activities and include assessment and monitoring costs. However, some support costs—such as governance, personnel costs, finance department costs and property-related expenditure—support more than one area of activity. These costs are apportioned across the activities they support on the basis of direct expenditure incurred by these activities as a percentage of total direct expenditure.



#### **viii. Accounting for staff costs**

The Foundation's normal staff costs comprise salaries and social security contributions, contributions to the Foundation's defined contribution pension scheme, and benefits schemes including group health and life insurance. Any annual leave that an employee has accrued but not yet taken at 31 March is calculated at the pro-rata cost of these days. If this figure is considered material, the cost is included within the SoFA, with a corresponding liability shown as falling due within one year. In 2016/17, the cost of accrued untaken leave was not considered material and no entry is included within the financial statements.

The Foundation defines its key management personnel as its Senior Leadership Team comprising the Chief Executive, Director of Finance and Resources, Director of Grants and Programmes, Director of Evidence and Learning, Investments Director and Director of Policy and Communications.

Termination benefits may occur where the Foundation has agreed to terminate the employment of an employee and are included within the financial statements when the payment has been formally agreed or a detailed formal plan for the termination to which the Foundation is realistically unable to withdraw exists. The amount of termination benefit shown shall be either the amount agreed or paid, or the Foundation's best estimate of the expenditure required to settle the obligation.

#### **ix. Tangible fixed assets**

All tangible fixed assets are held for charitable use.

The cost of tangible fixed assets is their purchase price including associated costs such as taxes and legal fees, together with any costs directly attributable to bringing the asset into working condition for its intended use.

The Foundation has adopted the cost model as defined in FRS 102, whereby the value of fixed assets is measured as the original cost less any accumulated depreciation and accumulated impairment losses. Impairment reviews take place on an annual basis. Only tangible fixed assets, or interrelated groups of tangible fixed assets, with a cost exceeding £1,000 are capitalised.

Depreciation is calculated to write off the cost of the tangible fixed asset on a straight line basis over the expected useful economic life of the assets concerned. The principle economic life for tangible fixed assets shown in these financial statements are as follows:

	<b>No of years</b>
Furniture and fittings	4
Computer equipment	4
Freehold building	50
Land is not depreciated but is subject to an impairment review.	

#### **x. Intangible fixed assets**

Occasionally, the Foundation holds intangible fixed assets. These are defined as non-monetary assets without physical substance, where the costs associated with the asset can be measured reliably and the Foundation can expect to receive future economic benefits from the asset.

The cost of intangible fixed assets is identified as their purchase cost including any taxes and any directly attributable costs of preparing the asset for its use. The Foundation has adopted the cost model as defined in FRS 102, whereby the value of intangible fixed assets is measured as the original cost less any accumulated depreciation and accumulated impairment. Depreciation is calculated to write off the cost of the intangible fixed asset on a straight line basis over its useful economic life which the Foundation's policy is to take as four years.

#### **xi. Fixed asset investments**

##### **a) Investments valuations**

PHF's policy is to value its investment assets on a fair value basis following FRS 102.

PHF's approach is as follows:

- If an active market exists for the asset, PHF will value the asset using the quoted price, which is usually the current bid price.
- Where funds are managed by investment specialists on a pooled basis but the pooled funds are not listed assets themselves, PHF will review the basis of valuation used by the fund and confirm it is based on GAAP (Generally Accepted Accounting Principles) fair value methodology, incorporating market values where possible.
- Where PHF is a partner in a limited partnership as part of a private equity or venture capital investment, no readily identifiable market price will be available because the investments held have not yet been publicly listed. PHF will rely on the most recent valuations from their respective manager provided in valuation reports or financial statements, but will review the basis of valuation to ensure it is compliant with industry standard methodology.
- Hedge funds are valued by reference to the fair value of their underlying securities. These valuations are provided by the third party hedge fund administrators. To verify the manager's valuations, PHF will review the funds' audited financial statements to confirm that the fund manager/partner is using an appropriate fair value approach in line with GAAP standards.

In reviewing valuations for appropriateness, PHF will also consider the audit arrangements in place, recent audit reports and undertake an impairment review at least annually.

#### b) Forward currency contracts

Gains or losses on forward currency contracts are reported in the SoFA and the carrying value of cash balances adjusted for any gain or loss.

#### **xii. Debtors**

Debtors include: amounts owed to the Foundation for goods or services for which the Foundation has paid in advance; and other amounts owed to the Foundation at the balance sheet including accrued investment income and external funding to which the Foundation is entitled. Amounts expected to be recovered within a year are shown at their anticipated receipt value. Any material amounts expected to be recovered after more than a year are shown at the present value at the balance sheet date and adjustment made for the time value of money.

#### **xiii. Current asset investments**

Current asset investments comprise of cash or cash equivalents held for a short time (up to three months) in order to provide readily accessible funding for ongoing operations whilst maintaining an investment return if possible. These investments are measured at carrying value in the most recent bank or valuation statements. The Foundation reviews and identifies the best investment vehicles for balancing liquidity and return for these short term holdings on a regular basis.

#### **xiv. Cash at bank and in hand**

Cash at bank and in hand comprises cash held in the bank and also all cash equivalents held in the form of short term highly liquid investments (usually less than three months). This cash is held to meet commitments as they become due and little or no return is anticipated on these holdings. Cash is measured at carrying value in the most recent statement.

#### **xv. Foreign currencies**

Income in foreign currencies is recorded at the rate of exchange ruling on the date of receipt. Foreign current 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 SoFA in the year in which they occur.

**xvi. 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 SoFA in the period to which they relate.

**xvii. Taxation**

Irrecoverable VAT is included as part of the expenditure to which it relates. The Foundation 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.

**xviii. Provision and contingent liabilities policy**

Provisions are recognised where there is a present obligation as a result of a past event, if 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.

**xix. Contingent assets**

Contingent assets are disclosed in the accounts where the Foundation has identified a possible asset that arises from a past event. The asset is not recognised in the balance sheet as its existence can only be confirmed by future events or conditions that are not within the control of the Foundation. The asset is disclosed as a note to the accounts where the receipt of the grant or donation is probable once those conditions are met.

**xx. Accounting for material and extraordinary items**

Any material items of income or expenditure will be disclosed where this is relevant to an understanding of the Foundation's financial performance. The disclosure will be made either in the notes to the accounts or on the face of the SoFA. The Foundation will consider materiality as part of its process for preparation of the financial statements.

Extraordinary items are material events that fall outside the Foundation's normal activities, are unusual in their nature and not expected to recur. The Foundation will consider if any extraordinary events have occurred as part of its process for preparation of the financial statements. If such events have occurred, the item will be disclosed on the SoFA and a full note provided.

## 2. Donations

	2017 £m	2016 £m
Donations	0.06	-
Grant funding	0.07	0.04
<b>Total</b>	<b>0.13</b>	<b>0.04</b>

## 3. Investment income

	2017 £m	2016 £m
UK equities	2.22	2.32
Overseas equities	1.54	3.12
Fixed interest securities	0.60	0.57
Investment property	1.71	1.61
Term deposits/Cash	0.02	0.06
Unlisted investments	13.18	11.99
<b>Total</b>	<b>19.27</b>	<b>19.67</b>

## 4. Other income

	2017 £m	2016 £m
<b>Miscellaneous income</b>	<b>0.01</b>	<b>0.06</b>

Other income in both 2016/17 and 2015/16 includes a refund for PHF's investment in a fund that was written off in a previous year, when it went into liquidation.

## 5. Investment management costs

	2017 £m	2016 £m
Investment management fees and consultancy	4.92	4.05
Internal investment management costs	0.16	0.10
<b>Total</b>	<b>5.08</b>	<b>4.15</b>

With respect to 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 for the funds' assets and are reflected in the net asset values reported.

Internal investment management costs in 2016/17 include an Investments Director, a Finance Manager and an Investments Assistant (all part-time) compared to 2015/16 where the costs included the part-time Investments Director only.

## 6. Charitable activities

During the year ended 31 March 2017, the following grants were awarded by the Foundation and charitable activities undertaken:

	Grants awarded to organisations £m	Grants awarded to individuals £m	Direct charitable activity £m	Support costs £m	Total costs £m	Prior year total costs £m
Arts Access and Participation	4.57	-	0.20	0.56	5.33	3.54
Education and Learning through the Arts	2.82	-	0.27	0.41	3.50	2.65
Arts Evidence	0.37	-	0.04	0.03	0.44	0.00
Investing in Young People	3.73	-	0.01	0.50	4.24	1.44
Migration and Integration	2.59	-	0.13	0.38	3.10	1.79
Nurturing Ideas and People	0.29	0.57	0.12	0.08	1.06	0.90
Evidence and Learning	0.02	-	0.11	0.02	0.15	0.04
India	2.44	-	-	0.45	2.89	1.70
Strategic Intervention Fund	0.88	-	-	0.07	0.95	1.36
Voice, Influence and Partnership	0.06	-	0.05	0.01	0.12	0.00
Other	2.19	-	0.01	0.18	2.38	2.95
<b>Total</b>	<b>19.96</b>	<b>0.57</b>	<b>0.94</b>	<b>2.69</b>	<b>24.16</b>	<b>16.37</b>
Returned grants/adjustments	( 0.17)	-	-	-	( 0.17)	( 0.42)
Exchange rate adjustments	0.38	-	-	-	0.38	0.07
<b>Total</b>	<b>20.17</b>	<b>0.57</b>	<b>0.94</b>	<b>2.69</b>	<b>24.37</b>	<b>16.02</b>

### Numbers of grants awarded

	2017	2016
<b>Total</b>	<b>242</b>	<b>166</b>
Includes grants to individuals	22	9

A schedule of the grants awarded in each programme area is given on pages 37-49.

## 7. Support costs

	2017 £m	2016 re- stated £m
Payroll and related costs	1.75	1.67
Operations support	0.30	0.29
Property expenses	0.07	0.07
Communications	0.03	0.03
Office expenses	0.31	0.30
Depreciation and loss on disposals	0.17	0.19
Governance	0.06	0.09
<b>Total</b>	<b>2.69</b>	<b>2.64</b>

Support costs reflect the management structure of the organisation. Payroll and related costs includes the cost of temporary staff and recruitment. Where possible, support costs are directly attributed to the activity they support. Those that cannot be directly attributed are allocated to the major charitable activities of the Foundation on the basis of expenditure incurred. Prior year support costs have been restated due to a change in categorisation. The total figure remains unchanged.

	Payroll & related costs £m	Operations support £m	Property £m	Comms £m	Office £m	Depreci- ation £m	Gover- nance £m	Total £m	Prior year total costs £m
Arts Access and Participation	0.40	0.01	0.02	0.01	0.07	0.04	0.01	0.56	0.59
Education and Learning through the Arts	0.31	0.01	0.01	0.01	0.04	0.02	0.01	0.41	0.42
Arts Evidence	0.02	-	-	-	0.01	-	-	0.03	-
Investing in Young People	0.37	0.01	0.01	0.01	0.06	0.03	0.01	0.50	0.31
Migration and Integration	0.29	0.01	0.01	-	0.04	0.02	0.01	0.38	0.33
Ideas and People	0.05	0.01	-	-	0.01	0.01	-	0.08	0.11
Evidence and Learning	0.01	-	-	-	0.01	-	-	0.02	0.01
India	0.13	0.25	0.01	-	0.03	0.02	0.01	0.45	0.36
Strategic Fund	0.05	-	-	-	0.01	0.01	-	0.07	0.16
Voice, Influence and Partnerships	0.01	-	-	-	-	-	-	0.01	-
Other	0.11	-	0.01	-	0.03	0.02	0.01	0.18	0.35
<b>Total</b>	<b>1.75</b>	<b>0.30</b>	<b>0.07</b>	<b>0.03</b>	<b>0.31</b>	<b>0.17</b>	<b>0.06</b>	<b>2.69</b>	<b>2.64</b>

Governance costs include the costs of the audit by BDO, which was £30,500 excluding VAT (2015/2016: £27,673 excluding VAT by Pricewaterhouse Coopers).

## 8. Staff costs and trustee expenses

### Trustee expenses

No trustee has been paid any remuneration in 2016/17.

A total of £9,853 has been paid for expenses on behalf of two trustees (2015/16: £7,521 on behalf of six trustees). These costs related to travel, subsistence and accommodation incurred by trustees in fulfilling their role as trustees of the Foundation, including a visit by two trustees to the Foundation's programme in India.

### Staff costs

	2017 £m	2016 re- stated £m
Wages and salaries	1.43	1.30
Social security costs	0.16	0.14
Employer's pension contribution to defined contribution schemes	0.18	0.17
Other benefit schemes	0.04	0.03
<b>Total</b>	<b>1.81</b>	<b>1.64</b>

The prior year figures for other benefit schemes have been restated excluding staff costs that are not considered to be benefits under FRS102.

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 during the year were as follows:

	2017	2016
£60,000 - £70,000	1	1
£70,001 - £80,000	2	4
£80,001 - £90,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-

The Foundation considers its key management personnel to comprise the trustees and the Senior Leadership Team. The trustees are unpaid.

Total employee benefits (including employer pension contributions) of £568,905 (2015/16: £564,037) were paid to seven (2015/16: six) staff representing the Senior Leadership Team of the Foundation.

### Staff numbers

During the financial year 2016/17, the average headcount of the Foundation was 37 split between full time (28) and part time staff (9). The average full time equivalent number of staff employed was 34.5 (2015/16 average number of persons employed: 32.1).



Following the restructure of the Foundation during 2015/16, a termination payment was made to one member of staff during the reporting period of 2016/17 totalling £24,000 and is included in the salary figures above.

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.

## 9. Fixed assets

	Freehold building and land	Furniture and fittings	Computer equipment	Total
Cost	£m	£m	£m	£m
As at 1 April 2016	6.15	0.24	0.28	<b>6.67</b>
Acquisitions	0.68	0.02	0.02	<b>0.72</b>
Disposals	-	-	(0.02)	<b>(0.02)</b>
<b>As at 31 March 2017</b>	<b>6.83</b>	<b>0.26</b>	<b>0.28</b>	<b>7.37</b>
<b>Depreciation</b>				
As at 1 April 2016	0.38	0.20	0.20	<b>0.78</b>
Charge for the period	0.10	0.03	0.04	<b>0.17</b>
Adjustment on disposal	-	-	(0.02)	<b>(0.02)</b>
<b>As at 31 March 2017</b>	<b>0.48</b>	<b>0.23</b>	<b>0.22</b>	<b>0.93</b>
<b>Net book value</b>				
<b>Net book value as at 31 March 2017</b>	<b>6.35</b>	<b>0.03</b>	<b>0.06</b>	<b>6.44</b>
Net book value as at 1 April 2016	5.77	0.04	0.07	<b>5.89</b>

### Intangible fixed assets

The Foundation has intangible fixed assets of £11,400 at 31 March 2017 (2015/16: £22,800). These relate to the development costs of its new website. Depreciation is over four years and is charged to the SoFA depreciation line.

## 10. Investments

	2017 £m	2016 re- stated £m
Market value at 1 April 2016	660.67	661.82
Purchases	105.39	45.31
Sales	(115.33)	(52.15)
Net realised and unrealised gains	102.57	5.69
<b>Market value at 31 March 2017</b>	<b>753.30</b>	<b>660.67</b>

Investments at market value comprised:

	2017 £m	2016 £m
UK equities	82.43	66.92
Overseas equities	195.53	194.41
Fixed interest securities	73.52	73.08
Investment property funds	30.52	30.47
Alternative securities	231.56	184.56
Term deposits	12.39	7.20
Unlisted investments	127.35	104.05
<b>Total (including cash held by investment managers)</b>	<b>753.30</b>	<b>660.69</b>

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 £504.43 million. The historical cost of the assets held by the Foundation in 2015/16 was £481.53 million.

The Foundation has committed, where contractual terms are made, to undertake a further £50,530,863 of fixed asset investment acquisitions in private equity and venture capital funds over the next 10 years (2015/16: £56,346,789). The Foundation plans the funding of these commitments as part of its overall management of its investment portfolio.

The prior year figures for purchases and sales have been re-stated to show only net movements between PHF term deposit accounts. This amounts to £45.31 million for purchases (2015/16: £88.21 million) and £52.15 million for sales (2015/16: £88.22 million).

## 11. Debtors

	2017	2016
	£m	£m
Prepayments	0.09	0.08
Accrued investment income	0.41	0.39
Other debtors	0.01	-
<b>Total</b>	<b>0.51</b>	<b>0.47</b>

## 12. Current assets investments

	2017	2016
	£m	£m
Cash equivalents on deposit	3.52	4.00
<b>Total</b>	<b>3.52</b>	<b>4.00</b>

## 13. Creditors - amount falling due within one year

	2017	2016
	£m	£m
Grants payable	12.35	12.04
Trade creditors	0.12	0.34
Accruals	0.20	0.20
Taxation and social security	0.05	0.07
Other creditors	-	0.74
<b>Total</b>	<b>12.72</b>	<b>13.39</b>

## 14. Creditors - amount falling due after more than one year

	2017	2016
	£m	£m
Grants payable	5.90	5.19
<b>Total</b>	<b>5.90</b>	<b>5.19</b>

## 15. Funds of the charity

### a) Description of funds

The funds of the charity comprise the endowment fund and a small element of restricted funds.

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. It is used to finance all the Foundation's major activities, including grant-making.

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.

Restricted funds have restrictions imposed by donors and can only be applied for the particular purposes specified by donors. In 2016/17, the only restricted funds received were a grant of £0.065 million from Unbound Philanthropy (2015/16: £0.004 million), who is a partner in the Supported Options Fund and a donation for grant-making in India of £0.062 million (2015/16: nil).

The Foundation does not consider the three funds as independently material and reports on a combined funds basis in its main financial statements.

## b) Summary of fund movements

	Fund balances brought forward £m	Income £m	Expenditure £m	Transfers £m	Gains and losses £m	Fund balances carried forward £m
Unrestricted fund	-	19.28	( 29.34)	10.06	-	-
Restricted fund	-	0.13	( 0.11)	-	-	0.02
Investment revaluation reserve	179.15	-	-	-	69.72	248.87
Endowment fund	474.88	-	-	( 10.06)	32.85	497.67
<b>Total fund</b>	<b>654.03</b>	<b>19.41</b>	<b>( 29.45)</b>	<b>-</b>	<b>102.57</b>	<b>746.56</b>

## c) Transfer from endowment fund to unrestricted fund

The trustees agreed to the allocation of £10,055,959 from the endowment fund to the unrestricted fund to meet the cost of ongoing operations.

## 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 2016/17 this was calculated as £248.9 million (2015/16 £179.1 million).

## **16. Related parties**

The following staff and trustees have a controlling involvement with the organisations listed below, which the Foundation has awarded funding to in the year or made payments following awards in earlier years. In all cases the individuals were not involved in decisions to make the award or in the direct management of the award.

### **Trustees (current or serving during 2016/17)**

#### **Awards made in year**

Anthony Salz - Trustee of the Royal Opera House until July 2016, which was awarded a grant of £237,000 in June 2016 and paid £79,000 in 2016/17.

Claire Whitaker - Director of Serious Events Limited, which was awarded a grant of £128,000 in July 2016 and paid £62,302 in 2016/17.

Tony Hall - Trustee of 14-18 NOW, which was awarded a grant of £30,000 in May 2016 and paid £30,000 in 2016/17.

#### **Payments made in year relating to awards in earlier years**

Tony Hall - Trustee of the Foundation Years Trust, which was awarded a grant of £97,894 in March 2016 and paid £32,184 in 2016/17 (2015/16: nil)

Tom Wylie - Trustee of ASDAN, which was awarded a grant of £147,450 in March 2015 and paid £60,021 in 2016/17 (2015/16: £42,715).

#### **Other**

The Foundation made a £2 million grant and a payment of this amount to the Helen Hamlyn Trust. (2015/16: Grant awarded and paid: £2 million). Helen Hamlyn is the widow of Paul Hamlyn, the father of Jane and Michael Hamlyn.

Michael and Jane Hamlyn are also trustees of the 1987 Foundation (formally Paul Hamlyn (1987) Foundation). There is a probable transfer of assets from the 1987 Foundation to PHF once the 1987 Foundation has been wound up (see note 17).

Anthony Salz is the executor of Paul Hamlyn's Estate of which PHF is a significant beneficiary.

#### **Staff**

##### **Awards made in year**

Régis Cochefert - Chair of Ministry of Stories since July 2015, which was awarded £4,800 in September (paid in 2016/17) and a further £60,000 in February 2017 from which no payments have yet been made.

### **Payments made in year relating to awards in earlier years**

Régis Cochefert - Chair of Ministry of Stories since July 2015, which was awarded a grant of £96,000 in March 2015 and paid £35,453 in 2016/17 (2015/16: £60,547).

Lucy Palfreyman - Trustee of the Association of Charitable Foundations (ACF) until November 2016. ACF was awarded a grant of £45,000 in March 2013 and paid nil in 2016/17 (2015/16: £15,000).

Alex Sutton - Trustee of South London Refugee Association which was awarded £77,980 in February 2014 and paid £27,676 in 2016/17 (2015/16: £23,860).

### **Investment funds**

Tim Bunting is a Director of Kobalt Music Group Ltd. The Foundation has an investment of £4.4 million in Kobalt Music Royalties SICAV Luxembourg (2015/16: £3.6 million).

Richard Robinson is an advisory Board member of the Charities Property Fund in which the Foundation has an investment of £30.1 million (2015/16: £30 million).

## **17. Contingent asset**

The Foundation is aware of a transfer of assets that is probable from the 1987 Foundation. The trustees of the 1987 Foundation have declared an intention to wind up the 1987 Foundation and it is probable that the remaining assets will be transferred to PHF. At this time, the asset can be estimated at £9.6 million but the precise level and timing of the settlement is uncertain as it can only be finalised once the 1987 Foundation is wound up. The timing of this event is still unclear. Therefore the asset is not recognised in the balance sheet as at 31 March 2017.

# Trustees, Staff and Advisors as of 31 March 2017

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## Trustees

Jane Hamlyn (Chair)	Lord Hall of Birkenhead
Tim Bunting	Michael Hamlyn
Charles Leadbeater (from 5 July 2016)	James Lingwood
Dr Janet McKenley Simpson (from 5 July 2016)	Sir Anthony Salz
Claire Whitaker (from 20 September 2016)	Tom Wylie

## U.K. Staff

## Position

Ushi Bagga	Senior Grants Manager
Helen Bayer	Communications & Policy Assistant
Sarah Beckett	Grants Manager
Emma Bell	Executive Assistant
Susan D'Sylva	Finance Manager - Investments
Ruth Daniells	Finance Manager - Financial Control
Tony Davey	Information & Facilities Manager
Sarah Jane Dooley	Senior Grants Manager
Lou Errington	Grants Manager
Régis Gautier -Cochefert	Director of Grants & Programmes
Noelle Gilbert	Grants Manager
Kirsty Gillan -Thomas	Research & Data Analyst
Joe Hewton	Research & Data Analyst (Maternity Cover)
Kate Hitchcock	Grants Manager
Eleanor Iles	Grants Assistant
Amanda Jessop	Investment Administrator
Rohini Jhally	Finance Assistant - Grants & Payments
Faiza Khan	Director of Policy & Communications
Tara LaComber	Grants Manager
Hanif Leylabi	Communications Officer
Katiuscia Martinini	Cook/Catering Co-ordinator
Moir Millard	Chief Executive
Marcello Moro	IT & Finance Assistant
Helen Morton	Grants Manager
Lucy Palfreyman	Director of Finance & Resources
Komal Patel	HR & Administration Officer
Emma Perry	Grants Assistant
Jonathan Price	Grants Manager
Ruth Pryce	Senior Grants Manager
Will Hapgood	Grants Assistant
Richard Robinson	Investments Director
Caroline Rogers	Chair & Chief Executive Assistant
Elizabeth Scott	Finance Manager - Operations
Jane Steele	Director of Evidence & Learning
Alexander Sutton	Senior Grants Manager
Catherine Sutton	Senior Grants Manager

Yemisi Turner-Blake  
Penelope Yewers

Grants Assistant  
Research & Policy Officer

**India Staff**

Sachin Sachdeva  
Skalzang Youdon

**Position**

Director, India  
Programme Administrator

**Advisors**

Professor Anne Bamford  
Neera Burra  
Paul Fenton  
Simon Gillis  
Ruth Ibegbuna  
Sushma Iyengar  
Rod Jack  
Gemma Juma  
Maureen McGinn  
Dr Donald Peck  
Shankar Venkateswaran  
Paul Woolley  
Ben Cairns  
Dr Timm Hobbs  
Maureen McGinn  
Margaret Bolton  
Holly Donagh

**Panel/Committee**

Art & Education  
India  
Migration & Youth  
Investments  
Ideas and Pioneers  
India  
Investments  
Migration & Youth  
Explore & Test  
India  
India  
Investments  
Evidence and Learning  
Evidence and Learning  
Evidence and Learning  
Evidence and Learning  
Evidence and Learning